



Legislative Assembly of Alberta

The 30th Legislature  
First Session

Standing Committee  
on  
Alberta's Economic Future

Ministry of Advanced Education  
Consideration of Main Estimates

Wednesday, October 30, 2019  
9 a.m.

Transcript No. 30-1-5

**Legislative Assembly of Alberta  
The 30th Legislature  
First Session**

**Standing Committee on Alberta's Economic Future**

van Dijken, Glenn, Athabasca-Barrhead-Westlock (UCP), Chair  
Gochring, Nicole, Edmonton-Castle Downs (NDP), Deputy Chair  
Dang, Thomas, Edmonton-South (NDP), Acting Deputy Chair

Allard, Tracy L., Grande Prairie (UCP)  
Barnes, Drew, Cypress-Medicine Hat (UCP)  
Bilous, Deron, Edmonton-Beverly-Clareview (NDP)  
Eggen, David, Edmonton-North West (NDP)\*  
Gray, Christina, Edmonton-Mill Woods (NDP)  
Horner, Nate S., Drumheller-Stettler (UCP)  
Irwin, Janis, Edmonton-Highlands-Norwood (NDP)  
Issik, Whitney, Calgary-Glenmore (UCP)  
Jones, Matt, Calgary-South East (UCP)  
Reid, Roger W., Livingstone-Macleod (UCP)  
Rowswell, Garth, Vermilion-Lloydminster-Wainwright (UCP)  
Stephan, Jason, Red Deer-South (UCP)  
Toor, Devinder, Calgary-Falconridge (UCP)

\* substitution for Deron Bilous

**Support Staff**

Shannon Dean	Clerk
Stephanie LeBlanc	Clerk Assistant and Senior Parliamentary Counsel
Teri Cherkewich	Law Clerk
Trafton Koenig	Parliamentary Counsel
Philip Massolin	Clerk of Committees and Research Services
Sarah Amato	Research Officer
Nancy Robert	Research Officer
Michael Kulicki	Committee Clerk
Jody Rempel	Committee Clerk
Aaron Roth	Committee Clerk
Karen Sawchuk	Committee Clerk
Rhonda Sorensen	Manager of Corporate Communications
Jeanette Dotimas	Communications Consultant
Tracey Sales	Communications Consultant
Janet Schwegel	Managing Editor of <i>Alberta Hansard</i>

## **Standing Committee on Alberta's Economic Future**

### **Participants**

Ministry of Advanced Education  
Hon. Demetrios Nicolaides, Minister  
Rod Skura, Deputy Minister



9 a.m.

Wednesday, October 30, 2019

[Mr. van Dijken in the chair]

**Ministry of Advanced Education  
Consideration of Main Estimates**

**The Chair:** Good morning, everyone. I would like to call the meeting to order and welcome everyone here this morning. The committee has under consideration the estimates of the Ministry of Advanced Education for the fiscal year ending March 31, 2020.

I'd ask that we go around the table and have all MLAs introduce themselves for the record. Minister, please introduce the officials that are joining you at the table. I am Glenn van Dijken, MLA for Athabasca-Barrhead-Westlock and chair of this committee. We will continue to my right.

**Mr. Dang:** Good morning. I'm Thomas Dang, MLA for Edmonton-South and acting as deputy chair today.

**Mr. Barnes:** Drew Barnes, MLA, Cypress-Medicine Hat.

**Mr. Rowswell:** Garth Rowswell, Vermilion-Lloydminster-Wainwright.

**Mr. Reid:** Roger Reid, MLA for Livingstone-Macleod.

**Mr. Horner:** Nate Horner, MLA, Drumheller-Stettler.

**Mrs. Allard:** Good morning. Tracy Allard, MLA for Grande Prairie.

**Ms Issik:** Good morning. Whitney Issik, Calgary-Glenmore.

**Mr. Jones:** Matt Jones, Calgary-South East.

**Mr. Stephan:** Jason Stephan, Red Deer-South.

**Mr. Toor:** Good morning. Devinder Toor, Calgary-Falconridge.

**Mr. Nicolaides:** Good morning. Demetrios Nicolaides, Minister of Advanced Education and MLA for Calgary-Bow. To my left is Richard Isaak, senior financial officer; to my right here, my deputy minister, Rod Skura; and next to him, Andy Weiler, ADM of apprenticeship and student aid.

**Ms Gray:** Good morning. Christina Gray, MLA for Edmonton-Mill Woods.

**Mr. Eggen:** Good morning. My name is David Eggen, and I'm the MLA for Edmonton-North West.

**Member Irwin:** Good morning. Janis Irwin, MLA, Edmonton-Highlands-Norwood.

**The Chair:** I'd like to note the following substitutions for the record: MLA Dang to substitute as deputy chair for MLA Goehring and MLA Eggen to substitute for MLA Bilous.

Please note that the microphones are operated by *Hansard* and that the committee proceedings are being live streamed on the Internet and broadcast on Alberta Assembly TV. Please set your cellphones and other devices to silent for the duration of the meeting.

Hon. members, the standing orders set out the process for consideration of the main estimates. Standing Order 59.01(6) establishes the speaking rotation while the speaking time limits are set out in Standing Order 59.02(1). In brief, the minister or member

of Executive Council acting on the minister's behalf will have 10 minutes to address the committee. At the conclusion of his or her comments we begin a 60-minute block for the Official Opposition, followed by a 20-minute speaking block for the government caucus.

The rotation of speaking time will then alternate between the Official Opposition and the government caucus, with individual speaking times being set to five minutes, which, if combined with the minister's time, makes it a 10-minute block. I will remind everyone that discussion should flow through the chair at all times regardless of whether or not the speaking time is combined. Members are asked to advise the chair at the beginning of their rotation if they wish to combine their time with the minister's time. If members have any questions regarding speaking times or the rotation, please feel free to send a note or e-mail to either the chair or the committee clerk.

A total of six hours has been scheduled to consider the estimates of the Ministry of Advanced Education. The committee will continue its consideration of this ministry's estimates this afternoon at 3:30 p.m. With the concurrence of the committee I will call a five-minute break near the midpoint of this meeting; however, the three-hour clock will continue to run. Does anyone oppose having the break? Thank you.

Ministry officials may be present and at the direction of the minister may address the committee. Ministry officials seated in the gallery, if called upon, have access to a microphone in the gallery area. Pages are available to deliver notes or other materials between the gallery and the table. Attendees in the gallery may not approach the table. Opposition caucus staff may sit at the table to assist their members; however, members have priority to sit at the table at all times.

If debate is exhausted prior to six hours, the ministry's estimates are deemed to have been considered for the time allotted in the schedule, and the committee will adjourn. Points of order will be dealt with as they arise, and the clock will continue to run.

Any written material provided in response to questions raised during the main estimates should be tabled by the minister in the Assembly for the benefit of all members.

The vote on the estimates and any amendments will occur in Committee of Supply on November 19, 2019. Any amendments must be in writing and approved by Parliamentary Counsel prior to the meeting at which they are to be moved. The original amendment is to be deposited with the committee clerk, and 20 copies of the amendment must be provided at the meeting for committee members and staff.

I now invite the Minister of Advanced Education to begin with his opening remarks. You have 10 minutes.

**Mr. Nicolaides:** Well, thank you, Chair, and good morning, everyone. I'd like to begin by providing committee members with more of an explanation with respect to the lens that we took when preparing Budget 2019. Of course, this lens was one of fiscal responsibility and one of charting a path back to balance.

During the last election our government campaigned on a promise of returning to balance within four years. This is what Albertans expect from their government and what we are intent on delivering. To get a better understanding of the state of our province's finances, our government convened a blue-ribbon panel. This panel made a clear conclusion, that Alberta has a long-standing spending problem. The panel also took a very close look at advanced education and had specific recommendations for my department. In fact, if memory serves me correctly, I believe three of the panel members had previous experience in the postsecondary world.

Let me tell you a little bit more about what the MacKinnon panel found. In summary, they found a system that has had massive increases in funding, a system that does not perform as strongly as other provinces, and they found a system that lacks any overall strategic direction. The MacKinnon panel found that Alberta spends significantly more per student than comparative provinces. Specifically, they found that Alberta spends \$36,500 per student while B.C. spends just over \$31,000; Ontario, \$21,500; and Quebec, \$25,800.

They also found big differences in administrative spending. Alberta, according to the MacKinnon panel report, currently spends over \$8,000 per student on administration whereas B.C. spends \$4,200 and Ontario \$4,900. They also found that universities and colleges are far more reliant on government grants and rely far less on tuition compared to other provinces. In Alberta 54 per cent of all revenue in the system comes from government funding whereas 18 per cent of all revenue in the system comes from tuition. In B.C., for comparison, the mix is 44 per cent government revenue and 28 per cent tuition revenue.

They also found that despite more government spending our system does not produce the same outcomes as other provinces. In fact, within Alberta nine of our 26 institutions fell below the average completion rate of 60 per cent. Furthermore, Alberta has had a historically low postsecondary participation rate, and they continue to remain low despite increases in government funding. In fact, over the last 15 years funding to postsecondary institutions has increased by 106 per cent despite the fact that enrolment has only increased by 21 per cent over the same period of time. Since 2014 postsecondary participation rates have remained flat at 17 per cent, which is one of the lowest in the country, while B.C., for comparison, has a postsecondary participation rate of 24 per cent, Ontario is at 25 per cent, and Quebec is at 27 per cent.

The MacKinnon panel also found that the funding formula for postsecondary institutions is not working. Currently funding to institutions is delivered through block grants, and previous alignments to enrolment or other program offerings have eroded over time. They also found that there is no overall direction for the system. Current funding does not link funding to achievement of specific goals or priorities such as ensuring that the next generation of graduates have the skills and knowledge and competencies that they need in a modern workforce. They also found that there is extensive overlap and duplication, each operating with their own boards, their own administration, and with very limited collaboration amongst themselves.

9:10

This is the current state of postsecondary in the province of Alberta: a rudderless system with massive increases in spending that has not seen better outcomes despite more government funding. This is the lens that we looked at, of course, when making these decisions, but I do fundamentally believe that together we can achieve a postsecondary system that is, first and foremost, financially sustainable; secondly, focused on results; and thirdly, competitive on the national and international stages.

Mr. Chair, I'd now like to take a few minutes to tell you a little bit more about the Ministry of Advanced Education and how our budget is outlined. You'll see that departmental expenses are categorized into six key areas. The first is ministry support services, which includes the office of the minister, the office of the deputy minister, and strategic and corporate services, which includes a variety of services, including finance, legal, legislative, and governance.

The second section is the adult learning system. This section includes the department's single largest expense line item, which is

our funding to our 26 postsecondary institutions, which is called the Campus Alberta grant. It also includes funding for community adult learning programs, which support literacy and foundational learning opportunities to adults across the province. This tends to be used by underrepresented learners and other disadvantaged learners who may often face socioeconomic barriers and also includes funding to five First Nations colleges.

Section 3 includes funding for apprenticeship delivery, which funds salaries and benefits of over 200 FTEs to deliver Alberta's apprenticeship system.

Section 4, student aid, includes funding for over 11 scholarships and awards, other nonrepayable grants such as grants for low-income Albertans and students with young children.

Section 5, foundational learning supports, provides funding to eligible Albertans to receive grant funding to cover the costs of monthly living allowances, tuition, books, and other costs so that they can access postsecondary education.

Section 6 includes capital payments and capital maintenance and renewal, which assists our institutions in building, maintaining, and replacing facilities.

Mr. Chair, I'd now like to take a few minutes to walk you through some of the key highlights of Budget 2019. The first thing that Budget 2019 aims to achieve is a reduction in the size of government. Administrative services across Advanced Education will be decreased as we seek to return to balance. This budget also sees an overall reduction of \$210 million. This includes a \$117 million reduction to the Campus Alberta grant and a reduction of \$106 million to the capital maintenance and renewal budget.

Reductions to the Campus Alberta grant were based on an institution's ability to absorb the reductions while limiting impacts to students and front-line services. My department has compiled data on historical surpluses of our institutions going back five years, which we used to inform our strategy of applying the reductions.

Budget 2019 also provides for significant investments to implement our skills for jobs agenda. This robust agenda is needed because Alberta is currently facing the dual challenge of looming retirements amongst skilled workers and the highest youth unemployment rate in decades. Our government is being proactive, and through Budget 2019 has taken first steps to address these challenges now before they become a real problem in the future.

Our skills for jobs agenda contains several elements, which I'll talk about in a little more detail, but includes, first and foremost, our Skills for Jobs Task Force, which we have tasked with strengthening apprenticeship learning in the province. Apprenticeship learning provides a clear and strong pathway to employment, and as the task force looks to expand the apprenticeship model to new careers, we will ensure that we develop a responsive postsecondary system that will be ready to meet the labour market demands of the future. As the nature of work changes with the expansion of robotics, artificial intelligence, and other new industries, it is incumbent upon us to ensure that we are modernizing apprenticeship to meet these new demands. That is why Budget 2019 also includes \$6 million to maintain funding for over 400 tech seats in our postsecondary system.

Another key part of our skills for jobs agenda is funding for Careers: the Next Generation. Budget 2019 commits \$6 million annually by 2022-23. This funding will quadruple the number of high school students participating in the dual credit apprenticeship program, from 1,500 currently to 6,000.

Earlier this fall government increased funding to Women Building Futures to \$10 million over the next four years. As well, we've also provided \$1 million in new funding for new scholarships to encourage high school students to participate in apprenticeship learning.

