

## Standing Committee on the Alberta Heritage Savings Trust Fund Act

2:06 p.m.

[Chairman: Mr. Ady]

MR. CHAIRMAN: We'd like to call the meeting to order and to welcome the Hon. John Gogo, Minister of Advanced Education, before our committee. He has some department people with him. We would invite him to introduce them when he makes his opening remarks.

Mr. Minister, we would invite you to take a few minutes and make some opening remarks. It would be appropriate for the committee to put questions to the minister pertaining to the Alberta heritage scholarship fund, which is funded by the Alberta heritage savings trust fund. So, Mr. Minister, if you would like to give your opening remarks and please introduce your department people. Thank you.

MR. GOGO: Thank you very much. I welcome the opportunity for my annual pilgrimage before this watchdog committee to defend the expenditures, although, Mr. Chairman, as you no doubt note, they're under the deemed assets and the investment occurred many years ago for this heritage scholarship fund.

The people with me today, Mr. Chairman, I'm proud to introduce. To my left is the Deputy Minister of the Department of Advanced Education, Lynne Duncan. Next to Lynne Duncan is the director, equivalent to deputy minister, of the Students Finance Board, Mr. Fred Hemingway. Next to Fred is the director of the heritage scholarship fund, Mr. Leon Lubin.

Mr. Chairman, perhaps I could ask the Chair if you would like, while I'm making opening comments, to distribute some material for the benefit of the members. I'd like to very quickly give an overview of the heritage scholarship fund: its growth, its success, and most recently the changes which were announced.

The members will recall, Mr. Chairman, the Alberta heritage fund was born in 1976, my first year in this Assembly. In fulfilling the goals of the heritage fund, which were to not only take 30 cents of every dollar from the royalty side to put into a fund for the future but indeed to deal with the requirements of Albertans who were living both at that time and today, in 1980 the heritage scholarship fund was born with a \$100 million transfer from the heritage fund. The scholarships were quite varied. As members will see in the information in front of them, it really covers six groups: high school students, undergraduate students, graduate students, student athletes, people in the work force, and some others which I will term partnerships because they relate to the private sector. Those scholarships were named after well-known, prominent, historical Albertans, the first one, for high school students, being named after the first Premier of Alberta, Mr. Rutherford, followed by former Senator Lougheed. These are all, obviously, former people: Mr. Steinhauer, our first native Lieutenant Governor; Willie May, who made great inroads in the north in terms of pioneering flying aircraft into the north as a bush pilot; Mr. Luchkovich, who did so much for the Ukrainian community in Alberta. Charlie Noble, C.S. Noble: several scholarships were named after him, the inventor of the Noble blade, the great salvation to the winds of southern Alberta in terms of retention of land. Percy Page is well known, of course, for many things. The eighth one in some people's minds should have been the first Premier of this province but was the Premier of the Territories, Mr. Frederick Haultain.

Mr. Chairman, that \$100 million has grown today. The principle was that the principal would never be disturbed; i.e., the corpus would always be retained in terms of the purchasing power of the

original investment. The fund today is approaching \$200 million. We have paid out of the fund over \$98 million to the benefit of 70,000 Albertans. So from 1981, which would have been the first year of the payout in the various scholarships -- I might add the scholarships are on the basis of excellence or outstanding ability as opposed to bursaries, and we've made recent changes in that program, as I'll mention in a moment -- we've paid out, as I say, almost the original investment, \$98 million, to 70,000 students.

Looking at the year ahead, I recognize, Mr. Chairman -- we're dealing with the annual report of the heritage fund for '91-92 -- that we're looking forward to this year probably paying out in the neighbourhood of 12 and a half million dollars to perhaps 8,500 students.

Let me quickly, Mr. Chairman, point to the changes that have been made. If you recall, it had been my intent as minister to review not only various policies of the department but programs of the department. The scholarship fund had not been reviewed since its birth in 1980, so we did a complete review a year ago, and I announced in the House those changes that members may have in front of them. Very quickly I'll go through them.

The Rutherford for high school achievement. If you recall, because I know members are involved in a significant way in terms of their constituents, students have to average 80 percent in mandatory subjects in grades 10, 11, and 12, and those scholarship funds are used for further study. In the latest year we've paid out almost \$6 million to over 5,000 students. In the coming year we're looking at another 5,200 students, for 5 and a half million dollars. To date, Mr. Chairman, the high school students have received under the Rutherford over \$51 million.

The Louise McKinney award is a postsecondary award for all our colleges, technical institutes, and universities that was named after the first woman ever elected to a Legislature in the Commonwealth, or the British Empire at that time. They were to recognize outstanding students for their academic achievements. We've issued about, in the past, 750 awards, and based on my July statement, we're increasing them by 180; in other words, to recognize that more and more people qualify for those.

We then get into the graduate degrees, Mr. Chairman. The Sir James Lougheed award of distinction: we have various selection committees who choose those winners. They're fairly rich in terms of the awards, \$10,000 at the master's level and \$15,000 at the doctoral level. The Steinhauer awards, named after the former Lieutenant Governor, are also fairly rich awards, the master's level at \$10,000 and \$15,000 for the doctoral level. This latest year we've issued 24 of those awards for a total of \$325,000. The Willie May scholarships again are for master and doctoral levels, and they have similar sized awards, \$10,000 or \$15,000.

