



Legislative Assembly of Alberta

The 27th Legislature
Second Session

Standing Committee
on the
Economy

Department of Advanced Education and Technology
Consideration of Main Estimates

Tuesday, April 28, 2009
6:30 p.m.

Transcript No. 27-2-5

**Legislative Assembly of Alberta
The 27th Legislature
Second Session**

Standing Committee on the Economy

Campbell, Robin, West Yellowhead (PC), Chair
Taylor, Dave, Calgary-Currie (AL), Deputy Chair

Allred, Ken, St. Albert (PC)
Amery, Moe, Calgary-East (PC)
Bhullar, Manmeet Singh, Calgary-Montrose (PC)
Boutilier, Guy C., Fort McMurray-Wood Buffalo (PC)*
Marz, Richard, Olds-Didsbury-Three Hills (PC)
McFarland, Barry, Little Bow (PC)
Taft, Dr. Kevin, Edmonton-Riverview (AL)
Weadick, Greg, Lethbridge-West (PC)
Xiao, David H., Edmonton-McClung (PC)
Vacant

* substitution for Richard Marz

Also in Attendance

MacDonald, Hugh, Edmonton-Gold Bar (AL)
Notley, Rachel, Edmonton-Strathcona (ND)

Department of Advanced Education and Technology Participant

Hon. Doug Horner Minister

Support Staff

W.J. David McNeil	Clerk
Louise J. Kamuchik	Clerk Assistant/Director of House Services
Micheline S. Gravel	Clerk of <i>Journals</i> /Table Research
Robert H. Reynolds, QC	Senior Parliamentary Counsel
Shannon Dean	Senior Parliamentary Counsel
Corinne Dacyshyn	Committee Clerk
Erin Norton	Committee Clerk
Jody Rempel	Committee Clerk
Karen Sawchuk	Committee Clerk
Rhonda Sorensen	Manager of Communications Services
Melanie Friesacher	Communications Consultant
Tracey Sales	Communications Consultant
Philip Massolin	Committee Research Co-ordinator
Stephanie LeBlanc	Legal Research Officer
Diana Staley	Research Officer
Rachel Stein	Research Officer
Liz Sim	Managing Editor of <i>Alberta Hansard</i>

6:30 p.m.

Tuesday, April 28, 2009

[Mr. Campbell in the chair]

**Department of Advanced Education and Technology
Consideration of Main Estimates**

The Chair: Welcome to this meeting of the Standing Committee on the Economy. This evening the committee has under consideration the estimates of the Department of Advanced Education and Technology for the fiscal year ending March 31, 2010. I would ask that members introduce themselves for the record, and I would also ask that the minister introduce his officials.

What we'll do, Minister Horner, is go around the table and introduce all of the committee and then turn it over to you to introduce your officials. We'll start on my right.

Dr. Taft: Kevin Taft, Edmonton-Riverview, sitting in as deputy chair, if that's the right title, for the evening.

Mr. Allred: Ken Allred, St. Albert.

Ms Notley: Rachel Notley, Edmonton-Strathcona.

Mr. McFarland: I'm Barry McFarland, from Little Bow.

Mr. MacDonald: I'm Hugh MacDonald, from Edmonton-Gold Bar. Good evening.

Mr. Weadick: I'm Greg Weadick, from Lethbridge-West.

Mr. Bhullar: Manmeet Bhullar, from Calgary-Montrose.

Mr. Xiao: I'm David Xiao, from Edmonton-McClung.

The Chair: Robin Campbell, MLA, West Yellowhead and chair of the committee.

Minister Horner, if you could introduce yourself and your people with you.

Mr. Horner: Well, thank you very much, Chair. Doug Horner, Spruce Grove-Sturgeon-St. Albert and Minister of Advanced Education and Technology. I'm very pleased to be here this evening to present the budget estimates for '09-10 and the business plan for our ministry.

Before I begin, I would like to introduce my staff that's with me today. To my immediate left is Annette Trimbee, Deputy Minister of Advanced Education and Technology. To her left is Connie Harrison, who is ADM, postsecondary excellence. To my right is Blake Bartlett, the executive director and SFO of corporate services. He's the guy that handles the money. Then I've got a whole crew behind me, Chair, that I'm not going to take the committee's time to introduce because I think half the department is here today.

The Chair: Also note for the record that pursuant to Standing Order 56(2.1) to (2.4) Mr. Boutilier is substituting for Mr. Marz tonight.

Mr. Amery, if you want to introduce yourself for the record, please.

Mr. Amery: Sorry. Moe Amery, Calgary-East.

The Chair: Okay. Thank you, everyone. Before we proceed, I'd like to take a minute to briefly review the new process for consider-

ation of the estimates. First, I'd like to remind members that the vote on the estimates will be deferred until we are in Committee of Supply and that any amendments moved during committee consideration of the estimates will also be deferred until we're in Committee of Supply. Also, members wishing to propose amendments are reminded to consult with Parliamentary Counsel no later than 6 p.m. on the day the amendment is to be moved.

The standing orders of the Assembly governing who can speak apply during the consideration of the main estimates. Members of the committee, the minister, and other members present may be recognized to speak. Department officials and members' staff are permitted to be present during the consideration of the estimates but are not allowed to speak. Members may speak more than once; however, speaking time is limited to 10 minutes at a time. A member and the minister may combine their speaking time, for a total of 20 minutes. I would ask that members so advise the chair at the beginning of their speech if they wish to combine their speaking times.

This evening we have three hours to consider the estimates of the Department of Advanced Education and Technology; however, if prior to this time we should reach a point where members have exhausted their list of questions, the department's estimates shall be deemed to have been considered for the time allotted in the schedule and we will adjourn.

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

As we have in our past committee meetings, with the concurrence of the committee I would suggest that we take a five-minute break after the first hour and a half. Any opposed to that? Fine. Minister, you'll have 10 minutes to speak, we'll have an hour with the Official Opposition and 20 minutes with the third party, and then we'll take a five-minute break and get into the second part of our schedule.

With that, I'll invite the Minister of Advanced Education and Technology to begin his remarks. Mr. Minister.

Mr. Horner: Thank you, Chair. I'm going to keep my comments relatively brief and at a fairly high level this evening, so we'll have some good time for discussion and questions. I'd like to begin with a few comments on the strategic priorities for '09 to, actually, 2012. I believe that they strike an appropriate balance between Alberta's current economic needs and the long-term needs of the province.

Our strategic priorities recognize that our advanced learning and innovation system is the foundation. It's the prime catalyst as we build the next generation economy in the province. One of the things we're going to do is develop the capacity and the capabilities within Alberta to enhance that economic growth. We're going to work closely with Finance and Enterprise to review Alberta's existing policies and develop the direction and tools that we need to address medium-term investment, economic, and fiscal issues.

As it strengthens Alberta's economy, our advanced learning and innovation system also serves as a powerful instrument to enhance the quality of life in our province as well as increase knowledge and skills to support future discoveries. We're going to continue to implement our two new frameworks, one for our publicly funded advanced education institutions and a second for our provincially funded research entities. In doing so, we'll be able to achieve a more fully integrated and sustainable advanced learning and innovation system.

Closely linked to our roles and mandates framework is our bringing technology to market action plan. The nine strategies in our action plan will help Alberta attract, develop, grow, and retain successful and innovative knowledge-based companies, which will in turn make Alberta's economy more diverse, more innovative, more productive, and, ultimately, more prosperous.

Underpinning all of these strategic priorities is, of course, an affordable learning system. That's why we're committed to ensuring that Albertans have access to learning opportunities that are affordable to learners and their families. We're going to review Alberta's student loans, grants, and debt management programs, in light of federal policy changes, to ensure that they continue to meet the needs of Alberta's learners.

I believe that together these strategic priorities will help us continue to develop a culture of learning in our province, one that will be instrumental in meeting the needs of learners and the labour market while it also supports the emergence of Alberta's next-generation economy, that knowledge-based economy, and that knowledge-based society.

Working in concert with our business plan is, of course, Budget 2009 as it enhances the quality, the accessibility, and affordability of Alberta's postsecondary system and maintains our support for innovation and technology commercialization in the province. Advanced Education and Technology's 2009-10 program expense is budgeted at over \$3.1 billion. This includes \$2.65 billion in operating expense, an increase of \$88 million, or 3.4 per cent, from the '08-09 forecast, and a \$484 million investment in capital expense. In 2009-10 support for adult learning will increase by \$124 million, to over \$2.1 billion. This increase supports a 6 per cent increase in the base operating grants to postsecondary institutions, or PSIs for short. This brings the total increase in base operating grants in the past five years to 34 per cent. Our postsecondary institutions have been very happy to receive these types of increases.

Although no increases in base operating grants are currently budgeted for in the subsequent years, we felt it was important that postsecondaries have an increase during this transition year. We're going to watch the economic situation, and as the circumstances evolve, we'll look at any necessary adjustments over the coming years. Of course, we're in constant dialogue with the postsecondary institutions, and any decisions that we will make, we will make in concert and communication with them. In the meantime this base operating increase will enable our postsecondaries to deal with those costs that aren't as flexible as other areas that they are going to have to deal with. This will ensure that we have some planning time and puts us in a better position to make adjustments and decisions over the subsequent years.

I think it's important to note that such successes are thanks to the hard work that we've had with our PSIs over the past few years as we developed the roles and mandates for Alberta's postsecondary system. The ability for our department to work with the postsecondaries in these trying times, Mr. Chairman, I accredit to the department. We have a tremendously talented staff in our crew. You can bet that these dividends will continue to pay off for years to come. The new system that we have through consultation with the postsecondaries is going to pay off dividends in a system that's better able to respond to demand.

Speaking of demand, over the coming year we anticipate that demand will increase, but I can tell you that Alberta's system is ready. The forecasting used in the access planning framework is based on long-term projections that reflect Alberta's population, not on short-term fluctuations. As you know, over the past several years we've made significant upfront investments in infrastructure and operating support to help our PSIs accommodate an expected growth in learners. At the same time the funded enrolment capacity will continue to grow thanks to expansions through the enrolment planning envelope over the past three years.

For 2009-10 existing funding commitments are sufficient to support more than 3,000 additional spaces in certificate, diploma, and degree programs throughout the system. This includes a

significant number of new entry-year spaces in nursing, science and engineering, and other high-demand programs.

One of the key reasons that the postsecondary system is so ready to adapt to increases in demand is because of the investments in our capital. Budget '09 provides \$484 million, as I said, in capital grants to postsecondary institutions in this coming year. The 2009-12 capital plan features \$1.2 billion over three years to support postsecondary capital projects, with \$870 million dedicated for facility expansion and upgrading and \$328 million for capital maintenance and renewal. All told, capital projects that are under way or recently completed will provide space for more than 17,000 new learners. This investment is about maintaining our commitment to our current projects and ensuring that Campus Alberta is flexible and responsive to the needs of all Alberta students.

6:40

Turning to apprenticeship technical training, we've built greater flexibility and resilience into the system so that it can respond better to labour market needs. Over the past few years we've added spaces at our public PSIs to ensure the system meets Alberta's current and future demands for skilled workers. Toward that end Budget '09 includes \$76 million for apprenticeship technical training. We're also maintaining our commitment to support skills training through more than 700 high school apprenticeship and occupational trainee scholarships, and our annual support to Careers: the Next Generation Foundation continues. We realize that there are growing concerns about layoffs in the labour market, but we need to ensure the system is able to meet future demand for skilled workers.

In the area of student assistance we're providing over \$170 million through Budget 2009. Since the release of the affordability framework in 2006 we have implemented the majority of the original initiatives related to student assistance. Alberta continues to help students meet basic living and learning costs. In recognition of rising living costs we increased the living allowances by almost 20 per cent over the last two years. Given the changing economic situation, we'll continue to monitor living costs, including average rental rates, utilities, transportation, and other basic costs faced by students. Maintaining our student assistance levels ensures that Alberta remains among the most affordable destinations in Canada to pursue a postsecondary education.

As we maintain our student support levels, we also remain committed to ensuring that the access to the future fund remains viable and responsive to the needs of postsecondary institutions. To date government has provided \$1 billion towards the goal of a \$3 billion fully funded endowment. Budget 2009 provides \$49 million for the access to the future fund in '09-10. That is 4 and a half per cent of the billion-dollar deposits to the endowment, adjusted for inflation. There are no funds in Budget '09 to increase the endowment, but this will be reviewed if the economic situation improves and resources become available. In the meantime I'm pleased to say that we can maintain the status quo.

Turning to research and innovation, funding for such initiatives has remained relatively constant over the last eight to 10 years, with occasional influxes of funding for one-time projects such as the Prion Research Institute, IVAC, water for life, and, most recently, the energy innovation fund. This year we will provide \$104 million for research, innovation, and technology commercialization. Of course, this budget line doesn't reflect our ministry's other research-related funding such as for labs and research facilities at our postsecondary institutions, which are supported through base operating grants and scholarships for graduate students and other programming, which are further supported through our student-assistance budgets.

It's also important to remember that Budget 2008 had an allocation of \$100 million for the Alberta Enterprise Corporation, which is up and running, which will attract investment and generate future revenue streams and is also a key part of our nine-point bringing technology to market action plan. Programs will continue to roll out under the action plan this year such as the recently announced innovation vouchers, which have been tremendously successful; the youth technopreneurship program; and continued support for businesses, support services offered through regional partnerships, for example, in Edmonton, Calgary, Red Deer, Medicine Hat, and Grande Prairie.

We also expect to launch several product commercialization centres in the months ahead. With this budget we're bringing our cross-ministry research dollars and partners closer together to increase the value of our investment. Strategically investing in Alberta's research and innovation capacity over the past several years has provided a strong foundation for the innovation system. We're now focused on strengthening and aligning that system.

Is that my time, Mr. Chairman?

The Chair: Yes. If you just want to finish off really quickly, Mr. Minister.

Mr. Horner: It's a really good budget, and I'd really like your support.

The Chair: Thank you.
Mr. MacDonald.

Mr. MacDonald: Thank you very much, and good evening.

The Chair: Are you going to combine your time in three 20-minute segments, Mr. MacDonald?

Mr. MacDonald: I think we'll do it in 20-minute segments, and we will share the time if that's suitable.

Mr. Horner: Sure.

Mr. MacDonald: It seems to have worked with other departments.

The Chair: Go ahead. You have the floor.

Mr. MacDonald: Okay. I appreciate that. First off, Mr. Minister, I'd like to thank you and your staff for your time this evening. Before we get started, I must commend one of your staff members, Mr. Blake Bartlett, who I saw last Thursday evening at the Bissell Centre. He's serving as a volunteer on the board over there. That was real nice to see. He was very quiet at that meeting.

Mr. Horner: He always is. I don't know why that is.