**The Chair:** Thank you, Minister. That's the end of the 10-minute speaking block. I'm sure that there is opportunity to add any more comments you would like over the next five and a half hours of discussion with the committee.

For the hour that follows members of the Official Opposition and the minister may speak. I'd just remind you that a timer will be set for 20-minute intervals so that you are aware of the time, but you may continue with your questioning and discussion until the 60-minute time has elapsed. As mentioned, members are asked to advise the chair at the beginning of their rotation if they wish to combine their time with the minister's time, and discussion should flow through the chair at all times regardless of whether or not speaking time is combined.

I would turn to the Official Opposition caucus and call on MLA Eggen to begin with your questions.

**Mr. Eggen:** Well, thank you so much, Mr. Chair, and to all members of this committee and particularly to all the officials of the Ministry of Advanced Education that are here to help support these proceedings and to the minister as well.

It's a choice that we can make, but if we want to have an interactive conversation, I think that's what I would prefer.

**Mr. Nicolaides:** Works for me.

**Mr. Eggen:** Through the chair, of course. I'll try to split my eyes and my mind to do that the best way possible.

Yes. Thank you so much. As the critic for Advanced Education, as part of the Official Opposition here in the Legislature, we have been casting a very close eye on postsecondary education. Our party and our caucus believes that advanced education and investing in advanced education is perhaps the most powerful tool that we have to build the society that we would like and want and need for ourselves and our families. It's perhaps the most powerful way by which we can help diversify the economy. It's a very effective mechanism to ensure that we have a flexible workforce that's meeting the complex needs of our province, and it's also, I believe, an investment that pays considerable dividends. You put a dollar into advanced education, and you get an exponential return on that investment through enhanced wages and capacity in our economy and in building citizenship as well for all Albertans.

When I see that the government is paying particular attention to making cuts to this very valuable asset, I am very concerned, and I think that thousands of Albertans are concerned as well. I must say that we should be cognizant that there will be many thousands of people watching these proceedings here this morning and this afternoon because of the investment that thousands of students have made to be at that point where they're at in regard to their education, be it in a trades college or a technical institute, a college, or a university. I think it's of deep concern that somehow the rules are changing, the circumstances are changing while they're in the midst of their studies or just beginning their studies or for families who are saving to ensure that their children can go to postsecondary education further down the road. When the rules and the circumstances can change so dramatically like this, I think that we have to take pause because, of course, the integrity of our advanced education system is at risk and we have to ensure that stability is the key that we are providing as the Legislature and yourselves as government.

The themes that I would like to speak on today: I have quite a lot of questions that I've developed around specific plans in your ministry business plan, your fiscal plan, the government estimates as well, and so forth. I will make reference to the pages and the line items as we're moving along.

9:20

Certainly, I think that parents and students are demanding answers around tuition and tuition hikes. We know that the cap is going to be lifted. In your documents that you provided, there's an expectation that tuition would rise by 23 per cent over the next number of years, which is a very significant increase, perhaps one of the biggest increases in the history of the province. As well, we know that the tax credit for paying tuition and expenses is being lifted. Again, this is a significant cost to students and/or their parents. We know that the grants that were sent out to the universities and colleges and trades are experiencing a significant cut in this budget and over the next number of years. We know that the capital plan is seeing a significant cut as well. We are looking for answers to how we can work with these things. We need to make sure that we're getting clear information every step of the way. I'm looking forward to constructive engagement here, both this morning and this afternoon as well.

I think I'm going to try to work through the business plan first. I might jump around a little bit, but I tried to provide some method to this process. My first question is in regard to page 3 of the Advanced Education business plan, where it talks about "adult education, including expanded and strengthened apprenticeship opportunities, ensures Albertans have the skills to get good jobs in the current and future labour market." I mean, very honourable ideals, but I'm just curious to know – again, we're seeing the postsecondary budget being cut by 5 per cent this year and 12 per cent over the term of the mandate. How is the ministry going to expand and strengthen apprenticeship opportunities when, in fact, we're seeing quite a significant cut?

**Mr. Nicolaides:** Well, thank you for that, and thank you for your comments. To answer your question specifically, I think that one can find a lot of the answers by taking a look at our quite robust, I would argue, skills for jobs agenda. You're right. On paper here, as you read it, it might sound quite lofty as it says here: "including expanded and strengthened apprenticeship opportunities, ensures Albertans have the skills to get good jobs in the current and future labour market." There are two pieces to that. The first, of course, has to do with ensuring that young Albertans have the skill set to address current challenges. Obviously, the second piece to that is developing the skill set that a future economy will need. So we can develop the skill set that we need for the future.

If we break it out, with respect to the current state, we have, as I mentioned, a troubling challenge in the province, a dual challenge of both looming retirements and high youth unemployment. From 2016 through to 2026 the department of labour has estimated that we'll see approximately 3,000 skilled workers retire each and every year. It's something that the dean of the SAIT school of trades, Jim Szautner, called a grey wave. A lot of the skilled workers are older, more senior in their careers, and a lot of them are moving towards retirement. So we're seeing 3,000 retirements each and every year. We have to take steps to address that problem right away and, furthermore, also take steps to address youth unemployment. They are two unique problems, but when you put them together, I think you can find a very unique answer, which is helping more young Albertans find careers in the skilled trades.

**Mr. Eggen:** I totally concur with that, and we can see that demographic changing over time, Mr. Chair, but you can't address those things by making significant cuts. I noted a couple of days ago that I believe you and the Premier were talking about making some investment in the trades – right? – I think moving from \$2 million to \$6 million in a particular grant or scholarship. But let's do the math. I mean, that's a \$4 million increase, which is

appreciated, but then we see \$115 million decrease in the grants that are heading to the schools.

I know NAIT very well. It was part of my constituency for many years. Yes, there is a grey wave, but there's also stagnation in being able to expand and be flexible to help achieve those goals. You know, you have to invest in order to actually strengthen the trades programs, and I'm just not seeing it, right?

If we could just look at the next page in the business plan, it talks about initiatives to support key objectives, okay? This is the apprenticeship training program, which we're just talking about right now. I'm curious to know exactly how much more money your department has invested in the skilled trades and apprenticeship programs as compared to last year's budget. Maybe I'm not reading it correctly, but I actually see somewhat of a reduction in the foundational learning supports, for example. If you could provide some clarification in that regard, I would be grateful.

**Mr. Nicolaides:** Yeah, of course. You know, you're right in the sense of those challenges that we have with the current state, which is, again, why we've put that robust skills for jobs agenda together, to help address that. It's important to be proactive.

In terms of the actual dollar amounts, there are a number of new investments and new initiatives to help address those challenges. The first is a \$10 million commitment to Women Building Futures.

**Mr. Eggen:** Yes.

**Mr. Nicolaides:** Women Building Futures is a fantastic organization that helps women, who are incredibly underrepresented in the skilled trades, find employment in the skilled trades, in those areas. I think the numbers from Statistics Canada show that 4 and a half per cent or 5 per cent of the entire skilled workforce in the country are women. That number, you know, should not be that low. We've made an investment of \$10 million to Women Building Futures.

We've also made an investment commitment of \$11.4 million over four years to Careers: the Next Generation, which is the one that I think you're referring to, which we announced on Monday.

**Mr. Eggen:** Yes.

**Mr. Nicolaides:** Careers: the Next Generation is particularly unique. It's a very strong, dual-credit program that allows high school students the ability to participate through the registered apprenticeship program in dual-credit opportunities. So they can get that placement, get work experience, and begin that pathway towards apprenticeship learning. That's an \$11.4 million commitment. These are all new.

As well, there's a new commitment of \$1 million for a new scholarship, which we have called the high school apprenticeship scholarship, which will provide \$1,000. In total it will provide \$1,000 to 1,500 high school students who show promise in the trades to encourage them to participate in apprenticeship learning after high school graduation. Those are some of the very specific dollar amounts that are new.

**Mr. Eggen:** Thank you. I appreciate that. I actually had some specific question in regard to each of those programs. You mentioned the trade scholarship. It says for 1,000 in your business plan, but you're saying that it's for 1,500, then?

**Mr. Nicolaides:** Yeah.

**Mr. Eggen:** So it's the same amount, \$1 million disbursed amongst 1,500 students?

**Mr. Nicolaides:** There is an existing award for students in registered apprenticeship and CTS programs, which is \$500,000. The new investment in Budget 2019 is \$1 million.

**Mr. Eggen:** Oh, I see.

**Mr. Nicolaides:** We repackaged the whole thing. You're correct.

9:30

**Mr. Eggen:** I appreciate that clarification, which is great. I'm glad to see scholarships. But just to put it in context – and this is another theme that I do want to impress on both you and your officials and everyone here today – there is a significant demographic of young people moving through the grade school system now. I knew as minister that these numbers, in the lower grades especially, are very significant. Of course, what comes next? They go to high school. We need to build high schools, and we need to build spaces in postsecondary institutions, those being trades or whatever choices we can provide for those people.

Just by way of an example, then, with your increase of \$1 million for trade scholarships for students – right? – if we were targeting, let's say, high school students enrolled in school last year, there are more than 69,000 high school students. You know, as appreciative as we are of a scholarship, you can probably only reach about 0.01 per cent of the population with a scholarship like that. I mean, you have to remember what the scale is of what we're dealing with. I'm not going to begrudge a million dollars for thousands of students either, but let's put it into context. The context is that there are tens of thousands of students that probably could use some assistance in regard to trades and other postsecondary institutions.

The other one that I just wanted to talk about briefly. Again, I've been to the Women Building Futures program on a number of occasions. It's not that far from here, really. I was curious. You've increased the funding by \$10 million over four years. What's the base amount that the provincial government was providing to Women Building Futures?

**Mr. Nicolaides:** I'll ask my staff to give me the number.

**Mr. Eggen:** Yeah. If you can look at it. You don't have to get it straight away. I know that there are so many numbers, but I'm just curious to know.

Again, it's a very good program, and we really appreciate the work that they did and additional funding as well, but I'm curious what the base number is. I know this is quite a significant program. I think my wife did baseboards there once because I was incapable of doing baseboards myself. You know, the increase by \$10 million over four years: I mean, it helps to meet the cost of living, the consumer price index, but does it really expand programming in Women Building Futures? I think I would like to know that, please, if you don't mind.

**Mr. Nicolaides:** Yeah. The base amount of funding that the government had provided in 2018-19 was \$1.5 million, so that's where they were at. Of course, our investment to them over four years is \$10 million. It is a quite substantial increase in terms of government's commitment to them, and it's 4 and a half million in a three-year grant. You know, in talking with Women Building Futures, the investment is indeed quite significant. It provides two things for them which are particularly impactful. The first is long-term predictability. In talking with them, I know that one of the things that they haven't had – yes, they've had funding from the government in the past, but long-term predictability of a sizable amount of government funding has been lacking in past years. I know that that's one of the things that is quite beneficial to them,



gives them more ability to make some plans and preparations and other programming.

Moreover, the second most important aspect is that it's going to allow them to expand their offering. They've mostly just been limited to Edmonton and the Edmonton region. I believe they've just started a program in Red Deer, and with this investment – I don't want to speak for them and their business plan – I do know they'll start to look at other areas, potentially Calgary and other major centres, to be able to expand their incredible programs.

**Mr. Eggen:** Thank you.

My next question is over on page 5 of the same business plan. It would be outcome 2, what you want to achieve. Under Initiatives Supporting Key Objectives it says: "This funding allocation results in over \$110 million in estimated savings for 2019-20." Again, you know, one of the overriding things that I take exception to with your analysis of the state of advanced education is that somehow our advanced education institutions are underperforming. I think that it goes quite against both conventional wisdom and demonstrable results in regard to our trade colleges and our regional colleges and universities here in the province of Alberta. I'm just wondering how you could characterize a funding cut of \$110 million as somehow creating efficiencies or in any way making our postsecondary institutions function better. I'm just wondering if there was somehow a misuse of public funds in our trades colleges and universities that this \$110 million cut to grants was seeking to rectify.

**Mr. Nicolaides:** Well, to your first comment, I don't know if it's my characterization, but it's that of the MacKinnon panel, which talked specifically about postsecondary participation rates, completion rates. I do agree with it. You know, we have strong institutions, we have world-class institutions, but if you look at some of these numbers, it's concerning. We have to take a very close look at that. For example, I mentioned that postsecondary participation rates for Albertans 18 to 34 are at 17 per cent. It's one of the lowest in the entire country and hasn't really seen any change over the last several years. We're continuing to fund our postsecondary education system, but we're not seeing any improvement in that metric, so I think that's something of concern. It should be something of concern to everybody and to taxpayers as well. We're also seeing that continued investment in postsecondary, but as I mentioned, nine of our 26 postsecondary institutions are below the provincial average in terms of completion rates, so that's another element of concern.

We also saw, as per the MacKinnon panel report, incredibly high administrative spending in comparison to other jurisdictions, and I know that something that students and faculty have raised with me is the concern around, you know, transparency of funding and where dollars are going. I really do believe it warrants a very close look at: how are we investing in our postsecondary system, and are we getting the outcomes that our economy needs? You mentioned earlier some points about helping to diversify the economy, and I agree, but we have to make sure that we're applying some type of rigour in terms of analysis or metrics or outcomes and ensuring that our funding is helping to deliver on those metrics.