The Michael Luchkovich, who was a rather famous Albertan, are given to people who have been successful in the job or to upgrade their training or their education. There's \$125,000 a year available for individuals, who can use the funds for tuition, books, or supplies.

There's qualifications with all our scholarships: they must be Albertans, but they must have been in the labour force at least three years to qualify for that, and we use chambers of commerce and so on to nominate people.

The Jimmie Condon, which falls into the athletic category, has been reviewed, and the Charlie Nobles have been reviewed.

The Percy Page awards, Mr. Chairman, if you recall on July 2 when I made the announcement, are for athletic trainers awards. The suggestion at that time -- although the award was up to \$3,000, it had not been particularly picked up in any strength recently, and we felt they were important to continue. However, we're currently reviewing that program.

2:16

One of the major changes I'd like to draw to the committee's attention, Mr. Chairman, is the Sir Frederick Haultain prize, which was an award to three outstanding Albertans each year in the areas of humanities, the performing arts, and the physical sciences, a \$25,000 prize each year. It was the judgment of the review committee that reviewed on my behalf the scholarship fund that the funds would be better used for students as opposed to outstanding Albertans, because we have the Order of Excellence award for those people. However, it's been very successful. We've named since '82, at three a year, a substantial number of people to the Sir Frederick Haultain award. Beginning in the new year, they're now being awarded to students.

Let me just summarize, Mr. Chairman, with regard to the material the hon. members have received from me. I'd just draw your attention to the pamphlet Achieving Excellence, which is the new theme. The categories really fall in six areas: high school studies, undergraduate studies, graduate studies, student athletes, and the final two, people in the work force and other scholarships. I should end there simply by saying we've awarded, totally, about 98 and a half million dollars since the birth of the program. We've been paying out about \$10 million a year to the students. We're going to increase it in the coming year to about 12 and a half million dollars. To date, there have been 70,000 recipients.

With that, Mr. Chairman, I'll close and answer questions, if possible, from hon. members. If I have difficulty, then obviously I'll turn to the people beside me.

MR. CHAIRMAN: Thank you, Mr. Minister.

I'll recognize the Member for Stony Plain, followed by the Member for Bow Valley.

MR. WOLOSHTYN: Thank you very much, Mr. Chairman. I'd like to take this opportunity to welcome the minister and his colleagues here this afternoon. I'd open with a couple of comments. As the minister is well aware, I'm very supportive of this whole Rutherford scholarship program. I may have questions on the way it works, but the thrust of it is certainly, in my opinion, one of the better investments that the heritage fund has had. I endorse it in principle quite wholeheartedly.

A couple of questions I'd like to ask. In your July news release there was reference made to the possibility of setting up a foundation that would let the private sector donate money in some way, shape, or form. Could I ask where we are at with this particular initiative.

MR. GOGO: Thank you. Mr. Chairman, I would point out to the hon. Member for Stony Plain that his constituents, who I think have been somewhat outstanding in the last year, have received a total of 82 awards, for \$102,000, under this scholarship fund. He's addressing page 7, Achieving Excellence -- Future Initiatives. Mr. Hemingway will speak to this in just a moment. We would get requests each year from people who wish to make a contribution or donation for future students, and we've never had a legislative mechanism whereby we could receive those funds. One can always give to the Crown, I appreciate that, but then of course the donor cannot dictate to the Crown how funds are spent. So under our review we talked to various people. We had requests that if a scholarship foundation were to be created, without naming necessarily a specific student, there would be some provision for donating. I'd ask Mr. Hemingway, a director of the Students Finance Board, to add to that. Fred?

MR. HEMINGWAY: Thank you, Mr. Minister. Mr. Chairman, to add to what the minister said, we certainly do receive a number of inquiries each year from individuals who are interested in donating money for the purpose of helping deserving students in the province.

As you all know, the institutions in the province are well capable of accepting such donations and administering scholarship money on behalf of their students, but there are a number of donors in the province who would like to make donations, as it were, on a provincewide basis. To this point we have no specific vehicle to be able to accept and administer funds on behalf of private donors, so this suggested foundation reflects our thinking concerning how that might be handled. In terms of where we are, we are talking to Treasury officials in terms of the best way of setting this up and consulting with them, and we would hope to have more detail on this matter in three to four months.

MR. WOLOSHTYN: Thank you. So at this particular juncture we wouldn't know whether the funds would be accepted for specific awards or whether they would go into the overall pot, and the current administrators of the plan would then determine how that money is going to be used. What I'm suggesting here is that I certainly welcome the input of private funds, don't misunderstand me, but my own preference would be that they would go into the Rutherford fund as a whole, as opposed to having a particular industry say, "This is the amount of money you get, but you must give it to the Louise McKinney award," for example. Now, is consideration given to strings attached, or is it going to be straight acceptance into the fund?

MR. GOGO: I think, as Mr. Hemingway stated, it would be so that the Students Finance Board, utilizing the heritage scholarship fund, would have a separate entity. The funds would be donated to the heritage scholarship fund. Fred, I don't think one could designate exactly how they were used, but perhaps you can respond to Mr. Woloshyn.

MR. HEMINGWAY: Thank you. Mr. Chairman, one of things we are aware of, I believe, under tax legislation is that the donors in such circumstances cannot specifically direct where the money is to go in order to receive full benefits from the tax perspective. However, I think it has been suggested that we are free to take a donor's wishes into account, so I suspect the situation may vary depending on who the donor is and how much money is involved and so on.

