

[Chairman: Mr. Ady]

[10 a.m.]

MR. CHAIRMAN: I'd like to call the meeting of the Alberta Heritage Savings Trust Fund select committee to order.

We have before the committee today the Hon. John Gogo, Minister of Advanced Education. I appreciate him fitting into our schedule and appearing before us today.

Just prior to moving on with the meeting, I'd like to make the committee aware that it seems prudent to extend the date that the committee can submit recommendations to November 15 in view of the fact that the Provincial Treasurer is scheduled for the morning of November 15. So unless someone has some objections, we'll make that change to the procedure that we had earlier implemented. So noon November 15 for submission of recommendations. All agreed?

HON. MEMBERS: Agreed.

MR. CHAIRMAN: Thank you.

Are there any who have recommendations they'd like to submit this morning? If not, to the hon. minister, we welcome you here. Any staff that you may have with you or that you anticipate joining you during the committee hearings this morning we'll leave to you to introduce.

We invite you to make whatever opening comments you see fit, and then we'll open the meeting up for questions from the committee. Mr. Minister, we'll turn the time over to you.

MR. GOGO: Thank you very much, Mr. Chairman and members of the committee. First of all, I'm extremely honoured to appear for the first time on the . . .

REV. ROBERTS: Other side.

MR. GOGO: To quote the hon. Member for Edmonton-Centre, the "other side."

Having been elected, Mr. Chairman, with one of the election promises of establishing the Alberta Heritage Savings Trust Fund back in 1975 - it was brought in in 1976 - I've always had a very deep and sincere interest in the whole role of the fund. Today I'm obviously on it as Minister of Advanced Education to appear before this committee and testify or defend the estimates responsible to me as minister.

Before proceeding, Mr. Chairman, I'd like to introduce people with me who are extremely helpful in assisting me in my role as minister with regard to both the department and one of the aspects of matters being questioned today, the scholarship fund. On my extreme left is the Deputy Minister of Advanced Education, Lynne Duncan, who is known to many, and on my immediate left is Leon Lubin, who's a director of the Alberta Heritage Savings Trust Fund scholarship awards, which we'll be dealing with in detail.

Mr. Chairman, when looking at the responsibilities applicable to my department, there are two areas - really three, I guess, if one is to look at page 20 of the annual report which was tabled by the Treasurer and the chairman of the heritage fund some time ago. Of the three areas, first of all is the clinical research building located at the University of Alberta. It was authorized some years ago, and I believe just two years ago was turned over to the Department of Advanced Education mainly because it's on the campus of one of our institutions. It's provided there to do many things, primarily in the medical field, including cardiology, immunology, pathology, dermatology, et cetera, et

cetera, and has a total cost of some \$17 million, the last installment of \$3 million being applicable this year. We anticipate it'll be open for business sometime later this month; that's our expectation.

The second area, which was put to bed some years ago but remains to be a matter of interest to all Albertans, Mr. Chairman, is the \$9 million allocation from the heritage fund to library development. That was a three-year program launched 10 years ago, so it's been put to bed for some time. However, it's still referred to, I believe, on page 27 of the document. It provided tremendous assistance to our postsecondary institutions: some 600,000 library books, periodicals, and so on.

The third area and the one that seems to be of most interest and certainly most value to Albertans is the scholarship fund. Before questions I'd like to spend a few minutes on that, Mr. Chairman, so that members may have a better understanding of the scholarship fund, for which Mr. Lubin beside me is responsible for dispensing the awards.

We have today two releases dated November 7 going out. They'll be in members' hands sometime today. I just point out what the release says: there were some 4,500 scholarships issued this year under the Rutherford scholarship awards to high school students, in excess of \$5 million. It's interesting that since 1981 there's been over \$40 million awarded to 36,000 high school students. They must attain, I believe members know, an average of 80 percent in five subjects in high school. The second one is the Louise McKinney award, named after the famous Louise McKinney of Alberta, which provides \$3,000.

Perhaps, Mr. Chairman, I could go through some of the history. In 1980, about the same time as other programs were launched in Alberta under the Heritage Savings Trust Fund, the scholarship fund was launched. Some \$100 million was put into an endowment, and the objective of that was to retain the corpus over the years, bearing in mind several factors: the demand on the scholarships and inflation. Since it started, there has been over \$68 million paid out to almost 50,000 recipients.

There are 10 scholarships named for a variety of people, Mr. Chairman, located in the annual report of the fund. I would very quickly point out what they are. First of all, the Rutherford scholarships for high school achievement; the Louise McKinney, which is a postsecondary award of \$3,000; the Sir James Loughheed Award of Distinction, which provides scholarships from \$10,000 to \$15,000. The Hon. Ralph Steinhauer Award of Distinction - the former Lieutenant Governor of Alberta - each year provides 25 scholarships from \$10,000 to \$15,000. The Wilfrid May scholarships for career development - there are a dozen each year from \$10,000 to \$15,000. The Michael Luchkovich Scholarship for Career Development helps many mature Albertans; there's a variety paid out on those. The Jimmie Condon awards for athletics; the Charles S. Noble - the famous inventor of the Noble blade from southern Alberta - there's been over \$75,000 paid out. The Percy Page awards - the latest year we have: about 60. There's the Frederick Haultain, which is a prestigious award paid out to three recipients each year in the amount of \$25,000.

I think the key point, Mr. Chairman, is that over the years there's been an aggregate of almost \$70 million paid out, and as of the annual report date, which we're discussing today, the market value of the fund is \$169 million, almost \$170 million. We estimate this year we'll pay out about \$10 million from the fund to over 7,500 Albertans.

I think that's a very exciting program, Mr. Chairman, one that all members of the Assembly can be very proud of. It's made

such a major difference to Albertans and non-Albertans, Canadians in general, who wish to pursue studies utilizing the Alberta Heritage Scholarship Fund. It is, as I say, unique. There are many other scholarships in the province and other scholarships administered by my department, but nothing quite as unique as the scholarship fund.

With that, Mr. Chairman, perhaps I'm in the hands of you and the committee, and I would endeavour to answer any questions I'm able to with regard to those three areas.

MR. CHAIRMAN: Thank you, Mr. Minister.

I'd like to recognize the Member for Calgary-Fish Creek, followed by the Member for Ponoka-Rimbey.

MR. PAYNE: Thank you, Mr. Chairman.

My first question has to do with the Rutherford scholarship. I didn't bring my calculator with me, so I'll have to do a lot of number rounding here. But it looks to me that since 1981 roughly half of the earnings from the Heritage Scholarship Fund have gone to the Alexander Rutherford Scholarship for High School Achievement. I stand to be corrected on that, but I think it's roughly \$30 million out of \$60 million, you know, give or take a couple of million, which leads me initially to ask, Mr. Chairman: is it a matter of fund policy to allocate approximately half of each year's earnings for this particular award? I tracked it over several years, and it appeared to be half every year. I wondered if that was just simply a tradition that was developing for no particular reason or whether it flows from specific policy determination on the part of the minister or the fund administrators.

MR. GOGO: That's a very good question, Mr. Chairman. It's not the intent of the Rutherford to provide any particular amount, because it's an open-ended program. All those students achieving an 80 percent average or better are entitled to awards under the Rutherford program, which is, as you know, named after the first Premier of Alberta.

Well, this year alone there's 4,500. To date there's been some 36,000. It just happens to be a coincidence that the aggregate of that has come to \$40 million. That's an interesting observation. It's not a matter of policy; it's the fact that it's open ended to all those who qualify.

MR. PAYNE: Thank you, Mr. Chairman. I can appreciate the fact that the policy is, quote, open ended, but in my previous experience I'd never heard the word "open ended" used. After I peeled away a couple of layers, there appeared to be, however, some if not underlying criteria, at least general principles. I'm wondering what general principles or specific criteria may be in place to assist the minister and the fund administrators in determining what proportions of annual earnings go to which particular scholarship within the fund. Or is the whole thing just open ended, and darts against the wall?

MR. GOGO: Well, of the 10 scholarships, Mr. Chairman and Member for Calgary-Fish Creek, they have specific amounts. As I mentioned, the Rutherford scholarship is based on - well, they're all based on merit; that's why they're scholarships, with the exception of the Haultain award.

Perhaps I could ask Mr. Lubin to respond. We don't allocate any specific amount in terms of percentage; we allocate based on numbers. But maybe you can respond to that, Mr. Lubin.

MR. LUBIN: Well, it's a difficult question to answer because it's not quite - it's not haphazard, where we throw darts against the wall. We have a pretty fair idea of what we can expect in any given year with Rutherford applicants. The number has been increasing, but a slightly lower percentage each year, and I think we've probably neared the top. It's a function of the number of students that are in the high school system in any given year, and that number has been increasing over the past year.