I think it goes back to one of the other high-level conclusions that the MacKinnon panel found, which is a lack of an overall system direction. Apart from the MacKinnon panel, it's something that almost every leader in the postsecondary space that I've been talking with over the last several months has been telling me. They don't feel that there's a strategic direction. They're a little concerned about their mandate and what exactly they should be doing. Some are, you know, innovating and competing, as they

should, which has taken them down a path, but then they worry if that's getting them offside with their stated mandate. There's, I believe, a genuine desire from the system to have a higher level strategic direction, and I believe that if we can develop that in concert with our institutions, we can all row in the same direction. That'll help us deliver on stronger outcomes.

**9:40**

**Mr. Eggen:** Yeah. I certainly concur and have spent, you know, since May till now visiting postsecondary institutions, and I think that you're hearing part of what I heard as well. I mean, to provide direction and perhaps focus and cutting a significant amount of money from grants: these two notions don't concur in any way, shape, or form.

You know, what I saw with the MacKinnon report – and it's important not to take any report, necessarily, as an entirety. One of the very weakest parts of that report in regard to postsecondary institution analysis was using the metric of completion rates as a way by which to evaluate the success or the performance of any given college.

You know, there are so many different forms – and we can see a cross-section of Alberta represented in the committee here today. Colleges have widely varied goals and objectives and public that they serve. I know, for example, if I think about Portage College in Lac La Biche, it's serving a wide variety of students, but it's a way by which people can enter into postsecondary, sort of a gateway to take the first year or two or some courses to develop an interest in postsecondary that might be completed later or might be completed at a different institution.

Keyano College is another perfect example of that, where it doesn't represent well in the MacKinnon metrics for performance, but I know for a fact that with Keyano College, if you are achieving 80 per cent or higher in grade 12 in a school in Fort McMurray, you have the option of being able to take your first year at Keyano College for free. Lots of young people do that, and then they move on. Do their completion rates reflect that positively or not? No, not necessarily. Again, when we are measuring the success of our system, it's important to respect and honour the diversity of our colleges and the purpose that they serve and the students that they serve as well.

Again, you know, I don't disagree with you that there are ways by which we can find efficiencies in postsecondary education. I think the key to that is accountability; it's not making significant cuts. You know, we make significant cuts to a certain point, right? Like, if you look at outcome 2.4, page 5, I guess, of the business plan, in 2019-2020 government allocated \$153 million through student aid programs and scholarships, and in addition \$689 million was provided to learners through student loans. Again, we know that there's a change to paying student loans, there's a change to the amortization of student loans in this budget, and it's going to make it more expensive, quite frankly.

The number – I agree with you – that is the biggest concern and has been a perennial problem is the low rate of participation of our young population in postsecondary education. We have one of the highest populations with a postsecondary education but one of the lowest participation rates from our youth. People get that postsecondary, college, trades training in other jurisdictions, and they bring it to Alberta. Really, it's even a more challenging situation than what you see at first glance.

The low participation rates: I think you said 17 per cent. That sounds about right, maybe 18 per cent. You certainly will only serve to exacerbate that problem by increasing tuition rates significantly. People will go: what's the point? I mean, you hear it as conventional wisdom with lots of young people already, which I find deeply

troubling. They say: “Well, why should I bother going to school? I’ll end up just getting the same job as the person who didn’t go to school, and I’ll end up with a \$30,000 debt, you know.” So we need to overcome that conventional wisdom that’s out there amongst our young population, and you don’t do it by making postsecondary more expensive. You make it more accessible and so forth.

Anyway, I’m going on here. Can I move to my next question, which, again, is from page 5 of the business plan? It has a performance metrics indicator from Advanced Education. It talks about student population in postsecondary institutions. I’m curious – we just talked about it a little bit – if your officials know: what is the exact ranking of our province in Canada for postsecondary participation? We always talk about the numbers as low, but I’m curious to know. Have you made any calculations of how many students will be priced out of not being able to attend postsecondary education as a result of a 23 per cent increase to tuition over the next number of years?

**Mr. Nicolaides:** Yeah. The postsecondary participation rate that you referenced is 17 per cent.

**Mr. Eggen:** Yup.

**Mr. Nicolaides:** You’re right. It has been at that level quite flat over a number of years. This, again, comes back to, I think, one of the underlying concerns. We’ve seen a 106 per cent increase in postsecondary funding over the last 15 years, a 21 per cent increase in enrolment, so it’s not just matching enrolment but it’s far exceeding it. That postsecondary participation rate hasn’t increased at all. You’ll see, I know you were referencing there, performance metrics on page 5, 2(a). You look at from 2014-15 to today, 2017-18, enrolment is flat if not even down. There’s not even an increase in enrolment despite, again, increases in funding.

You talked as well about completion rate. You know, there’s a lot of dynamics that you have to consider, of course. Using one metric is never enough. I know the MacKinnon panel looked at one, but I believe there is a whole host of metrics that can be looked at to provide some more accountability and some more transparency.

You also talked about, you know, recognizing how unique and individual our institutions are. It’s one of the things that I’ve really taken away over September as I toured all of our colleges and universities, how unique each one of our institutions really is. You talked about Portage College. That’s the only place where I had the opportunity to help scrape the hair off a deer hide and prepare it to be tanned. You don’t find that type of programming at NAIT or SAIT or anywhere else. The very unique dynamics – or the culinary program at Lethbridge College or the advancements at the U of A in terms of artificial intelligence. Every institution is quite unique. We need to recognize that, and we need to find a mechanism in which that’ll recognize each individual institution’s area of strength and work with them to find out how they can contribute to a stronger postsecondary system.

The U of A and the U of C, for example, have a very good plan, and Bow Valley College and others. They have very good success in terms of recruiting international students. You know, they’re able to do that quite well. If that’s a priority and a goal of government, which it is for us, do we work with them to increase the number of international students? Do we work with other institutions to find more success in other areas such as culinary programming or artificial intelligence? It comes back, again, to this central idea of a lack of strategic direction. If we can develop that in consultation with our stakeholders, we can help every one of our institutions use their strengths to contribute to a stronger and better postsecondary system.

You know, you talked as well about accountability, saying that there needs to be more accountability in the system. I couldn’t agree more. In our business plan, outcome 2, effectively all of it is geared towards greater accountability and transparency. It says here, under What We Want to Achieve: “The adult learning system is fiscally responsible and demonstrates effective governance and accountability for achieving system direction and goals.” I completely understand the necessity to strengthen accountability in the system. It’s something that I plan on working on and improving so that we can truly create a stronger postsecondary system.

9:50

**Mr. Eggen:** Sure. Yeah. That’s fine, and it’s good. I mean, accountability and making significant cuts: those two things are neither congruent nor complementary. Maybe it makes it easier to be more accountable to the money that we do move to our advanced education system if there’s a whole lot less of it to account for. I mean, that’s a cynical view, perhaps, but everybody in my tour around the province was very concerned about their ability to meet the needs of a growing student population here in the province of Alberta. I mean, this is the big calculation that I demanded from my K to 12 Education department every single day, and that is: what capacity do we need to plan for over the next 10 years?

I’m curious to know if, you know, perhaps Mr. Skura or others are engaged in the calculation of what increased capacity we need in our postsecondary institutions to meet the needs of our growing young population and, presumably, hopefully, a growing percentage of that population going to postsecondary education, right? If it’s 17 per cent now, do we have a goal five years hence of where that number should be, and what is the raw capacity based on the increase in population of our young people? How many more spaces do we need in postsecondary over the next number of years to meet the growing demand because of our young population?

**Mr. Nicolaides:** Yeah. You’re absolutely right in terms of that growing student population – I’m not sure if you use the term, but I use the term “bubble” – as it’s moving through the system.

**Mr. Eggen:** It’s more than a bubble because you can look down to the kids that are three years old now, right? Albertans have been very busy reproducing, and they’re doing it on a very consistent basis, so you’ve got to think about those kids that are in junior high school and high school right now. There are a lot more. I’d say that you need at least 10,000 more positions for that contingent of people, but there’s a whole other wave coming through that will not abate over the next 20 years even, right?

**Mr. Nicolaides:** It’s quite clear that we do have that growth in student population, something that we need to be very mindful of and something that we need to put plans in place to account for. There’s no question about it.

Just to provide a little more context and clarity, we anticipate seeing some of those elements of that bubble start to hit the postsecondary system in about 2023-24, you know, four years out from now, which is all the more reason for us to get our postsecondary system in order. Because with a system that doesn’t have any kind of strategic direction and funding has far outpaced enrolment, we’re quickly getting into a situation where we’re going to have an unsustainable system. We have to get on top of that now before it’s too late.

You talked about enrolment. You talked about plans for the next 10 years and raw capacity. This is one of the things that I find particularly challenging: there are very limited to, in fact, no enrolment targets for our institutions. Again, we talked about metrics, what we’d like to see from our institutions. None of that’s

in place. It speaks, again, to the lack of broader system co-ordination.

I believe that we can work with our institutions, figure out some very reasonable enrolment targets, projections, and work with them to help ensure that we achieve that. There may be enrolment corridors and suggestions, but it's not tied to funding in any way, shape, or form. Other systems routinely tie funding to enrolment. I'm not entirely convinced that that's the most effective way, but it is a way, and it's a very simple calculation: the more students you have, the more funding you get, which helps to account for some of that. I worry about potential gaming of the system in that regard. It might be easy for institutions to just open a lot of the doors and just pile in the students so that they can get more funding. I worry about the impact of that on the quality of instruction, so I think there needs to be more conversations about that. We definitely need – and I intend to work with our institutions – to establish clearer enrolment targets, objectives, and goals and work with them to meet those targets.

**Mr. Eggen:** Yes. Thank you. You know, unfortunately, it can become a bit of a self-fulfilling prophecy if you are making significant cuts and increasing tuition and then our participation rates stay flat. I don't think that it's negotiable that you don't fund for enrolment. I mean, there are other things that go on in our colleges and trades and universities, but if you are undermining the quality of education for undergraduates or for the first couple years of a trade program or so forth, then, too, you are eroding the fundamental strength of that institution.

You know, when I look through the grant funding changes from your own document here, that I think a lot of Albertans saw – it was in the newspaper as well – I mean, it seems more like you're making cuts to base grants based on the capacity for those places to somehow get by – right? – to kind of string things together. [A timer sounded] That's 40 minutes now?

**The Chair:** Yes. We now move into the last 20-minute speaking block.

**Mr. Eggen:** Yeah. We've still got another 20?

**The Chair:** Yeah. You may continue.

**Mr. Eggen:** Okay. Good. Thank you, sir.

Like, Bow Valley College, for example, I mean, it provides some of the most important postsecondary education opportunities for people to upgrade their high school, say. This is a huge area for potential growth – right? – otherwise room for improvement in the system. That's a school that provides that service, you know, and they're faced with one of the biggest cuts in this grant formula that you see here.

I see Lakeland College as well – right? – from Vermilion and Lloydminster. Again, really the backbone of postsecondary education regionally in that area. It really helps the overall economy of Vermilion and to some degree Lloydminster. People always get it backwards. They think that Lloydminster started it. Lakeland was proudly born in Vermilion, Alberta, and it really helps with stabilizing the economy of that town and that region as well. Again, they take a 7.2 per cent hit, you know.

So, you know, again, when we're looking for a way to try to explain this to the public, I think you need to develop some pretty straightforward metrics around funding and enrolment so that people can plan for the future. If we have Lakeland College or Bow Valley or any of these places, Olds College, somehow responding to a funding formula based on enrolment by bulking up their student population, I say fair play to them, right? I mean, yes, we do want

Lakeland College to grow; yes, we do want Olds College to grow. Yes, we need base funding that's reliable to ensure reasonable class sizes and learning opportunities for students, especially in their first couple of years.

Anyway, I want to move on, perhaps just carry on through the business plan here a little bit more. I have a question. Oh. No. We're moving on to the fiscal plan here now – okay? – so if I could just ask you to change books to the fiscal plan. If I could draw your attention to page 188 of the fiscal plan and, you know, the Advanced Education capital plan. I think that my colleague will have more to say on this specifically in the next rotation of our estimates here today, but I just wanted to draw your attention – perhaps we'll just get a flavour of it. The Advanced Education capital plan is basically halved over the next four years from \$694 million to \$363 million. Again, I find it astounding to think how this would be possible to achieve, this cut, given how many more spaces we actually need – we had that conversation about that just before – in postsecondary institutions and how much deferred maintenance is way past due in so many of our colleges and universities and trade facilities around the province. For example, I know that at the University of Alberta alone there's hundreds of millions, if not more than a billion, of dollars in deferred maintenance work that needs to be done. So I don't know: how are you going to square this circle, or circle this square, of having the capital plan for Advanced Education and then still try to manage to build more spaces and to meet your responsibilities on deferred maintenance?

10:00

**Mr. Nicolaidis:** Thank you for that. You know, you talked a little bit about enrolment and, again, funding potentially tied to enrolment, and I'm not entirely convinced that that's the most effective mechanism. There are pluses and minuses, but I think there definitely needs to be a broader conversation about how we're funding our institutions and whether an enrolment-based formula is the most appropriate.

You also talked as well about, you know, the document that you have there in terms of the savings per institution, and you talked about Lakeland and the savings that they're being asked to find. As I mentioned in my opening statement, what we did is that we went back and we looked at the last five years, and we looked at whether an institution has had a surplus or not and what the size of those surpluses have been. Then we took the five-year kind of average of those surpluses and then applied a reduction to less than half of those surpluses. We don't want to overburden our institutions and put them into a situation where they have to find savings in a manner that's going to impact student delivery, quality of education, or student services. The reduction to the Campus Alberta grant is \$117 million.