MR. WOLOSHTYN: Thank you very much. I'm quite pleased with that reply.

The other area that I noticed -- again we're going back to I believe the same news release back in July that caught my eye at that time -- is the consideration of including so-called mature part-time students in the program. I guess the question that I would ask -- first of all, I can appreciate there is a problem with criteria and who qualifies and all the other things that go with it, but I would like to know the rationale behind the consideration, if you wouldn't mind, please.

MR. GOGO: Mr. Chairman, the hon. member is onto a very important issue and something that is a new phenomenon. Ten days ago at the convocation of the University of Lethbridge, for example, the average age of all the graduates -- the average -- was 28 and a half years. One of the new phenomena is this whole concept of lifelong learning, continuing studies, and we're getting more and more people who for a variety of reasons cannot attend full time; i.e., they're part-time students. They require, although we don't provide it, unique financial assistance. One area they don't qualify in and perhaps should -- in my view, they should -- is for scholarship awards. They shouldn't have to be a full-time student; I think those days are behind us. Good, strong representation, as I recall, deputy, that we should be looking at awards to mature part-time students,

and the board's been working on that. We've not reached any conclusion except, I think, in principle, if I'm not mistaken, Leon and Fred, that we want to do it. I think the key was to determine how to do it. Am I accurate?

MR. HEMINGWAY: Yeah.

MR. CHAIRMAN: The Member for Bow Valley, followed by the Member for Westlock-Sturgeon.

MR. MUSGROVE: Mr. Chairman, at the risk of being out of order, I wanted to ask a question as to the heritage scholarship compared to other scholarships. In the spring of 1992 we passed here a PR Bill for a Medicine Hat foundation. One of the sponsors or the people who was in that Bill was wanting to offer scholarships to former 4-H members, taking into consideration their academic ability but also their involvement in the community. Now, how does that differ from the heritage scholarship? As I understand it, it's not easy to direct money into the heritage scholarship, but in something like this it obviously seems to be quite simple. Is there a rule there that prevents people donating directly to the heritage scholarship fund compared to other scholarships?

MR. GOGO: Well, where the key is, Mr. Chairman, is that Revenue Canada has, under the charitable donations Act, if you make a donation to a registered charity -- and all our institutions have been registered -- you can deduct from the income side of your tax return 20 percent per year. If you recall, Mr. Chairman, various institutions approached me as minister asking for ways to improve their financial situation, and the institutions ended up recommending it if they could only have what was known as the Universities Foundation Act, where people could donate money and write a hundred percent off. If members recall, the Universities Foundation Act of two years ago did just that for the universities. It was amended this past year for the colleges and technical institutes, so they all now qualify -- the first in Canada; no other province does this.

2:26

One of the strings, as Mr. Hemingway has said, is that when you give a gift to the Crown under that, in effect they become agencies of the Crown. You cannot dictate how those funds are used. That's one of the sensitivities with regard to one item we're looking at. When it comes to Medicine Hat College, for example, they can receive a contribution, but in fairness if you can take 20 percent off a year, you could do it for five years and get the full deduction. To do it all in one year, it has to become an irrevocable gift to the institution. As Mr. Hemingway says, under the legislation you cannot dictate how the funds are to be used. However, the directors of that foundation will take into consideration -- I think they're authorized, Fred -- wishes of the donor. That doesn't mean it can be done; it means that in effect there's moral suasion involved.

Now, the time period you were mentioning with regard to Medicine Hat having a foundation, they've had a foundation for several years. To commence one to use for scholarship purposes, I'd have to ask the deputy if that would be possible, how that would relate to the foundation that Medicine Hat has. It wouldn't relate to the scholarship fund that we have, obviously, because the board of directors of the colleges foundation Act represents all of the colleges, not just Medicine Hat.

MRS. DUNCAN: I think the difficulty we have right now is that the heritage scholarship fund was not given the legal authority to receive money. So one of the things that we're talking to Treasury about is

changing the legislation so that we have the legal authority to receive money and setting in place the appropriate vehicle to do that.

MR. MUSGROVE: A supplementary question, Mr. Chairman. For all of the scholarships involved, can a person living outside of Alberta and attending a school in Alberta receive those scholarships?

MR. GOGO: No, they can only receive scholarships if they're resident in Alberta. If they're married to somebody who is resident in Alberta, they de facto qualify. I think they must have lived in Alberta for three of the past X years. Leon, are you familiar with that?

MR. LUBIN: Yes, Mr. Minister. In response to that question, they have to have resided in Alberta for at least 12 months or been available for the work force if it's time spent outside of post-secondary studies. There's only one category of individual that's eligible. As long as they're Canadian they can apply for the Steinhauer scholarship, and it's for graduate study in Alberta. As long as they're Canadian citizens and studying in Alberta they can qualify. That's the only exception.

MR. MUSGROVE: Thank you.

MR. CHAIRMAN: The Member for Westlock-Sturgeon.

MR. TAYLOR: Yes. Thank you, Mr. Chairman, and welcome to the minister and his right-hand people -- left-hand people, I'm sorry. The first question is on providing scholarships in the nonacademic area. I'm a bit concerned that we are very light in scholarships in the technical and vocational education. I do notice on page 5 of the Alberta Backgrounder, adult high school equivalency scholarships: 200 awards valued at \$500 will be provided . . . outstanding achievement in the attainment of high school equivalency.