Initially, one of the thoughts when the fund was being developed was to apportion only a certain number of dollars to the Rutherford scholarship recipients. This was not felt to be the desirable approach, because students would not know what average was required in order to achieve the award. We would just say then that it would be the top 5 percent in the province. That might be 80 percent one year and it might be 90 percent the next year. It was felt that we would try and manage our funds in such a way so as to allow anyone who achieved an average of 80 percent to qualify for a scholarship. As you look at the numbers from 1981 to the present, there has been a fairly steady increase, except, I think, in '84-85 with the introduction of the diploma examinations, when there was a slight drop, and that has slowly worked back up again. So we do have an idea. We try and budget a certain amount for the Rutherford scholarships, but we're not limited to the extent that if we reach \$5 million, those who come after will be cut off. The funds are managed in such a way so as to allow that kind of latitude.

With some of the other programs there are defined numbers that are available. As the minister has mentioned, in the graduate categories, for example, there are 25 Loughheed scholarships fixed, and the amounts are fixed. In the Jimmie Condon Athletic Scholarship category there are a certain number apportioned to each team, so there is a maximum, but it's not always utilized to the maximum because some of the students who may be on a team may not qualify as a result of residency or as a result of not keeping up their grades. But the Rutherford was determined to be a program that would stimulate and motivate high school students. Anyone who would achieve the 80 percent average would qualify, and we've tried to keep that flexible. I hope that answers the question.

MR. PAYNE: Mr. Chairman, a final supplementary, perhaps broader gauged. I appreciate that interprovincial comparisons, accurate comparisons, are difficult to obtain and can be misleading. But even with that acknowledgment of risk, I'm wondering if I could ask the minister: how do we compare in the scholarship world in Canada? Are we near the top in terms of the scholarship dollars that flow from the heritage fund to students and others, or are we sort of at the bottom end of the scale? Such a comparison might be useful to the committee.

MR. GOGO: Well, Mr. Chairman, the question is a little bit outside of the Heritage Scholarship Fund, because that's very specific, and there's an annual report to that effect. The amount we paid out this year is public knowledge. With regard to the department, the Students Finance Board has a book of scholarships that are available. I would have to ask the deputy minister, Lynne Duncan, or Mr. Lubin as to how Alberta would rate on the basis of scholarships. I would point out that we have 29 institutions in Alberta, and if you read their annual reports, many of them have in addition, of course, many scholarships. I don't know what that aggregate would be.

Lynne, can you answer the question?

MRS. DUNCAN: I don't think there is any question that from the point of view of awards by a provincial government, our awards outstrip any that are available in Canada.

MR. PAYNE: On a per capita basis? Or on which basis do you make that statement?

MRS. DUNCAN: On the value of the awards and the number of recipients.

MR. PAYNE: Thanks, Mr. Chairman.

MR. CHAIRMAN: Thank you.

The Member for Ponoka-Rimbey, followed by the Member for Wainwright.

MR. JONSON: Yes, Mr. Chairman. I'd like to ask a question still related to the overall scholarship program.

Besides this committee, what are the sources of recommendations or what is the mechanism that's used to establish new scholarship programs?

MR. GOGO: Well, the people responsible for the administration – the director is here – of the scholarship fund is the Students Finance Board, which is a publicly appointed body chaired by Mr. Mark Tims. They have the statutory responsibility for overseeing the disbursement of the scholarship fund. Is that what you were after, Mr. Jonson?

MR. JONSON: Well, Mr. Chairman, I was hoping for an answer a bit beyond that, in the sense that . . . Perhaps I didn't phrase my question correctly, so I'll ask it as a second one, and that is: does the Students Finance Board have any regular procedure in place to assess as to whether or not their scholarship program is covering the areas where there should be scholarships to inspire students to greater achievement? I'll illustrate further. It's been brought to my attention occasionally that our scholarships tend to concentrate on those students in university as opposed to some equally outstanding students in technical schools, the colleges and so forth, of the province.

MR. GOGO: Well, I think I'd better ask Mr. Lubin to respond, although I do know many – certainly the Louise McKinney award, as you know – are applicable at the community college level and institutes.

Perhaps, Mr. Lubin, you could respond to the specifics. I think the inference is that most of them seem to be related to university students.

MR. LUBIN: Well, I guess there are two responses to the question, and if I can, I would indicate that the Charles S. Noble Scholarship program does invite proposals for scholarships in areas where the public may feel there is a need. The Students Finance Board regularly reviews proposals that come in, and to date we have accepted a number. Some have been rejected because they don't meet the criteria that are required. We try and avoid duplicating scholarships that are not open for general competition throughout the province or for scholarships that may duplicate other programs that are currently in existence from the government area.

On the other hand, we do reward excellence, and it's on a relative basis. We do know where our graduates from the high school level go, and it is by their choice that maybe a larger

proportion go to universities. But I do know what the proportions are. Roughly, a little larger than 20 percent go to technical schools and colleges; almost 1 percent go to nursing schools; and then we have about another 1.5 percent that go to other different types of postsecondary levels: some business colleges, Bible schools, and such as that.

We do not make the scholarships subject specific, so we do not try and steer students into any particular area. They're free to go on as they will.

MR. JONSON: One further supplementary just to clarify something. Mr. Chairman, the director is saying, therefore, that the program that a high school student registers in doesn't have any bearing on the awards? No, that's not correct.

MR. LUBIN: They can go into any program they want, but their grade 12 subjects – in order to qualify for the grade 12 portion of the scholarship, the finance board deemed that once the diploma examinations were introduced by Alberta Education, this was the best way of comparing students and allocating the awards across the province. So in grades 10 and 11 the students have a great deal more latitude in the choice of subjects they can use to qualify for those portions of the scholarship. In grade 12 it is fairly well focused onto matriculation subjects.

MR. CHAIRMAN: Member for Wainwright, followed by Member for Lacombe, followed by Member for Edmonton-Centre.

MR. FISCHER: Thank you, Mr. Chairman, and good morning to the minister and his staff.

I would like to go back to the Heritage Scholarship Fund as well. I did have the honour last week to be in attendance and give out the Rutherford scholarship to some of our students of the Wainwright Blessed Sacrament high school. I do believe that program is just excellent, when you get right down to the grass roots and see the appreciation.

What I would like to ask about: I understand that the heritage trust fund tries to keep award expenditures to within 5 percent of the total value of the fund in order to maintain the integrity of the fund for perpetuity. Was this 5 percent spending guideline met during the '88-89 year?

MR. GOGO: Yes, Mr. Fischer. They view the fund over somewhere a generation, 15 to 20 years, and the view is that if expenditures can be kept at about the 5 to 6 percent level, you would always retain the integrity of the fund, even, I believe, accounting for inflation. For example, the value of the fund today is in excess of what it was established at. Last year I think the expenditure was about 5.5 percent – Lynne, was it? – 5.38 percent.

MR. FISCHER: During the current year, then, how much money is the minister projecting to spend on the scholarship awards? Is it the same amount, or is it coming up with the value of the fund?

MR. GOGO: In '89-90?

MR. FISCHER: Yes.

MR. GOGO: Well, during the current year that we're reviewing, it's about \$7.5 million that was expended. We're looking

perhaps at \$10 million for the coming year. Is that right, Leon?

MR. LUBIN: Well, I think it was just over \$9 million this past fiscal period, and we're looking at about \$10 million this year. It was over the \$7 million.

MR. FISCHER: So as our fund is growing, then our awards and budget are growing as well.

MR. GOGO: Well, we have a cap on it at \$10.25 million, in essence. But there are more and more applicants, I take it, every year, Leon? This year Rutherford alone is 4,500. So are the number of applicants increasing annually? I think that's . . .

MR. LUBIN: It seems to have gone up, and we've raised the spending limit, which originally was \$9 million. It was upped a few years ago to \$10.25 million. Right now we've paid out scholarships to 4,500 Rutherford recipients, as the minister has mentioned. I anticipate that by the time the January crop goes into the universities and into the colleges, we'll probably approach 5,000 applicants for the year. So we're looking at something towards \$5.5 million that will be expended under that program.

MR. CHAIRMAN: Member for Lacombe, followed by Member for Edmonton-Centre.

MR. MOORE: Thanks, Mr. Chairman. It's a pleasure having the minister before us this morning, especially after the years that he was a member of this committee and had a lot of excellent ideas, excellent recommendations. He didn't always have them brought to reality, but now that he's in a position to do something about it, it will be interesting to watch his performance in the next year or so.

AN HON. MEMBER: It's up to you too, Ron.

MR. MOORE: Last year, Mr. Chairman, the minister as a member of this committee asked if there had been any consideration given to adjusting scholarship awards to inflation, and his predecessor responded saying no, that wasn't in place but perhaps it should be given consideration. Now that the minister is in a position to address this, has he done anything about it?

REV. ROBERTS: That was my question.

MR. GOGO: Well, Mr. Chairman, I think that is just an excellent question. There's an old saying in the Assembly, as the member may well be aware: there are more people who talk their way out of this place than into it.