Mr. MacDonald: But we can get started. My first question is on page 15 of the business plan, Advanced Education and Technology. The accountability statement for the business plan 2009-12 – and you signed off on this, Mr. Horner, on the 19th of March – indicates that “all of the government's policy decisions as of March 12, 2009 with material economic or fiscal implications of which I am aware have been considered in preparing the business plan.” This accountability statement was made, of course, the 12th of March. You signed off on this on the 19th of March. The accountability statement was made prior to the Premier's announcement in the House cancelling the senior management bonus plan, or the

achievement bonuses, for the fiscal year 2009-10. My question to you is: if this business plan was made prior to the Premier's decision, when was the achievement bonus budget deducted from the budget, or was it deducted before you signed off on this?

Mr. Horner: Do you want me to answer that now, Mr. Chairman?

Mr. MacDonald: Yes, please.

The Chair: You do this back and forth.

Mr. Horner: I was just clarifying that. The bonuses were cancelled for the '09-10 year. The bonuses for the '08-09 year were paid out to all staff as per the same contracts we have with our unions. In our '08-09 year we had an accrual for those bonuses to be paid out, so it'll be accounted for in the previous year, not in this budget year. We took it out.

Mr. MacDonald: Okay. I'm concerned about this year, 2009-10, because on March 12, before this issue was brought up in the House, there was no public declaration that achievement bonuses would not be paid out. So I would like to know where in this budget, under what line item, I would find the deduction for the achievement bonuses. For the record, last year advanced education paid out \$1.5 million in achievement bonuses.

Mr. Horner: I could take that and get you the numbers because we have to pull it out of each line item for each department. It's in every manpower line item in the budget. We don't separate it out. It's part of the HR payroll, if you will, for each department, so you'd have to actually go through. We'd have to go through and do that for you, hon. member. I mean, we can provide that for you in written form if you'd like.

Mr. MacDonald: Yes. I would appreciate that.

Now, to your knowledge those amounts have not been deducted yet line by line from the voted expenses?

Mr. Horner: Actually, no. They have been deducted, hon. member.

Mr. MacDonald: They have been deducted. How could that have happened when the Premier made up his mind about this after you had signed off through the business plan process?

Mr. Horner: Well, in our account for the budget and the business plan we bring the two things together, your business plan and your strategic plan, if you will, the accountability statement, if you will. At that point in time we're talking about things that we have discussed at Treasury Board and we've discussed in our executive team, and that is all taken into consideration.

Mr. MacDonald: So the estimates for 2009-10 for the department . . .

Mr. Horner: In our department we already calculated that in.

Mr. MacDonald: You have already removed it from the 2009-10 estimates.

Mr. Horner: Yes, we have.

Mr. MacDonald: That was working pretty fast. You must have had to stop this at the printer's.

Mr. Horner: As you said, I have very good staff.

Mr. MacDonald: Okay. My next question will be regarding hosting expenses. Now, let's get this on the record right away because I could forget. Your hosting expenses for the calendar year 2008 in advanced education exceeded \$200,000. It's the largest sum in any of the years that we have studied, and it fluctuates significantly. In 2004 advanced education had \$12,000 in hosting expenses. It went up; then it went down and went up again. But \$200,000 is a significant amount of money. I was startled, again, to learn from a member of the Public Affairs Bureau that there's no hospitality budget, and that's quote, unquote, no hospitality budget. How does the department allocate \$200,000 if there's no budget for hosting expenses?

6:50

Mr. Horner: Actually, hon. member, there is a budget for hosting expenses. What you're confusing is our budget versus what you see in the *Gazette*. There's a different requirement for what you're going to report in the *Gazette*. Our budget actually was considerably higher this year than it was last year. We were actually about \$56,000 over the 2007 amount that we had.

I'd like to just point out for all hon. members and for the record, Mr. Chairman, that the hosting the hon. member is referring to for the most part, more than 50 per cent of it, actually, probably more than 60 per cent of it, relates to the consultation that we have with the stakeholders in our portfolio. As you can imagine, we have 28 postsecondaries that we deal with on a regular basis. We have a number of institutions that do their business by way of our hosting budget. As an example, if the Alberta Energy Research Institute holds one of their board meetings, my gosh, Mr. Chairman, we buy them coffee, and we buy them dinner maybe once in a while. Those are a big chunk of the hosting budgets.

The \$56,000 over 2007 was largely due to three events that we held in 2008. The first one was the nano-Alberta showcase, and frankly, Mr. Chairman, I'll not apologize for that. I think it's something we need to do when we sell.

The second one was the apprenticeship and industry training biannual industry workshop, and that was \$22,000. Again, Mr. Chairman, I'm not going to apologize for it, and I'll do it again because I think these are valuable things for the province of Alberta, for the apprentices.

Then we had our research and innovation consultations, which were \$11,000. This was what brought us to the stage of Bill 27, bringing all of these volunteers, mostly, into a room. Again, guilty as charged. I bought them coffee and some doughnuts and perhaps a few dinners in there.

I think it's important that we do these consultations. I think it's important that we bring people together within the stakeholder community. Hon. member, the majority of my hosting budget is that, which you can tell if you go through each of the members' additions for the Gazetted hosting expenditures, which you tabled in the House.

Mr. MacDonald: Yes. I can appreciate that. I can appreciate that you deal with a lot of different groups. One has to be gracious, and I'm not saying that you should not be. But there's a big difference between 2004's activity, at \$12,000, and 2008's activity, at \$200,000. Now, where in the ministry's support services of your budget is the allocation for hosting expenses, whether they're above \$600 or below \$600?

Mr. Horner: I'm sorry. Say again?

Mr. MacDonald: Where in your ministry's support services budget of close to \$30 million for the 2009-10 estimate is the allocation for hosting expenses above and below \$600, and how was that budget determined?

Mr. Horner: Well, it depends upon which group you're talking about, hon. member. If you're talking about supports for adult learning, you would find it in program delivery support. If you are talking about apprenticeship delivery, as an example, you would find that in apprenticeship delivery support. These numbers are rolled up in the program delivery support line items within the budget.

As an example, when we did the research consultations, we would have taken that out of, probably, the innovation line item for delivery and support. When we did the apprenticeship biannual industry workshop, that would have come out of apprenticeship delivery supports line items because we don't put it all into one line item and then have every department run to it. We basically ask our staff to deliver these supports for the individual boards or the stakeholder groups, bring them together and do that kind of consultation that I mentioned before. So that's where those line items are.

Mr. MacDonald: Okay. Could you tell me how much you have allocated for this year, 2009-10, for hosting expenses over \$600 and how much you have allocated for hosting expenses under \$600?

Mr. Horner: I think this year our number is probably going to be very, very close to the '08-09 number as opposed to the '07-08. They're roughly fairly close within the different departments. Again, we didn't break it out as one budget number, hon. member. It's in with all of those program delivery supports. So if you're asking me what I would say is going to be in the *Gazette* next year to match up to what you added up out of the *Gazette* last year, I don't have that number right now. I can tell you that we're probably going to be fairly close because of the consultation that we know we're going to have to do and because of the meetings that we're going to do. That's what our budget is.

Now, given the fact that we're going to be reducing the number of institutions that we have in our portfolio from 10 to four, you won't have those. But remember that those board meetings were, like, \$1,200 apiece, so you're not going to see a 50 per cent reduction in the hosting, but you perhaps could see some reduction in there.

Mr. MacDonald: Okay. And the amounts \$600 and under?

Mr. Horner: It's all included in that same line item.

Mr. MacDonald: It's all included. So your department, as far as you know, is following the Financial Administration Act, the Treasury Board directive on hosting.

Mr. Horner: I guess the Auditor General would tell us if we weren't.

Mr. MacDonald: Okay. Well, I was surprised to learn in the House yesterday that there didn't seem to be much concern from four respective departments. Certainly, there must be policies and they must be in place and they must be approved by your department head, but that notion was rejected by four of your hon. colleagues. I was disappointed with that, but life goes on.

Mr. Horner: If I may, hon. member, what you're suggesting is that we don't have the appropriate checks and balances over hosting expenditures in the department. I would argue that we do, just as we

have the appropriate checks and balances on expenses that you would file as any corporation. The Auditor General has made comment and audited us on that. To suggest that we don't have the appropriate checks and balances on hosting expenses and that the appropriate levels of employees are not signing off on that would be an inaccurate statement to make.

Mr. MacDonald: Well, I did not suggest that. If you listen carefully. . .

Mr. Horner: Well, your comments did.

Mr. MacDonald: No. But I certainly did suggest that four of your cabinet colleagues certainly have difficulty with this hosting directive, and it's from the Treasury Board. There's nothing I can do about it but do my job and ensure that taxpayers are receiving accountability from each and every department.

Mr. Horner: As do I, sir.

Mr. MacDonald: Okay. We should perhaps deal now with the access to the future fund. Before we do that, what policies or what financial initiatives – or how much money are you spending this year in providing letters to students that receive scholarships or bursaries or grants? How does your department operate that?

Mr. Horner: Could you repeat that, please?

Mr. MacDonald: When a student, whether its a high school student or a university or college student, receives a grant or a bursary or a scholarship from one of the endowments under your department, how are the letters of recognition and congratulations sent out?

Mr. Horner: They're sent out to the students through the normal process, that I think you're probably aware of as an MLA, with the Rutherford scholarships or the Jason Langs or any of those sorts. The line item that your looking for would be under the supports to postsecondary learners, which is the program delivery supports. If you're looking for the actual dollar number of the mailing cost and the printing cost, we'd have to get that for you. But I think, hon. member, I would ask you the question: would you rather the students not receive a certificate that tells them of their achievement and thanks them for their contribution? I'm not following the line of questioning.

7:00

Mr. MacDonald: Well, the line of questioning is that there seems to be two sets of rules here, one for constituencies that have government members and one for constituencies that have opposition members representing them. Parents have complained to us in our constituency office that they do not hear from the MLA, yet they hear from the minister, and there are other parents at the same soccer game from other constituencies that are represented by government members that say, "Oh, well, I got a letter from my local MLA." I would like to know: what's with that?

Mr. Horner: Well, the letters from the local MLAs come out of their constituency offices. I would suggest that you might want to look at doing that yourself.

Mr. MacDonald: We do not have access to the information. The information is not provided to our constituency office by your department.

Mr. Horner: Perhaps you should ask.

Mr. MacDonald: We've asked in the past.

Mr. Horner: Well, I'll look into that.

Mr. MacDonald: Okay. I would really appreciate that because I don't think that's right. People can hide behind the access to information law, but it should be applicable to everyone.

Mr. Horner: Sometimes I got my list from the high school, too, so you might want to talk to your high school principals. Well, I don't now because I'm the minister. I'm talking about before I was a minister. Now I don't.

Mr. MacDonald: These letters are coming from you, sir.

Mr. Horner: Well, I send one to everyone across the province, not just in my constituency. That's a great thing.

Mr. MacDonald: I don't think that there should be any separation by constituency, by who was elected in the last election. I think that's unfair and unreasonable.

Mr. Horner: I don't believe that it's happening.

Mr. MacDonald: Okay. Well, if you would check into that, I would appreciate that.

Now, the access to the future fund was the centrepiece of Bill 1 four years ago. At the time it was heralded as a \$3 billion fund. The last time more funding was put into the fund to our knowledge was in the summer of 2006, when an additional quarter of a billion dollars was put in the bank, and the endowment reached slightly over a billion dollars. The 2007-08 annual report of the access to the future fund notes that the fund value remains at \$1 billion.

Now, certainly the Alberta Liberal caucus and the hon. Member for Edmonton-Riverview have had a lot of influence in developing our policy, and he certainly pushed for some time to have this endowment fully funded, but the government didn't seem to be able to achieve this target. I know times have changed, but there was a lot of money collected and generated through resource revenue since August of 2006. This, in our view, is not an acceptable performance. We were promised on its conception that the fund would reach the \$3 billion cap within three years. Now, there is nothing in this year's budget that I can find to get us any closer to that target. Even though times may be a little tougher, as we said, it doesn't mean that saving at any time is not a good idea. You certainly need to have the right balance.

My questions regarding this are: what are the ministry's plans in meeting the \$3 billion target, and is there a timeline set out as to when it will reach the \$3 billion mark?

Mr. Horner: Mr. Chairman, as I said in my opening comments, it would do my heart good if we had the available resources through the decision of priorities to bring that fund up to the \$3 billion mark. I think we've said on numerous occasions that should those resources come to the floor, then that's one of the areas that will be on the list of priorities to be looked at.

This year, this budget, we had to look at the priorities of student systems, postsecondary operating grants, all those sorts of things, and priorities had to be set.

The Chair: To continue with the next, do you want to go another 20, Mr. MacDonald?

Mr. MacDonald: Sure, if you don't mind, please.

Mr. Horner: No.

Mr. MacDonald: Thanks.

Now, has this fund suffered any losses in recent months?

Mr. Horner: Actually, the principal balance has been protected within the heritage savings trust fund. The reason that we're saying that we're going to do the 4 and a half per cent with the adjustment for inflation is because it was protected.

Mr. MacDonald: Okay. Do you have any plans or any projects that will be funded this year with the money?

Mr. Horner: Well, that goes through the access to the future fund committee. All of the postsecondaries have a formula-based matching program. Remember, this is for matching on philanthropy from outside individuals to those institutions through the committee. They've done a great job, I think, if you talk to the institutions. Yes, it would be nice to have the \$3 billion and match some of the wonderful donations that are out there, but at the same time we have to be realistic about what we can match and what we're doing in terms of our access for students.

Mr. MacDonald: Thank you.

Before we go down to capital projects, in the fiscal plan the universities academic pension plan has seen a significant increase in pension obligations, or liabilities. This year it's estimated to be \$612 million. I know from reading the documents that you were kind enough to table, the audited financial statements, that the University of Lethbridge, the University of Calgary, and the University of Alberta have a significant increase in the liabilities for these academic pension plans. What measures does your department have to control future increases in those liabilities and reduce them in the near term? Those are significant liabilities.

Mr. Horner: I can't find my note on that. Certainly, we're in discussions with the universities on that, just as we were with the teachers' pension plans. It's our hope that we're going to work with each of the institutions to ensure that they're financially sound, that their overall book is manageable, and we're going to continue to do that. Within this budget I don't have any magic bullet that's going to solve that today.

Mr. MacDonald: Okay. It was interesting to read that the University of Calgary has entered into employment contracts that include commitments by the university to provide or guarantee housing loans in an amount close to \$4 million, \$3.9 million. In the previous year it was \$1.3 million. The Auditor General noted that and flagged it. Is this a practice that's going to continue in the fiscal year 2009-10?

Mr. Horner: Well, I don't think that you want to cancel any kind of employment contract that they may have out there. Remember, too, hon. member, that the department is not involved in the one-on-one contract negotiations at the universities or at any of the postsecondaries. They do their own hiring; they do their own firing. The only people that I can fire is the board, and then I can get at the rest of them.