**Mr. Eggen:** Oh, I was wrong; it's more.

**Mr. Nicolaidis:** For some context, on average the system generates about \$250 million of surpluses, so that's money that is in that surplus situation. You know, you talked about deferred maintenance. There are these surpluses in the system that can be used for deferred maintenance. There are these surpluses that can be used and should be used to expand programming to students as well.

In terms of deferred maintenance as well, you know, with our capital maintenance and renewal program, which is line 6.2 of our budget, there's also been a trend – I don't know if I would call it a trend, but there have been instances – of that budget of capital maintenance and renewal that's been allocated to an institution not

being used, maybe not all of it or a portion of it, and then it being carried over into subsequent years. Again, it just speaks to – you know, one of the comments that you made, which I completely agree with, was about accountability and transparency. I think that we need a heavier dose of that in the system to make sure that we're addressing those deferred maintenance issues, that we're addressing the challenges of growth and enrolment and additional spaces, and that, you know, funds are being used in the most efficient way possible.

**Mr. Eggen:** Sure. I mean, I don't disagree. But to use the metric of surpluses and then whatever you did afterwards, something half that or whatever, that's just a very narrow view of an institution. I know that different colleges or institution school boards will have different levels of surplus for sometimes completely different reasons. You know, I know that as a business model to have a certain percentage of your total operating expenses in a surplus or a reserve position: that's good business, quite frankly, right? If you are running right down to the bone and you have zero sitting behind and then something happens, you're in a tight spot. I'm curious to know, then, do you use a measure of what percentage of a total operating budget of any given university or college or trade school in the province, what percentage should they have banked in reserve as part of a good business practice, as modelled by your ministry? Do you have a percentage?

**Mr. Nicolaides:** Yeah. I'll ask my department officials to pass on some information or to comment on that, but my understanding is that we don't at the moment.

**Mr. Eggen:** It's not a bad idea.

**Mr. Nicolaides:** Yeah. I agree. I don't think it is a bad idea, right? Seeing an institution that is, to use your words, you know, in good business practice, I think that needs to be reflected. I completely agree that I think it partly demonstrates that an institution is being a good steward and making smart decisions and they shouldn't be penalized for that. We talked about enrolment as a potential metric of how we fund our institutions, and perhaps an additional metric is the percentage of their operating budget that they're able to put to savings or surpluses, or their fiscal practices, and using that as well as a metric to help incent that type of behaviour.

Coming back to the document that you were referring to, you mentioned it as a narrow view of finding savings in terms of how we've applied the Campus Alberta grant, but, you know, for Budget 2019 we've had to make some difficult decisions about how to apply this and, again, looked at where it can have as little impact to students and to front-line services and student services, so we made the evaluation of an institution's ability to bear for this period. Of course, our universities are on an April fiscal year, so they're three-quarters of the way through. Our colleges are on a June fiscal year, so they're halfway through. It presents them with some challenging budgetary considerations and decisions to make. That's how we came to that conclusion, and looking at, well, an institution's ability to absorb it in this year given some of the current dynamics that we're dealing with.

**Mr. Eggen:** Yeah. Fair enough. I mean, you know, that application of sort of a triage support makes it very hard for institutions to plan. For example, the University of Alberta with its multibillion-dollar functions, tens of thousands of students, for them to be taken to their percentage of the cuts based on how much money they have in the bank, you know, makes it very difficult to make plans for the future.

I think that we need to reassess. I mean, you can have accountability measures in place. Accountability, I think, is something that we all expect from public monies, but we thus must also apply that measure of accountability back to the decisions that are made here in the Legislature. I'm very concerned because of what we see here with an uneven application of Campus Alberta grant funding in the province. It's an example of how this whole process doesn't have a long-term accountability application to it, you know, and people don't know what to do next, right? The last thing, I'm sure, your government wants is to provide sort of shock and awe and chaos and confusion around Advanced Education or any ministry, for that matter, but that's kind of what's on the ground here today.

You know, one question I need to ask, and we'll probably talk about it more later, is the announcement that the Premier made yesterday in Edmonton around reducing salaries for the public service. Have you built a percentage of decrease into your allocation for wages and pensions in Advanced Education? The Premier mentioned a 2 per cent to 5 per cent reduction in salaries. Where are we at in regard to our Advanced Education staff?

10:10

**Mr. Nicolaides:** Thank you for that. Just rounding off here, again, on the reductions in this first year and looking at how we apply that – and I know you've had some questions about it and how we came up with that decision-making. I think I've been clear in terms of how we've come to that conclusion. You know, you talked about the U of A. The U of A, like many of our institutions, had traditionally run surpluses. On average there's about \$250 million of surpluses within the system. But the other option just would not work.

I mean, whether we look at applying a 5 per cent reduction across the board – we talked earlier about how each individual institution is unique and has very individual demands and characteristics. We have to account for that, and we can't just apply a blind kind of a 5 per cent reduction across the board to all of our institutions. That's not going to work. That'll cause some significant problems, so we have to be very diligent and take a very thoughtful approach, as we have, as to how we ask our institutions to find savings.

I agree; there is no long-term accountability, and we need to move to a system that does provide more long-term accountability. Again, that's why in our business plan it's highlighted as outcome 2, which is to create and strengthen more accountability in the system. We need that, and we have to move in that direction. Our students deserve it, and taxpayers expect it. We need to make sure that there's that higher degree of transparency and accountability within the system.

To your question about salaries and wages: there's no provision. I'll ask my department staff to chime in, but I don't believe there's any provision looking at reductions or plans to look at reductions of salaries. Of course, each institution has their own individual board of directors that manages the affairs of each institution, so they are the ones who enter into collective agreements with their respective faculty associations and other union groups, so they will have to look at making those decisions themselves.

I'm not sure, Rod, if there's anything else you want to add in.

**Mr. Skura:** No. You hit on the key points. There is no money in the budget for any public service wage increases. The boards of governors of each of the institutions have a responsibility for managing the negotiations around public-sector wages for those institutions, and we have not provided any less money. Typically, again, the funding model is such that we provide the institutions

with a block of funding. The boards then are expected to manage within that block of funding.

**Mr. Eggen:** So have you tied with that block of funding any specific instructions in regard to wages or benefits for the postsecondary working population?

**Mr. Nicolaides:** What we've done for this year is that we've communicated to our institutions, to our boards, that our expectation is that they work to manage the savings in a way that minimizes impacts to students, to student services, and to delivery. We've asked them to, you know, take a look at – as the MacKinnon panel noted – a duplicate of administration or other duplications of services, and looking at ways of collaborating together. I was talking with a board chair of one of our Calgary institutions, and they were asking, “Well, should we be talking with our other institutions here in Calgary and looking at collaborating on the use of a single back end software?” or something of that nature. I said, “Yeah, absolutely.”

These are the types of innovative solutions that we need to find in our system to remove unnecessary duplication so that we can get much more impact for the dollars that we're investing in our postsecondary system. I mean, we have 26 institutions. I don't know all the details about the technology background, but I would argue that 26 institutions, all with their own software system, a different software system for managing their back end services: I believe it's really time for us to start thinking a little bit more creatively and innovatively about how we can collaborate more and, through that process, be more efficient in our delivery of postsecondary.

**Mr. Eggen:** Do you have a calculation from your ministry that measures the percentage of the global Advanced Education budget that is used for wages and benefits?

**Mr. Skura:** I think the question you're asking is: what percentage of the total spending in postsecondaries is spent on wages? Correct?

**Mr. Eggen:** Yeah.

**Mr. Skura:** That number – and I don't have it with me right now – is in that 55 to 60 per cent range.

**Mr. Eggen:** Right. Okay.

**Mr. Skura:** I don't have the precise percentage.

**Mr. Eggen:** If you don't mind getting that to me, that would be great.

We can presume, with the reduction of 5 per cent globally and 12 per cent over the next number of years, that over half of your cost is for human resources, right? That is interesting.

**The Chair:** Thank you.

We have now come to the conclusion of the 60-minute speaking block for the Official Opposition.

We will now begin the 20-minute speaking block for the government caucus. I would ask MLA Issik to proceed. Would you like to go in combined time with the minister?

**Ms Issik:** I would like to go back and forth, please.

**The Chair:** Back and forth? Okay. Minister, that's all right? Go ahead.

**Ms Issik:** Thank you, Mr. Chair, and thank you, Minister, for your work on the budget at this challenging time. I'm just going to start

with the business plan, page 5. On page 5 there is a table that shows, at the bottom, student enrolment. We can see that it's flat, with a slight decline between year-end '17 and year-end '18, while on page 90 of the fiscal plan there is a graph that shows base operating grants. You can see that between that same period of time, the base operating grant increases substantially. I'm wondering if you took a look – I'm sure you must have during your budgeting process – at the destination of these operating funds versus the student enrolment. Then perhaps, after that, we can talk a bit about tuition and how that impacted this number as well.

[Mr. Dang in the chair]

**Mr. Nicolaides:** You're on page 90? Okay. I see here. Yeah, as you mentioned, we see it's flat, if not a decrease, for enrolment over the last few years despite the fact that we've been increasing funding to postsecondary institutions. It's something that we need to address.

I think one of the big concerns here is that, again, we're providing more funding, but we don't see a lot of increases in better outcomes, whether it's an increase in just general enrolment or whether it's an increase in the postsecondary participation rate, despite the fact that we're continuing to invest more. That's one of the underlying problems and one of the underlying challenges that we need to address.

**Ms Issik:** I guess that maybe the question really is: do we know where that money went? It was a substantial increase, with student populations staying flat. Do we have a sufficient accountability system in place that tells us where that spending went?

**Mr. Nicolaides:** You know, we do have accountability measures in place, but I'm not convinced that they're as robust as needed. Of course, our institutions have to submit annual financials to account for how they've used their dollars. They have to submit comprehensive, multiyear institutional plans to tell us about where they're going and what their priorities are going to be, and they have to submit budgets in advance. They don't require ministry approval, but they do have to submit them so that we can see how they're budgeting and planning on spending those dollars.

10:20

But it really varies per institution as to how they decide to actually allocate those funds. I'm not convinced, given the dynamic and given a lot of the problems, that the current way in which we're working is effective. I believe that there is a way that we can move to a mechanism or a system that will provide some greater accountability so that we can really zero in on things like administrative spending and dollars that are going to student services and to expanding access and really incent and try and drive that behaviour in a much more proactive manner rather than a block grant and saying, “Okay, here's your block grant for the fiscal year,” a budget that tells us what they're planning on doing.

Even if there was some disagreement as a ministry about what we saw or thought about in a budget or an annual plan, you know, I guess I could as a minister voice my concern to the board, but again the board has the authority to manage the operations of each institution. So we do have to make some significant improvements and, I would argue, transformative improvements to how that's being done, because I don't believe that the current system is working.

[Mr. van Dijken in the chair]

**Ms Issik:** Speaking of transformation on the financial side, we know that to make this system sustainable, we're going to need to

look at how we fund in terms of reaching particular objectives, and you've outlined some objectives here. In terms of the mix of funding, we're looking at changes in terms of the block grant, but we're also looking at unfreezing tuition and putting a cap on it. You've talked in your comments about how we are doing compared with other provinces. I wonder if you can speak to how our changes in tuition policy will compare to other provinces. Ideally, you know, we want to make Alberta as competitive as possible. If you can just speak to the tuition increase and how it will compare to other provinces.

**Mr. Nicolaides:** Of course. At the moment, which I mentioned a little bit in my opening remarks, if you look at the total revenue in the postsecondary system, 54 per cent of the total revenue is derived from government funding. Fifty-four per cent. Tuition revenue accounts for 18 per cent of the total revenue in the system. In terms of how that stacks up to other provinces, British Columbia is at a mix of 44 per cent to 28 per cent, so 44 per cent of revenue in the system is derived from government funding and 28 per cent from tuition. In Ontario the mix is more balanced. Approximately 36 per cent of revenue in the system in Ontario is from government funding and 35 per cent from tuition. Quebec is a different situation: 62 per cent of revenue in the postsecondary system comes from government funding versus 16 per cent from tuition.

Now, coming back to Alberta and to your point about some of our tuition changes and where that will get us to, that'll see that mix move more closely in line with that of British Columbia. Again, we're at about 54 per cent of revenue in the system being from government funding. B.C. is at 44 per cent. Our changes will see us move to a mix that more closely resembles that of British Columbia.

That being said, there are two important points to note. The first is that funding for our institutions, comparatively, will still be one of the highest in the entire country, and tuition will still be competitive. I mean, we're making projections, of course, about what will happen in future years, but it'll put us almost bang on with the Canadian average. It won't put us in a situation where we're an outlier; we'll still be one of the highest funders of postsecondary in the country. Our tuition rates will be very comparable and competitive with what we see in the rest of the country.

**Ms Issik:** Thank you.

**Mr. Jones:** Thank you. I'll continue on the business plan, page 5, 1(c). The percentage of apprentices who report being employed after graduation has declined, from a 2009 to 2013 average of 95 per cent to 87 per cent in 2018. Can you comment on this decline and the steps being taken to reverse this trend? That was the business plan, page 5, section 1(c).