But I feel very strongly about that. There is no actual compensation for inflation within the awards. However, they're continually reviewed as to need. It seems to be, the information I have, that the prestigious nature of the award seems to be of such a nature that the inflation factor has not been a major consideration. I would point out that most recipients of the awards are applicants to the Students Finance Board for loans, and any costs incurred in pursuing postsecondary education are a factor in the amount of the loan. The very fact that the fund payout has lifted from \$9 million to \$10.25 million I think is perhaps in recognition of that very question.

One of the advantages of being minister obviously is having at your side those experts who can answer the difficult questions,

so I'd ask either Lynne Duncan or Leon if they have anything further to add with regard to the question of inflation.

MR. LUBIN: As the minister has mentioned, the awards are still considered to be major awards at the institutions that we're in contact with, and they do have the prestige the minister has mentioned. When the fund was started initially, that was one of the factors that we wanted to look at. We didn't want to have to keep varying the dollar amount on an indexed factor year by year or, in those years when it went down, to have to reduce them.

It also affects the investment policy as taken by Treasury officials. We tried to keep our spending pattern fairly constant so that the investment policy would be such to increase the base of the fund so that we'd have more flexibility to encompass the increasing number of scholarships that seem to be coming or the demand for scholarships. The stimulation that the program has put into the schools and into students to achieve has been quite marked. So I think we have absorbed it that way. We are mindful of what inflation might do, and it's our intention to review it on a periodic basis, but the strategy was to keep the spending pattern constant for about 10 years and then see where we're at and maybe make some slight adjustments at that time.

MR. MOORE: A supplementary, Mr. Chairman, along this line of inflation. The Member for Wainwright touched on it. As I understand it, the Heritage Scholarship Fund tried to keep their expenses within 5 percent of the total value of the fund in order to maintain it. When we look at that 5 percent – and that's just a guideline; it's not a rule, I understand – are we, with the demands being made on the scholarship fund, going to be able to maintain that 5 percent within this program?

MR. GOGO: Well, Mr. Chairman, we have that cap of about \$10.25 million on there. We're now at about \$9 million, and according to the director, our policy is 5 to 6 percent of the corpus of the fund to be paid out. I guess that's kind of a technical question. The present value of the fund, as you know, is about \$168 million or something.

Mr. Lubin, Mr. Moore's question. If we continue to pay out, as he says, 5 percent – let's say they average 5.38, I think it is this year – would it be the view that at any time the fund could be in jeopardy over the long term?

MR. LUBIN: It would be nice to be able to predict the future with a great deal of certainty. The best available knowledge that Treasury has and that we've been able to dig out in looking at scholarship funds that have been in operation for a long period of time indicates that if you stay within that range of 5 to 6 percent over the long run, which is defined at somewhere between 15 and 20 years, the integrity of the fund would be maintained, as the previous member mentioned, in perpetuity. That's what we're aiming for, and that's the best information we have. We'll try and keep it in there. One year we may be at 5.38; the next year, if things go exceedingly well in the marketplace, it may show 5 percent. But the spending would remain relatively constant until there is a very reasoned approach and you want to change it for some other purpose. But one must keep in mind that if the goal is to keep the corpus of the fund intact and the spending power of the dollars at the level that you'd like them, you have to stay between those figures.

As I mentioned before, the Rutherford scholarship is the only demand-driven program where we've tried to retain that degree

of flexibility. We have a fair idea of what the projections are for the future with regard to enrollment and what proportion of students are likely to qualify for the Rutherford scholarships.

MR. GOGO: Yeah, we know all the time, for example, how many students are in grades 10, 11, and 12 and how many are going to be in grades 10, 11, and 12 by virtue of the fact of how many are in the school system. That, I think, is reasonably predictable. The 80 percent average might be another question.

MR. CHAIRMAN: Thank you.

The Member for Edmonton-Centre.

REV. ROBERTS: Thank you, Mr. Chairman. It's good to see the minister and his officials. I hope I can do it in one question, but I'm so confused about the clinical research building and what goes on with the research. I'm trying to track it between your department, Health, Mr. Stewart's department, and public works. I'm going to say a few things, and you can correct my assumptions if they're wrong, but it seems to me that the clinical research building, where the funding has gone, the \$14 million, is for half of the whole complex, the other half being the Heritage Medical Research Building. Or is that the whole thing? Because I thought funding had gone from Lionel McLeod's group to build that other part as well as the one in Calgary. So I'm confused. Maybe you can correct that assumption if it's wrong.

The second is that I was assuming that Public Works, Supply and Services was taking over the construction of most of these new facilities, and I'm still unclear as to why you have it.

But the third thing that I really want to know about is: is it getting to be used and getting filled up? My understanding is that there's a lot of excess capacity both here and in Calgary. Like some hospitals and other things, maybe it was too grandiose a plan, and they're now having a devil of a time trying to recruit researchers and get the buildings filled up. I guess we've got them and have to live with them, but is there anything that your department is doing to help to recruit its full use, or is that someone else's bailiwick? So, as I say, there's a whole bunch of confusion. I should have maybe tried to answer some of them myself, but I've been getting this conflicting information, and you can maybe correct any of those assumptions.

MR. GOGO: Well, let me respond this way. The cost of the project - the \$17.5 million, of which the final installment is being made this year. The details: it includes five bays and so on for medical research in the various 'ologies' that I mentioned with my opening statement, and it's to be used for scientists hired under the Heritage Foundation for Medical Research. In recognition of the fact that it's on the campus at the U of A, it was transferred in '87 from Hospitals and Medical Care to my responsibility.

The only other matter that I'm aware of is that the completion should be sometime this month. As to where the progress is with regard to occupancy, as you know, the structure's been up for some time. It's a matter of the final installment, completing the labs. I'd have to ask Lynne Duncan to respond to the latter half of the question. I don't even know who's responsibility that is, to see that it's filled. I would assume the medical foundation.

MRS. DUNCAN: Well, if we're talking about the Heritage Medical Research Building, that falls under the purview of Technology, Research and Telecommunications, and you might

want to ask the minister that question. I am not aware that there is any difficulty filling space. That's not to say that it's not true, but certainly nothing has been drawn to my attention. I'm sure you'd find that the University of Alberta argues that they've got a space shortage.

The clinical research building, which is funded under the heritage fund sponsored by our department, will not be complete until November of this year. So there isn't a space problem. When looking at how capital projects in Advanced Education are funded, it is a very complex area. If you're a board-governed institution, the funding comes under the Capital Fund. If you are a provincially-administered institution, they're funded out of PWSS's budget, and PWSS is responsible for the construction. The clinical research building was one of the health thrusts that were put under the heritage fund and is an exception within our department.

REV. ROBERTS: Thank you. I think that helps to clear up some of my confusion. I'll just ask one simple direct question then. The funding for the capital construction of this building, both here and in . . .

MRS. DUNCAN: Clinical research building?

REV. ROBERTS: Yes.

It did not, neither here nor in Calgary - well, it must have in Calgary. But this building in Edmonton did not come from the heritage medical research dollars? It came from Advanced Education dollars.

MRS. DUNCAN: I think we're getting confused what buildings we're talking about, and the problem is that they all have very similar names. The Heritage Medical Research Building was funded by the Alberta Heritage Foundation for Medical Research. There are two buildings; one at the U of C and one at the U of A. Okay? The clinical research building is a different building which is appended to the medical research buildings.

REV. ROBERTS: So this photo on page 21 of the annual report is half medical research and half clinical sciences building?

MRS. DUNCAN: I would be surprised if it's clinical science. That's the medical research. It says clinical research.

REV. ROBERTS: That's the one we toured, Mr. Chairman, right?

MR. CHAIRMAN: Right.

MRS. DUNCAN: I would have to assume that's the medical research building, and there's a problem with the way it's labeled. I will have to get some advice for you on that.

REV. ROBERTS: They're in tomorrow, so we can clear up some of that, maybe, as well.

Can I get one last question?

MR. CHAIRMAN: Yes.

REV. ROBERTS: Thank you. It's moving over to Mr. Lubin's side on the scholarships that are given out in the province. It

has come to my attention that when all of these scholarships, the Rutherford and others and the McKinney, are determined and decided and are given out, in fact there's a policy – and you can correct me if I'm wrong – that when there are government MLAs who have students in their ridings, they have the opportunity to give them out to them or to know about it. But when they're opposition MLAs and these students reside in their ridings, they're in a sense bypassed that information. As we heard from the Member for Wainwright, he was at a high school assembly and knew and was able to congratulate the students. I have never received that information, to my knowledge, about students in Edmonton-Centre. I don't know about my other colleagues. Is there any information, to your knowledge, to support that, whether it's a policy directive or just a part of practice? Mr. Minister, do you think that's a fair way to allocate or to distribute the scholarship awards?