The reality is that we appoint people to those boards to manage those institutions. I have, frankly, a great deal of confidence in the executive branches of all of our postsecondaries. Certainly, this

lending for residences was a practice that I think the University of Calgary has used for a number of years. It's my information that they are going to be getting out of that. Now, whether they can extract themselves out of that, you know, in one year or two years or three years will depend upon the length of the terms of some of those agreements. My understanding is that they're moving away from that practice as opposed to extending it across Campus Alberta. You'd have to ask the board, though.

Mr. MacDonald: Okay. Yes. It was interesting to read the Auditor's assessment of that whole program.

Element 4.0.2, capital maintenance and renewal, postsecondary infrastructure. I understand that there is a deferred maintenance liability, if I can use those terms, at the University of Lethbridge that's not included in the previous annual report. With the capital maintenance and renewal budget is there any money that's going to be dedicated specifically to the University of Lethbridge to reduce that total liability for deferred maintenance?

7:10

Mr. Horner: Can you be a little more specific, hon. member?

Mr. MacDonald: I could be. If I had known, I would have taken out the postsecondary annual report and the audited statements because it's referenced in there.

Mr. Horner: In the University of Lethbridge audit?

Mr. MacDonald: Yes. I'll be quite specific. The amount, I believe, is \$92 million. I think that's significant, and I sure would appreciate it if I could have that information in writing to all the members through the chair. If we're going to use part of that capital maintenance and renewal budget to . . .

The Chair: If I could, Mr. MacDonald. In the second half we have a short break. I was just wondering if maybe you could go down and get that information and bring it back up and ask the minister.

Mr. Horner: Well, Mr. Chairman, I think what it is is the overall liability of the entire facility at the University of Lethbridge. It may not have been accounted for appropriately. There's an ongoing deficit that has been on the books at the University of Lethbridge for some time, as I understand it, so every year they eat a little bit away at this. I don't think it has anything to do with the safety of the students or the quality of that.

Mr. MacDonald: Oh, no, I'm not saying that.

Mr. Horner: I think it's an accounting issue of bringing forward that deficit. It's not so much a deferred maintenance deficit as it is a deficit.

Mr. MacDonald: Well, I wanted to know: of the \$121 million that has been set aside in this budget year for capital maintenance . . .

Mr. Horner: For deferred maintenance projects, yeah.

Mr. MacDonald: . . . and renewal, is a portion of this money going to the University of Lethbridge to deal with this issue?

Mr. Horner: Some of that money would be going to the University of Lethbridge for some of the projects that they've identified as being high-priority deferred maintenance or renewal projects. There's a formula that – well, actually, let's get this straight. The

postsecondaries themselves are the ones that are going to prioritize which projects they want addressed sooner than the others. Just as the University of Alberta has a list of deferred maintenance projects, the University of Lethbridge would have some, the University of Calgary does, Grant MacEwan does, Fairview, and Grande Prairie College. They all have lists of deferred maintenance projects. What we do is allot to them a certain amount of funds for those projects, and we try to tick off as many of them as we can.

I would point out to the hon. member that we doubled the amount of this IMP funding last year, and we've been able to maintain that amount in this year's budget. If you talked to the postsecondaries, I think you'd find that they were probably able to do a lot more in the last two years than they have been able to do in some time given the economic situation that we find ourselves in in terms of tendering the contracts and those sorts of things. Similar to the construction of roadwork, we're actually finding ourselves able to accomplish a great deal more this year. If you're asking me if some of this is going to end up at the University of Lethbridge: obviously. We can get you a detailed breakdown of that.

Mr. MacDonald: Okay. I'd appreciate that.

Now, the total amount allotted to postsecondary infrastructure on page 35 of the estimates is 45 per cent less than the forecasted amount for 2008-09, which is \$390 million. While budget cuts are happening in this time of recession, it is necessary that support for these essential services remain. With so many students returning to postsecondary, now is not the time to be cutting back, in my view, on infrastructure budgets. With such a significant drop in capital spending, how will this affect the province's target set out in A Learning Alberta of 60,000 new spaces by the year 2020?

Mr. Horner: Well, I think if you'd heard my opening comments, what we have in the ground and coming to fruition right now is creating an additional 17,000 new spaces over and above the new spaces that we opened up last year. The other thing that I would suggest to you is that in the last year and a half we have come up with a way to project the demand and the need for spaces, where the demand and the need are going to be. As opposed to having each individual postsecondary try to solve Alberta's problem, we've come at it as a Campus Alberta approach.

We still project the demand to be around 2,300 new spaces every year going out for probably the next 10 years, and we're going to have to not only come up with the spaces but also the operating dollars to handle those spaces. It isn't just capital, hon. member; it's also being able to have the professors, the laboratories, and the students because we have a limited number of students as well. I would suggest to you, too, that when you look at the capital expansion and upgrading, the \$1.2 billion over the next three years is a fairly considerable sum for postsecondary capital expansion. When you add that on top of what we've already done, there are very few campuses in the province that are not undergoing some form of construction today and will over the next few years.

Mr. MacDonald: Okay. So there will be 17,000 spaces?

Mr. Horner: Uh-huh.

Mr. MacDonald: Okay. Now, can the minister share which projects the money from 2008-09 went to and which projects will receive money in 2009-10? Is there a list? There's a list in the 20-year capital infrastructure plan under Mr. Snelgrove's watch in Treasury Board. Do you have a similar list?

Mr. Horner: I do. I'm just curious whether we're supposed to be using names. I'm not sure about that, but, anyway.

The Chair: You can use last names.

Mr. Horner: Oh, we can. Okay. New rules.

We're looking at Bow Valley College expansion, phase 2, which is adding a significant number of spaces; Mount Royal College science building expansion; of course, the Southern Alberta Institute of Technology's new trades and technology complex, included in those numbers; the University of Alberta Edmonton clinic; University of Alberta ag research; University of Calgary energy, environment, and experiential learning building; University of Calgary Taylor Family Digital Library; University of Calgary Foothills campus.

We're also doing some work on renovation of the science labs at Grant MacEwan College; University of Calgary Health Sciences Centre upgrades; Banff Centre Smith Hall upgrades. We did the Markin building at the University of Lethbridge. We expanded the facilities at Lethbridge College in terms of the trades centre. Athabasca University main campus: we're creating another 1,500 spaces there. At Grande Prairie Regional College we actually took one of the mezzanines out and created a whole new level of classrooms in there. Medicine Hat College: trades labs addition as well as the F-wing expansion. We've done Olds College. We're working with the Centennial Centre for Interdisciplinary Science at the University of Alberta.

There are more. You were talking about last year/this year, right, hon. member?

Mr. MacDonald: Yes, please.

Mr. Horner: Yeah. So at Keyano College we did boilers, art gallery exterior siding. Do you really want me to list all this stuff out?

Mr. MacDonald: Uh, no.

Mr. Boutilier: Yeah, I do.

Mr. Horner: Okay. Well, I knew the hon. Member for Fort McMurray would like to hear that. Actually, we were up there.

We also did some security upgrades at Keyano. Lakeland College, we had four different projects running there. Lethbridge College, we did a roof replacement. NAIT, Northern Alberta Institute of Technology, we did high-voltage switchgear replacements. We also did a building heating system. Northern Lakes, we did some renovations there. NorQuest College, we're doing a number of things. In fact, we just opened the nursing labs, the health sciences building downtown here, a renovated space, which is really quite something. Roof systems at Olds College. Portage College, we did roof systems. General campus upgrades at Red Deer College. In fact, this year I think we're opening phase 1, the Red Deer College trades expansion, which is a very large expansion. We'll be probably accepting students there this fall.

There are other projects out there, hon. member, but that's a pretty good list for you right there.

Mr. MacDonald: Okay. I didn't hear that much for the Fort McMurray region.

Mr. Horner: Well, we've been up there.

Mr. Boutilier: Neither did I.

Mr. Horner: That was the year before.

Mr. MacDonald: Okay. Now, have any infrastructure projects been put on hold or delayed or cancelled altogether as a result of the decreased infrastructure funding?

Mr. Horner: None of the approved projects that we've had moving forward. In fact, the last approved and announced project that we did would've been the SAIT complex last fall. Well, there have been some other smaller approved projects that we've announced since then that are part and parcel of the capital plan. But no, we have not delayed any of our projects that have been approved.

Mr. MacDonald: Okay. Now, we talked about the University of Lethbridge and some of the deferred maintenance costs, the bill there. Does the minister have recent figures on the total deferred maintenance costs throughout the entire postsecondary system?

7:20

Mr. Horner: We do. We're provided with lists from each of the postsecondaries. Again, as I mentioned before, they prioritize their lists on projects and deferred maintenance that they want to do. We are also looking to the federal government right now given the dollars that they wanted to put out there. My suggestion to them was that we should look at deferred maintenance projects and renovation or renewal projects on campuses. We're still hoping that we might bear some fruit out of that. But we can probably dig out that number.

Mr. MacDonald: Okay. I appreciate that.

Mr. Horner: As well, I'd like to point out that with the deferred maintenance numbers, sometimes when you do a new project on campus, all of a sudden you don't have a whole bunch of deferred maintenance that you thought you had before – and this is true in the case of Lethbridge College, as an example – because, instead, you build a new facility. Red Deer College, actually, is probably a good example of this, too. When we did phase 1, a lot of their deferred maintenance was captured in that new program. That building doesn't exist anymore.

You have to be careful when you use the deferred maintenance numbers because you may have an old building there that, yeah, on the books, if you wanted to use it again or if you wanted to build it back to what it was, it would cost a huge dollar value, but on the other side of the ledger you may have a request for a new building that you say yes to. You build that new building, and you actually get rid of the old one. You don't put the deferred maintenance number in there. So, hon. member, I'd be very careful.

You know, yes, we recognize what is out there. But one of the responsibilities of the boards of each of the institutions is actually to be good stewards of the physical assets of that campus. We depend on them to do a good job of that as well as to make plans on how they can keep the students safe and provide an appropriate learning experience.

Mr. MacDonald: Okay. Is there a long-term strategy in place to deal with all of these deferred maintenance issues throughout the province?

Mr. Horner: Yes. I would also point you to the access planning report that we do with all of the postsecondaries every year, which

is a statement of projection of demand and capacity needs and program needs throughout the province, which is a separate report. It's not in the documentation you have. The first one was last June. We'll be doing another one shortly.

Mr. MacDonald: Okay. Now, sticking on that theme, in the business plan for Infrastructure, performance measures for the condition of postsecondary facilities, the last actual amount from 2007-08 for the percentage of facilities in good condition was 65 per cent. The target for this financial year is 60 per cent, and it remains at 60 per cent through the next two years. Why is this government's target for this year to have 5 per cent less of postsecondary facilities in good condition? Is it just that there's not enough money, that there are too many projects and not enough money?

Mr. Horner: Honestly, I think part of the problem is that we as a department, if you will, probably have some of the oldest buildings in the province. As much as they're lovely and they're great to work in, they're sometimes considered, even though they're – you know, I can point to the building that we work in on a regular basis. It's a beautiful building. It's a wonderful building. But would you consider it to be pristine and as good as new? Some things are; some things aren't. There's a quality there that I think makes it worth while to be in there. I love the building.

Partly it's because of the fact that, you know, you've got the University of Alberta, as an example, that's 104 years old. You have Mount Royal College, which is going to be a hundred next year. Pretty much all of our postsecondaries are in old buildings or have been around for quite a while. That's part of the problem. The other part of the issue is that should we be successful in some of the things that we're planning on doing this year, these numbers may change, but as a target we have to be realistic about where we think the buildings are going to be. Again, we have some of the oldest facilities in the business.

Mr. MacDonald: Okay. I know we're going to run out of time, and this is a big budget. [Mr. MacDonald's speaking time expired] Look at that.

The Chair: We'll go to the next 20.

Mr. MacDonald: Okay. For the record, Mr. Chairman, I think this whole budget process is disrespectful of the taxpayers. It's not thorough. We're just scratching the surface here. But I don't set the rules.

The Chair: I appreciate that, Mr. MacDonald, but your 20 minutes are counting.

Mr. MacDonald: That's okay. I'm willing to waste 30 seconds because I think it's very important, if taxpayers are interested in this, that they see that this process is flawed.

Now, student finances and tuition. In strategic priority 4, outlined in the ministry's business plan on page 19, we're talking of an affordable learning system. The initiative listed in this section is to "review Alberta's student loans, grants and debt management program . . . to ensure they continue to meet the needs of Alberta learners." However, there is nothing in the business plan which talks about keeping costs for students under control. Alberta continues to have one of the highest tuition rates in the country despite a promise by this government four years ago that we would have the most affordable tuition policy. Operating funding for institutions has increased by slightly more than 6 per cent this year as noted in a

government press release. Will this increase mean that students will not face tuition hikes in the next fiscal year?

Mr. Horner: Is that my question, hon. member?

Mr. MacDonald: Yes, please.

Mr. Horner: Well, I think one of the things that you should be very aware of – if you're not, I'd be happy to let you know – is that we're one of the few provinces that has maintained the policy of a cap tied to CPI in our case. A number of the other provinces may have had caps or targets or even freezes in the past. The information that we're starting to hear is that a number of those provinces are going to be removing those caps.

I had meetings with all of our student groups in the earlier part of this year. One of the things that they value very, very much is this CPI cap that we've placed on tuition increases. I'm extremely pleased that my colleagues helped me in lobbying to ensure that we were able to maintain that. When you talk about costs for students and keeping the costs low, tuition is one piece. It's an important piece. But I think we've been very successful in terms of being able to create that kind of policy and hold the line for the students.

Mr. MacDonald: So there will be . . .

Mr. Horner: We've maintained the CPI policy within this budget.

Mr. MacDonald: And that framework or that policy to allow for different or larger tuition increases than are currently allowed will not change.

Mr. Horner: The current policy right now, as it has been, is that the tuition increases cannot exceed the CPI, the consumer price index.

Mr. MacDonald: Okay. Well, I can appreciate that. Now, does the government intend to honour its promise and make Alberta's tuition the most affordable in the country? If so, what are your timelines, and how have they changed since last year if at all?

Mr. Horner: Well, I think that when you look at being affordable and the affordability piece that was brought forward in the affordability framework, which was worked on by all stakeholders, and if you talk to the folks that were part of that – now, some of them have graduated and moved on, but when you talk to a number of them that were there at the table, there was a realization that we had to be realistic about how we moved forward with those things. The majority of the things in the affordability framework we've actually been able to institute. When you talk about cost-of-living increases, the targeted cap on tuition increases, when you talk about creation of new residences, when you talk about a number of the things that are involved in the student finance program that we've done, reducing interest rates on student loans to prime: those are huge things for students on the costs. That is going to make a huge difference when you start calculating this out over the coming years.