**Mr. Nicolaides:** Yeah. It's a startling and very challenging aspect of advanced education, as you can see. I think the highest was in 2013. We saw that 96 per cent of apprentices reported being employed a maximum of 18 months after completing their studies, which is now down to 87 per cent. Of course, the data there is 2018. I imagine even more recent data would show that even further decreased. The big driver behind that is simply a poor economic state. Obviously, with apprenticeship learning, it is very much tied to economic success and employment prospects. As we've seen over the last few years an incredible increase in the number of Albertans who are out of work and growing youth unemployment, it's hit individuals engaged in apprenticeship learning the most, and that's where we've seen that incredible decline.

It's something that we need to correct, which is why, as I mentioned in my opening remarks, we have put together an

incredibly robust skills for jobs agenda to help address this. We do have the challenge, as I mentioned, of growing retirements in the skilled trades. Again, about 3,000 skilled workers are retiring each and every year. By 2026 we'll have a shortage of about 50,000 skilled workers in the province, and we also have the challenge of the highest youth unemployment rate in decades.

Our skills for jobs agenda is incredibly robust and is designed to help us address those challenges. The first piece of that is our task force, which we convened and which is currently under way. I think they had their first meeting yesterday. We've given that task force a mandate with several key components. The first thing that we've asked that task force to do is to look at expanding apprenticeship learning in the educational system, to look at measures and mechanisms in which more young Albertans can be interested in apprenticeship learning. They're looking at things like the registered apprenticeship program, that gives high school students accreditation, and there they'll be looking at a variety of different things that can be done to improve that.

We've also asked them to look at the parity of esteem, which I think is a very challenging problem and has been well documented in studies as well, a perceptual challenge with how society views apprenticeship learning and the skilled trades. A lot of folks tend to view it as somewhat subservient to an academic degree. Our view as a government, of course, is very simple, which is that an apprenticeship certificate has the same value, merit, and worth as a university degree. The task force is going to dive into that topic in a lot of detail and explore what can be done to create that parity of esteem, to strengthen the public perception around the skilled trades and encourage more individuals to enter.

**10:30**

The third thing that the task force is going to do is look at taking the apprenticeship model and applying it to new and growing industries and careers. Right now the apprenticeship model is limited to a very traditional definition of the trades. They've been, you know, welding or heavy-equipment operation and other areas, but the dynamic and the future of the labour market are changing, whether it's because of artificial intelligence or robotics, so it's important for us to make sure that our labour force and young Albertans have that skill set to be able to operate in a modern economy. They're going to look at, which I'm quite excited about, how we can take the apprenticeship model, which is very effective at helping younger individuals learn a particular skill set, and apply it to other areas, whether it's coding, which is an area of growing demand and interest, whether it's in other areas of artificial intelligence or in smart agriculture or other areas that are growing in demand.

As well, our skills for jobs agenda includes, as we've already talked about, investments in Careers: Next Generation to expand the registered apprenticeship program. It includes investments in Women Building Futures. It includes a new scholarship for high school students to encourage them to participate in the trades. It includes additional funding for Skills Canada Alberta, which is kind of like – I think the best way to describe it is the Olympics of the trades, where people from all countries around the world compete and demonstrate, you know, their skills in welding and carpentry and so many other trades.

All of that is being designed to help us improve on that metric. Just coming back to it, we have seen that decline in the number of apprentices who report being employed, so these actions will help to improve those metrics, not to mention the broader government strategy of making that reduction in corporate taxes and other elements that we've made, including the repeal of the carbon tax, to incent investment and job creation in the province.

**Mr. Jones:** Okay. Thank you.

**Mr. Stephan:** Thanks, Minister. I appreciate your comments about holding the apprenticeship and trades in higher esteem. I know that in my former life, when I practised as a corporate tax lawyer, many of these successful and innovative tradespeople were often my bosses. They were very successful business owners, hard working and very smart and excellent at what they did. It's individuals and businesses like that that have provided great opportunity and prosperity for many Albertans. So I'm grateful for the government's direction in that way and making sure that our hard-working students have stronger opportunities when they graduate and seek to become self-reliant in their chosen profession or trade.

I'd like to look at page 89 of the fiscal plan. My question relates to that. There's a graph at the bottom of page 89 of the fiscal plan. For those viewers who may not have the opportunity to have it in front of them, I'm just going to describe the graph very quickly. This is the postsecondary spending chart per capita. It has a bar graph which comprises the average of Ontario, Quebec, and B.C. in terms of spending per capita, and then it has the Alberta line in terms of what Alberta is spending per capita. What it shows is that Alberta is spending, it looks like, close to or about \$35,000 per student whereas the average of the three other provinces as comparators is about \$25,000. Under the fiscal plan going forward, the gap is narrowing. We still finish where Alberta is spending more per capita than the three other provinces on average, but it is narrowing the gap. Of course, I don't think it automatically follows that Ontario, Quebec, or B.C. have a perfect model of fiscal rectitude, but it's a starting point. It's moving in the right direction.

My question really focuses on accountability. In the fiscal plan here it shows that we're reducing postsecondary spending to try and narrow the gap between us and Ontario, Quebec, and B.C. You know, we've talked a lot about accountability and making sure that all government, including our postsecondary institutions, are more accountable for how they spend taxpayer dollars and seek to provide effective and efficient and marketable services to our hard-working students, to our children, to the rising generation. How do we ensure that our postsecondary institutions, who may be hostile or resistant to accountability – sometimes government avoids accountability by raising taxes, or they reduce services, you know, or they incur a lot of debt because they're not trying to confront the structural inefficiencies that they may have.

How do we ensure that the postsecondary institutions do not reduce services to the students but focus on reducing the cost of delivering the services, which, as this graph indicates, the postsecondary institutions have an issue with or a challenge with, you know, or perhaps have been complacent? How do we ensure that there's a culture of accountability that's really putting the student at the heart of the education system so that we don't punish the students by reducing services but try and be better and make sure that we're more effective?

**The Chair:** Thank you.

We have now come to the conclusion of the 20-minute speaking block for the government caucus.

I will now call a five-minute break. We will reconvene in five minutes to begin with 10-minute speaking blocks, starting with the Official Opposition.

Thank you.

[The committee adjourned from 10:37 a.m. to 10:42 a.m.]

**The Chair:** Thank you, committee members and Minister. We now reconvene to begin 10-minute speaking blocks. We will begin with the Official Opposition. MLA Irwin, I believe you will start.

**Member Irwin:** Thank you, Chair. One of the things that I was really proud of our NDP government for was their focus on creating healthy, safe campuses through targeted measures, specifically in the area of mental health. In 2017 they invested \$25.8 million over three years for mental health resources aimed at university and college students. We know that there's a mental health crisis in Alberta even if your Health minister refuses to acknowledge it. With children, with young people, adolescents, the stats show that the rates of suicide and depression remain high, including on campuses. My first question for you is: why have you removed references to mental health in your business plan? Is it not a priority for you? If not, why not?

**Mr. Nicolaidis:** Well, thank you for that question. I can say very, very clearly and unequivocally that mental health is a top priority for me and for the ministry. You know, in a lot of the conversations that I've had with student leaders from across the province, I would argue that one of the common asks or areas of concern is around mental health. There's always some variance. Different student leaders and different student groups have different priorities, but when it comes to mental health, that's been an underlying, consistent concern and request from our students. So it's an absolute top priority for me and for the department. I think we have to take a very close look at what can be done to strengthen and enhance and support mental health services on our campus.

That's why you'll see that in the budget we're maintaining I believe it's approximately \$11 million in mental health funding for our postsecondary institutions. Furthermore, it is committed to in the budget documents, but over the next few months we'll be working with stakeholders, including Inclusion Alberta and our student leaders, because we have plans to provide an additional \$2 million to support vulnerable individuals and students with developmental disabilities so that they can participate and have access to an inclusive postsecondary system. It is an absolute priority.

My mistake: I think I mentioned \$11 million in mental health funding; the number is \$8 million. But that is being maintained and is being continued as well as the additional \$2 million that we'll be providing.

**Member Irwin:** I obviously appreciate the continued investment in mental health, but if it's a priority, why not name it, you know? My fear is that without it being named, without there being the associated performance indicators, it's not going to be able to be tracked, and we're not going to have any metrics. Young people are already going to be paying a whole lot more for tuition. If they don't feel that they've got those clear supports, I just feel like they're going to be crushed from all different angles. I worry very deeply about the mental health of postsecondary students.

I would argue that, I mean, this was an intentional decision, right? It was removed from the business plan, yet, you know, you've added things like the University of Chicago statement. I just would like some clarification as to why it wouldn't be named as a priority.

**Mr. Nicolaidis:** Well, as I've mentioned, it is a priority, and I've reiterated that to our student leaders and our student groups when I meet with them and when I talk with them. You know, I think it's something that we can look at strengthening when we take a closer look at how we're funding our institutions. You talked about evaluating the success, and I think that's an important thing for us to be doing. How can we ensure the right accountability over those funds, and are we tracking it, and how can we ensure how they're being used and whether or not they're being used effectively? I think that as we move forward in looking at strengthening our

postsecondary system, we can look towards some broader discussion about evaluating the effectiveness of those dollars and making sure that they're being used in a manner that's providing the right level of support for those specific campuses. As we mentioned earlier, our campuses are very unique and our learners are very unique and have different needs, so ensuring that they're accurately addressing those needs is important.

**Member Irwin:** Okay. Yeah, I would urge you to consider thinking about even adjusting your business plan. I know that in my conversations with Minister Aheer yesterday in status of women she conceded that they only had two performance indicators for the whole area of status of women, and she conceded that there needed to be more because a lot of the objectives did not have any associated targets or indicators.

Again, if we see – and we may; I hope to be wrong – an increase in mental health concerns on campus, I mean, we need to be tracking that, particularly when it comes to severe cases like suicide. We know that's happened in Alberta even this year on campus.

**Mr. Nicolaides:** Yeah.

**Member Irwin:** Something to think about.

I'd like to shift gears, but I will stay focused on the topic of healthy and safe campuses. Gender-based violence is an issue in postsecondary institutions across Alberta. In fact, statistics show that 41 per cent of sexual assaults in Canada are reported by students and that 47 per cent of sexual violence committed against women is against those between the ages of 15 and 24. In a similar vein of questions, you know, addressing sexual violence on campus was a priority of our NDP government, so much so that it was a pillar of our business plan, and we made targeted investments in that area. Again, I see no references to this. I see no references to gender-based violence, to any issues of sexual assault in your business plan. I would like to ask you again: what plans do you have to address gender-based violence on campuses, and what plans do you have to ensure healthy and safe campuses for all students? I'm a little concerned that there's no mention, obviously, of mental health, gender-based violence but just of health and safety generally on campuses, please.

**Mr. Nicolaides:** Well, similarly, I can reiterate and say unequivocally here and at any other time on the record that addressing gender-based violence is an important priority of mine and something that I've already had some preliminary conversations with our student leaders about. They have a lot of concerns. You know, there's been a requirement in the past for our institutions to develop and implement sexual violence policies, but in my conversations with student leaders – and I just received, I believe it was yesterday, a more robust submission from one of our student groups – there's a lot of concern that there's a lack of consistency with the policies that may exist from one campus to another, and the practices may also be inconsistent. To be frank, I was actually quite shocked to learn that at some institutions an accuser might actually be sitting right across the table and talking about an instance of sexual violence. I don't believe that that's something that should exist, that you actually have to sit across the table from that individual and talk about the issue. I think there are some areas where the policies are perhaps not applying the right level of consistency, or in some areas, substantively, they're lacking.

10:50

Just the other day I received a more detailed submission from one of our student groups in terms of what they'd like to see in terms of a more robust sexual violence policy. I've already had a preliminary

conversation with my colleague minister here in Culture, Multiculturalism and Status of Women, and we're looking at what potential next steps could look like and how we might be able to work with our student leaders and our institutions to address the challenges that our student leaders are flagging for us as it relates to this issue.

**Member Irwin:** Okay. Actually, you kind of touched on what my follow-up question was going to be. Just so I'm clear, are you supportive of there being policies on campus related to gender-based violence?

**Mr. Nicolaides:** Oh, yeah. No question.

**Member Irwin:** You're just saying that you've seen some concerns that you want to . . .

**Mr. Nicolaides:** Yeah. I'm completely supportive – no question about it – but there are some concerns about how they're being applied and about consistency across the system as well. To give you another example, an area of concern is around minor drug use. Let's say that an individual is part of a sports team. It may be, as part of the rules around participating in that sports team, that you can't use minor drugs in any way, shape, or form. The challenge is that if that individual had used minor drugs and then had experienced sexual violence or was involved in that kind of incident, if they were to say that during the discussions of . . .

**The Chair:** Thank you. We now begin a speaking block of 10 minutes for the government caucus. MLA Stephan, you wish to proceed?

**Mr. Stephan:** Yeah. I'm just going to finish my question. I know we ran out of time on the last round. This is, again, focusing on accountability. When the postsecondary institutions are seeking to become more efficient in the public interest for a sustainable advanced education system, how do we ensure that they, in fact, focus on structural inefficiencies that perhaps have built up over a number of years, perhaps decades, where it has inflated, as we can see, the cost of their providing the services? How do we ensure that they focus on becoming better in that way and not reducing services to students, which should be at the heart of our advanced education system?

**Mr. Nicolaides:** Yeah. I completely agree. We need to ensure that the student is always at the centre of postsecondary thinking. Of course, they are the entire heart of the system. As we work through this budget and future fiscal plans, it's important that we do it in a manner in which we address some of those structural challenges, some of those deeper inefficiencies that exist within the system, in a way that minimizes the impact to students.