MR. GOGO: Well, Mr. Chairman, the hon. member is quite correct that, first, it's at the discretion of the minister, and the policy has been that where the minister or a member of the government cannot distribute them, it's distributed under the guidance, the direction, of the director of the scholarship fund. It's been that way for many years. If the hon. member is suggesting that opposition members receive advice and distribute these, it's a matter that I will take into consideration. However, I would point out that the past practice has been that it's a government program and will be dealt with by the government.

REV. ROBERTS: It's public dollars.

MR. CHAIRMAN: The Member for Edmonton-Meadowlark, followed by the Member for Westlock-Sturgeon.

MR. MITCHELL: Thank you, Mr. Chairman. I would encourage the minister in his commitment in the answer to my colleague's last question. In my case a high school had actually invited me to come.

MR. CHAIRMAN: Hon. member, could you move to your question.

MR. MITCHELL: This is a very important point, though.

MR. CHAIRMAN: Comments aren't a part of it. It's questions and answers, so would you please move to your question.

MR. MITCHELL: Will they change their policy? They actually had invited me to come, and then changed their minds when they could get a minister from the government.

But if I could make just one aside, and this is not a political statement, and it is not meant to niggle at all. I would like to congratulate the minister and the government on the Rutherford scholarship fund. It has been well received and an asset to students from my riding. I would like to note that they were open and objective in naming that fund after the first Premier of this province who, I hasten to point out, was in fact a Liberal and . . .

MR. CHAIRMAN: Hon. member, you committed that you were not going to make a political speech. Does that mean that the Chair will have to cut you off on future comments because what you say you don't mean? So would you please move to the question.

MR. MITCHELL: I actually mean it.

My first question is a question that would relate to the clinical research building and the role that the Department of Advanced Education plays in identifying research areas for advanced education institutions or in co-ordinating the research priorities of those institutions with other research initiatives taken by other government-related institutions, especially under the Heritage Savings Trust Fund, where much research is done.

MR. GOGO: Well, I'm going to have to ask the deputy to respond.

I'll just make this observation, Mr. Chairman: the Member for Edmonton-Meadowlark said Mr. Rutherford was a Liberal. Indeed, a lot of people were. I recognize that.

With regard to the clinical research building, as I'd explained earlier, the responsibility was transferred from Hospitals and Medical Care, now the Department of Health, to the Department of Advanced Education, I think, as the deputy has pointed out, mainly because it's on the campus of a board-governed institution which is administered by my department. With relation to general research projects – and we're getting a little bit off, I suppose. For example, the U of A – and we happen to be talking about the U of A with regard to the clinical research building. You know, they've garnered about \$60 million-odd in research grants this year. As a board-governed institution, of course, they deal with that. There's a recent policy with regard to support of research grants obtained.

I don't know what else to add other than that the institutions themselves have the primary responsibility for obtaining those research grants. Our responsibility is, of course, developing some type of strategy on how to handle those, because 65 percent of the cost of implementing a research program has to come from somewhere other than the donor, subject to the policy we've just put in place. Lynne, if I haven't confused the question for you, can you add anything for Mr. Mitchell?

MRS. DUNCAN: Well, the only comment I might add, Mr. Minister, is that the Department of Technology, Research and Telecommunications has responsibility for the government's policy as it applies to applied and commercial research activity. Basic research, or curiosity-driven research, is seen as an intrinsic part of the functions of the University of Alberta and is not controlled by the department; it is, rather, driven by the staff members at the universities. We have been talking to universities in terms of their program development of rationalization and building on strengths, and as we move into that, we will undoubtedly be working with those two universities in terms of building up the base of curiosity-driven research in some areas as opposed to others. But the fundamental responsibility rests with TRT.

MR. MITCHELL: Thank you. Is it therefore possible for the department to play a role in encouraging research in environmentally related issue areas, technology that would develop industry in environmental areas: clean-up technology, recycling technology, that kind of thing? And would it be possible, for example, to encourage that by establishing a chair of environmental science research or environmental technology research under the Heritage Savings Trust Fund, which has been done elsewhere?

MR. GOGO: First of all, dealing with the last sentence first, Mr. Chairman, as the hon. member knows, the committee in its

conclusions makes recommendations to government as to what new areas should be dealt with. The hon. member has identified a subject which is, I think, on the lips of many Albertans and many Canadians, and that's the whole question of the environment.

We have a Minister of the Environment and a Department of the Environment, and I would anticipate that the Department of the Environment through its minister would respond to any recommendation of the committee. It wouldn't be the view of this department to be indicating to the universities what areas of research they'd pursue. It's generally left to the universities to interpret what in their view, aside from the pure research or academic research – which are, I guess, generally prone within the institutions themselves, if one looks at the professorial side, as the Member for Edmonton-Avonmore would appreciate. So I wouldn't view my role of minister as indicating to any university that they pursue research within a given area.

Now, I say that with tongue in cheek because it would be my view that if I were a minister of a department that had a direct interest and wanted information that was research-based, I would be making a request either to the minister of this department or to the institution to pursue that. But I wouldn't perceive myself as Minister of Advanced Education suggesting to the U of A, "Why don't you do research within this specific field?" unless it was for further study, research on teacher training, or something specifically related to my area of responsibility.

MR. MITCHELL: Given that we have the responsibility of making recommendations as a committee, and we do, it's been my interest to find out what it is the departments would want to see the Heritage Savings Trust Fund utilized for were they given the opportunity to scoop into that fund and use it for something they see to be a priority. I wonder whether the minister could just consider for a minute that question. If you were given the opportunity to utilize heritage trust fund money now in a way that it's not been utilized, do you have some priorities on your mind with which you could provide direction to the committee?

MR. GOGO: Well, Mr. Chairman, in my former role as Deputy Speaker, I would probably have ruled the question as being somewhat hypothetical. But having said that, as members are aware, when I was a member of the committee, I was successful with various recommendations that government chose not to implement for whichever reason. Now, of course, I'm a member of that government, a member of the investment committee. For example, I felt there were several areas that should be looked at as a member of the committee. One of them was to review the goals and objectives of the total fund. I thought it was a very meaningful one. Government, to my knowledge, has not as yet responded.

I don't have at this point any specific areas other than I think it's now approaching 10 years since the establishment of the scholarship fund. I think there are areas within that, perhaps additional scholarships, that should be considered in many areas. As members know, I made a recommendation, which was successful, dealing with drama and fine arts. I think there's much more to life than simply earning a living, as members I'm sure can appreciate. They're my druthers, and it's probably not appropriate for the minister as witness before the committee to be indicating his or her druthers to the committee, because one would create expectations that they can't deliver.

MR. CHAIRMAN: Thank you.

The Member for Westlock-Sturgeon, followed by the Member for Calgary-Fish Creek.

MR. TAYLOR: Thank you, Mr. Chairman. Good morning, Mr. Minister and able assistants. I was hoping the wish list would keep going right on down to what the other two, your assistants, would want too. But I want to touch a little bit on what I perceive – and maybe wrongly so, but I thought I'd bring it up – as a bit of a bias in the heritage trust fund scholarships against rural students versus the city, in two ways.

One is the question of including parents' income and analyzing whether or not or what size of scholarship or loan to give. I think rurally many more people live with their parents or in connection with the farm than in the city. In the city it's awful easy to get a room over a few blocks away and bring your washing back to mother and keep living. Yet you have a different residence and so qualify, then, as living away from home. As one of those parents I know they're only away from home between meals. But the fact of the matter is that rurally that type of living isn't as easy to access, so I get the impression that possibly the interpretation of living in or living out works against rural students.

Within the same question, one of the reasons for the fund was educational opportunity equalization grants. Those go to the institution, I gather, more than any sort of an increase to rural applicants for scholarships because of the fact of the traveling distance back and forth from the country.

MR. GOGO: Mr. Chairman, I think it should be clearly understood that the word "scholarship" is synonymous with merit. In other words, you either earn it or you don't. There's no need-based program dealing with scholarships.

The hon. member is referring to the distance assistance, which is a matter of the Students Finance Board which administers that. In no way is the need question built into winning or achieving a scholarship. They're distinctly different. So, irrespective of where you live in the province, if you don't have the merit, you're not going to be the recipient of an award.

MR. TAYLOR: That doesn't quite answer the question all the way. That's what I was trying to get across, that fellowships or scholarships . . . Maybe you should get the minister's coffee and then you can hold his attention on what I'm asking. He's been trying now for about five minutes. Who do you want to get the coffee for you?

MR. GOGO: It's in your hands, hon. member.

MR. TAYLOR: You only answered part of my question, Mr. Minister, and I thought it was because you were short of caffeine, that was all. I was going to give you a chance to get a shot here before we go on.

MR. CHAIRMAN: Hon. member, do you have a supplementary?

MR. TAYLOR: Well, I just thought maybe you wanted to take a couple of minutes to let him get his coffee. All right. Okay.