Mr. MacDonald: Okay. Now, we have talked to various student leaders – and I would assume that government members have as well – and they have a lot of concerns about affordable student housing. There certainly is a shortage of affordable housing for students. It continues to be an economic burden. Rents are still high. The cost of living along with high tuition and expensive supplies and books make pursuing advanced education financially impossible for some students who qualify academically and throws thousands of other

students into debt every year. Even with the recent economic downturn rent still remains a burden. The student leaders are telling us this, and I for one certainly believe them. There are major renovations which are needed on residence buildings at the University of Calgary. There are proposed projects for new residences across the province, including at the University of Alberta, yet there doesn't seem to be action at the moment on these proposed projects. How much of the capital budget will be going towards student housing projects this year, 2009-2010?

7:30

Mr. Horner: In our capital budget we do not put dollars towards student housing. What we do is backstop the loans. To give you an idea – you mentioned a number of the projects, and you were wondering what was happening with them – the majority of the ones you just mentioned are all proceeding. In fact, what we're looking at is probably the creation this year of about 1,300-plus new residency spaces within the major postsecondary institutions or campuses this year. That includes the University of Calgary; it includes the University of Alberta.

While we've heard a lot of interesting comments over the last year or so, what has been happening very quietly behind the scenes is that the postsecondaries have been working diligently to acquire the financial business plan that enables them to come to us and do the borrowing request as well as the creation of the capital that they need to put these types of residences together.

Another thing I could add on residences is that it isn't always that the student wants to live on campus. For many of our students the demographics are changing a little bit. You have a lot more married couples. We have a lot of older students. A lot. I mean, I'm the father of two of them. We have a lot of students who have gone from high school out in the workforce and are coming back in. We have a number of students who are coming back for a different or another degree. Sometimes they're looking for residences, and sometimes they're looking for a different type of accommodation, so we have to be mindful of that as well.

Mr. MacDonald: Okay. What is the short-term plan for increasing the number of student housing spaces available throughout the province, particularly in areas of high demand?

Mr. Horner: Did I not just answer that?

Mr. MacDonald: No. I'm not satisfied. There are just loans?

Mr. Horner: Okay. Thirteen hundred new spaces plus is kind of what we're doing right now. Each of the postsecondaries analyzes, working with their student leadership, what the demand is that they feel they should put on campus in the future. You'll have to remember, too, that less than five years ago, when Grant MacEwan built their new residence, it was only 75 per cent occupied, which caused them a little bit of grief for a little while until it did fill up.

Now, thankfully, we live in an economy that is fairly robust even today, and we're not worried about that at this point in time. We are looking at good business cases to increase the number of affordable units on campus. We're looking at increasing the percentage of students who could stay on campus should they choose. But at the same time those have to be prudent decisions by the board and by the student executive on campus so that we ensure that it's sustainable.

Mr. MacDonald: Okay. You mentioned Grant MacEwan and its residence. I'm told it wasn't enumerated before the last provincial election.

Mr. Horner: I have no idea. It's not my riding.

Mr. MacDonald: It was overlooked and forgotten.

Now, I have a question in the length of time that we have left. Specifically, we're dealing with the asset-backed commercial paper that both the University of Calgary and the University of Alberta were involved in. If you look at the statement of financial position of the University of Alberta, they had \$182 million in cash and short-term investments. From the statement of financial position two years later they had \$487 million in cash and short-term investments. In this year in question does the department or the office of the minister have any controls or any influence on where these cash or short-term investments are made by either the University of Calgary or, I mentioned specifically, the University of Alberta?

Mr. Horner: We don't direct endowment funding that universities would receive because a lot of that endowment funding we don't provide. It's provided by outside philanthropic sources. I don't think it would be fair for us to say that we're going to come in and take over the direction of that, because individual donors have provided it for specific reasons.

In terms of the endowment and financial management of that, just as I would say that every endowment fund management group in the world – and I say in the world because we've recently signed an agreement with the Wong Foundation or been accepted into this foundation in Hong Kong. I had a recent discussion with one of the sons of the founder about a month ago, and they had hit the same problem. These are internationally recognized professional fund managers. They are doing the same thing that I believe our postsecondaries are doing, and that is changing their own policies internally to say: we need to ensure that this type of investment doesn't happen to us again. I think every one of the postsecondaries that had that issue is reviewing that now and going over that with their financial staff, and the boards are asking for that kind of accountability. Hon. member, I'm feeling quite confident, as I think the Auditor General does, that the boards are being responsive to what is a global situation.

Mr. MacDonald: Okay. To be specific, I asked about cash and short-term investments, and they're certainly separated from the long-term investments, the endowment funds.

Mr. Horner: I'm not exactly sure that they lost a lot of their cash in short-term investments. The valuation numbers are still coming in on some of that stuff. But when you're talking about losses, as an example the University of Alberta, the majority of that loss would have been in what they were doing in the endowments and the funds that they hold on a fairly longer term basis, not their short-term.

Mr. MacDonald: Okay. Now, there are various retirement allowances and pensions paid out for senior officials of various universities and colleges and technical institutes. Do you have any idea how much is paid out in supplementary retirement contributions? What top-ups are being provided by the taxpayers?

Mr. Horner: About 60 per cent of a university's funding comes from us through that operational grant. It may be a little higher at some others. When you look at the individual institution's hiring practices, contracting practices, research agreements, a number of those sorts of things, their faculty agreements are all individually done. I guess I'd ask the question, hon. member: would you want us to do it on a global basis with all of our postsecondary institutions?

I would suggest to you that they would have a sincere problem with that, that they believe they should be run autonomously on their own campuses, and the faculty associations, I believe, feel that way as well. The boards and the executive have the ability to enter into those kinds of agreements with their faculty, and they are now disclosed. They weren't before, as I understand it.

Mr. MacDonald: They were not before. For these expenses and the benefits, the benefit obligation, is there no one keeping a record of precisely how much has yet to be paid in total?

Mr. Horner: Well, the individual institutions would be doing that because they have to pay it out of whatever they're raising, either through our operational grants or through what they're going to raise out of other dollars.

Mr. MacDonald: Okay. Now, dealing with bursaries and grants. In the time that we have, perhaps we should spend a little bit of time on the apprenticeship delivery support, line item 5.0.1. Your department, as I understand it, reviews the qualifications of the temporary foreign workers who are applying to come into this country and this province. How much of your budget is allocated to reviewing the qualifications of the temporary foreign workers?

7:40

Mr. Horner: The reality is that it's not an ongoing kind of thing. It's something that happens, you know, as an ebb-and-flow sort of situation. We have a number of apprenticeship trainers and certifiers and accreditors that we use throughout the province. We use them also internationally, so we could be doing this in the Philippines with a group that is there that has already gone through the federal process of the temporary foreign worker program. We could be doing it when they're here. It's tied into a budget line item. We don't separate it out and say: this is how much we're going to spend on temporary foreign workers. We have \$76 million put into our budget for apprenticeship training delivery, and we're going to meet the demand.

Mr. MacDonald: Okay. Of the temporary foreign workers who would be given accreditation for their foreign qualifications – and they have to within six months of work in Alberta make an effort to become qualified under Alberta or Canadian standards – how many of those individuals are failing to meet that qualification?

Mr. Horner: If they haven't done it within the 12-month period, they're not going to get it, so they're going to be violating one of the terms of their agreement with the employer. But the number of successes is actually fairly high, hon. member, as I recall. I don't have the numbers in front of me, but we could probably dig those up for you.

Mr. MacDonald: I would really appreciate that. Is it 12 months? Originally it was six.

Mr. Horner: No, no. They have six. As you said, they have to show that they are honestly making an effort to pass the accreditation. The assessor will look at their skill level and where they've managed to get to from point A. It's called progression. I just happen to have that at my fingertips now. Looking at the results of the first two examination attempts and confirming what the second result might be, they look at where the student is, if you will, in his progression and say either, "Yeah, you've made an honest attempt, you are really trying to do this, and you've made progress" versus

“Well, you haven’t done anything; therefore, you’re done.” They have the ability to do that. You want to treat them fairly, hon. member.

Mr. MacDonald: Oh, certainly you do.

Now, are all of these assessors employees of Advanced Education and Technology, or are some of them contractors?

Mr. Horner: Well, even if they’re a contractor, it’s no different than us contracting a professor to teach a course and mark it for us. I mean, that’s the whole idea. This is part of the postsecondary system. Regardless of that, if it’s a contractor that we hire as an individual, it might be a retired welder who has got a red seal and wants to get into that but doesn’t want to become a full-time employee. He might do it on contract for us. So no different than what we do for regular apprenticeship training.

Mr. MacDonald: Okay. There are no labour brokers involved in this practice.

Mr. Horner: Not in the accreditation, no.

Mr. MacDonald: Okay. That’s good to hear.

Now, with regard to NAIT and SAIT and other colleges or institutions, I’ve been visiting them quietly and talking to students.

Mr. Amery: Secretly.

Mr. MacDonald: Oh, no, not secretly. I’m not a Conservative, Mr. Amery.

Mr. McFarland: Do you sell memberships?

Mr. MacDonald: Do I sell memberships there? On occasion I do, actually, to be truthful.

The students are complaining about space.

Mr. Horner: At which campus?

Mr. MacDonald: At NAIT and SAIT. They seem to be quite concerned about overcrowding, getting access to the courses that they’re interested in in a timely fashion. It’s a whole issue of space. I’m surprised. Now, maybe I was there at lunchtime; it was crowded. [Mr. MacDonald’s speaking time expired] We’ll get back to this. Thank you very much.

The Chair: Ms Notley.

Ms Notley: Thank you. It’s a pleasure to be able to ask just a few questions. I’ll try and not jump around too, too much. I’ve only got a short period of time, and I invariably find that I run out of it very, very quickly, as is the case with this process.

I’ll maybe start going over just a couple of questions, a couple of which have already been touched on, but maybe just a couple of extra points that I’d like to discuss. Going back a little bit to the issue of tuition, needless to say, I’m sure you’re aware we’ve had a fairly strong position on the issue of tuition and are not of the view that the current policy is adequate. Now, my understanding is that, of course, at the time the CPI indexing procedure was put in place, students were quite concerned about whether a one-time rollback that had been given, a very small one, would be maintained. It was in that context that the CPI formula was put in place, to give some certainty. I would suggest that maybe times have changed a bit.

Now, my understanding is that last year, because we were going on the CPI, the increase was roughly 4.7 per cent in tuition on average in Alberta and that that amounts to – there’s only one place in the country that was more than that, and that was Quebec. It would seem just shocking that they would treat their students that way except for the fact that their tuition is less than half of ours on average, so we can forgive them for that slight increase in tuition. Basically, Ontario and Alberta, which otherwise have the two highest tuition levels in the country, I believe – no, that’s not correct. I believe there is someone else with higher tuition than us, and their increase was lower. Their increase, I believe, was zero per cent last year.

My concern is that with this 7.4 per cent increase and by connecting it to CPI and with our tuition being close to the highest in the country at this point, not the highest but getting there, we’re not on a path or a trend that’s ultimately going to increase accessibility and affordability, and we are slowly going to move ourselves out of range for any students. Do you think it’s appropriate that in this particular case we are increasing our tuition at a rate which is higher than almost every other province in the country, and do you not think that there should be some thought given to finding a way to at least freeze and then slowly reduce our tuition so that we’re somewhere closer to the national average?

Mr. Horner: Well, Mr. Chairman, right now we’re \$600 a year off the national average. We’re also about \$600 a year off the highest, which the hon. member may have noted is Nova Scotia. They’re around \$6,000. We’re around \$5,300. Ontario is second. New Brunswick is third. We’re the fourth. British Columbia, actually, is right beside us at \$300 less than us. Saskatchewan is also right there at \$300 less than us per year. It’s also interesting to note that I believe a number of these provinces have removed caps that they may have had. Manitoba, I understand, has decided to remove the cap. The hon. member is correct. Last year’s increase in Quebec was around 5 and a half per cent.

There’s a balance that has to be maintained here. When I talk to the students and when I talk to the parents, I say: what is the investment that students should make in their own future, including the taxpayer investment in their future? We’ve been able to bring the contribution of students in around 20 to 25 per cent of what the cost is. What I’ve said to the students is: help us work on ways to make the total cost less, and then we don’t have to worry as much about raising the price.

One of the things that we had to do with the postsecondaries when we put the CPI in is that we had to give the postsecondaries more money because they said that their costs were going higher. We agreed with that, and we said yes, but we also need to start to see why it is that in other provinces, just as their tuition rates are lower, the cost of instruction for particular courses seems to be lower. We have to do some analysis as to whether or not we are doing what we need to be doing in our postsecondary system. I think that’s as valuable as the discussion around tuition. The postsecondaries and our Campus Alberta council and the students, when I talk to them, agree that, yes, they’re in a cost-plus business here. Whatever the cost is, they’re going to pay a piece of it, and if the cost goes up, their costs are going to go up. They know that.

7:50

I give kudos to a number of the student groups that I’ve talked to that have come to us and said: “Well, you know, books are a problem. What if we could make it cheaper to get the books?” So what did we do? We’ve invested a considerable amount of money in a thing called a digital library across this province that has given

access to their resource material to all of the students. It would be my hope that down the road we might be able to have textbooks online. Now, that's going to take some time because there are a number of issues that we're going to have to deal with. But I can tell the hon. member that we are working on that in a number of areas because a math book in Alberta is the same as a math book in Saskatchewan, and it's the same as a math book in Hong Kong, frankly. Well, okay; it would be written differently.

These are the types of things that, when I sit down with the students, we start talking about. Tuition is one piece. Absolutely correct. We've made commitments there in terms of the increases. We've made commitments as to where we should be. You know, sometimes being at the bottom of the pile is not any better than being in the middle when you're talking about tuition. A lot of those dollars Quebec is using to subsidize their system probably came from Alberta in the first place. I have to throw that in.

Ms Notley: It's a little old.

Mr. Horner: You did it. I did it.

I think, you know, the discussion around whether we're going to be able to maintain the cost structure that we have is an important discussion, and we're having that with our postsecondaries.

Ms Notley: Okay. Well, I guess I just would suggest that I'm not sure that all students would necessarily agree that they're in a, quote, cost-plus business. I think they're actually seeking an education. Frankly, we should consider how it is we approach that and how we view that objective as a province, that it's not a question of going into business.

Mr. Horner: Hon. member, don't take it as an ideological statement. Take it as the fact is that it costs money to educate.

Ms Notley: Absolutely. It's a question of whether we collectively commit to the value of that goal.

Mr. Horner: We are to the tune of between 80 and 85 per cent and 75 per cent.

Ms Notley: Right. My concern, as I said, is that if you look at those provinces which do have higher tuition than us at this point, all but Ontario either froze or reversed or reduced their tuition last year. My point is that if we continue at this rate of increase, we will be at the top very quickly.

Mr. Horner: You're assuming that they will all have no increases this year, which I would find very surprising.

Ms Notley: Well, I'm just looking at what happened last year. That's where we're at. I'm hearing from you that the plan is to continue with the same CPI increase.

Mr. Horner: Yes, ma'am.

Ms Notley: So that's my point.