I think part of that answer has to do with really incenting our institutions and institutional leadership to really be creative and innovative and think outside the box. I think I mentioned earlier that one of our board chairs was talking about the prospect of Calgary institutions coming together and putting resources towards a single back-end software or something of that nature. I believe it's that kind of thinking that our system needs. We need to really take a very transformative and innovative approach to how we're delivering postsecondary education so that we can be more efficient in using taxpayer dollars to not just maintain current levels of student services and support but even increase them. I believe that there is an avenue to do that.

Not to mention that there's also the bigger issue, as we've mentioned before, of how we fund our institutions. You know, we



deliver a block grant, and of course there's a particular degree of accountability and transparency in that sense. As I mentioned, they have to submit a budget to us. It doesn't require ministry approval, but they do have to submit a budget and detail how they plan on spending those dollars and other reporting along the way, including comprehensive institutional plans. I believe we can apply more rigour and more transparency around how we fund our institutions so that we can ensure that dollars are being used in the most efficient way possible.

Not to mention that I think that government needs to step up a little bit more – you know, I called our system rudderless – and provide more direction as to what our expectations are. This isn't just government kind of imposing its direction. As I mentioned earlier, in a lot of my conversations with our institutions and institutional leadership they have been clear in expressing concern about the lack of any kind of direction and are not really sure where the system is going and how they fit and contribute into the system. I think that providing some more direction, clear expectations of our institutions will help us address some of those structural challenges and minimize impact to students.

To give you another example – I'm not entirely, you know, convinced whether we move in this direction – just looking comparatively at British Columbia, every year the ministry sends all their postsecondary institutions a mandate letter that says: hey, this is what we expect from you, this is what we'd like to see, and these are some of our expectations. We don't do that here in Alberta, and I don't recall when the last time that actually occurred was. That's why I use the term "rudderless," and I think that that clearly articulates what's happening with our system at the moment.

**Mr. Stephan:** Thank you.

**The Chair:** MLA Issik.

**Ms Issik:** Thank you, Mr. Chair. Minister, if we just look at page 7 of the business plan, where we talk about enrolment of students, some noted that our percentage of international students attending university or postsecondary in Alberta over the last number of years increased proportionally to those attending who are from the province. We've talked earlier about the students in the system in Alberta: the uptake is about 17 per cent. You know, obviously, there are different tuition rates set for Alberta students and international students, and the enrolment proportions have changed over the last couple of years. I'm wondering if you can talk about what your sense is of why the enrolment of international students changed. Also, we talked about Alberta becoming competitive in some of these sectors such as AI and other high-tech sectors. I'm wondering if you can comment on our international student population, the benefits that it provides, and just the different ratios that we're seeing in terms of Alberta students versus international students.

**Mr. Nicolaides:** Yeah. Of course, I'm happy to address that. When you look at the steady growth of international students over the last few years, I think that there are a couple of reasons for that growth in comparison to the decrease that we've seen in the domestic student population. The first has to do with, you know, as we noted, a drop in apprenticeships and apprentice learning. The state of the economy has participated in part of that drop in domestic student enrolment, and that's one of the reasons that we're seeing that disproportionate increase. The other, I would argue, relates to the tuition freeze as well, which we're still in, of course, that we've seen over the past, moving into year 5 now. That's limited the institutions' ability to generate additional revenue, so they've naturally been looking at other sources.

**11:00**

No question about it; as I've been talking with a lot of our institutions, they've expressed a lot of concern and frustration with the ongoing tuition freeze and their ability to be more flexible in terms of revenue generation. I think the former president of Grant MacEwan – and I may get the quote incorrect – attributed it to almost like death by popcorn or, you know, by a thousand cuts. And other institutional leaders had publicly called it unsustainable. As we know, fees for international students are, of course, much higher. Regardless of a tuition freeze, costs continue to increase, so as our institutions are looking to address increasing costs and trying to ensure sustainability, that may be partly attributed to and one of the reasons that we've seen this increase in international students.

To comment on your second point, about the growth of international students and the benefits, you know, we talked about artificial intelligence and the benefits that it has to our economy. It's clearly recognized that by recruiting and seeking to attract some of the best and brightest from around the world, that can contribute in such an incredible and immense manner to helping us strengthen our economy and help to ensure that we have a modern and diverse workforce. It's why in our campaign plan we committed very clearly to working with our institutions to increase the number of international students that we have in the province.

At the moment we're quite well behind other provinces. The provincial average in terms of international students is about 8 per cent, and for other provinces, comparatively, that number is 12 per cent. So our intent is to work with our institutions to increase the number of international students that we have in the province. We're in the process now as a department of putting together an international student recruitment strategy, and on that note, it's another area where our institutions have expressed some concern in terms of the policy direction and have mentioned that over the last few years the direction has been . . .

**The Chair:** Good. Thank you.

We will now move to a 10-minute speaking block for the Official Opposition. MLA Irwin, please proceed.

**Member Irwin:** Thank you, Chair. One more for me. I've scoured your business plan, and I cannot find one mention of indigenous learners. Your government talks a big game about reconciliation, about economic growth for indigenous folks, so I'm quite surprised to see that this is not a priority. Under the NDP government we collaborated with indigenous folks to improve indigenous educational outcomes. We had specific performance indicators related to the number of self-identified indigenous learners so that we would have trackable metrics to support indigenous student success. How will you be supporting indigenous students, and what will be your indicators to show evidence of this?

**Mr. Nicolaides:** Yeah. Supporting indigenous students is, of course, a top priority, and I have no concerns with continuing to track that information. I think it speaks, as well, to some of the concerns that we've been talking about in terms of transparency and accountability and enrolment targets, which are completely lacking. I believe that the system can play a stronger role in identifying enrolment targets, whether that's related to indigenous learners or to international students, domestic students, and establishing broader corridors and targets about where we'd like to see and where we expect to see our institutions achieving enrolment in those certain areas. But as it relates to indigenous students, we provide approximately \$10.7 million in the current budget to support indigenous students. That's done primarily in our First Nations colleges, our five First Nation colleges across the province,

who provide a lot of foundational learning and other programs for indigenous learners. That's approximately \$3.2 million specifically for First Nation colleges.

**Member Irwin:** Right. And I appreciate those investments. But, respectfully, Minister, if it's a priority, then name it. Again, we were able to do so in previous business plans. We had those indicators. Name it, right? We know that enrolment rates for indigenous students, particularly on-reserve students, are extremely low here in Alberta, and there continues to be very little improvement. So again I would urge you to name it. Yes, you're talking about accountability, you're talking about transparency, so name it in your business plan.

**Mr. Nicolaides:** Yeah. I will definitely take that away. As I mentioned, I don't have any particular concerns with that.

**Member Irwin:** Thank you.

**The Chair:** MLA Dang.

**Mr. Dang:** Thank you. Minister, I will share my time as well, but I want to go quickly, so I apologize if I cut you off at any point.

I want to first touch on some of the things that you've already talked to my colleagues about around infrastructure and deferred maintenance in particular. Do you have an idea of what the liabilities of the University of Alberta, the University of Calgary, and the combined provincial liability are?

**Mr. Nicolaides:** I don't have those numbers at my fingertips.

**Mr. Dang:** Would you be able to table them for us later?

**Mr. Nicolaides:** Yeah, I believe we would. I don't know if my department staff has that information readily available or not. We'd be happy to table it.

**Mr. Skura:** Yeah. What information we have, we'd be willing to share. We don't have a complete set of information for all institutions, but we can give you a number.

**Mr. Dang:** Okay. Sure. I understand that that liability is likely to be in the billions of dollars. The University of Calgary alone, for example, has over a \$500 million liability. I note that you have completely removed IMP funding from this year's plan, right? I know you spoke a little bit about capital maintenance and renewal and how it wasn't completely subscribed to in the past. If that's the case, how come you didn't reallocate it to institutions which have multi hundred million dollar liabilities?

**Mr. Nicolaides:** I think that's an important question, and I think it speaks to the bigger issue, again, of funding to postsecondary institutions. The capital maintenance and renewal program is suspended for this year, but our intent is in future years to continue it on. But I think you raise a very good point about whether we have to take a closer look at the funding dynamic or the formula in terms of how we apply that. You know, I'd be open to looking at that and talking about it in more detail.

**Mr. Dang:** Yeah. I understand that the University of Calgary, for example, I believe is going to spend \$12 million in deferred maintenance anyways this year. The University of Alberta is spending \$13 million or \$14 million as well. Does that mean that because they're choosing to basically not have their buildings fall over, they're going to have to raise costs on students since you won't fund it?

**Mr. Nicolaides:** Well, no. As I mentioned, you know, our intent is in subsequent years to continue with the capital maintenance and renewal. To your point, just coming back on it and closing the loop, I'm really interested in that thought, and I think that there could be an opportunity to perhaps take a closer look at that formula and how those funds are being allocated to the different institutions.

**Mr. Dang:** Right. But as you delay funding deferred maintenance, don't you realize that these costs will increase and that they actually increase exponentially almost, as deferred maintenance gets more and more expensive the longer you delay?

**Mr. Nicolaides:** Yeah. Well, we're looking at, of course, just this year. As I've noted already and as you've noted, the program perhaps has not been completely subscribed to by all of our institutions, so it gives us an opportunity to take a closer look at it and ensure it's being used in the most effective way possible.

**Mr. Dang:** So you would say that, moving forward, you will be funding deferred maintenance and that you'll bring back some form of IMP or something like that?

**Mr. Nicolaides:** Yeah. Obviously, I can't speak to future budgets, but that's the intent. You know, if institutions have those challenges, many of them do have cash reserves as well that can be used to help address some of those.

**Mr. Dang:** Yeah. I mean, you're already reducing operational funding by 9 per cent, I believe, in that neighbourhood. Does that mean that they'll be drawing on cash reserves not only for operational but also to pay for buildings to not fall on the students? Is that the intent here?

**Mr. Nicolaides:** I'm sorry. Can you repeat that?

**Mr. Dang:** You're already reducing operational funding in the high single-digit percentages. So because they're going to be drawing on cash reserves, they have to choose between whether to use that funding for student services or whether the buildings are going to fall on the students. Is that your intent here?

**Mr. Nicolaides:** Well, I don't know if I'd characterize it in that way, that there are buildings that are on the brink of collapse. You know, we're continuing to fund approximately \$200 million, as it stands in Budget 2019, to complete different infrastructure projects, including upgrades at Keyano College and other institutions.

11:10

**Mr. Dang:** Yeah. Thank you.

Minister, I know a lot of those projects were ones that we announced when we were in government. I would like to thank you for continuing to fund those. Perhaps your department could table, outside of what's in the fiscal plan and the business plan here, any other projects that are going to continue to be funded if that's okay. Would you be able to table some of those projects?

**Mr. Nicolaides:** Yeah.

**Mr. Dang:** We're short on time, so I don't need you to list them out today, but if we could just get them back in writing.

**Mr. Nicolaides:** Yeah.

**Mr. Dang:** That would be great. Thank you.

That's all the questions I have, so I'd like to kick it over to my colleague Ms Gray.

**The Chair:** MLA Gray.

**Ms Gray:** Thank you very much, and thank you, Minister and to the team. My comments are going to be directed towards the business plan because it is such an important document for the work the entire ministry does. It lays out the direction, the goals, the priorities of a government.

I'm concerned that your business plan, although it does include performance indicators, doesn't seem to have any performance measures with targets for those future goals. Where are we shooting to achieve? Particularly when it comes to making sure that postsecondary opportunities, including apprenticeship, are accessible and affordable for all Albertans, something that I think is really important, my question to you, Minister, is: when we're looking at performance indicator 2(a), which is unique learners enrolled in approved programs, with the increase in tuition and the other funding decisions that have been made in Budget 2019, what do you anticipate that number will look like in future years? What is your target? Are you looking for enrolment to increase, and do you think that will be the outcome of increasing tuition?

**Mr. Nicolaides:** Well, I think that we do need to provide more clarity in terms of targets and expectations, and part of that will be informed by our transition to a new funding framework. There will fundamentally be a complete transformation in terms of how we deliver funding to our postsecondary institutions. We're at early stages, of course, of looking at what that would look like and in early conversations, but I'm very fond of a model where we are able to sit down with our institutions and look at the current state and work with them to establish some targets that are very realistic in terms of student growth, expansion of indigenous learners or other groups, and to help us get there.

**The Chair:** Thank you.

We now begin a 10-minute speaking block for the government caucus. I call on MLA Issik. Thank you.

**Ms Issik:** Perhaps we can just have the minister complete his conversation about the importance of our international students and the contributions that they make in our institutions as well as contributions to our overall economy. Perhaps you can just finish your conversation about that.

**Mr. Nicolaides:** Yeah. I'm just trying to remember where we left off. We were talking about, of course, the importance of bringing some of the best and brightest from around the world to our province to help reignite our economy and to help support a modern and diverse economy. That is why we are currently in the process of developing an international student recruitment strategy and plan but, I would argue, actually, a little bit more than that. We're also looking at ensuring there are opportunities for Alberta students to be able to get international experience and develop connections with organizations, institutions, and industry groups while they're studying abroad or participating in other exchange programs and then, of course, coming back to our province and bringing those experiences and those connections with them.

We are in the process of developing that strategy. We're discussing some of the elements with our postsecondary institutions and other stakeholders. Our plan is to bring something forward in the next few months that will establish – again, we were just talking a moment ago about targets and goals and outcomes – some elements of targets and goals.