I think that's a move away from senior matric; I guess that's why you call it high school equivalency. But it still gives one the impression that you're going on to a postsecondary program that's academic. I would like to know what percentage of those postsecondary programs are in technical and vocational schools.

MR. GOGO: Well, Mr. Chairman, this is one of the new initiatives that was launched this year. We recognize that there are many people, including members of the constituency of the hon. member, for example, who went to Swan Hills on the oil rigs 15 years ago. The oil rigs are gone. They only have their grade 10; now they can't get a job. They're 34 years old. So many of these are now going back to high school, as it were. Our vocational colleges have some 9,000 students in a variety of things, many of them in upgrading. Many of them Mr. Dinning has going back to school. These are mature students who end up with equivalencies; i.e., not the formal subjects as we've known them but equivalencies. I attended last Friday in Calgary adult learner awards: outstanding. I forget the age range now, but they go from 50 down, you know. So we thought it was time to recognize and give some incentive to those who through great effort went back and got a high school education. The recommendation and subsequently the new policy was this high school equivalency scholarship. Some 200 would receive \$500 each, a \$100,000 commitment out of the fund. Now, how many of those would even be near a technical institution like NAIT and SAIT, I haven't the foggiest, if any.

Perhaps, Fred, you can respond to that.

MR. HEMINGWAY: Thank you, Mr. Minister. Mr. Chairman, there's no intent on our part to limit the recipients' study to academic

areas whatsoever. We use the phrase "postsecondary" in the broad sense so that if these people choose to enter a technical training program at NAIT or SAIT or wherever, they would certainly qualify and receive this money.

MR. TAYLOR: Mr. Chairman, I'm not sure if they quite answered the question. I think the question they've answered is on page 8: awards for mature part-time students. That's planning in the future. I appreciate that answer because that was going to be my second question anyhow.

So my second question now will be back to the first question. Since you answered my second one, that I didn't ask, can I go back to my first one, which was: the 200 awards valued at \$500. What I want to know is what happened in the past. How many of the high school scholarships awarded have gone to technical or vocational schools rather than academic?

MR. GOGO: Mr. Chairman, the Rutherford scholarship dealt with high school students.

MR. TAYLOR: That goes under academic.

MR. GOGO: That was strictly academic, and it was high school students; i.e., those probably all under the age of 18. We had a variety, for example the Noble scholarship and so on, that went for a variety of other purposes. I don't know of any program that was directed in any way at technical institutes.

Leon?

MR. LUBIN: Yes, Mr. Minister. The Louise McKinney scholarships are pro rated, and we do provide them to institutions other than universities: to schools of nursing, to NAIT and SAIT, to the College of Art, and institutes such as that. With respect to the Rutherford, while it's based on their academic qualifications, they're not obliged to attend a university or a college. They can attend any postsecondary institution according to their particular interest.

MR. TAYLOR: I'm still having trouble, Mr. Chairman, so it's my third one. I'd like to know the dollar value or the percentage of scholarships that went to vocational and technical schools. Surely we keep track of where they go. How many dollars have we spent sending people to vocational and technical schools?

MR. LUBIN: If I may continue, Mr. Minister. We don't regularly track that on a percentage basis, but the last time I looked at it, I think it was somewhere in the neighbourhood of 25 percent of Rutherford recipients who went to the technical institutes.

MR. TAYLOR: Twenty-five percent.

MR. LUBIN: Yes.

MR. CHAIRMAN: The Member for Ponoka-Rimbey, followed by the Member for Edmonton-Calder.

Just prior to doing that, perhaps we could take a moment to recognize a group that's come into the gallery and spend a moment to explain to them that they're watching the proceedings of the Standing Committee on the Alberta Heritage Savings Trust Fund Act, which is a watchdog committee appointed to interview ministers and departments which draw funds from the heritage savings trust fund. Today we have before us the Hon. John Gogo, the Minister of Advanced Education, and he's reviewing the fund that he has out of the Alberta heritage savings trust fund pertaining

to a scholarship fund. We welcome you to the Legislature today and hope that you will enjoy the proceedings that you are here to watch.

To the member.

2:36

MR. JONSON: Mr. Chairman, to our guests this afternoon and to the hon. minister. I'd like to focus a bit on the review that was done of the fund and its utilization. Incidentally, I think the review was well done. It's my understanding that one of the parameters given to the committee review process was that recommendations should be built around the status quo in terms of overall funds available. I have a couple of questions about the evidence that was put before the review. In the submissions or in the questions and discussion that went into the review was there any indication or assessment of how many students made their choice to go on to postsecondary education on the basis of this scholarship program being available? In other words, does it have an impact on people actually being able to go on to postsecondary education?

MR. GOGO: Well, Mr. Chairman, I think that one of the pros with me should give that answer. I'd just add that as of next year the heritage scholarship fund will be awarding about 12 and a half million dollars in scholarships, and the postsecondary system and other groups, including chambers of commerce, service clubs, and so on, provide about 12 and a half million dollars. So there's a total of about \$25 million in scholarships available in Alberta.

I think Mr. Hemingway's best qualified. I can't answer that question. Fred?