MR. CHAIRMAN: Well, could you move on to the question?

MR. TAYLOR: Because he's only hearing half of it. All right.

If you'd mind finishing the first part I was trying to get across, it was that if the heritage trust scholarship thing doesn't take recognition of the fact that there is a higher cost going out, I was just wondering whether you are of the opinion that even on the merit ones, it should be for nonresidents of Edmonton and Calgary higher, automatically, say, 10 or 15 percent, than it would be within the city. In other words, take recognition of the higher cost and the more difficulty the rural student has if he advantages himself of that scholarship.

MR. GOGO: Well, Mr. Chairman, I don't believe that's a factor at all. I think there would be merit in an argument such as: Minister, this program's been in place for this many years; surely, Minister, with the increased costs and that the scholarship should be adjusted. I think that type of question has merit. As to what your address is in Alberta, it should not in any way, in my view, be reflected in the size of the scholarship. I don't view that as the factor at all. That's why we have in place the Students Finance Board and student loans to students, to accommodate those who have need. I think they're totally separate, and it wouldn't be my wish to attempt to confuse the whole business of merit awards such as a scholarships by virtue of the fact that it would cost you more to attend a given institution. I don't know how you would even manage it, because as you know, many students, although they come from a certain place, take up residence at the institution.

MR. TAYLOR: Mr. Chairman, I still think for someone accessing a scholarship from north of Peace River, it's going to be a lot more difficult than somebody living in Edmonton-Strathcona.

But to move on, again in the rural area I notice library development, one of the functions of the fund, isn't it? Has the minister done any thinking of reimplementing or reintroducing what was probably one of the best programs in Alberta, even though it was introduced way back in the '30s? It was - not the rural library itself; I can't recall the exact name - where you could mail in, and the books would be mailed out, back and forth, sort of a Parnassus on wheels. The rural library development fund would it be called? Do you recall that there was? It stopped about three, four years ago - where the residents could phone in or write in for a book from the central library here in Edmonton, and it would be mailed out, and they could mail it back. That has been discontinued as of three years ago.

AN HON. MEMBER: It was handled through the extension.

MR. TAYLOR: That's it. It was handled through the extension. Have you looked at any library development, possibly reinstituting that?

MR. GOGO: Let me respond to the first question, Mr. Chairman, the \$9 million which was allocated to your various institutions for books, periodicals, tapes, video, et cetera, et cetera - a very successful program which concluded, now, many years ago. The department's view is that built into the grant structure for institutions, which I think account for about 90 percent of our total budget, we believe that within those base operating budgets is provision for maintaining the libraries that were created to a great extent by the heritage fund allocation of \$9 million.

Your question on the role of either department of extension or lending of books and so on: I'd have to defer to the deputy

because I'm not aware of that.

MRS. DUNCAN: Well, there are two different kinds of libraries being discussed here. One is the libraries that we're responsible for through our institutions, and there we take the view that through the block operating grant it is the responsibility of the institutions to allocate the funds to the areas of greatest need.

In response to the minus 3 percent exercise in '87-88, I believe the U of A deleted their extension library. This may be the service you're referring to, although I personally don't have familiarity with it.

MR. TAYLOR: I don't know if you slipped on the first question or not or got the third. The last was . . .

MR. CHAIRMAN: I believe you've had your question and two . . .

MR. TAYLOR: Except that we had trouble with them getting their caffeine fix in the middle of the first question.

MR. CHAIRMAN: Do you have an additional question you'd like to ask?

MR. TAYLOR: Yes, I have one other, the question of: has the fund looked at any sort of ongoing, long-term relationship of accessing private funds? I notice there are some. You have the Jimmie Condon sports scholarship. Is there an action, in this day and age when corporations get tax deductions and a certain amount of recognition, to sort of put together a corporate fund that would run parallel and that you would administer for the corporate pool? In other words, is any effort being raised to use corporate funding to help your own work go further?

MR. GOGO: Well, to my knowledge the only involvement has been with the Charles S. Noble award, but perhaps Mr. Lubin could comment on the relationship with the private sector.

MR. LUBIN: The minister is quite right. Under the Charles S. Noble we've set up two scholarship programs in conjunction with other organizations or with other endowments. What we've done is matched the released earnings on the endowment that has been set up to provide scholarships. This is the two areas. There are two scholarships for study at Harvard for Albertans. Mr. MacTaggart gave an endowment of \$100,000 to Harvard, and we matched the released earnings on that to provide two scholarships to Albertans. We also do something similar with the Alberta junior A hockey league. They set up a trust fund, and we match the released earnings on that to provide five scholarships of \$650 each to encourage these students to continue with their postsecondary education, dependent upon their academic performance and their contribution to their community. So that is something that is available and is encouraged, but we don't actively go out and solicit funds.

MR. CHAIRMAN: The Member for Calgary-Fish Creek, followed by the Member for Edmonton-Avonmore.

MR. PAYNE: Thank you, Mr. Chairman. There's an old saying of Confucius that politicians' words occasionally come back to haunt them. Last year the case was made by the Member for Lethbridge-West and the Member for Cypress-Redcliff that

scholarships shouldn't be considered income when students apply for student loans. Now, under those regulations students are in effect penalized for receiving awards because the amount of their student loan will be adversely affected by including scholarships as income. And that's not all. In addition, the forgivable amount of their student loan will also be reduced because they have received these awards. Now, I would hope the minister would agree that scholarships should act as an incentive to students to work hard and to achieve academic excellence and not as a disincentive. The previous minister in his reply to the very worthwhile question from the Member for Lethbridge-West included the interesting comment, "It's a situation that mixes arithmetic with philosophy, and it's one we're working on."

My question, Mr. Chairman, to the minister is: has he taken any steps to work on the arithmetic and philosophy mix to change student loan regulations as they relate to this aspect of scholarship programs?

MR. GOGO: Yes, Mr. Chairman. I'm pleased to say that I believe it was in July when I announced a review of the Students Finance Board with regard to programs it conducts. Included in that, within the terms of reference, was the treatment of scholarships. As the member so correctly points out, at the moment with scholarships – many of them, of course, conditional upon further studies – two things occur, one of which this government has no control over. That's Revenue Canada. The other one, of which this government does has control over, is allowing that an \$800 credit of that scholarship not be considered as income.

The member further, Mr. Chairman, is quite correct. When you deal with forgiveness of remission, and that is at the end of a student's studies, the present remission policy, which is also being reviewed, one could argue in effect penalizes the student with achievement – i.e., the scholarship recipient – because the amount of the remission is in direct proportion to the amount of the loan, and if the loan is reduced as a result of scholarship winnings, so therefore is the remission amount. Recognizing, however, that one of the primary functions of Students Finance is not to load up a student with debt so that at the other end they have a large debt, that matter is now being reviewed by the Students Finance Board in a review of the whole question of student loans. So action is now under way with regard to that question.

MR. PAYNE: Mr. Chairman, I'm heartened by the minister's indication that a review is under way, and my only supplemental comment would be to encourage the minister to expedite that review, because that resolution is a long time overdue.

Thanks, Mr. Chairman.

MR. CHAIRMAN: Member for Edmonton-Avonmore.

MS M. LAING: Thank you. I should also congratulate the minister on the heritage trust fund scholarship. I was a recipient for two years: one of the reasons I'm here.

I would like to ask questions back on the library development fund, which has been stated is complete. It seems to me that if we give scholarships to promote study in education and higher learning, we must provide, as an equally important part of our commitment to education, the wherewithal to receive that education through access to books. It is my understanding that libraries at our universities, where I know the most about it, but

also in our small towns, our rural libraries, are desperately short of funds not only to buy the new books that are being published at an astonishing rate and an incredible cost but also to replace and repair books that are already in their collections. Is there any way that you would consider reinstating this program?

MR. GOGO: Mr. Chairman, not within the parameters of my department, but I believe hon. members should recall the dramatic adjustment to library funding in Alberta and, with regard to the heritage fund, of course, the funding of the encyclopedias for across Canada in both languages. The funding of libraries is with Mr. Main, the Minister of Culture and Multiculturalism, and not my area of responsibility, so it would not be right for me to attempt to respond to that question.

I think we've got to come back to the whole question of the heritage funding of libraries, of the \$9 million and what its intent was. It was to bring libraries in the postsecondary system – which is my responsibility, adult education – up to a given standard. As Mrs. Duncan has said, since that program was terminated, the \$9 million – which was unique to Canada; it wasn't anywhere else. Then within the block funding of each institution, I recognize – the U of A, for example. Their library is about 2 percent of their operating budget. I know it's expensive. But they are expected then, because they're a board-governed institution, to allocate that money as they see fit. It's not for this minister to become involved within that institution in terms of the allocation of their resources.

I would point out that it's perhaps an annual event in terms of requests and the budgetary process for institutions to be requesting funds for libraries and so on. But the block funding now received by those institutions, in the view of government, is adequate, and the way they allocate those funds within the institution of course is their prerogative and certainly not the business of this minister.