I believe the last comment that I was making before we ran out of time was about some of the challenges that our institutions had expressed to me. Over the last few years I've heard from a lot of

our institutions that they were a little unclear about what the policy direction was. Some have even suggested that there was a little bit of apprehensiveness to recruit more international students. They're seeking a little bit more policy direction from government. I've been very clear to them, as we've committed to in our campaign plan, that they should be looking at finding mechanisms by which to increase international students, who, as we noted, bring an incredible contribution to our province and to the future of our economy.

**Ms Issik:** Thank you.

**The Chair:** MLA Jones.

**Mr. Jones:** Thank you, Chair. One of the stated key objectives in the business plan is to “develop a more equitable and sustainable investment framework, considering tuition and fees, student aid, employer support and a new funding model.” I'm going to focus on student aid, which is always a hot topic among students. Can the minister comment on the categories of student aid supports that are available to our students?

We have scholarships, grants, awards to help Albertans benefit from adult learning opportunities. I know that scholarships in particular were useful to me during my postsecondary journey and to my siblings and friends. If you can just flesh out what student aid supports are available and perhaps give an example of, you know, a scholarship or grant that you think is noteworthy. How do we make these more accessible to our students? Some students have difficulty finding them.

**Mr. Nicolaides:** Yeah. Ensuring that you have a very robust student aid assistance program is critical to any postsecondary system. It's important to note and to keep in mind that Alberta has at the moment and will continue to have the most generous student assistance program in the entire country. That has been strengthened by investments and commitments that our government has made to student assistance programs. For example, we've committed \$1 million annually to the creation of the high school apprenticeship scholarship, so we've made an expansion there. There's also another \$1 million committed annually for the Alex Decoteau veteran's scholarship.

Furthermore, there are also changes to student loan provisions and other scholarships. For example, Budget 2019 provides a \$51 million increase for student loans, so a greater number of students are able to access and secure student loans, which is a grand total of about \$850 million.

Furthermore, Budget 2019 also accounts for an anticipated growth in demand for some of our scholarships, particularly our most popular scholarship, the Alexander Rutherford scholarship. Budget 2019 includes a change of more than \$3 million from Budget 2018 for the Alexander Rutherford scholarship in particular.

**Mr. Jones:** If you could just comment on how we're going to educate students on where to find these resources – I think that even the people in this room could do that in our local constituencies – and any thoughts you have on how to get the word out on the various scholarships and grants that are available and how to apply.

**Mr. Nicolaides:** Yeah. You know, there are a number of different grants, of course, and scholarships available, not just the ones that are provided by government but those that are provided by institutions and industry and a whole host of other organizations. I believe that the government needs to do a better job of communicating that a lot of these different scholarships exist.

In the past, under the former government, there was a complete overhaul of the scholarship system, not just the system but even in terms of how scholarships are packaged and awarded and some of the names around them. There is a lot of uncertainty. I get letters almost on a daily basis from individuals who are concerned about a particular scholarship that they believe is no longer in existence, but it still is and has just been rolled into another one. Again, by the former government there was this change, an overhaul of scholarships, and that has created some uncertainty.

It's incumbent upon us to make sure that we are maximizing the communication tools that we have, whether it's, you know, a direct conversation with student leaders, submissions in student newspapers, town halls, or updating the website and other information to make sure that students have that information readily available.

11:20

**Mr. Jones:** Thank you, Minister.

I'll cede the rest of my time to Member Stephan.

**The Chair:** MLA Stephan, proceed.

**Mr. Stephan:** Chair, how much time do we have?

**The Chair:** You have about 2 minutes and 45 seconds.

**Mr. Stephan:** Okay. Thank you, Chair, and thank you, Minister, for answering these important questions. I want to talk a little bit about the business plan and, in particular, outcome 3.2 of the key objectives. It states that one of the key objectives in the business plan is to "reduce red tape on post-secondary institutions to allow them the freedom to compete and innovate by lessening regulatory and reporting requirements." I live in Red Deer-South. That's where I'm the member for. Red Deer College is in that geography. They are seeking to become a university, a polytechnic university, and have a very strong trades population in terms of students. The institution, Red Deer College, has sought for a number of years to make sure that they provide a market-focused education that really aligns well with local business demands in central Alberta. What I'm wondering is: what current red tape impediments will the ministry be seeking to eliminate as Red Deer College seeks to innovate and compete more and comply with bureaucratic mandates less, including in respect of their journey seeking to become more self-reliant and become a polytechnic university?

**Mr. Nicolaides:** Yeah. Thank you for that. It's a very important area that we need to address. Removing red tape is critical to helping us get our economy back on its feet, and that applies to our universities as well. There is a lot of red tape imposed on our institutions, and a lot of that is from my department, Advanced Education, in terms of, you know, the number of documents that we ask them to submit to us. There are, for example, a variety of different reports – I don't know the exact number; two to three, potentially even more reports – that the institutions need to submit to us on an annual basis. There are annual plans, for example. There are then, on top of that, comprehensive institutional plans that they need to submit. There's a lot of reporting that is provided to government in terms of what they are doing.

**The Chair:** Thank you, Minister.

Now we move to a 10-minute speaking block for the Official Opposition. MLA Gray, would you like to proceed?

**Ms Gray:** Thank you very much. Just back to the question we were on before the time was cut off, performance metric 2(a). Minister, understanding that you will be having in-depth conversations with

individual institutions, from an Alberta-wide perspective what would you like to see that number be in the next year, when we get the next reporting? Are you looking for that to go up?

**Mr. Nicolaides:** Yeah. Well, it's difficult for me to articulate that here now without having the ability to really engage in a lot of those conversations with each of our unique institutions and get a better understanding of their unique challenges and their concerns. Of course, some of our institutions may certainly have the ability to look at considerable growth in enrolment; others may not. So I think it's important that we begin to have that conversation and then figure it out from there.

**Ms Gray:** If I may, and I apologize for interrupting.

**Mr. Nicolaides:** No problem.

**Ms Gray:** You originally talked about the 17 per cent enrolment rate being low, so that suggests to me that you would like to see that go up. Based on your comments, it seems as though you would like to see higher enrolment in postsecondary programs and apprenticeships for Albertans. Does that seem correct?

**Mr. Nicolaides:** Yes.

**Ms Gray:** Okay. So we will hope to see these numbers improve over the next four years, in the term of the UCP government.

**Mr. Nicolaides:** Yes. Again, that's why we've made a lot of investments in areas like Careers: the Next Generation and Women Building Futures and provided new scholarships, to help ensure that there's opportunity and expanded opportunities for access.

**Ms Gray:** If I may ask, those grants, WBF and the others: do you know how many students that money is likely to translate to helping?

**Mr. Nicolaides:** For Women Building Futures, I don't have the exact number; the department may. But I know that for Careers: the Next Generation, we've established a very clear target, which has been to see the number of students engaged in the registered apprenticeship program quadruple. At the moment there are about 1,500 students that participate in the registered apprenticeship program, and we want to see that number grow to 6,000.

**Ms Gray:** Thank you.

I'll cede the rest of my time to the Official Opposition critic.

**The Chair:** Go ahead, MLA Eggen.

**Mr. Eggen:** Thank you, Chair, and thank you, Minister. If I could turn your attention to page 26 of the government estimates, I think we've established that we see a 5 per cent global cut to Advanced Education this year in operations. For some places like the University of Alberta, the University of Calgary, Bow Valley College, it's more like 8 per cent, right? I mean, sometimes this is symbolic, but we always have to lead by example. However, you actually did increase the budget for your own ministerial office. If you could let us know why you did that and if that was a good way to set the example for the cuts that everyone else is enduring.

**Mr. Nicolaides:** Correct. That increase is due to \$228,000 in salary severance payments to former office staff of the minister's office.

**Mr. Eggen:** Okay. Yeah. I mean, other ministries have experienced the same thing, but you're the only one I've seen so far with an increase.

You know, you were talking about international students. Again, this is an issue that we need to face head-on because of pressures in particular programs; let's say, medicine or nursing, engineering, law, and so forth. There's already a shortage of spaces in our institutions here across the province. Now, sometimes it's a perception, but we need to meet that perception head-on through education and through action.

Let's say, for example, that to get into the University of Alberta's nursing program, you know, people have to have higher than a 90 per cent average now. It excludes a lot of people that should be able to go into nursing. It's just a shortage of spaces that makes it so. Increasing the international student population I think is a good idea. I think a lot of international students end up staying, and it's a way to build bridges and to meet the needs of our economy and not just our education system. A lot of the students will end up being Albertans, and that's all great. But when you are exacerbating the problem by making cuts and limiting space in our postsecondary institutions, then the whole thing gets blocked up, right? You end up with a more serious shortage in capacity in our universities and creating tensions between international students and Alberta students.

What's the plan for this? I mean, it seems like we're dealing with a situation where you've just tried to triage. Someone told you to make cuts, lots of them, and you tried to do your best. I mean, this is a situation that is coming to a head – right? – with shortage of space, capacity, more international students, and the resulting loss of ability for young people to go to school. What do you plan to do about that?

**Mr. Nicolaides:** Right. That's a very important consideration and something that, of course, both I and the rest of my department are looking at very carefully. Just as you agree, as do I, in terms of the benefits that international students provide to our province and the contribution that they make to a growing and expanding workforce, we need to make sure that we strike the right balance. That's why it's important that we have a very clear international student recruitment strategy to be able to provide some guidance and direction to our postsecondary institutions so that we're not just opening the floodgates and then entering into a situation such as the one that you've described. So we need to have a very thoughtful and clear and achievable strategy and plan as it relates to recruiting international students, which we are currently working on, as I mentioned.

11:30

Furthermore, as I've touched on already, as we seek to transform the postsecondary funding model, we will work with our institutions to establish very clear targets and benchmarks as it relates to domestic students and potential growth of domestic students as well. Again, we have to sit down and have those conversations with our institutions and figure out what kind of targets make sense for each individual institution, and we can establish those and use a new funding model to help ensure that those targets are achieved.

**Mr. Eggen:** Sure. Now, by building the accountability framework, I know that the minister and this government and the MacKinnon report have talked about performance-based measures. I'm just wondering: to what degree have you and your ministry moved down that path? I think that you pointed out – and I did, too – quite correctly, that our institutions serve a lot of different needs in a lot of different ways. You have, let's say, programming. Take a look on page 26, line item 2.7, which is adult learning, right? You know, being able to get someone's foot in the door to start a postsecondary

education is as important, I would argue, as funding certain advanced education initiatives.

As minister of K to 12 education I put a renewed emphasis on dual credit programming, for example, which allowed students that maybe wouldn't even think of going to postsecondary education – I think of the Red Deer College programming in the trades. That was a really good example of that, working with Red Deer public and Red Deer Catholic, getting young people into Red Deer College, and then they could feel like they could stay there, quite frankly.

I think that the application of a performance-based accountability system, like has been discussed in public, concerns me – right? – because maybe that student from Lindsay Thurber, who otherwise would never dream of going to college, does the trades program at Red Deer College and ends up staying and gets a degree somewhere. I mean, that's the thread that I would like to pursue. You can measure success in many different ways. It's easy to fund the Faculty of Law, that has a high degree of, you know, jobs that pay good money, and reward them for their performance, and it becomes a self-fulfilling prophecy.

**The Chair:** Thank you.

We now move to a 10-minute speaking block for the government caucus. We'll recognize MLA Issik.

**Ms Issik:** Thank you, Mr. Chair. I'm just going to switch channels for a little bit here. There are some clear objectives that have been outlined in the business plan. One of them is 3.4, which reads:

Collaborate with post-secondary institutions to ensure they develop and implement free speech policies that conform to the University of Chicago Statement on the Principles of Free Expression and promote diversity of ideas.

We know there's been much in the media around protests and sometimes violent clashes. Primarily, I'm going to say, it's the U.S. that we hear about, but they have happened here in Canada as well. A group at the university, perhaps a student-led group – sometimes it's the students' union that brings it in; sometimes it's an academic conversation that's brought in. You know, some speakers can be what you call controversial, and we worry sometimes about whether or not free speech can lead to or be construed as hate speech, and we try to find that delicate line, where we understand that hate speech is not welcome but exchange of ideas is.

We heard many times calls to implement a free speech policy on universities with sort of a hammer attached to it as opposed to a carrot, if you will. I'm just wondering if you can speak to this particular objective and talk about the reasoning behind it as well as how you're going about implementing it and what the sort of current state of affairs is on that.

**Mr. Nicolaides:** Yeah. You know, you're correct. There's a growing concern, not just in Canada but, as you mentioned, in the United States and around the world as well, in terms of, particularly, the state of freedom of expression on our campuses, which is one of the areas where free speech should be strongly encouraged and supported. You're on a campus. Your fundamental objective is to engage in academic discovery and dialogue. If we're shutting down unpopular ideas, that's not actually helping to contribute to an institution's fundamental mandate. So it is a challenge.

Coming back home to Canada and, more specifically, to Alberta, we are seeing some concerns. I can't remember the year, but there was – I'll offer you an example – a group of students that were found guilty of nonacademic misconduct at the University of Calgary because they created a Facebook page criticizing their professor and the quality of instruction they were receiving from that professor.