MR. HEMINGWAY: Perhaps this would be helpful. We have not done any scientific studies, Mr. Chairman, in terms of the impact of programs such as the Rutherford scholarship program. However, we've certainly heard from many, many teachers that the existence of this money, especially because it reaches down to the grade 10 level, has certainly been a motivational factor within the high school classrooms. We've certainly noticed a significant growth over time in the number of individuals who have qualified for this Rutherford award. So from that we have concluded, at least, that it certainly does have an impact and, in fact, a positive one on decisions concerning future attendance in postsecondary institutions.

MR. LUBIN: Mr. Chairman, if I may just add to that, we do get countless letters from recipients who are very, very thankful. Placing great stock on what they say, they have indicated that it's been in many cases the significant difference in allowing them to continue without burdening themselves with undue financial debt or other family circumstances, which have been alleviated as a result of getting the scholarship. It is greatly appreciated without doubt, and I think it's been a significant factor in assisting many students to continue.

MR. JONSON: My first supplementary question, Mr. Chairman, would be: is any consideration given to recommending an increase in the overall fund for the purposes of helping students in postsecondary education? I'm thinking, of course, about the largest component of scholarships, and that is the Rutherford.

MR. GOGO: Well, Mr. Chairman, again I'll have to turn to Mr. Hemingway, but there were 26 suggestions for additional scholarships, which the committee sifted through. I guess what you're asking is that if the Steinhauer award was \$15,000 for a doctorate 10 years ago, people say: "Hey, it's \$23,000 now. How about increasing it?" That kind of question.

Fred.

MR. HEMINGWAY: There was a question asked by the consultants of all the respondents to the review process in terms of their views concerning the adequacy of existing awards. In general, the responses were that most people felt that the awards were extremely generous when they were first introduced in 1980 and, in fact, remain so in terms of the intent for which they were established. There were some exceptions to that, of course, but I think the general feeling was that the award values were adequate to allow the programs to meet their objectives. The board certainly realized that there will come a time, probably in the not-too-distant future, when we'd have to review all award values again and look at issues such as that. The minister's indicated that this fund will be looked at again from that perspective within the next five years.

MR. JONSON: I just wanted to use my final supplementary, Mr. Chairman, to verify one particular part of the minister's remarks. Perhaps I wasn't listening carefully enough, but as I understand it, what were formerly the Haultain scholarships no longer exist in monetary form. Is that correct?

MR. GOGO: On the contrary, they do exist. The money which was awarded, \$25,000 each to three people, now goes to various students. I apologize if I left the impression that we took back the money. On the contrary, we give \$20,000 each to three students, one from each of the arts, the sciences, and the humanities. Previously we gave \$25,000 to three Albertans who were recognized for that. So no, indeed. I would point out: \$20,000 each, and it could be for two years, not just one year; so in effect it could be \$40,000.

Leon, is that right?

MR. LUBIN: Yes.

MR. JONSON: Thank you, Mr. Chairman.

MR. CHAIRMAN: The Member for Edmonton-Calder.

MS MJOLSNESS: Thank you. I've been just reading over the ministerial statement that was given in July, I believe, and I'd like to ask the minister about one statement that's made in this ministerial statement, where it says

I am proud to announce a number of new initiatives involving partnerships as a means of encouraging the achievement of excellence . . .

and so on. I'm wondering if he would please clarify what exactly is meant by "involving partnerships."

MR. GOGO: Mr. Chairman, we think that it's particularly important to involve others in this whole question of scholarships. For example, one we selected was international business awards. That would be where we would allocate funds as long as there was a cosponsor. For example, if Mr. Payne, who was associated with Dome Petroleum for some years in a senior position, were to attend, let's say, Harvard for a three-month, six-month session, we'd be prepared to put up X dollars in this partnership as long as Dome Petroleum would pick up his cost of travel, cost of accommodation, and so on. So our funds could be utilized for the educational part. That's what we meant by partnership: to get the corporations involved.

One thing we're all agreed on and I'm sure the committee's agreed on is that in terms of education and training, although the student or the individual may benefit to 25 percent or 30 percent of the total, society benefits by the balance. So we thought there was an opportunity, in terms of seeking new thrusts of the scholarship fund,

of dealing with matters other than directly with students within our institutions -- for example, hockey scholarships cosponsored by the Alberta Colleges Athletic Conference; the Alberta Foundation for the Arts -- something, I think, very important, because as dollars get tighter and tighter and tighter, contributions certainly from the private sector will get fewer and fewer into areas like drama, art, and so on. So we've established this special scholarship program to the total of \$200,000 as long as it's coshared by people within that business, at this time Foundation for the Arts. We would anticipate being a partner in that. That was part of the thrust.

MS MJOLSNESS: That's helpful.

I'm wondering, then: when you move into new initiatives and expand into new areas, what do you consider before moving into specific areas? Are there needs in one area, for example, that need to be met before you move into that area? What criteria are used?

MR. GOGO: Well, you know, part-time students are a major thrust with me as minister. I've been trying to deal with them because that's the reality; i.e. part-time students attending institutions.

Perhaps, Fred, you should respond to Ms Mjolsness in terms of what we see as future initiatives.

2:46

MR. HEMINGWAY: Yes, Mr. Minister. In terms of looking at possible new initiatives, as you know, we've had the Charles Noble program in existence for some time, and it's an open invitation to the people to come forward and suggest perhaps new ways and means by which scholarship funds could be used. We always look very closely at whether or not someone else is in the field, whether it's government or others. We certainly don't want to create duplication, and we certainly don't want to move into an area that perhaps there isn't a real need for. So we look at them very carefully, and those issues are given serious consideration before we do move in.