I wonder if I could just jump over really quickly to residence construction. We've had, I think, conversations about that in the House and a couple of exchanges in question period about it as well. We've talked about the fact that the majority of students are living on their own, and we've talked, I think, about the allowance for rent in the student loan system, which is, I believe, about \$425 a month roughly. Then we're looking at what's actually being charged out there.

Of course, there are many different ways to approach that issue, but one is the issue of residence. I know you mentioned that there are residences that are approved and going forward at the U of A. I'm just wondering as a start: can you just confirm that those are the graduate residences that you're referring to, the aboriginal residential centre, or is there something else?

Mr. Horner: Those have not been announced as yet. What I was referring to was a number of the projects across the province that are already under way.

Ms Notley: I thought you said the U of A.

Mr. Horner: The U of A is working on a couple of different projects, actually. One is the aboriginal group. I would be ahead of the university if I was to tell you that that was going to go ahead at this point in time because my conversation with the provost and VP, Mr. Hickey, yesterday seemed quite positive in terms of where they were headed with that. I'll retract that and say: well, the U of A is working on something that I think is very positive. However, the 1,300-plus spaces do not include what's over at the U of A, so it'll be added on.

Ms Notley: Right. I'm just trying to focus at the U of A. There is that one, which I've been aware of, and I'm just unaware of what the second one was that you mentioned.

Mr. Horner: U of C?

Ms Notley: No.

Mr. Horner: South campus.

Ms Notley: Oh, at U of A. You're talking about the south campus.

Mr. Horner: Yeah.

Ms Notley: What's the status of that right now?

Mr. Horner: The status of south campus?

Ms Notley: Right. I've been hearing a lot of talk about maybe, but I'm just wondering: do you have any sense of . . .

Mr. Horner: There's no approved project in terms of academic institutions on the south campus as we sit today.

Ms Notley: Sorry. I was looking at residence.

Mr. Horner: They're working on a couple of proposals that I think are very promising at this point in time. Again, I'd be speaking on behalf of the university, and I can't do that. They're the ones that are going to make that call and that decision, and then they are going to be the ones that will apply to us to say: here's the business case for these new units. The new units would be backstopped by our credit facility if you will. We've been very proactive in our department about bringing those forward to the Treasury Board and cabinet and saying: yes, we want to get these done. The most recent was the University of Calgary, the \$60 million for their phase 6, I guess it is. That's a big chunk of the 1,300. They were well ahead of where the University of Alberta was in terms of the planning and the process and everything else.

Ms Notley: Hypothetically, were the university to approach the government with a business plan for, let's say, a residence development at south campus or anywhere else that did not include a P3 model, would it still be approved?

Mr. Horner: Well, tell me what they're presenting me with, then. In the current system today there are no – well, no, I shouldn't say that. I think Lethbridge is looking at a P3 kind of situation. [interjection] The college is, yeah. And Red Deer College was looking at one because it made sense. The U of A was looking at one. The University of Calgary is not one.

We're not saying that a P3 is the only way to go. What we're saying is that historically the institutions will look at student demand because they've got to fill these things. They'll say: "If we have student demand, we have this number of units, and we're going to put this much into the kitty in terms of the capital. We're going to borrow the rest, that covers the borrowing costs. Here's the good business case." That's what they come to us with. That's what the University of Calgary just did. That's what we just approved. We're going to be very open to those kinds of things. In fact, I've mentioned to the president and the provost and the vice-president that are over there: we're open to anything; bring me something. I've mentioned it to the students' union system.

The other thing is that the students' union group in Calgary just completed a study, which I'm sure you've probably seen, that really talks about: there's more than one way to skin this cat; there's more than one way to get this done. Obviously, there are a number of residences coming on stream now because of the borrowing that they're doing and the plans that they have. But I think there's more openness to saying, you know: is there a different way that we might be able to do this? And we're open to that. But if it's the standard, the same as what we did before, because they need the residences and they've got a good business case, that's what we take.

Ms Notley: Okay. We're in the position where we're going back, and it will be some time before some of the ones that I was just discussing would actually be open or available should they be approved. So going back, then, to the issue of the allowance for accommodation under the student loan plan, given that, you know, we've certainly seen what's happening with the economy. Most studies that I've seen up to this point suggest that rent is not coming down in the medium to lower range market, that where you're seeing it come down is in the higher end market, and that the average cost of off-campus housing is quite in excess of what is allowed for under the student loan program. What plans are there to assist students with their housing costs?

Mr. Horner: One of the things that we talked about a little bit earlier on was the fact that we wanted to review – and it really is a continuing review of our student finance program on an ongoing basis. But also remember that it's a partnership with our federal government. It's a partnership across Canada aside from maybe one or two exceptions. If you want to stay within that system, you kind of have to get everybody else to agree on what you're doing.

8:00

If we do something – and we've done this in the past, with our loan remission program as a good example of that. We have the best loan remission program in the country, and we do take a little flak for that every now and again because we're very generous. Let's put it that way. I don't have to tell you that; I think you probably recognize that. So if we're going to make the program even more generous, then we have to be able to sit down with our partners

across Canada and say: "Okay. Alberta is going to do this." They're going to have to look at us and say, "Well, we don't want to do that," or "We are going to have to match that," or "Where are we going to go with it?" We have to make sure that that piece is taken care of.

Having said that, that doesn't mean that we can't look at other programs outside of that. But, again, we're kind of in a national program here. We're kind of within the student finance program. That doesn't mean to say that we're not going to look at it, because we are. Most students are single, and they share accommodation. We do allow appeals if there's a high rent, so they can appeal their assistance level on that. We'll continue to do that. I mean, I'm open to looking at things, but it isn't as easy as us in Alberta just saying: this is what we're going to do.

Ms Notley: In terms of your looking at that issue, what would be the ETA of the end of that glancing process, that deep scrutiny process?

Mr. Horner: Well, actually, like I said, it's kind of an ongoing process on the student finance side. What we have to do is that we have to run the models. We have to figure out what the cost is involved in that. We have to figure out whether or not we think there would be enough, depending upon which one you might want to look at, whether that's raising the living costs or like we did on the student finance. In the last two years we've taken out the requirements on car amounts, we've lowered the lending rate to prime, we've raised the living allowance by close to 20 per cent over the last two years. We've done a lot within that envelope over the last two years.

Frankly, our goal this year was to maintain what we've achieved in terms of those successes. We're going to continue to do our due diligence on ways and means that we can help students further. But it's a lot tighter marketplace right now in terms of our resources, so I can't give you an ETA, hon. member. I can just tell you that as we figure out where we're headed with the demand, because this is a demand-driven business – and I use that only in terms of giving a descriptor – as we start to see what the demand is going to be this fall, as we start to see the demand on the student finance system, as we start to see the demand on the postsecondary system, that's going to tell us a lot.

Remember – and I've said this in a number of places around the province – we've seen a number of application increases. One of the things that I think is interesting is that when you go from 97, 98 per cent employment, you have the problem that people are not going to postsecondary because it's so easy to get a job. I mean, that was one of the reasons. You and I have talked about that in the past. Now we're at 95 per cent or 94.5 per cent employment. That isn't 60 per cent or 80 per cent employment. It's not like what you're seeing in some areas where the economy has had dramatic decreases. You know, we're going to have to just see what kind of demand we are going to actually end up with out of this whole thing. Depending upon what that mix is, it may allow us to do some changes in the latter part of the year. It may not.

Ms Notley: Okay. Thank you.

I'm going to flip really quickly because I think I have about four minutes left.

The Chair: One minute.

Ms Notley: Okay. Very quickly. Flowing from that issue in response to people going into schools as they try to deal with the loss of employment, the Auditor General in April of '08 made recom-

mendations about tightening up criteria for certificate and nondegree facilities. I'm wondering where that is at. I've not seen your response to that yet, and it seems to me to be an important thing because more people will be accessing them.

Mr. Horner: Oh, yeah. It is one of the items that the council of chairs is going to be having a very interesting discussion about. The council of chairs, hon. member, is all of the chairs from Campus Alberta. We sit down and talk about areas of common interest. This would be one of those areas of common interest. We want to make sure that we can respond to the Auditor General in a proactive and positive way across Campus Alberta, so we are going to be working on that. Our last meeting of the Campus Alberta chairs was in January. The next one is going to be probably around the October, November time frame because there are a number of other issues that we want to bring up at the same time.

The Chair: Okay. Thank you.

We'll take a five-minute break. If you could be back in your chair, Minister, at around 10 after 8, I'd appreciate that, and we'll start the meeting again. Thank you.

[The committee adjourned from 8:05 p.m. to 8:10 p.m.]

The Chair: Okay. Minister, if you're ready to continue, we'll call the meeting back to order, please.

Maybe just before we start, Mr. Boutilier, could you put your name on the record, please, and introduce yourself.

Mr. Boutilier: Guy Boutilier, Fort McMurray-Wood Buffalo, where there's a lot of infrastructure being spent on Keyano College according to the minister.

The Chair: Thank you, Mr. Boutilier.

Okay, we'll get going. Mr. Allred.

Mr. Allred: Thank you, Chair.

The Chair: Mr. Allred, are you going to combine your time?

Mr. Allred: Yes.

I've got a number of fairly short questions, Mr. Minister. Firstly, how is your ministry addressing the institutions' deferred maintenance issues?

Mr. Horner: Actually, as I was discussing earlier, we've doubled the amount of IMP funding that we were providing to them last year, and we've been able to maintain that. Each institution has their own list that they maintain in terms of priorities and what they're going to be doing with the dollars that are advanced to them. I'm very, very pleased that in this budget we were able to maintain a fairly robust amount of capital maintenance.

In the past two years over \$200 million has been done. There's probably more than a hundred preservation projects that are under way throughout the province. We're working with the institutions to ensure that we hit the key ones, that we get their priorities done as quickly as we possibly can. We developed a three-year infrastructure maintenance program, and these plans are to address the priority areas of those institutions.

They are going to require some additional investment. We're going to continue to work with Treasury Board and, as I mentioned earlier, hopefully perhaps even the federal government on working towards some of the backlog of these deferred maintenance projects.

Mr. Allred: Okay. You mentioned the key ones. Perhaps if you'd just add to that a little bit.

Mr. Horner: In terms of the deferred maintenance projects that we're running, some of the list that I talked about a little bit earlier in response to the hon. Member for Edmonton-Gold Bar were some of those. I think we have kind of a list going on here. But as examples of some of the ones that we've done, we've done fire alarm upgrades at Lakeland College. We've done security upgrades. A lot of these are roof replacements. Those are the types of deferred maintenance that we're tackling. Again, as we go out through the year, the postsecondaries will identify the key ones that they want to have done this year and the cash load through the next three years. We have a three-year deferred maintenance plan.

Mr. Allred: Okay. Just moving into the capital area, I understand Athabasca University has been looking to consolidate their Edmonton and St. Albert campuses for a number of years. What is happening with that?

Mr. Horner: Well, part of the issue around Athabasca University is that we have provided I think it's about \$30 million for a new campus at Athabasca, which is ongoing right now. But they have also, frankly, outgrown the space that they had in St. Albert and Edmonton. They need some fairly – I'm trying to think of the word – wired space because we're talking about a virtual campus, probably the most successful virtual campus in Canada, and it's globally recognized.

What they're doing now is that they're in the process of site selection of a number of different sites, one of which is in St. Albert, hon. member. I know that there are probably a couple that aren't. But as far as I know, they've not completed the process of that site selection as yet. They certainly have some strong ties to St. Albert, and I know they've been trying very hard to ensure that they do stay. But, again, there are some interesting parameters that they're going to have to pay attention to in order to be able to deliver the type of programming that they've been delivering for some time, and it has to be a fairly technology-savvy infrastructure that they're going into.

Mr. Allred: Now, earlier, in response to another question, you talked about backstopping their funding. I don't quite understand how that works. Are they responsible for all their funding, and you will basically guarantee their loan? Is that how it works?

Mr. Horner: That was on the residences.

Mr. Allred: Oh, that's only on the residences.

Mr. Horner: That's correct. Now, we have one example of what could happen down the road, an approved project from last year, where we approved some downtown space for the University of Calgary on a long-term lease. Currently Athabasca University is paying these costs at three different locations, the idea being that they might be able to consolidate into one location and, in fact, perhaps even save some dollars.

Mr. Allred: Yes. That certainly is a concern. But you say that the backstopping only applies to residential.

Mr. Horner: On loans.

Mr. Allred: On loans. So if they wanted to go ahead with a new campus, for instance, to consolidate the St. Albert and the Edmonton

one, would they have to get the money from you, or could they go through a P3 or some other kind of arrangement?

Mr. Horner: Currently what they're looking at, as I understand it – again, this is something that they will do the due diligence and they will do the site selection on, as opposed to us – is consolidating into some lease space, from lease space. It's essentially an exchange of lease cost that we're currently paying for them through their operational grants. We provide the operational grants; from that they're paying their lease. So if they move to another location where their lease costs may go down, as an example, that portion of it they would manage.

Now, if they wanted, as they did, to build a brand new, greenfield-type campus, which they're doing – well, not really greenfield in Athabasca but an addition to their campus – that's a capital project which goes through our normal capital planning process and, obviously, has to go through Treasury Board and the whole nine yards.

Mr. Allred: Okay. Moving on to another subject, I understand that just recently a couple of my constituents have received some innovation grants. I wonder if you could describe that program and identify where it is in the budget. I can't see anything that . . .

Mr. Horner: You're probably referring to the innovation vouchers.

Mr. Allred: That's right. The vouchers, yes.

Mr. Horner: Yep. Which is on the bringing technology to market program. The line item in the budget that it would fall under is probably program delivery of technology commercialization capacity. These vouchers are \$10,000 vouchers or \$50,000 vouchers to be used at approved facilities in the province, the majority of which are publicly owned. The vouchers would've been applied for through an online system that we opened up back in December, I think it was.

Frankly, we had a tremendous response to the applications, which speaks to a couple of things. One, there's a tremendous amount of pent-up energy and ideas out in Alberta, whether that's in people's laboratories or people's garages. There are some great ideas for commercialization. We had over 300 applications, but we've approved 150 plus in terms of vouchers that are going to be going out.

These vouchers can be used, as an example, at NAIT – if you were building a prototype and NAIT had the expertise and the equipment to build that prototype, you could actually pay them to do that – or the Alberta Research Council or TEC Edmonton or any of those various places.

Mr. Allred: Okay. Thank you on that one.

Something in your business plan on the top of page 22, 2.10 – this is under your goal 2 – “work with institutions, employers and professional associations to encourage the recognition of credentials, competencies and prior learning.” Could you just explain your involvement in that? I think you did touch on that a little bit earlier. I'd like a little bit of expansion on that.