MS M. LAING: Okay, so the answer is no.

I'd like to turn back to the clinical research. Again, I'm not just really clear what we cover when we discuss these programs, but what I've noted whenever I looked at these buildings and the provision of resources or space for research is that we have a focus on the development of a kind of research that leads to development and increased use of advanced technology. I think of the case of how much we would spend, say, on an individual who has a heart condition over a period of 10 years from, say, his first heart attack to when he dies 10 years later. The kind of research moneys and technological interventions that would cost has been estimated by some people in the amount of \$100,000. Whereas when we look at the cost of things like battering – in a case that was compared in a book called *Second Opinion*, a woman who was battered over a period of 10 years, \$10,000 was spent on her and her children. In both cases, at the end of 10 years each person was dead, the man of a heart attack, the woman as a result of homicide.

I guess I'm always struck by the fact that there is a lack of the social context in which health or illness develops, or the costs to provide for health care develops. I'm wondering if at some point into this would be the kind of research that would say, "What is the social context due that we need that will reduce even the need for the technology that is developing?" I think of the area of obstetrics and neonatology where good health care for a pregnant mother, meaning adequate social allowances, might in fact reduce those costs. So my question is . . .

MR. CHAIRMAN: I really believe you're straying from the thrust.

MS M. LAING: I'm asking the question of a different target or a different emphasis in research. Has that been considered?

MR. GOGO: Well, Mr. Chairman, the focus of research is, in my view, not the responsibility of this minister. I shared earlier that if there were areas that pertained directly to my ministry – for example, what about education for native teachers in the north? What research have we done on that? That type of thing, although it's not in the heritage fund, would fall within the parameters of an institution for which I'm responsible.

When we get into the medical areas, particularly with technology, it seems to me that Mr. Stewart of TRT is the man who would deal with the technological aspect. Then when you get onto the medical grounds, it seems to me there's a role for Mrs. Betkowski.

Now, I don't know what the direct involvement is between given hospitals and the institutions – the clinical research building, which is what the hon. member has raised. I had mentioned earlier the disciplines which are included within that research area, and it's interesting to go over them: neurosurgery, plastic surgery, in terms of the burn unit; dermatology; pathology; endocrinology; clinical immunology; cardiology – you see a lot of "ologies" – rheumatology; neurology; haematology, which is blood; obstetrics; and the last one, cytogenetics. Now, I have difficulty even pronouncing some of those, but that is what the labs within this unit are going to do under the auspices of the Heritage Foundation for Medical Research, which is not my responsibility.

So I'm having trouble answering what areas of research should be looked at, Mr. Chairman, because we look at board-governed institutions, which are driven from within in terms of research projects they wish to do, and the allied departments. I'm somewhat at a loss, other than as a member of the Assembly who maybe has some druthers – I don't think that's for today – who could respond in given areas. Mrs. Duncan as the deputy minister responsible for administering our budget could add to what I've said, if it's possible.

MS M. LAING: I guess just to belabour a point, it seems to me that when one looks to the funding of the building of facilities, one looks at the kinds of plans for the kinds of research. Would it not be possible to say, "We would give a priority if this kind of research rather than that kind of research was going to be addressed"?

MR. GOGO: I think, Mr. Chairman, that question would be very appropriate to Mr. Geddes or the president of the medical research foundation and not this minister. Although the hon. member's previous question didn't deal exclusively with medical matters – there's also psychological matters – I want to re-emphasize that it's not the position of this department or this minister to be telling institutions what type of research to carry out. One of their primary functions is to recognize the need, and if one looks at the U of A as being one example of leading all of Canada in certain areas, those institutions and their researchers and their professorial staff search out not only areas of common interest but matters that they think should be researched. I don't for a moment discount the thrust of the hon. member's question. I just had difficulty answering because in my view it doesn't lie within my responsibility.

MR. CHAIRMAN: Thank you.

The Member for Athabasca-Lac La Biche.

MR. CARDINAL: Thank you very much. I'd like to commend the department for the many scholarship programs they have. They seem to work very well, but I don't believe they work as effectively in all parts of the province, specifically the north. I just wonder: are there any new heritage fund scholarship programs being considered in addition to the ones that are already in existence?

MR. GOGO: I've got to apologize, Mr. Chairman. I didn't catch the latter part of . . .

MR. CARDINAL: The latter part of the question is: are there any new scholarship programs being considered in addition to what's in existence presently?

MR. GOGO: No, Mr. Chairman. Although, as I said earlier, it would appear to me that this minister looks with great enthusiasm upon recommendations of the committee. If members of the committee are of the view that there should be new areas pursued, I'd look forward to those recommendations, if they come from the committee.

I should point out to the Member for Athabasca-Lac La Biche, Mr. Cardinal – he made reference to rural areas of Alberta – that we now have the Northern Alberta Development Council. We have a series of bursaries which are available which are not scholarship awards. That's perhaps a separate topic.

MR. CARDINAL: Okay, my supplement then. Is that the extent of your programs for northern Alberta, the bursary system? I assume the people over there are eligible for the normal scholarship programs. So your scholarship programs would be designed specifically for overall provincial use rather than specific areas of the province?

MR. GOGO: Well, perhaps Mr. Lubin can respond to that.

MR. LUBIN: Yeah, I can inform the member that there are certain scholarships, like the Louise McKinney Postsecondary Scholarship, that are allocated to the various colleges throughout the province. So those colleges that exist in the north would be allocated a certain fixed number, as would other colleges, proportionate to their population, although there is a slightly heavier weighting for the smaller colleges than there is for the larger institutions. So they get a fixed number of scholarships to distribute to their top students. They also, through the Students Finance Board, are allocated province of Alberta prizes, which are allocated on the basis of one prize for every X number of students in a particular program that's over 16 weeks duration. But it's a diploma or certificate type of program. They're also eligible for all the other scholarships that are available through the Students Finance Board. So they're distributed on an equitable basis throughout the province. They're open to apply for any scholarship that is offered either through the Alberta Heritage Scholarship Fund or through the Students Finance Board.

MR. CARDINAL: Okay. My final question is: are there any new, innovative types of scholarship funds you'd specifically look at for northern Alberta? Personally I've been involved with

some students in my area, in particular applying for bursaries from the Northern Development Council. They haven't succeeded, and they should have. So they don't work as well as they could. I also would like to know if there are status reports available as to who is utilizing the bursaries, and maybe a breakdown. Would there be information available on that?

MR. GOGO: Mr. Chairman, the hon. member's question deals more with the student finance council and so on. That information I am sure could be made available if the hon. member would drop me a memo. It is not allied to the matter under discussion.

MR. CHAIRMAN: Hon. member, it's really not pertinent to the programs that are funded by the heritage fund, so perhaps you could communicate with the minister directly on that issue. I recognize the Member for Redwater-Andrew.

MR. ZARUSKY: Thank you, Mr. Chairman, and good morning, Mr. Minister and staff. I've got a couple of questions here, and I guess some of it was touched on: student loans and financing. I guess there's quite a difference in regards to the way the criteria for student loans - in rural Alberta, there's always an outcry on the difference between the income of the parents that is considered in these student loans . . .

MR. CHAIRMAN: Hon. member, I'm sorry. The student loan board does not draw financing from the Alberta Heritage Savings Trust Fund. It's really not pertinent to the minister today, although he does administer that program. I'm afraid I have to rule your question out of order. You must direct a question . . .

MR. TAYLOR: Point of order, Mr. Chairman. I think the Member for Redwater-Andrew is touching on the right issue. Admittedly the student loan board is not under question today, but the shortages in the student loan board where they do not apply to northern and rural residents could be made up by it. I think the hon. member is asking a good question, as did the Member for Athabasca-Lac la Biche.

MR. CHAIRMAN: Hon. member, so could every conceivable program that anyone could think of on this committee, so I'm afraid it's stretching it too far. Unless someone wants to expand on that point of order, I'm afraid the Chair has trouble accepting that as a question pertinent to this committee today. Now, if the member can articulate a question . . . Is it on the point of order?

MR. MITCHELL: Yes, it is. I would like to continue to make that case, Mr. Chairman. I believe one of the problems I have seen in the manner in which this committee has conducted itself is that it has been limited in its ability to imagine what might be possible with the Heritage Savings Trust Fund and to ask ministers questions in that regard. We are not simply limited by the past and these hearings, I would hope, but rather by a sense of what we could create the future to be with Heritage Savings Trust Fund funds; therefore, I support the member.

MR. CHAIRMAN: If the Chair could just respond to that comment, I believe that should be handled in a different forum. In other words, the guidelines for the committee would have to be changed and their mandate would have to be changed if we

were going to expand into that. Perhaps that goes back to a recommendation the hon. minister made when he was on the other side, that the direction of the fund needs to be visited and re-evaluated. I believe that's really where that belongs, but as it stands today, the mandate of the committee is to deal with those projects and programs that are funded.