Using the example of the arts, we've been told for a number of years that there are relatively few dollars in terms of scholarships in the field of arts when compared to other areas. We've heard that for quite some period of time. When the foundation came forward and suggested they were prepared to pay half of any new program, and we knew there was a need there, we certainly looked on that favourably.

MS MJOLSNESS: Okay. Thank you. Just getting more specific, then, I'm looking under the new initiatives in the ministerial statement. It talks about excellence in teaching research fellowships. I'm wondering if one of you could explain to me the rationale behind this particular initiative and what will be the criteria in terms of awarding fellowships to the lucky recipients.

MR. GOGO: Well, Mr. Chairman, as hon. members know, until May of 1992 Canada was number two in the world in terms of public spending on education. The government in Sweden was thrown out. Canada is now number one, the highest spender in the world, yet at the same time we hear continually about the quality of education, i.e. those who have difficulty with literacy, numeracy, and so on. So we've been well aware of this, and we have many suggestions. Please appreciate that we did not sit down and say this is what we should do and this is what we should do and so on. Mr. Hemingway explained about whom they consulted with, and it kept coming back: shouldn't we be doing something to complement what Mr. Dinning is doing for excellence in teaching, the excellence in teaching awards? So we thought about this, about new thrusts and so on for our fund, and we ended up coming to the conclusion that we should

allocate about half a million dollars a year toward that in partnership with other people, school boards, et cetera.

I should end there, Fred, and you can respond to Ms Mjolsness about the criteria side.

MR. HEMINGWAY: Thank you, Mr. Minister. Mr. Lubin is working closely at the present time with the administrations in the college sector and technical sector and the universities in terms of developing final criteria. We don't have them yet, but we want to involve them fully because they're an equal partner in this initiative. We would hope early next year, I think, to have something that could be shared.

MR. CHAIRMAN: The Member for Stony Plain.

MR. WOLOSHYN: Thank you, Mr. Chairman. Going again to our ministerial statement, in the very first comment there, "Scholarship income will now be used to reduce the loans and indebtedness" and so on. I don't have on the surface a difficulty with that. However, normally scholarships are awarded to people that are continuing in a program of sorts. I would like to know which scholarships this is referring to, because I read into that that the scholarship, when it is awarded, may in fact be garnisheed and applied against some form of indebtedness. If I'm reading that incorrectly, I'd like to be corrected on it.

MR. GOGO: Let me make a general comment, Mr. Chairman. I spent several years as a member of that committee, and the members of that committee, particularly Ponoka-Rimbey, have raised with me many times the use of the scholarship funds. As you know, through the Students Finance Board, we lend funds to about 50,000 students a year. In addition, we have about \$40 million in grants that go out. Our student loan system has always operated on the principle of need. If you don't need, you don't get. You must justify, et cetera, et cetera. I won't argue whether it's high or low; that's academic. Pardon the pun, but it's not applicable. But we've had in place for years, Mr. Chairman, the loan plus a grant. The grant has been \$2,500. Recently it was changed to \$2,400 to top up a loan for needy students. So the present system is about a \$5,500 loan and \$2,500 grant. Actually it's \$7,950. Then if you won a scholarship -- and a scholarship is only for merit or achievement; it's not a bursary -- the first thing we did was penalize you. Not only is it made taxable -- which is a Revenue Canada issue; it's not our issue -- but instead of taking it on the loan side, we would take it away from the grant. So in effect, under the Louise McKinney, some are getting \$3,000. In effect, sometimes they didn't get anything.

Representation came from Ponoka-Rimbey and others and from me for years. Finally, that was changed. Now having said that, I'm not so sure, Fred, that that's the question he asked. I think how it's applied is the question you asked.

MR. WOLOSHYN: That is the question, yes. Thank you, Mr. Minister. And you expanded on it. I didn't realize it was such a worthless application prior to that. I'm glad you gave me the answer you did, because now you're saying quite frankly that if they have received a scholarship, they will receive a direct benefit in some way.

MR. GOGO: Exactly.

MR. WOLOSHYN: Fair enough. We won't debate that one. I appreciate the answer.

I'll combine the next two into one. With respect to the high school program, I endorse the expansion of it into the Rutherford scholars

program. I understand that this year there were 10 recipients of that program. I will make a statement which you may want to comment on. That was not, in my opinion, publicized nearly well enough. I would suggest to you that probably only the recipients and their schools were aware of the existence of that program. I would strongly recommend that a concerted effort be made somehow to publicize that there are going to be 10 Rutherford scholars each year.

In the same vein, I understand that the citizenship awards which are going to be awarded this June -- the last information I've had is that all schools, if any schools, have not received the criteria. Some schools in fact, believe it or not, are not aware of the existence of the program. I would strongly recommend that through either Alberta Education or your own department all the high schools get (a) notification of existence and (b) the criteria early enough in the year so that the first batch of good citizen awards is in fact allocated to students who have worked toward that award if not over a three-year period at least through a one-year period. What I'm worried about is that there will be a sudden scramble at the beginning of June to pick these awards. This happens if you're not familiar with them. It's just a comment, Mr. Minister.

MR. GOGO: Well, Mr. Chairman, the Member for Stony Plain raises an issue which is extremely important, certainly to me. I assume certain things were done. Maybe they are done, and we should now hear from the staff what they've done.