8:20

Mr. Horner: This is for the next-generation economy. Certainly, we are in many, many cases the department that is going to be working with other jurisdictions to ensure that our credentials are accepted. When you look at prior learning assessment review, PLAR, we're one of the first jurisdictions, if not the first jurisdiction,

to develop that kind of framework in Canada. When someone comes in from outside of our jurisdiction, rather than having to redo the entire certificate or diploma or degree, we want to move to a system where we can actually sit down and say, “What was the prior learning that you had?”, do that assessment, figure out where you fit within the Campus Alberta system, whether that's for a red seal, whether that's for a degree, whether that's for whatever, through Campus Alberta Quality Council.

One of the targets that we have with the goals that we have is to ensure that people get credit for what they've done, whether that's experience or whether that's prior learning. I think that it's important that we're able to do that. So we're working with the institutions. We're working with the professional organizations, which I think the member knows well because of the organization you're with with TILMA, which we worked on with the land surveyors, with the engineers, with the technologists. We're trying to make sure that we get that kind of assessment going within the province and working with those associations, institutes, and professional organizations.

Mr. Allred: Just to be clear, you're doing this on behalf of all of Campus Alberta, you indicated, and the professional associations, all of these other organizations, so they don't have to expend monies on it in addition, then?

Mr. Horner: They still will in many cases. I guess the ones where they wouldn't would be in apprenticeship training, where we're actually the ones that say whether or not you get the certificate. But in others, APEGGA as an example, they're the ones that will say that you're able to practise as an engineer, or the Law Society, they're the ones that will say. What we will be doing there is a lot of the work that says: “Here's what we believe the equivalency to be. Do you accept or reject?” They're going to still do their own due diligence on that, but somebody has to be the one, the catalyst for that. Somebody has to be the group that says: we're skilled in being able to do that.

When you think about the fact that Campus Alberta Quality Council is the reviewer of all degrees in the province, and every one of them has to go through that, and we have a system of credit and transfer within the province that I would suggest is second to none in North America in terms of being able to transfer amongst our own institutions, it gives us a leg up to help those professional organizations.

Mr. Allred: I guess I commend you on that because I think it's good to consolidate resources and not have everyone doing the same thing. But I would ask if that is being pushed any further and if the federal government is perhaps funding and assisting and co-ordinating this across the country. We're looking to standard mobility agreements across the country, and it would make much more sense, in my opinion at least, for this to be done on a national basis.

Mr. Horner: There are discussions ongoing in other ministries – Employment and Immigration would be one and, certainly, Health another – where we are looking at a national assessment of certain jobs and skill sets. I'd agree with you that we would like to see that on a national basis, but I think that in terms of what Alberta has been doing with British Columbia and now Saskatchewan, we're probably leading the way, and we're going to continue to push on that.

Mr. Allred: Okay. Just one last question if I can find it. On, I guess, page 43 of the budget, iCORE Inc.: could you explain a little bit what that is all about?

Mr. Horner: Well, I can tell you in my terms what it is. It's a headhunting agency, informatics circle of research excellence. Essentially, iCORE has been tremendously successful in attracting international leaders in information communications technology, researchers, graduate students from around the world, been tremendously successful in doing that and in also partnering with some of our other research foundations.

The one that comes to mind most recently was the Polaris award winner at the University of Lethbridge in neurosciences. We recently did that one, and that was a partnership between iCORE – because there's some informatics information in neuro, the data that he's going to generate – as well as Health and the University of Lethbridge, who said: let's go find the best and brightest in this. He won the Polaris award, which was partly funded by iCORE as well.

Athabasca University has attracted a researcher who is doing research now in mobile learning technologies. One of the things that he's working on is that perhaps he could take his MBA on his PDA while he is on the bus up to the site. They're doing some research in that.

So iCORE has been very successful. I think what we'll probably see in the future with iCORE is the potential to branch it out into the other areas of research and focus that we're looking at within the Campus Alberta system. I think that's a possibility in the future.

Mr. Allred: Okay. Thank you, Minister. I did have one more question if I've got a bit more time.

The Chair: You have five minutes, Mr. Allred.

Mr. Allred: I've got five minutes still? I might even get two questions in, then.

The lottery-funded initiatives, you've got two items under that: \$40 million under the capital expansion and upgrading and part of the capital maintenance and renewal. What is the rationale why that comes from the lottery funding?

Mr. Horner: There are certain things that you can use lottery funding for. Each department applies for that funding, and there's a criteria that is set out in the legislation around lottery funding, as I remember it. These are projects at a community level that will have community impact in terms of what's happening on the campus or in the postsecondary infrastructure, so that's where these things are coming from. We do submit that to lotteries, I guess – or it's Treasury Board. If we get it, we get it, and if we don't, we don't.

Mr. Allred: Okay. You say a community-type initiative, so let's go back to the Athabasca University concept. Would that qualify under capital expansion and upgrading on a community basis?

Mr. Horner: It wasn't one of the ones that we submitted to that because we went directly to Treasury Board a couple of years ago for that funding because of the need that they had at Athabasca. Remember, too, that for that particular campus, what we were doing up there is for the faculty. It's also for the technology that they use. It's a closed system in that sense, from the perspective of the technology that they're going to use to deliver their programming.

The other part of what we're doing with Athabasca University is we're trying to upgrade the IT that they have, but again it's very proprietary to what Athabasca is doing in terms of its delivery. Probably 30 per cent of their student base is now outside of the province and global, but 70 per cent of their student base is still within the province, and they have a number of campuses around the province. The capital expansion and upgrading that is involved in

there is not one project but many, so they'd be scattered throughout the province.

Mr. Allred: Okay. But the Athabasca University IT upgrading could qualify under that, for instance?

Mr. Horner: Actually, I don't think it would because it's very pointed towards Athabasca and the delivery of what Athabasca is doing as opposed to a community infrastructure for use by the community.

Mr. Allred: Okay. Thank you.

I'll get into another line of questions if I've got just a few more minutes. We've had a lot of discussion about Alberta families not having a family physician. What is your ministry doing and how are they advancing on providing more physician spaces?

Mr. Horner: Interestingly enough, I just had a meeting with the incoming dean of medicine at the University of Alberta. His comment to me was that he felt he was coming into a situation that was very, very positive versus the world and global postsecondary situation in the sense that we're expanding and we're continuing to expand.

The health workforce action plan that we announced close to two years ago now identified that we wanted to have 2,000 nurses graduating by 2012, and we wanted to bump up the number of doctors that we graduated to a target of 295 graduates by 2011-12. The interesting thing there is that I don't think it's so much a question of physical space challenges as it is a question of having enough doctors to be professors, preceptors, work in residencies. The residency situations across Canada really are kind of controlled by the college, and you get into a little bit of issues there that we've got to deal with.

8:30

We announced that we were going to have a target of graduating 295 by the 2011-12 time frame. I actually think that we're going to exceed that because these guys have really come up to the plate, and they're getting innovative in terms of what they're doing in the two medical schools. There are going to be a hundred new entry-year seats in the baccalaureate nursing programs. We're going to have 63 new entry-year seats in the doctor of medicine programs at the University of Alberta and the University of Calgary. That's a 21 per cent increase over last year. Frankly, we've pushed them, I think, as far as we can probably push them right now.

Mr. Allred: Okay. Thank you, Minister. It sounds like you have exceeded your expectations, but is there a bottleneck – this is probably another department – in getting residency positions, et cetera, that's going to cause further delays?

Mr. Horner: It isn't just so much the residency positions because remember that the residency is at the end of their term. That's one issue. Another issue is preceptors, doctors who teach doctors. Another issue is just the simple need for professors in the medical community and where we're going with that. It's not the same as teaching a business administration diploma or degree. It's a little bit more intense. There are a number of hoops that we have to get through in terms of certification and accreditation both provincially and nationally. I think what we've done, hon. member, is pushed it as far as we can go right now. This new dean coming in comes from a medical school that has 500 students graduating. I think there are potentially some good things that we might be able to learn from the U.K. and what he's been doing over there. We're hopeful.

Mr. Allred: Thank you. That's all good news.

Mr. Horner: Thank you.

The Chair: Dr. Taft.

Dr. Taft: Great. Thanks. I'm just going to start off with some amendments. If the minister hasn't had these before, these aren't really for debate, just to get on the record. The first amendment is to line 1.0.3 in the budget. It's a reduction to remove a value equal to half of the hosting expense from last year plus \$600 more. It reads that

the estimates for communications under reference 1.0.3 at page 36 of the 2009-2010 main estimates of the Department of Advanced Education and Technology be reduced by \$63,000 so that the amount to be voted at page 33 for expense and equipment/inventory purchases is \$2,977,069,000.

The second amendment is intended to reduce the budget for strategic corporate services by \$3 million so that it equals the sum forecast in '08-09. I guess I need to read into the record that

the estimates for strategic corporate services under reference 1.0.4 at page 36 of the 2009-2010 main estimates of the Department of Advanced Education and Technology be reduced by \$3 million so that the amount to be voted at page 33 for expense and equipment/inventory purchases is \$2,974,132,000.

Amendment 3 seeks a reduction of \$1 million from corporate costs, line 1.0.5, because there was \$877,000 unexpended in '07-08. It reads that

the estimates for corporate costs under reference 1.0.5 at page 36 of the 2009-2010 main estimates of the Department of Advanced Education and Technology be reduced by \$1 million so that the amount to be voted at page 33 for expense and equipment/inventory purchases is \$2,976,132,000.

So that's just on the record.

Actually, I'm just going to follow a small point from the Member for Edmonton-Gold Bar. I didn't realize he was going to mention it, but I appreciated the minister's spirit in receiving it. That's just the idea of letters to constituents who are receiving scholarships. Is the minister with me? Yeah. Letters going out from the MLAs congratulating students who've received scholarships: that option is not made available to opposition MLAs. In my constituency, which is filled with a lot of high-achieving, high-education kids and families, it does make a difference, so if the minister could maybe talk to his communications staff to make sure that option was available to everybody, to all MLAs equally, that would be terrific.

Mr. Horner: Hon. member, just before we go on, who's your whip? Who is the caucus whip for you guys?

Dr. Taft: Harry Chase, the Member for Calgary-Varsity.

Mr. Horner: Could you just get him to write me a quick letter saying that you would like to have that sent to your members?

Dr. Taft: Okay.

Mr. Horner: I'd appreciate that.

Dr. Taft: All right. I'll do that. Sure.

Mr. Horner: You could do that, too, Rachel. Who's the caucus whip for the NDP?

Ms Notley: Depends what day it is.

Dr. Taft: Okay. Now let's talk some bigger issues here. I want to focus a bit, initially at least, on the U of A since it's in my constituency, and I'm a big fan of the U of A. I grew up within a stone's throw of it, and I did my first two degrees there. I often tell people this story. I just took it for granted because it was always there, and I didn't really realize what a good university it is until I went to a top university somewhere else and I realized: gee, the U of A certainly holds its own. So I'm a big fan of the U of A.

Mr. Horner: The U of A was better, wasn't it?

Dr. Taft: In some ways it was. Their goal of being in the top 20 by 2020 sounds good, but having said that I'm a big fan, I'm skeptical of that being more than a clever phrase. I'm assuming that because it's their long-term strategy and budgets ought to reflect strategy, the support for the U of A here – I'm sure you're aware of that goal and so on. I'm wondering if the minister has a clear sense of how we will know if the university is in the top 20 by 2020. Is there some published list that the university is aiming at, or is it the top 20 biggest, top 20 richest? What is it?

Mr. Horner: Well, hon. member, I think it's a question you might want to ask the president because she's the one that said it. It's not something that is in the goals of this department's business plan. We don't have that as one of the goals. I would suggest to you that there are a number of different measurements out there, and you probably know them better than I.

But when you look at things like engineering faculties and you take a look at some of the, I guess, more common assessment or common ranking lists globally that are out there, I would suggest that the University of Alberta is probably in the top 10 if not the top 15. When you look at the medical school, it's doing some very interesting things to move itself up whatever list you might want. But if you're asking if I'm aware of the overall listing and ranking, I would suggest to you that last year alone there have been a number of changes to the way the academic world assesses itself given what's happened, given where we're headed in terms of some of the changes in programs.

In fact, just recently we had a session with a fellow from the European Union out of Brussels, invited by the University of Alberta to talk about the fact that maybe this competition to be ranked isn't as good a target as being better able to network with other institutions; in other words, creating a Campus Alberta in Europe. They're already starting work on that. The interesting thing was that when they came over here and heard what we had done, we're probably a little bit ahead of where they're going.

When the president says that she would like that institution to be top 20 in 2020, I encourage her to strive for that, whatever that is in her mind and whatever that is in terms of the list that she developed when she coined it. I think she would also agree, hon. member – and we've had this discussion; well, Indira and I have chatted about it – that the academic community has a tough time figuring that one out.

Dr. Taft: Okay. Well, yeah. All right. We won't spend a lot of our 20 minutes on that.

Mr. Horner: Probably not fruitful for you and I to do that, no.

Dr. Taft: Yeah. One of the things I liked – and I want to give compliments to your staff on this – about your department's business plan is how clear the performance measures are. Time after time there's a very specific number and a very clear target, and I think that's a good sign. I commend you on that. Not all departments are

that good. I was hoping that this top 20 by 2020 would maybe be up to the standards of the officials in your department for clarity and measurability. I'm not convinced that it is, and I'm concerned about that.

8:40

Undoubtedly a big part of that ambition for the U of A will link to research funds. I have heard concerns about delays in research funds getting passed through to the researchers who use them or worries about reductions in research funds for longer term research programs because of losses in the financial markets or cuts in provincial government funding. I'm looking here on page 35, line 6, for example, under the expense for research and innovation capacity. It does look like there's a drop there. My question to that rather long-winded preamble is: does this budget commit to sustaining research funding levels at a minimum of what they were last year? Are long-term commitments going to be met?

Mr. Horner: Well, there are two different questions in there, hon. member, because last year we had one-time funding as well. Partly what you see there is a reduction based on the energy fund that was announced three, four, five years ago. I was in a different portfolio. I remember that I was part of that because it also carried forward some of the bio funding. It was a \$200 million fund. The last amount of that went out last year. So that piece of that fund that was in our budget as a line item actually went out and was not put back in. The funding of the \$200 million was done. So that's one piece.

The second piece. When you talk about long-term commitments, I've heard, you know, people are a little concerned about things like the ingenuity fund, things like the Alberta heritage fund for medical research. Certainly, one of the conversations that we had with the dean of medicine here at the University of Alberta and the incoming dean of medicine at the University of Alberta because I'm sure you can imagine he was a little curious about that as well, as an incoming dean would be – one of the things that we made a commitment on to him was that there's going to be a transition here to whatever the new system might be, but the fact of peer-reviewed science is going to continue. The fact of funding for researchers that are currently under, as an example, the heritage fund for medical research endowment is going to continue based on the contract that they had. Remember, these are not lifelong appointments; they're based on the research.