The hon. Member for Ponoka-Rimbey asked to get in on this point of order.

MR. JONSON: Well, Mr. Chairman, on the point of order, I think that in your last statement you summarized it well. We have to follow our procedures here as a committee. There is no end to the things that could be dragged in as possible areas of expenditure for the Alberta Heritage Savings Trust Fund. If an hon. member wants to have loans provided from the Heritage Savings Trust Fund for student financing purposes, then they could bring in a recommendation, but we're dealing here with the heritage scholarship area, and I think your ruling should be supported, Mr. Chairman.

MR. PAYNE: On this point of order, Mr. Chairman, I would like to indicate to the Member for Redwater-Andrew that he can count on my support in any appropriate form for the issue he has raised, but in this instance today I must concur with the logic expressed by the Chairman.

MR. CHAIRMAN: I have to say that the Chair is sympathetic to his question, by all means, but not in this forum. [interjection] Hon. member, you're back on this same point of order.

MR. MITCHELL: In the report . . .

MR. CHAIRMAN: Are you reading from the Act, or are you reading . . .

MR. MITCHELL: I'm reading from the report of the committee, March 1987, which refers to the Act. This report undoubtedly was written by one of your predecessors and authorized by a government-controlled majority committee, and it says right here . . .

MR. CHAIRMAN: Let's bear in mind that the Act which originated this committee will take precedence over anything that might be in a report.

MR. MITCHELL:

The report may contain any recommendations of the standing committee concerning those investments or proposed alternative investments.

How would it be that we could review what the heritage trust fund has done and is to do and propose alternative investments if it is that we can't ask questions about them?

MR. CHAIRMAN: Hon. member, I understand what you're saying, but it says, "The report may contain . . . recommendations." That's where the type of thing that the hon. Member for Redwater-Andrew raised could be brought forward, because he's free to bring forward any recommendation which may affect the Heritage Savings Trust Fund, and that's where it really belongs. My understanding is that it does not belong in the actual discussion when a minister is before the committee.

MR. TAYLOR: Further to that, although I recognize your superior age and wisdom and everything, and you may be right,

Mr. Chairman, are we going to have the ministers back? I don't understand how we can operate, how to not only investigate what's been done but recommend what we should do in the future, if we're not allowed to ask the ministers what they think of some of our future concepts. Because that's the idea: to bounce it off. Otherwise, we're dealing within our own little ghetto as to what our recommendations are. We should have the wisdom of the ministers when we recommend some new thoughts or new ideas, like the hon. Member for Redwater-Andrew is bringing forward. We're going to be operating in a vacuum when we go back. I can only depend on the Member for Calgary-Fish Creek, a very deplorable area, for wisdom when we come back to discuss this again, if we can't have the minister's input now.

MR. CHAIRMAN: Hon. member, I'll recognize the Member for Lacombe on this point of order.

MR. MOORE: Yes, Mr. Chairman. On this point of order the Member for Westlock-Sturgeon is correct. The minister will have great opportunity to respond when he responds to the recommendations of this committee, and that is what we're here for. The Member for Edmonton-Meadowlark and the Member for Westlock-Sturgeon can make their recommendations and, when they go from this committee to the minister, the minister will respond and give his opinion, but today we are on this report here, and I support the Chair in his ruling.

MR. CHAIRMAN: To the committee members: after having heard a lot of discussion on this point of order, the Chair I'm afraid must rule that the question is out of order.

Can the member articulate a question more directed to the minister in his responsibility for funding from the Alberta Heritage Savings Trust Fund?

MR. ZARUSKY: Well, thank you, Mr. Chairman, and I didn't mean to cause a ruckus of support and not support, but I thank those that supported me. Mr. Chairman, I wasn't at the organizational meeting, and I apologize for that. I guess that's where the direction was given. Now I see which area this falls under, and I'll rescind my question and just come in with a recommendation.

Thank you.

MR. CHAIRMAN: Thank you.

We'll recognize the Member for Lacombe.

MR. MOORE: Well, Mr. Chairman, to ask just one question. Back to the clinical research building. We've heard a lot about who will staff it and what purpose it's there for, but I'm interested in who will be responsible for the building once it is completed. Does it go to public works? Then when they want expansion and they want to do this and they want to do that, will the demands be directed to that source or will it still remain under the heritage trust fund and that responsibility for expansion and whatever demands are made on the building be the responsibility of the fund?

MR. GOGO: No, Mr. Chairman. My understanding - Mrs. Duncan can perhaps help me - is that with any new construction on university campuses, they're only carried forward under the authority of the Minister of Advanced Education. So they become an asset, then, of the institution. The department,

through its operating funds, then pays a maintenance cost of X dollars per square metre for the operation of that building. In relation to the actual use of the building, the University of Alberta is responsible for it in conjunction with, because it's attached to, the medical research foundation.

That's the normal course of events. Now, I don't know whether this will be different. Mrs. Duncan?

MRS. DUNCAN: No, Mr. Minister.

MR. GOGO: No. We're responsible for that building. If they require additions and so on, they'll go through the normal budgetary process of requesting those additions and they will be considered by this department.

MR. CHAIRMAN: The Member for Edmonton-Meadowlark.

MR. MITCHELL: Just on a point of order, Mr. Chairman. I've got the Act right here. It doesn't say you can't ask questions about future possibilities. It does not say that anywhere. You can read it. So that leads me to my next question.

MR. CHAIRMAN: Hon. member, does it say what you can ask questions for? I'm afraid the Chair does not have a copy of the Act here.

MR. MITCHELL: I can give you this one. But it doesn't say what you can and what you can't, in any event.

Not to belabour that point, my next question concerns the expertise of the minister. If I can impose upon him briefly to share with us the benefit of that expertise, would the minister, as the ex-chairman of AADAC, tell us whether he thinks it appropriate to establish duplicate bureaucracy under the family and drug abuse foundation to pursue drug abuse programs . . .

MR. CHAIRMAN: Hon. member, really. Now, that question was asked of the appropriate minister when the minister was before this committee. Really, that question is totally out of order. Could the member bring forth a question that relates to the responsibility of the minister for programs and projects funded from the Alberta Heritage Savings Trust Fund?

MR. MITCHELL: In answer to an earlier question, the minister said that would a program objective for the heritage trust fund that fell within the mandate of his department arise, he would be happy to pursue it. I wonder whether he could give us some indication as to how he feels about asking the department of education at the university about, or in some way pursuing with the university, a research project into the effect, the potential impact, the potential success of education programs into life-style changes related to environmental requirements.

MR. GOGO: Well, I thought I shared earlier with the committee my views on that, Mr. Chairman. I don't feel that in any way, unless they come under the scholarship fund before us, I could even respond to that, except in a different capacity than that in which I'm before the committee today.

MR. MITCHELL: Could the minister comment on whether he feels it appropriate for a special scholarship fund to be established or scholarships to be directed to students who would pursue environmental research?

MR. GOGO: Well, I think within some of the awards we make now, Mr. Chairman, in terms of the dollar amounts for post-graduate studies, et cetera, the recipients are allowed to do that. I guess we'd come back to, and I would look forward to, recommendations by this committee as to new scholarships to be considered. As I said earlier, these scholarships are now reaching the first decade since their birth, and perhaps members of the committee have suggestions as to what areas we should consider in the area of scholarships.

MR. MITCHELL: Finally, I wonder whether the minister could give us an indication in response to the concern of the university that while they get certain program funding and so on, the physical plant or the equipment they utilize in some of their instructional programs is deteriorating and can't be replaced. Has the minister been able to identify areas and pieces of equipment where Heritage Savings Trust Fund money might be utilized to renew, repair, or replace deteriorating equipment?

MR. GOGO: Mr. Chairman, I'm aware, for example, that with regard to research at the U of A there's a shortfall of perhaps \$18 million in support for research, which has to come from somewhere. I don't see the heritage fund necessarily providing that. I haven't thought that through. The area of research is not an area I want to get into before this committee. There are areas in which I as minister have some interest, but I don't think they are germane to this committee unless the committee makes the recommendation that we should get into those areas. I don't think it's appropriate for me as minister to be saying to this committee that, you know, if you'd only do this or that, it would further the cause toward something. I don't think that's quite appropriate. The expertise of the members of this committee is, I think, more than adequate to foster positive suggestions as to new areas, particularly with regard to scholarships. I would look forward to that.

MR. CHAIRMAN: The Member for Wainwright.

MR. FISCHER: Thank you, Mr. Chairman. I was wondering about the statistics in the annual report. Last year your predecessor agreed that an estimate of the value of the fund should be included in the annual report. He was going to pass that suggestion on to the Provincial Treasurer. Are you aware of whether or not he did? We don't see it in this year's report. I wonder if you could comment on that.