MR. HEMINGWAY: We haven't done a lot yet, Mr. Minister and Mr. Chairman, but we are going to do a lot more.

In terms of the time limit announcement, we didn't make the announcement this year until July, so school was out for the year in terms of the recipients. I should indicate in terms of the Rutherford scholars program that we have no requirement for an application. We have from our data base the ability to identify the top 10 people, so certainly no one is going to miss out because they didn't know about the program. Having said that, however, we did hear a number of times through the course of the review that more had to be done in the area of communication, and we're working hard on that now. We'll make sure there will be sufficient material in the schools in the near future.

MR. WOLOSHYN: Just as a final comment on my part, I'm glad to hear that, because one of the things I'm certain of, talking to various high school students, is that the whole Rutherford scholarship program is not sufficiently publicized. I'm not blaming. There could be a lot of the responsibility on the school level. However, when you came out with these two new initiatives -- and they were sort of kept in the dark -- it didn't do a heck of a lot to enhance the program as a whole. I would strongly suggest that perhaps the department in conjunction with Education work out an inexpensive scheme to promote Rutherford scholarships to high school students on all three of those levels.

MR. CHAIRMAN: The Member for Edmonton-Beverly.

MR. EWASIUK: Thank you, Mr. Chairman. I, too, say to the minister that I think funding in this area is very important and supported, I believe, throughout the province. I certainly support the ability to have our students, whether it be in high schools, universities, or out of the work force, getting assistance to increase their knowledge. Referring to the ministerial statement of July 2 of this year, on page 7, item 5, small business skills development awards -- I think I have no objection to it. It sounds like a good initiative. However, I guess the questions I have, Mr. Minister, are: first of all, without perhaps having you divulge information you

want to at a later time, what is the value of these particular awards, and can you tell us today when we can anticipate a start-up time for initiation of these awards?

2:56

MR. GOGO: Mr. Chairman, I'd like Mr. Hemingway to respond to that. Clearly, we wanted to recognize small business as the greatest creator of jobs, and anything entrepreneurial in nature would qualify. Now, I don't know what criteria are built in there. I think Fred Hemingway should . . .

MR. HEMINGWAY: Thank you, Mr. Minister. Mr. Chairman, again, as with some of the other recently announced programs, the final criteria have not yet been established. Mr. Lubin is working closely with chambers of commerce across the province and others in terms of consultation on exactly what the criteria will be. We have allocated an amount of \$100,000 for this award. Again, this is a partnership type of award, and hopefully we will be in a position in the near future, perhaps by Christmas, to have some details for you on that.

MR. EWASIUK: Thank you.

My additional question, Mr. Minister, is on the international business awards. Again, it's certainly appropriate, and it's being done in conjunction with the business community. My question would have been and still is: will the small business component be able to participate in these international business awards? I somehow get a feeling that this is going to be left to the multinational corporations who want to get involved in this, thereby excluding the small entrepreneurs. Is my assumption not correct? If my assumption's not correct, then could we put a limit on the profitability or the margin the company has? If they exceed that particular figure, then they don't qualify for this. Really I'm suggesting: can we ensure that the smaller business community gets better exposure to this particular award?

MR. GOGO: I don't know, Mr. Chairman, if there's any restriction on that. Perhaps Mr. Lubin or Mr. Hemingway could respond.

MR. LUBIN: Yes. Mr. Chairman, hon. member, no, there was no restriction intended. What we have determined so far in dealing with the chambers of commerce and people in the business field is that it's recognized that long-term business training is certainly a benefit. Most small business operators realize that, but there may be a more practical application to get short-term immediate training to raise their skill levels to ensure that they stay in business and flourish. Some of the courses available through the international business awards may demand a slightly longer period of time away from their business, and it may not be compatible with the small business operator. Certainly the intent was not to restrict it only to the highest ranking officials of multinational corporations. Both the international business awards and the small business skills development criteria are being developed in conjunction, and many of the same individuals will be involved in both. We'll certainly keep that in mind.

MR. EWASIUK: Thank you, Mr. Minister and Mr. Chairman.

MR. CHAIRMAN: The Member for Westlock-Sturgeon.

MR. TAYLOR: Thank you, Mr. Chairman. Back again to the report, on page 7, paragraph 5, you mention the government ministers going after small business skills development awards.

In consultation with the business community, a program will be developed which will encourage the improvement of small business entrepreneurial skills.

I'd be rather interested in the minister's justification for wandering over into this area. We have AOC and departments of economic development and everything. I don't really see going over and trying to develop small business. What is the rationale for that? It looks like you're just considering it; you haven't gone into it. I'd like to urge you to stop. Have you got a good reason why?

MR. GOGO: Well, Mr. Chairman, with respect to the hon. member, very clearly when a small business or any other business sends its people for training, the state invariably benefits to a certain degree. This comes under a new initiative area, certainly under the partnership area, and as mentioned by Mr. Lubin, the chamber of commerce is very closely involved with nominations of people here. I don't see how the role of AOC or anybody else which is a lending agency would be applied there. We're basing our recommendations and new initiatives on representations we got from this study that we did last year. I don't know if anything further could be added.

Leon?