The other thing that I suggested to them is that I showed them what Peter Lougheed said in *Hansard* when Peter Lougheed set this fund up, and that was that it wasn't to be an operating account for postsecondary. It was to be aligned with health research targets and focus that the province wanted to move forward with. Really, that's where we want to go. I recognize that we're going to have a transition issue based on some staff that are already on the books, if you will, and we're going to make sure that we deal with that.

Now, having said that, does that mean that we're going to make up the difference of whatever the endowment might have lost in terms of, you know, the total endowments or anything like that? The answer to that is: we're not going to make it up. But that's something that would have happened regardless of if we were changing anything, right? I mean, the funding for that is the funding. The committee has been looking after that, and it will continue to be monitored the same way. We're not getting rid of the endowments.

Dr. Taft: No. As I understood what you said, the grants may shrink in ways that were not anticipated. Is that effectively what you said?

Mr. Horner: From AHFMR the endowment amount has been

reduced; however, current legislation allows the committee to withdraw amounts more than 4 and a half per cent. They've already made their announcements this year, as I understand it, in terms of what they're going to be paying out in the coming year for their competitions, right? So there's nothing you can do that's going to change that. Those are going to go forward. The ingenuity fund is also going to continue not perhaps in its present format in terms of governance but certainly in its objectives. We're not taking the amount and putting it, you know, somewhere else. It's going to be used the way it was intended to be used.

Dr. Taft: Right. Okay. Well, you can appreciate that if, you know, in your business plan we're trying to make Alberta a centre of research and innovation for the next generation and all that sort of stuff, stability and predictability for these people is really important. If they're coming here from around the world, they want to know that halfway through their five-year research program they're not going to get a 20 per cent cut in the budget or something. That stability is really important, and whatever steps your department can take to provide that would be very valuable.

Mr. Horner: I can tell you that the new dean of medicine left for Manchester feeling very comfortable.

Dr. Taft: Well, I'm happy for him. We'll try to spread that around, then.

Are there any concerns that you have as minister with the federal transfers? I don't have the exact – well, I do, actually. Page 25 in the business plan is one example. Those federal transfers being delayed or strings tied to them or any complications that way – is that system moving pretty smoothly?

Mr. Horner: I don't anticipate at this point in time, hon. member, any challenges there. As I mentioned earlier, there was an announcement with regard to some capital dollars for postsecondaries. It's my hope that we're going to be able to come to some sort of agreement in that respect for Campus Alberta sooner rather than later, but in terms of the annual transfer I don't anticipate any problems there. I've not heard of anything that would hold us up.

Dr. Taft: Okay. Canada is notoriously trailing most of the developed world in terms of R and D as a percentage of its economy. We don't invest in that sort of work like other countries do. I think we should, and that would fall primarily, I think, under this department. Does this budget – again, there are any number of goals in the business plan that this could relate to – connect to a strategy that would significantly increase the percentage of R and D in Alberta's economy?

Mr. Horner: Interesting question. I'll put this this way because you asked me at the outset: how are you going to measure the University of Alberta top 20 by 2020? From the travels that I've been blessed to do both prior to being elected and afterwards and in this portfolio, I would suggest to you that it's important that the public purse be the catalyst to provide some dollars to get research and development going. Certainly, basic research is our purview. However, there are a number of companies that are involved in the basic research area as well as our universities. In fact, our baccalaureate undergraduate institutions have been very successful in attracting a lot of those dollars and, I would say, punching above their weight, frankly.

I would also suggest to you that when you look at Canada, I can't answer for the other provinces, but I can answer for Alberta. When you look at Alberta's public expenditure in research and develop-

ment in the province, on a per capita basis we're probably ranked fairly highly in terms of a global perspective. I would also say that when you talk to those other areas – and I can think of a couple of places: Trinity College in Ireland, Stanford in California. I had some very good discussions with some of their deans of research or vice-presidents of research; I forget what they call the guy in Ireland. It isn't how much money you put in at the start so much as it's the continuum of bringing it to fruition; in other words, it's the value chain of the entire research continuum.

Really, on what we're doing, I would even suggest to you that we are getting international recognition of the framework that we're putting in place that says: yes, we're putting a lot of money up front, in some estimates as high as half a billion dollars a year in certain areas. But it's what happens after that because the whole idea is to create the idea here, and that has been very important.

8:50

Dr. Taft: Then if you can look at page 35 of the budget, line 7, technology commercialization, there was obviously a spike last year, which I'm going to assume is one-time spending of some kind. We go from \$173 million to basically \$60 million. Was there some evaluation for that spike in funding? What's the explanation there? How do we know that was worth it and paying off?

Mr. Horner: Good question. That spike is part of the nine-point plan for technology commercialization, which, we announced last year, was \$178 million. It's called Connect. It's a great little brochure. I think anyone who is marketing Alberta to other institutions might want to take one of those with them. When people look at what we're doing here with that, they get very excited.

The drop that you see there is attributed to the \$100 million enterprise fund, which we established late last year, but the dollars were in last year's budget. The enterprise fund is to fund that we've established, which is gaining some fairly significant support. I think we're going to see some good results out of that. So that is partly the drop.

We also had some kick-starts like the voucher program we were talking about a little earlier. There was a little bit of upfront money. This \$60 million that you see coming up in line 7 is for product development centres. It's all of those items in the nine-point plan that we're going to be rolling out this year and next year and onward.

Dr. Taft: How much time do I have?

The Chair: You have 15 seconds. One quick question.

Dr. Taft: Fifteen seconds. Could you provide in writing – perhaps your department could do the research. Utility costs have been a real concern for postsecondary institutions. So if you could look across the system and – it would be a little research project for a STEP student or something – over the last five years, just what have been the trends in expenditures on utility costs? I know they were the chief cost escalator for a period at the U of A, at least. If your staff could provide that, that would be very helpful.

Thanks.

Mr. Horner: Remember, the U of A provides a lot of its own power, too.

Dr. Taft: Yeah. I'm thinking of all the postsecondary institutions. In the last five years what have been the trends in expenditures on utilities?

Thanks.

Mr. Horner: Yeah, I think we can probably find that out.

Dr. Taft: I'm sure that you guys can pull that together.
Thanks.

Mr. Horner: We'll ask them.

The Chair: Mr. Xiao.

Mr. Xiao: Yes. Thank you, Chair. You know, being one of the last persons to ask some questions, I probably don't have too many questions. As I was sitting here listening to you going back and forth, it was very informative. Since so many macro questions have been asked, I'm going to ask some micro questions. I'm just sitting next to a professor for the MBA program. I'm going to actually be asking some specific, practical questions.

You know, being a father of two boys, one of my older boys now is in his third year of university, and he's preparing for the medical exam. He's trying to become a doctor and also maybe a dentist; he's writing both exams. I would like you to make some concrete comments in terms of increased spaces in the medicine faculty.

Mr. Horner: As I mentioned earlier, we have established 63 new intake spaces. We're targeting 295 graduates by 2012. Again, the problem that we have there – well, it's multiple issues that are around that, but one of the biggest problems is the staff that you need to do the right kind of job for medical students to give them the kind of experience in a medical school that they can, you know, frankly, take anywhere around the world. You need to have a fairly significant mix of professionals in terms of professors and laboratories and preceptors and all of these things.

I am told by both medical deans that we are pushing the envelope in terms of the ability that they have to meet the target that we've set for them. I think, and I've said this before, that we're on track to actually exceed that target. I think that once the new dean of medicine arrives this fall full time, we're going to be able to sit down and, coupled with the new health strategy that we're working on with the department of health and Minister Liepert, we're going to be able to create, hopefully, a system that would allow even more students to come into it or allow Alberta students who have studied abroad to come back, because I think that's important, too. We need to look at ways that we can encourage them to do that.

So in answer to your question the money for those spaces is there. The deans tell me that they can handle it. But is every Alberta student who wants to become a doctor going to be able to get in and become a doctor? Probably not here, but perhaps we can help them wherever they may go. Again, you know, there's a certain level of quality that you want to maintain. To the Member for Edmonton-Riverview's – you want to maintain that level so that you have that transferability, too.

Mr. Xiao: Yes. Thanks.

My next question is related to student financial assistance, or the student loans. I understand that now the loan is connected, you know, linked to the parents' income. I talked to many parents and students and to my son. I think that nowadays a lot of young people want to be self-reliant; they want to be independent from their parents. They might choose to stay home, but they still want to have financial independence, so they want to take student loans. Unfortunately, because they are living at home and also the parents' income maybe exceeds the limit, they cannot get any financial assistance. Do you have any plans to change that? I believe we've got to encourage our kids to learn how to become self-reliant.

Mr. Horner: Hon. member, first, I like your comment about them wanting to be independent but live at home, not financially independent.

A couple of things. The first thing is that, again, I go back to this national idea of our student finance system. We have nine provinces and one territory involved in this. If we're going to do something that would be changing the fundamentals around which they get their loan, we would want to do that not only for the Alberta portion of the loan, for which we have the loan remission program, but the federal portion of the loan as well. In order to do that, then it has to be part of the overall student finance system.

Would I like to be able to say to student finance that we want to be able to look to having the parents cosign if they have the financial ability to do that? Sure. But then every other province is going to have to look at that and say that perhaps they would want to go in that direction as well. I'm not averse to having that discussion, but I'm not so sure how successful we might be at it. Certainly, I don't know how many students would avail themselves of student finance services if we changed that. That's something we'd have to do a little more research on.

Mr. Xiao: Okay. Thanks.

I'd like to ask you a question. This is on page 20 under 1.6. "Within the context of Campus Alberta, work with stakeholders and other ministries to develop a strategic approach to increase educational opportunities for Aboriginal learners." As you know, last year I arranged to visit the Alexander reserve, which I didn't even know was part of your constituency, so I'm sorry for that. I didn't let you know about that.

Mr. Horner: No worries, David.

Mr. Xiao: I visited the employment training centre there. You know, we always talk about – how to say it? – how to bring the full potential of our native people into this economy. I believe that training, education is the key. Do you have any plans to make that happen?

9:00

Mr. Horner: We have a number of aboriginal programs in play right now. We just recently were involved with the other provincial partners on aboriginal education. There was a summit in Regina. The follow-up to that is going to be held here in Edmonton in a couple of weeks from now, actually. Some good ideas are coming out of that. But as one of the aboriginal leaders even said to us at one of the meetings that we had previous to going to Saskatchewan, there also has to be a recognition from the community itself. There has to be some movement and some desire and, frankly, a little giddy-up and go there that will help them move forward with some of the proposals and programs that we're putting in front of them.

I think I mentioned to you, Dave, when we're talking about Alexander, that there are some good ideas out there about how we can get these kids engaged in not only potential careers in the future but also basic education. That is their key, and it's the tool that we can use to help them in quality of life in the future.

So we're doing that. We have a separate enrolment planning envelope for aboriginal programming. We have an aboriginal teaching curriculum and courses that we support. We have in our department a dedicated employee for aboriginal liaison, and we lean fairly heavily on that individual to ensure that we have a good connection.

I'm looking forward to the outcome of this next piece of the summit that we worked on with the Minister of Education. We're

not just taking a postsecondary approach to it. We're taking, you know, a kindergarten to postsecondary approach. The two ministries are working together on it. It's been an issue for many, many, many years. It's my hope that as we get some very strong leadership in the communities, we'll start to maybe see some benefits.

Mr. Xiao: My next question is also related to 1.3 on the same page.

Enhance the capacity and utilization of Alberta's public post-secondary infrastructure to support the sustainability of high-quality advanced learning and research opportunities throughout the province in collaboration with Alberta Infrastructure.

I want to also make some comments on this.

Another question related to this. Especially in this economic downturn, as you know, we probably are going to expect more people coming back to postsecondary education, so there will be a significant increase in demand for postsecondary education. Do we have any plan to deal with this situation? I guess the question also is: how are you going to utilize, you know, the infrastructure in terms of the postsecondary education system to deal with this issue?

Mr. Horner: Okay. We have a couple of things that roll into that. I'm going to start with the capacity utilization in 1.3. One of the things that we talked about at our last council of chairs meeting – I know I'm not using the right term for that. What is it? Campus Alberta Strategic Directions Committee. I like council of chairs better, but that's what we called it.

When all of the chairs got together to meet in January and we talked about where we were going, what we were doing, as well as the Auditor General issues that were brought up, one of the things that came out of that was a discussion. Let's do a utilization analysis throughout the campus, and let's start looking at where we might be able to find more spaces, where we might be able to find better utilization. Let's get a measurement of what kind of utilization we have out there today. That is going to be one of the projects that we'll be working on this year or getting rolling this year.

When you talk about the demand and the fact that you're going to get a lot of people applying, there are some realities here. It's kind of interesting. I get asked a lot: why do kids want to go to a postsecondary somewhere else? Well, the reality answer to that is that they want to get away from mom and dad. The reality answer to what we're seeing in terms of this employment rush is that to a lot of the people that are looking at perhaps being laid off today in a sector like the drilling rigs or in construction, there's a feeling that this isn't going to last more than a year or two, so they're not going to go jump into an undergraduate program, frankly. They're going to get into something that will enhance their skill set for when they go back to the job that they left. It might be safety training. It might be a business diploma. It might be a certificate of some sort. I think we're going to see a lot more increase in that.

As I mentioned in answer to another question earlier, we went from 97, 98 per cent employment to 95 per cent employment or 94.5 per cent employment even. That's still fairly robust employment. So for the numbers that we may be thinking about when you see the global news, and you think, "God, there are millions of people out of work," Alberta is a little bit different in that respect. I think we may see a surge. The nice part about that is that over the last three years we have built a lot of capacity within the system because we anticipated a big surge because of a demand for skilled and qualified people. We've been doing it based on a different reason, but our capacity is still there. So I don't think that we're going to be in a situation where we're going to have a huge rush and not be able to accommodate students within Campus Alberta.

One of the other things that we recognized early on was that every

institution had a huge number of turn-aways, supposedly. What we developed within the department – and, again, kudos to the department and the staff because this took some doing – is that we figured out a way to track where the students were applying and where they were getting in and whether they were actually turned away from a postsecondary institution that they were qualified to attend or whether they chose not to attend, which really doesn't make them a turn-away. It means that they chose not to attend, and they chose to attend somewhere else. It's called the ASI system. That system coupled with a demand and capacity analysis across Campus Alberta enabled us to develop the report that we called the Alberta access plan. That was released last June.

That told us that in the city of Edmonton we had something in the range of 750 actual turn-aways. In the city of Calgary we had something in the range of 5,200. It was mostly in the technical, diploma, certificate vocations. That's why we made a concentration on the downtown campuses of Bow Valley, of SAIT, and of the University of Calgary. Having said that, our number one capital priority today on our list if we receive additional new dollars is NAIT. That's where the majority of the turn-aways were here. Remember, too, that we're in the process of constructing a significant number of undergraduate spaces in the city of Edmonton today at the centre for interdisciplinary sciences and at the Edmonton clinic, with 800 student spaces there.