There are other examples, but this is something that we need to be very mindful of and recognize how critical free speech is to contributing to the academic experience. As a former academic myself, as someone who has engaged in that process and obtained their doctorate, I know how critical it is to ensure that we protect that environment on our campuses. It's something that I've witnessed and experienced myself, seeing unpopular ideas being discussed, and there can often be some hesitation to doing that.

You make a very good point. This should never be used – and I will never allow it to be used – as a vehicle to promote hate or hate speech. That's not the objective and not the goal. We need to encourage free thinking and freedom of thought and academic discovery. No one should use free speech as a guise to promote hateful rhetoric and hateful ideology.

The Criminal Code of Canada, the Alberta Human Rights Act, and other pieces of legislation are very clear as well about that balance, about defining hate speech and providing more direction as to the type of speech that is not permitted. This isn't the United States. Free speech is not absolute here, as it is in the United States. The Canadian Constitution and other documents make it very clear that there are reasonable limits around free speech.

The approach that we've taken to implementing this important campaign promise is to give our institutions flexibility. We've talked already today about how individual and unique our different institutions are. One size doesn't fit all, and we've done that in terms of the Campus Alberta grant and savings and other challenges that we're working with, recognizing how individual and unique each of our institutions is.

We've applied the same approach to implementing free speech policies, so we've given our institutions flexibility. We've said: "You know, you can either formally adopt the Chicago statement as it's written and adopt that as your own, you can pass a resolution committing to the foundational principles contained within the Chicago statement and pledge your support to those principles, or you can develop your own free speech policy, adding in, if you want to, other aspects that relate to the individual character of your institution." Maybe an institution or individuals want to take that opportunity to flesh out more of those legal parameters around free speech and what is defined in hate speech and where those details lie.

I know a number of our institutions are going down that path, and they are consulting with students and their student leadership and discussing policies. Some are even doing that in concert with their faculty associations. I believe that's the right approach, that they can develop policies that are unique to their own individual institutions but that also achieve this important campaign promise that we committed to.

**Ms Issik:** Thank you so much.

**The Chair:** MLA Jones, you have a little over three minutes left.

**Mr. Jones:** Thank you, Chair. The business plan indicates support for postsecondary institutions' efforts to diversify revenue and to explore more entrepreneurial approaches to program funding and delivery. Can you comment on examples of entrepreneurial approaches to program funding and delivery and offer some examples?

11:40

**Mr. Nicolaides:** Yes. I would say that there are a number. There are two examples of entrepreneurial funding that come to mind right away. The one has to do with an institution's ability to use a lot of their assets that they hold in more commercial enterprises. I'll give you a couple of examples of what I mean there. At the moment there

are a lot of limitations placed on our institutions as to what they can do with assets, land, buildings, and other facilities that they own and operate. For example, as it stands, an institution can only enter into a lease agreement with another vendor for a period of just five years, which is quite a deviation from what you would see in the rest of commercial enterprise.

Some of our institutions – I believe it's NorQuest or MacEwan; I may get it wrong – have an ATB division on their campus. A lot of our institutions use a lot of their space and lease it out to other providers, which turns into a revenue-generating option. But there are a lot of restrictions, whether it's a five-year lease or whether those leases first need to be approved by an order in council. I believe there are mechanisms that we can employ to help give them more flexibility to diversify revenue.

Another example is land that our institutions have and mechanisms that they have to use that land for commercial enterprise. There's a lot of red tape that's involved in them developing risk assessments, submitting those risk assessments to departments, coming to cabinet for orders in council. Oftentimes any commercial enterprise is long gone and the prospects of engaging in any kind of commercial activity have passed because of a lot of the steps, processes, and red tape that exist. Our institutions are quite innovative and creative and entrepreneurial. That's the spirit of Alberta. We want to give them the ability to continue to engage in that entrepreneurial activity without onerous red tape and administrative requirements.

The other goes to degree programs and degree program offerings. There's been a lot of concern over the slowness of the system in allowing our institutions to offer new degrees and create new degree programs. This is an area where I believe we can improve, especially when we talk about a growing, modern economy.

We talk about the growth of artificial intelligence and robotics. As we know, technological changes are happening faster and faster and faster, and we need to allow our institutions to be nimble to meet those changing demands.

**The Chair:** Thank you.

Now we move into a 10-minute speaking block for the Official Opposition. MLA Eggen, proceed.

**Mr. Eggen:** Thank you, Chair, and thank you to the minister. People are watching here this morning. I'm getting some interesting comments and suggestions.

I want to turn attention to both capital maintenance and renewal and capital expansion, page 26, lines 6.1, 6.2. A lot of institutions around the province are very concerned about their projects, the building capacity. Number one is to make sure you have the instructors and the staff to make it work, but you need the buildings, too, quite frankly. There's a very tight combination of a lot of overdue maintenance and the need for more space.

I have a first question. Perhaps we can refer back to the Advanced Education annual report, page 41, where there are quite a number of capital projects that are in progress. I just want to ask about the status of those, please, if I could. First of all, the University of Alberta's district energy system, that is in progress now: is that funded to continue as a project in this next fiscal year?

**Mr. Nicolaides:** The short answer on that specific project is yes.

**Mr. Eggen:** Thank you.

The next one is Northern Lakes College, the High Prairie consolidation. I know I worked on this a bit with K to 12 education as well. It's a very important project for the town of High Prairie, right on Main Street. Is it continuing?

**Mr. Nicolaides:** Yes.

**Mr. Eggen:** Thank you very much.

The next one is the University of Calgary MacKimmie complex and professional building, which I have no reference to really at all. But it's under construction, and it is continuing to be funded. Thank you very much.

How about the Medicine Hat College? There you go. There's an east campus development there. It sounds like an expansion of some kind. Is that one still good to go? You can get back to me on that.

**Mr. Nicolaides:** I'll have to get back to you. I don't have it on my list. It may have already been completed. I'll have to . . .

**Mr. Eggen:** We'll find out. Yeah. If you don't mind.

Here's one. I've seen it in progress: the dentistry and pharmacy building at the University of Alberta that needs some love. Is that project continuing?

**Mr. Nicolaides:** The dentistry and pharmacy renewal program at the University of Alberta, yeah, at \$48 million is still continuing.

**Mr. Eggen:** Okay.

Then the NorQuest college expansion and retrofit has no money allocated to it yet. I mean, those other projects: I think we as the former government put the money into the bank. Then the NorQuest expansion and the Keyano College campus upgrades: those ones need some of your direct attention.

**Mr. Nicolaides:** Yes. For the Keyano College that is additional funding for their heavy industrial campus building. This budget contains \$7.8 million for the continuation of that.

You also mentioned, I think, NorQuest. That project has been completed. It's not reflected in the current capital plan as it's already been completed.

**Mr. Eggen:** Oh. Okay. Great. Thank you very much.

On page 42 of the annual report there is funding for students with disabilities from our last budget at \$11.2 million. I was asked, if you're watching, to see if that funding is being maintained for the next fiscal year.

**Mr. Nicolaides:** Yes. Some additional clarity around that. The funding for student mental health supports is \$8 million, which is continuing through Budget 2019. You're seeing \$11 million – or I believe there are some other dollar amounts there. But there's also included in there an additional \$2 million, which is new funding, which we committed to during the course of the campaign, to support vulnerable students and students with developmental disabilities to be able to access postsecondary education and to participate in an inclusive postsecondary learning environment. So that number has increased from the last year.

**Mr. Eggen:** So the \$11.2 million base has been increased by another couple of million dollars specifically for the students with disability funding. You can check on that for me. That's great.

There are other questions that I have from stakeholders. The elimination of the education and tuition tax credits. This is often the only student aid that many students will receive; for example, part-time students or students who do not qualify for grants or scholarships. What was the reasoning behind the removal of these tax credits at the same time as increasing tuition by 7 per cent a year? This is a toxic combination that a lot of students are not happy about.

**Mr. Nicolaides:** Yeah. On that point, obviously, given the very challenging fiscal environment that we're currently operating in, we've had to make some very challenging and difficult decisions. That being said, a lot of the details, of course, around tax credits and other tax policy is a matter for Finance and Treasury Board. I encourage you to continue to chat about it with them.

The important thing to note is that any outstanding tuition credits earned prior to 2020, of course, can still be used. Those are still available. The change is that there simply won't be new tax credits issued. Any that exist out there, that are still outstanding, can still be claimed, can still be used by those students.

11:50

**Mr. Eggen:** Okay. That's great.

I'm sure you heard this from student groups around the province. I sure got it. They have a solution to this challenge, which is to use the tuition tax credits as a granting mechanism for low-income students to gain entry into postsecondary education. You probably heard it from CAUS and those guys, right? This is a great idea.

Again, the success that we can have around increasing access to postsecondary education from quite a disappointing number of 17 per cent will have a lot to do with how we target students that can't access postsecondary education because of money. By taking that tuition tax credit money – CAUS has explained this to me very clearly, and it's a great idea – and using it to create a granting system for low-income students to gain access to postsecondary education, I think that would make people feel better about losing their tax credits, don't you think?

**Mr. Nicolaides:** You're correct; it's something that I've heard from some of our student leaders as well, which is actually very interesting, a very robust and detailed analysis that they've provided to me and, I'm sure, you've seen as well, about the ineffectiveness, if you will, of tuition tax credits. You know, the suggestion from student leaders has been to rather use those funds for low-income bursaries and grants. I think it warrants a closer look. I do believe that when we talk about access to postsecondary, there are so many variables that are involved, and we need to do a deeper investigation as to what actually a lot of those barriers are. What does prevent someone from accessing postsecondary education?

I've been reading recently a report from 2011 from the Canadian Senate which talked about reducing barriers to accessing postsecondary education. There are a number of recommendations in there. They didn't mention tuition. They didn't talk about tuition, which I found was quite interesting. I think it warrants a deeper discussion about: what are the real barriers and obstacles? I know from a lot of the reading and analysis that I've done that there are a whole host of variables that are involved.

**The Chair:** Thank you, Minister.

Now we'll move into the final speaking block for the government caucus. There are approximately six minutes left. I will recognize MLA Stephan.

**Mr. Stephan:** Great. Thanks, Chair. I want to turn to page 4 of the business plan where it talks about objectives. Key objective 1.2 states: "Increase awareness of the value of skilled trades and encourage Albertans to pursue apprenticeship education to meet labour market demands." I appreciate your discussion a little bit earlier on and throughout the morning as well about the trades and how we are facing a challenge in terms of retiring. Many individuals who are very skilled tradespersons are reaching the end of their careers and retiring, and we have a shortage, a looming labour shortage in some of these trades. The desire, I think, that this

government is demonstrating is that we are not seeking to import individuals from outside of Alberta to meet these looming labour shortages. We are seeking to provide opportunities to our youth, to our children, and to young adults who have an aptitude and interest in a trades career to be self-reliant and to be able to have a unique skill set that is going to be growing in demand in our economy as many of our skilled tradespersons do retire.

Of course, one of the initiatives that the Alberta government is seeking to do is that we're going to be enhancing the trades scholarships to our high school students. As I understand it, there was an existing program, and we are enhancing it by \$1 million. I was just wondering: how will promising high school students in the trades be identified in terms of receiving this support as they seek to continue pursuing a career in the trades?

**Mr. Nicolaides:** Well, thank you for that. You're right, of course, with a lot of the context that you provided, about the challenges that we're facing in terms of growing retirements and incredibly high youth unemployment. But when you look at those two problems that you have, high youth unemployment and these retiring skilled workers, the solution is quite self-evident: encourage more young Albertans to pursue careers in the skilled trades. I think it's a natural solution to this problem.

To answer your specific question in terms of, you know, the selection of the students and the individuals that will receive the scholarship, we looked at this, of course, as an opportunity to reduce red tape as well. We're able to completely eliminate any paper application for this particular scholarship as a very unique opportunity, of course, in providing this new scholarship and to do it in a way that is in alignment with government directions about reducing red tape and making things more efficient. There's no paper application for it, and using our existing apprenticeship database, students are automatically selected based on academic performance. By using that existing database, students are automatically selected and then receive notification that they have received the award.

This is important because it really means that the individuals who are truly showing promise and excellence in the trades are receiving the scholarship. We mentioned a little while earlier that there are

oftentimes a lot of scholarships that exist that students don't know about, aren't aware of. You know, you have to know about it and then apply to it. This removes a lot of that and ensures that those individuals that are showing promise, that are showing excellence in the trades, are being notified and are receiving this award to encourage them to continue with postsecondary learning, with postsecondary apprenticeship learning after they graduate from high school and they complete their high school programming. By doing that, that will assist us in addressing the challenges that you mentioned in terms of high youth unemployment and growing retirement in the skilled trades.

**Mr. Stephan:** Thank you for that answer, Minister. I'm encouraged that scholarships are being issued based on merit rather than, perhaps, individuals who are in the know, that we are developing a process where individuals who are showing promise on the merits are being encouraged and being supported as they seek to have a career in the trades and become more self-reliant. So I appreciate that.

I'll cede my time now.

**The Chair:** We have about 20 seconds left if you wish. Go ahead.

**Mr. Jones:** In my previous life I worked in mergers and acquisitions. When you're dealing with similar entities, institutions in your case, there are probably lots of synergies and collaboration possible in accounting, finance, HR, in addition to the other areas that you . . .

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

I would like to remind committee members that we are scheduled to meet here in the Parkland Room this afternoon from 3:30 to 6:30 to continue our consideration of the estimates of the Ministry of Advanced Education.

Thank you, everyone. This meeting is now adjourned.

[The committee adjourned at 12 p.m.]