MR. LUBIN: Mr. Minister, the only thing I could add to that is the fact that the two groups the hon. member mentioned have recently amalgamated their awards and on November 13 of this year are having their first awards banquet to have a joint presentation of those two groups. They're amalgamating forces. Generally speaking, they're recognizing the most successful business operators in the province rather than trying to bring up the skill levels of others. Now, certainly by holding forth a prize for the best operator, it's a stimulus, but there's maybe a more direct benefit in assisting others to take some basic courses to ensure that they stay alive so they may be in line for those awards in the future.

MR. GOGO: Mr. Chairman, if I could make an additional comment. I probably should have thought of it a moment ago. There's a study of the OECD countries, 23 of them, and Canada rates 20 out of 23 in terms of contribution to training and education by corporations to their own employees. Expressed another way -- and we all know that the future in terms of global competition lies in training, education, et cetera, et cetera, et cetera -- Canada's contribution on average per employee is seven and a half hours a year. Sweden's is 190. Japan's is 220. We've got to develop through a partnership some method of getting the private sector involved with further training and education of their own people.

MR. TAYLOR: Thank you, Mr. Chairman. You've given an excellent reason why it should be done, and I'm not questioning that. I'm with you a hundred per cent, although I would draw the line, I think, at Amway 10, Amway 20, and Amway 30 as the courses to graduate from in high school. What I'm questioning here is whether this department should be doing it, whether a more hands-on relationship shouldn't be done out of business development rather than this, or whether this isn't in fact duplication of the economic development . . . That's my main reason for asking it. But you've given a reason, and I've already told you I don't like the idea, so I guess we've exhausted that.

The second, then, would be: do you have any idea how far we've gone in medical research, how much money has gone out in medical research in the total scholarship fund? As you know, we're putting a lot of money into bringing graduates in from outside the country in medical research. How many of these postsecondary scholarships have gone into medical research? Do you know? Any idea?

MR. GOGO: No. I think, Mr. Chairman, that's a question really for Fred Stewart, who is TRT minister responsible. I have the graduate scholarship amount and so on in terms of the aggregate, but as to what field of study, I don't have that information. In terms of masters and postdoctoral, I just know the dollar amount, not the discipline.

MR. TAYLOR: I'll circle around and come back to my Amway 10 and 20 again. Is there any effort to co-ordinate what you are doing in the small business skills development field with the department of economic development?

MR. GOGO: Mr. Chairman, as I said, we expect a great deal of co-operation from chambers of commerce, who are the greatest representation of small business.

Fred or Leon, you heard the member's question. Aside from Amway, we're not bringing Mr. Pocklington into this discussion. We're talking about something else here.

3:06

MR. LUBIN: Mr. Chairman and hon. member, right now it appears that the type of course small business could benefit from -- the quickest and most feasible way of doing it is short courses that are offered generally in city centres through the chambers of commerce. There may be other courses offered. We have a compendium of different organizations that are involved in assisting small businesses, and we'll access all of them. The idea is to try and make something readily available to small business operators so they can partake of this. They generally can't afford a great length of time but can come in for a weekend or for two or three or four days to develop certain skills. We'll certainly take advantage of whatever there is.

MR. CHAIRMAN: Thank you.

Mr. Minister, that concludes the list of questions that have come to the Chair. We appreciate your being here today and the information you've given us. I'm sure it will be valuable to the committee.

MR. TAYLOR: Mr. Chairman, a point of order. This is a very short supplementary, if I may ask it. Have we got time?

MR. CHAIRMAN: We'd be honoured. Please ask it.

MR. TAYLOR: Okay. Thank you very much. Gee, I'm stunned. I don't know what to do here. A kind chairman plus a by-election victory has just gone far beyond what I'm able to handle.

MR. CHAIRMAN: What's your question?

MR. TAYLOR: What I want to know: is there a tracking system to find out how many scholarships or anything have gone to the pharmaceutical industry? I know I am way out in left field, but do you have a system to find out? Could you drop me a note later on?

MR. CHAIRMAN: Hon. member, that would fall in the same category as your previous question, which perhaps should be put to the Minister of Technology, Research and Telecommunications when he comes before us next week.

MR. TAYLOR: Well, maybe. Yeah.

MR. GOGO: Mr. Chairman, just very quickly, I cannot answer the question. I would prefer the observation the hon. Member for

Westlock-Sturgeon made about his elation or confusion or whatever in the event of winning a by-election. I can relate to that, because it's happened before with the hon. member's party. But Mr. Lubin wants to make a comment with regard to whether there's some tracking in pharmaceuticals.

MR. LUBIN: I would draw to the hon. member's attention that we allocate the Louise McKinney scholarships to the institutions, and it's up to them to distribute them on a pro rata basis between the various faculties. If you'd like, I could give you an exact number with respect to Louise McKinney scholarships, and I could look through the news releases on the last group of graduate scholarships and identify that class of individual again. But with the graduate scholarships, they're not subject specific; the committee selects the top students irrespective of their area of study. All things being equal, they try to ensure there is a reasonable representation across the area.

MR. TAYLOR: Thank you, Mr. Chairman.

MR. CHAIRMAN: Thank you, Mr. Minister, your department people, and committee.

I would remind the committee that we will reconvene tomorrow morning at 10, when the Department of Agriculture will be represented by the Hon. Ernie Isley, the minister, and the associate minister, the Hon. Shirley McClellan.

I recognize the Member for Lloydminster with a motion for adjournment. Thank you. All in favour?

[The committee adjourned at 3:10 p.m.]