MR. GOGO: Well, Mr. Chairman, as the member is aware, the Provincial Treasurer is responsible for publication of the annual report, based on information supplied by the various ministers who have responsibilities for investments or expenditures. I shared with the committee that the value of the scholarship fund – for example, the only one that's active in terms of annual expenditures now is \$168 million, having grown from \$100 million. The figures within the annual report of the scholarship fund indicate that as of the end of March, the end of the fiscal year. If the hon. member is asking what's occurred since that date – I don't know whether he is or not – I could perhaps share that with the committee, although we're only dealing with the cutoff date of the report. Unless a precedent has been set of providing information subsequent to the end of the fiscal year, I would be reluctant to share any of that.

MR. FISCHER: Do you, then, publicize – and I haven't seen

it – the rate of return? What is the rate of return on our fund then?

MR. GOGO: Well, that's an excellent question, Mr. Chairman. The Provincial Treasurer has the responsibility of investment manager and investing the funds of the scholarship fund into the best investments available. I'd have to lean to the deputy to find out whether the rate of return is broken out. I could share with the committee generally where investments of the scholarship fund, of the \$168 million, are made. As to what the rate of return would be, I'd have to turn to Lynne Duncan.

MRS. DUNCAN: I think it's a question better posed to the Provincial Treasurer. I don't have the data on it.

MR. FISCHER: I guess my thoughts are that it would be nice if that was in our annual report.

MR. GOGO: I should point out to the hon. member, Mr. Chairman, that last year the earnings on the scholarship fund were \$17 million and we paid out \$9.9 million, or roughly \$10 million, which would be in accordance with our policy of 5 to 6 percent payout of the value of the scholarship fund.

MR. CHAIRMAN: Member for Westlock-Sturgeon.

MR. TAYLOR: Yes, Mr. Chairman. I'd like to go back again, if I may, to library development. On page 27 you mention – a very short heading, Mr. Minister – that you've funded 15 Alberta public colleges and universities as part of a four-year plan. It comes back again: was there any permission ever given to the university to suspend or stop their extension library, or was there any effort made by the library development group to tell the university they had no right to take the grant from your library development and then suspend their extension department library? In other words, was there any co-ordination there?

MR. CHAIRMAN: The extension library is not part of the \$9 million program. However, I suppose it is using that library. I'll leave it to the discretion of the minister if he wants to respond to that question, but it's . . .

MR. TAYLOR: Mr. Chairman, what I'm getting at is that the University of Alberta is one of the 15 public colleges and universities, I should hope, because it's the – what? – second-largest university in Canada, that would obtain funds from here to develop its library. It turned around and cut off rural people from their extension library. Maybe the minister's not aware of it, but certainly I think that as running a committee that's developing a library, you share some responsibility if the institution you're helping fund turns around and cuts off a large part of the public. Did they get that permission from you?

MR. GOGO: Well, Mr. Chairman, we're dealing with two distinct elements. But the larger question: a board-governed institution, under its own statute, is expected to govern its institution in the best interests of the people it serves. This minister certainly wouldn't begin to tell an institution what they could or couldn't do. I question whether this minister even has the power to do that. So that decision would have been made by the institution concerned. If we are talking about a provincially-administered institution like an AVC, that's a different matter. However, we're not talking about that.

The matter under discussion of library development was an annual expenditure of X dollars to purchase materials for those libraries. In no way, to my knowledge – and I can't comment about my predecessors – would I envisage anybody saying, "Look, we're prepared to allocate this money from the heritage fund library fund in consideration of you terminating this or that." I just don't have any understanding how that could happen. Mrs. Duncan may or may not have been here at the time when the extension services were dealt with. So whether or not that was dealt with in co-operation with the department is beyond me. I have no idea. My view as minister would be that that is their business; they run their institution in their own best interests.

Lynne?

MS DUNCAN: Nothing to add, Mr. Minister.

MR. TAYLOR: Mr. Chairman, then would it be all right, without being questioned, to ask the minister if he would table the guidelines they use in giving grants to the 15 public colleges and universities? Surely they must at least open their doors to allow people to look at the books. I mean, you don't just send out money, do you? There must be guidelines that they . . .

MR. CHAIRMAN: Hon. member, the grant program that goes through the libraries comes out of the General Revenue Fund annually and would be better asked at the time of estimates to the minister.

MR. TAYLOR: Well, I'm sorry, but it says here that \$9 million has been invested in 15 Alberta public colleges and universities. I think the committee would like to know what the guidelines were and what each one got and how they work. If it's just a grant because you exist, fine. Okay, we know that. Then maybe we can make a recommendation.

MR. CHAIRMAN: Just for clarification, is the hon. member asking for the history of how the money was allocated, the \$9 million, or are you now asking a question pertaining to the block funding they receive on an annual basis to sustain their libraries? I think the minister needs that clarification.

MR. TAYLOR: No, it would be the history of it. I want to know how much they gave to the 15 institutions and what guidelines were used in deciding how much to each institution or what stipulations were made.

MR. GOGO: Well, Mr. Chairman . . .

MR. TAYLOR: If \$9 million has disappeared, there must be some reason.

MR. GOGO: It hasn't disappeared, with respect, hon. member, as you well know. The \$9 million was phased in over a three-year time frame from '79 to the '81-82 fiscal year. There was an aggregate of \$9 million. The funds were to be used as a one-time effort to purchase additional library resources, and we left it within the discretion of the institutions whether they be books, video, audiovisual equipment. For example, for the hon. Member for Westlock-Sturgeon, if he has a particular interest in one of the 15 institutions, the universities got \$5.5 million and the college system got \$3.5 million approximately, for a total of \$9 million. The U of A, which he mentioned in his remarks

about being the second-largest university – I think he meant the second-largest English-speaking university – got \$2.7 million of that \$9 million fund.

MR. TAYLOR: Well, I got part of the information on how much has gone out. By the way, it's still the second largest on one campus. The University of Quebec runs second, but it's scattered over about 15 campuses. But never mind. And it's Francophone, I agree.

I found out that \$2.7 million went to the U of A. Could I go further? When these grants were made, were there any restrictions? Was this grant strictly for buying new stock? See, I take the words "upgrading" and "expansion" to mean service, yet the U of A cut its expansion, the number of people it serviced.

MR. GOGO: The program, Mr. Chairman, was to purchase fiscal objects: books, periodicals, audiovisual equipment. We're now talking some years ago, even before the hon. member's presence in this House, but I would endeavour to extract where I could what the criteria was for each institution to receive their allocated share. It's probably possible, and I would provide that to the hon. member if he wishes it, if I can obtain it.

MR. CHAIRMAN: Thank you.

Final supplementary.

MR. TAYLOR: Final supplementary. While we're on statistics, does the minister or his department have a breakdown on the fellowships and scholarships awarded as to urban/rural, north/south?

MR. GOGO: Mr. Chairman, the Member for Edmonton-Centre some time ago had mentioned the question of policy in handing out scholarships, primarily Rutherford. I would certainly point out to the committee that to my knowledge any member of the House who has requested a list of names of those recipients has always gotten them. I want to make that very clear. I know of no occasion when a member of this Assembly asked the department or the minister for a list of recipients and was not responded to.

The second part of the question I'd have to look to Mr. Leon Lubin to respond to, because I'm not aware. We have a breakdown by each school in the province with regard to the Rutherfords, and Mr. Lubin can share that with you. I suppose, Leon, you could break that down between rural/urban if you've got five minutes to do it.

MR. LUBIN: You know, it's interesting. We gather a lot of statistics, and I guess you can never gather enough. We try and gather those statistics which we find to be the most meaningful for analysis, as we find it for our purposes. Now, that's not one we have followed up. We could do it. We know that every constituency in this province has recipients in the Rutherford. We know that every college geographically distributed throughout the province gets scholarships. We don't normally try and track them down by level of income of their parents or which particular town they come from, although we could track it in that manner. We can track it by constituency, I suspect, through analyzing your postal addresses. We have not analyzed it on a north/south basis, rural or urban, although we do know, for example, with a great deal of accuracy where all the recipients go. We know how many stay in the province. We know how

many go out of the province. We know which province they go to or which state they go to or which country they go to. But specifically in relation to your question, we do not have that statistic.

MR. CHAIRMAN: Thank you.

Hon. minister, that concludes the list of speakers and people who had questions for you today. We appreciate you being here with us and the effort you put in to come prepared to answer the questions of the committee. It's been very enlightening, we appreciate it, and I'm sure it will assist us in formulating recommendations that may affect your areas of responsibility.

I would now entertain a motion for adjournment until 2 o'clock this afternoon.

MR. GOGO: Mr. Chairman, I just want to share on behalf of my staff our appreciation for not only the questions of hon. members but certainly the consideration for the furtherance of the scholarship fund.

MR. CHAIRMAN: We'll accept a motion for adjournment from the Member for Wainwright.

[The committee adjourned at 11:51 a.m.]