We've finally gotten to the point where we can pretty much project from a Campus Alberta perspective where we're shy on spaces and programming and where we think we've probably got it just about right. Moving forward, we're going to have to do that every year. It's built into the framework of the roles and responsibilities that we initiated last year that every year we're going to sit down with the postsecondaries. We're going to show them the demographic information we have, the employment information we have. We're going to show them whether or not the plan that we presented last year, that everybody signs off on, is the same as what it should be going forward to the next year.

It takes awhile, as I think was mentioned by one of the other members. Once you say yes, it's still two years, three years down the road before you're actually accepting students into that facility. A lot can change in two or three years, so we have to monitor things on an annual basis. You may still build the space, but you might not be putting the same programming in it. We're working on that. We have ASI coming forward. We utilized that. We have Campus Alberta now. We have the access plans.

The other thing that we're doing, that we launched this year, is the APAS system, which is the one-window approach to making applications. That system, I think, is going to be invaluable to this department going forward in the future because at a glance it'll tell us real time what the student demand is, what the vocations are, where they're headed, what they want, what the student finance demands are going to be as they're making those applications. We'll know where the students are wanting to go and how things are happening when it comes out the other end. That was launched this year. So far it has had very good success with the students. They like it because it's a one-window approach to application to Campus Alberta. We'll see how it goes.

9:10

Mr. Xiao: Good. Well, thank you, Minister. I have a last question, and I have to say that it seems to me you really know your stuff. Last year I was honoured to represent our government to speak to Skills Canada, the opening in Calgary. I also, you know, had the opportunity to actually see the competition, and I was really impressed. I understand our government this year, actually this fall,

is going to have a WorldSkills competition in Calgary. Our government committed \$24 million, and given the economic situation and because I also made that announcement on behalf of our government, I'm just very curious to know whether your ministry will meet this funding commitment or not. Lastly, how do you see that this event will benefit Alberta? I just want you to make some comments on these two questions.

The Chair: You have one minute.

Mr. Horner: We're extremely honoured to welcome over a thousand competitors and 150,000 spectators. That's the kind of spectators this WorldSkills competition draws. We're going to honour our commitment of the \$24 million. We're going to honour the commitments we've made to do this. We think it's a great way to increase international awareness of our province as a key destination to learn, to do trades, to work. There are just so many positives. When you think about the four things that the Premier said we were going to do, one of them was to sell Alberta to the rest of the world. Because of the fact that we're in an economic downturn, this is a great way to do that. What better way than to showcase the great talent that we've got in the province? I expect we're going to come away with a few medals, too.

Mr. Xiao: Yeah. Thank you very much.

The Chair: Ms Notley.

Ms Notley: Thank you. I think I'll just try and go back really quickly to right where I had left off when we'd been last speaking, which was going back to the April 2008 Auditor General recommendations. You had suggested that, I think it was the council of chairs, you referred to it as, which I assume is the group of . . .

Mr. Horner: Campus Alberta Strategic Directions Committee.

Ms Notley: Okay. I could just work with council of chairs if that's all right.

Mr. Horner: Yeah. We both know what we're talking about here.

Ms Notley: Okay. That's part of Campus Alberta, and just to clarify, that's with respect to public institutions. Correct?

Mr. Horner: It does include the independents that are within the system in terms of the strategic council. We did invite them in because we do fund a fair bit of their programming.

Ms Notley: Okay.

Mr. Horner: When I'm talking about this, I'm talking about places like King's College, Ambrose. I think there are five of them.

Ms Notley: But not sort of like, you know, ABC business institute.

Mr. Horner: No, not the private. These would be ones where public funds are used for programming.

Ms Notley: Right. Okay. Then going back just to those ones, then, it appears that part of the Auditor General's recommendation was with respect to simply, you know, clarifying the standards and the expectations with respect to noncredit programs. For all the reasons, which I think we've spent a good probably 15 minutes discussing

right up to now, about how these are the programs that are more likely to experience pressure as a result of the economic downturn over the course of the next year or two years than, say, the philosophy undergrad degree at U of A – maybe I misunderstood, but I thought I heard you say that this recommendation, that was made in April of '08, that the plan is to discuss it in the fall of '09.

Mr. Horner: No. It has already been discussed, and I have the response that we gave the Auditor General. The department of advanced education has drafted a document to address the categories of costs and the use of the operations grants to public postsecondary institutions. That document will be finalized as part of a funding and accountability framework under the roles and responsibilities policy framework for Alberta's publicly funded advanced education system. What we've been doing is we've been working on a funding framework. I guess I'd back up here a little bit and go back to the six-sector model that we developed. When we developed that, it was pretty much recognized that we wanted to have an international policy for Campus Alberta. We wanted to have space utilization across the province. We wanted to have a piece on the affordability framework. These are all side issues that we were working with as we were moving through on the six-sector model.

But it was also recognized by the stakeholders that we needed to change the way we fund, too, because the comprehensive baccalaureate institution is going to be doing a lot of basic research, have a lot of graduate students that a baccalaureate undergraduate institution is not going to have, so we need to separate out some of that funding. It was within that context that we felt we should be able to also satisfy the Auditor General's comments because it's going to have to come in as part of that framework document.

What we're going to be talking about is the policy around it in terms of: what, if any, of this sort of stuff should we really be doing, and where should we be concentrating our efforts on it? Is it full-cost recovery? What are you doing in terms of the noncredit? What's the reason you're doing it? It's getting the institutions to really start talking about the fact that they're doing it. By doing those two things, I think you're going to find that we will have met the standards and the expectations that the Auditor General has put on us.

Ms Notley: Just to make sure, we're talking about the key recommendation that we're clarifying standards and expectations for noncredit programs, clearly communicating them to the PSIs and then working with the PSIs about how they report back to you.

Mr. Horner: Yeah. One is the policy; one is the cost recovery and the reporting. Right? What we're talking about in terms of the policy and that sort of thing: that's with the Campus Alberta Strategic Directions Committee. The other one is within the funding framework, which also falls under the discussion with the Campus Alberta council of chairs.

Ms Notley: All right. Do you see that being completed . . .

Mr. Horner: This year.

Ms Notley: This year. Okay. Then maybe I'll go on to one of the other recommendations that, arguably, maybe the Auditor General didn't see was as big a priority, but I do, which is the one with respect to the private vocational colleges or institutes. He basically talked about the idea of coming up with a plan for auditing them and then following up on the audits and then reporting the outcomes of those audits. I can't remember; I don't think I raised it with you in

estimates last year. I believe it may have been with the Minister of Employment and Immigration at the time. Regardless, it appears to have been directed to your ministry.

With this whole issue of people who are unemployed, underemployed, working with government income-replacement strategies, whether it be EI, whether it be some funding through the provincial government, whether it be WCB – it doesn't really matter – there's a tremendous amount of pressure and/or support put on these people to get into these programs. I have quite frankly heard far too many stories of the programs not functioning in a way that we would have come to expect from, you know, public postsecondary institutions or some of the independents that you're talking about.

What I'm saying is that I think there is a real need for auditing and also a need for reporting on the outcomes of those audits to people who are considering in some cases devoting a great deal of money and often the last bit of money that they have in order to get into these programs. I'm just wondering where your ministry is on that issue.

Mr. Horner: We are looking at a review of how we manage the assurance. Really, you're talking about consumer protection here, and there are a couple of things in that. One is that within the framework of Campus Alberta, if those private institutions want their courses to be transferable to one of our institutions, that opens the door for a whole raft of things that we can do. But remember that they are a private business, and people make the choice to go there. We want to make sure that we're giving consumers the assurance that if the private institution says that they can transfer to such and such or such and such, that claim has to be substantiated. If they make a claim that, "Oh, you'll get a job, no problem," in fact, they shouldn't be making those claims, and they have to be able to substantiate that. We have done investigations on some institutions whom we've received complaints on.

9:20

We do follow up on every complaint that we receive with private vocational colleges. We follow up on tuition claims where people say, you know: well, I paid my tuition, but I never got the course. Most of the institutions will be bonded. We're able to provide the right amount of arm-twisting through whatever mechanisms that we may have to ensure that consumers are protected in that respect.

We're undergoing a review right now to ensure that we have the right protocols in place for when somebody does have a problem for protection. Really, we're approaching it from a risk-management perspective at this point in time because it's not our money that we've put in there in most cases. Now, EI may have a program where they're providing it to the student, and they go and do that. Again, you're talking about a private business. What we want to do is make sure that the consumers are protected.

I would have to say that the majority of the situations that I have seen have been either – I shouldn't get into the specifics of complaints. I'd have to say that we've probably resolved almost all the complaints that I've heard, that have come across my desk. The majority of them are resolved before they ever get to my position. I think we've got some good colleges out there. It's a matter of making sure that we have that assurance, so we are going to follow up on that.

Ms Notley: Right. You know, there's a difference between sort of responding to complaints versus proactively auditing and establishing that there's been an audit.

Mr. Horner: But they have to give us a reason. We do audit them

if it's a program that we're saying is transferable as part of the programming in the province. If they did a CAQC-approved degree, as an example, that opens the door for a bunch of things that we could do. But if they're offering other types of programming – and I'm now advised that we are auditing through third-party auditors. That's not the Auditor General. It's mostly about compliance as opposed to the financial audit.

Ms Notley: Right. I don't believe the Auditor General is necessarily talking about financial audit.

Mr. Horner: I just assumed you meant a financial audit. I'm sorry.

Ms Notley: To be honest, I'm looking in the summary, so I can't tell you for sure.

Mr. Horner: I made an assumption there that I probably shouldn't have. Compliancewise we do audit.

Ms Notley: Great. Well, I guess I just would be interested in hearing ultimately – I mean, obviously, at the time the Auditor General thought there was some room for improvement. Separate and apart from what the Auditor General stated, because we're in this position that we have, I think, a new reliance on these kinds of programs on the part of a notable number of Albertans, we should be thinking about doing that kind of work to the extent that we can.

Mr. Horner: Surprisingly enough, I get more complaints from private operators saying that it's very tough to compete with our system and it's very tough to operate in this province because of compliance. We do hold them to a fairly high standard.

Ms Notley: Just moving on to another issue. Really quickly here, we had talked about whether we'd be in the top 20 by 2020 or whatever. I'm sure one element of that is – and I apologize if I missed the discussion about it – the number of graduate students. I can't remember if it was in your business plan or your annual report, but there was talk about targets with respect to increasing graduate students. But I have to say that the targets were not terribly ambitious in terms of the rate of increase. I can't find them in my great big pile, but I think it was about perhaps 16,500 to 19,000 or something like that.

A lot of people have projected that there are going to be some significant problems arising in the next few years with the retirement of faculty, and my understanding is that other provinces have actually invested quite a bit of money in creating significant new grad spaces, you know, in the thousands, in both B.C. and Ontario. I'm just wondering how our efforts to increase the number of graduate student spaces are going. Am I correct that we're planning to keep it essentially static over the next three years?

Mr. Horner: No. The targets are moving up, well, 500 in the next year, then another 250, and then another 250 after that. Remember that there are only four institutions in the province that we're going to fund graduate students at. I'm not saying anything out of school here because the university presidents and I had a chat about the fact that we needed to increase the ratio of graduate to undergraduate at the postsecondary levels. You know, the number of graduate students is important – I agree – for future issues, but it's the ratio of graduate to undergraduate that is also important.

Having two new undergraduate institutions that will be concentrating and focusing on teaching undergraduate courses expands the number of spaces that we would have for undergraduates. Keeping

the graduate students and undergraduate studies at the four comprehensive institutions allows us to focus and concentrate our efforts in developing that ratio. Is it as fast and as far and as furious as some of our presidents would like? Probably not. But at the same time, we also have to have a reality check because we're trying to balance that with all of the other things that you're talking about when you talk about affordability, when you talk about a tuition cap, when you talk about making sure that postsecondary has the money to afford the graduate students, bringing in the professors and the researchers that a lot of these graduate students are attracted to.

I'm sure I'm not telling you anything you don't know when I say that some of this graduate school stuff is a little bit competitive. It's a little bit like hockey players some days. You want to be able to play in the right sphere and with the right focus.

Ms Notley: I'm sure they'd wish they were paid at the same level, speaking on behalf of many graduate students.

Mr. Horner: I'm sure they would, too.

I've had some really, really good discussions with the grad students. I think they understand because one of the things that I've been adamant about is to be very honest with them about what I think I can accomplish and to be honest with them about what I think I can't. In talking to them, we've said: here's where we think we can get to. I think they understand that, and we're going to try and make sure that our focus and our ratios are right to get us to whatever that is, the top 20 by 2020.

Ms Notley: Right. Well, I appreciate that the home for the grad students is at certain institutions, but the other institutions ultimately need the faculty there as well. Given that the other provinces appear to be setting their targets in thousands in terms of increasing the spaces and we're in hundreds, I'm a little worried that we're going to be a little behind the eight ball, and then we'll be offering Oiler-like salaries to steal them from B.C. and Ontario.

Mr. Horner: Setting a target and achieving the goal sometimes are two different things. I would rather achieve the objective than set a lofty target.

Ms Notley: Interesting.

Okay. The final thing. Speaking of targets – I don't have much time left – you had talked about the targets with respect to the number of doctors by 2012. You mentioned the nurses. I know you'd been talking about, I think, around an increase of about 650 by 2012.

Mr. Horner: No. We're going to graduate 2,000 by 2012.

Ms Notley: Right. So that would be an increase of about 600 spaces.

Mr. Horner: No. It's an increase that's considerably more than those spaces because we're talking about graduates. If you have 700 more graduates, you've added 700 in every cohort. You understand what I'm saying, right?

Ms Notley: Right. Yes.

Mr. Horner: We don't want to get caught on this idea. Again, it's about: what is the objective? The objective was to graduate 2,000 nurses by 2012. That's our objective. I mean, you could create a bunch of spaces, but if those nurses get through the second year and

decide they want to go into pharmacy or they want to do something else – let's face it; it happens. People change their minds.

Ms Notley: It's going to happen to most of your LPNs. I'm just saying it.

Mr. Horner: Well, the LPN cohort: there's interesting stuff around that. We could talk about that later.

The average for achieving a four-year degree right now is around five and a half years, and it's because people are getting a little better information about what they're going into when they go in. A lot of times they'll decide, like one of my kids did, in the first two years: "Well, maybe I didn't like that. I'm going to go into something else now." So they . . .

The Chair: Thank you, everyone. I apologize for the interruption, but I must advise the committee that the time allotted for this item of business has concluded.

I'd like to thank the minister and his staff for their time this evening. I'd also like to thank all committee members for their time and efforts in considering the 2009-10 estimates. As you know, as the policy field Standing Committee on the Economy we have finished our estimates for this year. The new procedures we're using for considering estimates have been a learning experience for all of us.

Pursuant to Standing Order 59.01(2)(a) this meeting is adjourned. Thank you.

[The committee adjourned at 9:30 p.m.]

