

[Chairman: Mr. Martin]

[10 a.m.]

MR. CHAIRMAN: I think we should to bring this meeting of Public Accounts to order. First of all, I believe the minutes from Wednesday, October 31, have been circulated. Are there any errors or omissions? There are none. Would somebody like to move adoption? It's been moved. Seconded? All those in favour?

HON. MEMBERS: Agreed.

MR. CHAIRMAN: Adopted. Thank you.

We'll move right on with our guest. We appreciate his taking time out from a busy schedule. I'd like to ask Mr. Johnston, Minister of Advanced Education, to introduce the guests who are with him. If there are any opening remarks, please feel free. Then we'll open it up for any questions.

MR. JOHNSTON: First of all, Mr. Chairman, I appreciate the opportunity of attending Public Accounts. I think it's been nearly four years since I was here. My last time here was as a member, so I always look forward to being on this side of debate or this side of the explanation.

MR. SZWENDER: Not in that chair.

MR. JOHNSTON: This chair is a great chair. I'll tell you, I'd like to be over here for about three days and get at you, Walter.

MR. CHAIRMAN: I'll tell you what: you can cross over.

MR. JOHNSTON: I'm too far left for you, Ray.

Let me begin by introducing the gentlemen who have also taken time from their schedules to be here and are anxious to provide whatever information you need, Mr. Chairman and members of the committee. To my immediate left is a distinguished civil servant of the province of Alberta who is well recognized by all of you, the Deputy Minister of Advanced Education, Henry Kolesar. To his left are Fred Hemingway, executive director of the Students Finance Board, and Giff Edmonds, director of finance operations. These gentlemen are here because in 1982-83 there was of course a period of transition. To some extent, the period under consideration was before my full term as Minister of Advanced Education. Nonetheless, if there are some questions of detail you may want to pursue more fully, they can assist and provide the full explanation of all the questions which you have before you.

Secondly, Mr. Chairman, my comments deal only with a very brief overview. That would deal with the general phenomenon which we have experienced in Advanced Education in the past little while. As I have indicated, in 1982-83, which is the formal period under consideration by this committee, we dealt with the separation of Advanced Education and Manpower into two different departments. To some extent, there's a certain crossover period which is reflected not so much in the formal statement of public accounts but in the detailed summary of the actual expenditures. I'm assuming that we're not too concerned as to whether or not cheque X was all for

Manpower or for Advanced Education. Nonetheless, there is this small problem of transition.

However, the phenomenon through that period was characterized by student enrollment numbers which were increasing very rapidly. Therefore, to supplement the discussion today and to add to the information which I'm sure all members would be interested in, I have supplemented the statistics and data given to you by providing to the chairman some additional information which deals with enrollment numbers and student finance statistics as well.

It is in that context that my opening comments will be directed. Because the student numbers have increased very dramatically at all levels of our advanced educational institutions in Alberta, it is important that we note that both the department and, more particularly, the institutions which serve the students of this province have adapted and coped with fairly important problems dealing with student numbers, with the more efficient internal allocation of resources within their own budget process, and I suppose with the space allocation which obviously arises when student numbers of the order we've seen over this period show up at your door.

In that sense, I think the institutions have coped. From our side, we have attempted to provide adequate resources. I don't want to be too political, except to say on one formal note that I believe we assign a very high priority to advanced educational institutions and to the students who attend. Therefore I think it is a modest statement to say that wherever possible we have attempted to provide continuing assistance to these institutions through grants, loans, and capital investment. Moreover, we have provided additional funding through supplementary enrollment to these institutions to cope with the additional students they have been serving.

Secondly, to accommodate the problems students are facing with access to institutions, we have also provided substantial assistance to them in terms of student loans. You'll see in the supplementary information we've given to you that to the end of 1983, the amount of student loans and assistance has moved from \$14 million to about \$30 million. If you wanted to project that into 1984-85, that number will probably be in the order of \$75 million or \$80 million.

So I can say without too much qualification that we have attempted to meet the demands of students in terms of assisting them to enter and to continue in educational institutions. We believe this investment in the human resources of this province is one of the top things we can do in terms of providing for the longer term economic needs of the province, to ensure that we have skilled manpower and to ensure that those people who graduate from colleges and universities have an opportunity to develop and carve out a fully rewarding and exciting career in a variety of job occupations. That has been the major problem we've faced. I think we've coped. Moreover, I think the institutions have coped more adequately and in my view have provided first-rate education at all levels.

I want to note that we see the colleges as being very dynamic institutions in this province. They are the ones which will cope and adjust to the changing manpower needs. They are the ones which are designed to adjust very quickly to new needs in the

marketplace, whether it's moving from the traditional apprenticeship programs into other so-called advanced technology areas or simply coping with student needs in terms of general education. I want to underscore that we see that not just as the historical record of performance but also the way in which these institutions will cope in the future.

The mandate of the universities is somewhat different. I think it's probably safe to say that it's a touch more difficult for them to adjust in terms of adapting to manpower situations. Nonetheless, there is also a fairly significant move on behalf of the universities to adjust to the so-called high tech transition which is taking place in a variety of ways and which I'm sure are familiar to all of you.

On the capital side, over the past few years I think we have also put in place a very significant number of dollars in institutions. I think this investment in infrastructure, if you'll excuse that term, has really been outstanding. I think we have some of the best facilities in Canada in terms of the actual capital systems themselves. I've been using the amount of \$3 billion in terms of the actual investment which is in these universities. These are all essentially paid for, and I think we'll continue to assign a priority to capital to these institutions to meet the student numbers as well.

In some situations I think these colleges and universities are now built. With one or two exceptions, I think we find that most of these institutions are at the peak. Some of the questions which we debated in other fora deal with whether or not these institutions are at the scale of operation they were designed for. But that's always a continuing debate. I think it's safe to say that we have assigned a high priority to capital. We've attempted to round out the decisions, for example, to decentralize educational opportunities across the province, to put in place a significant investment in these capital facilities, and in fact to initiate new building for new institutions in at least two or three different places in this province.

All in all, Mr. Chairman, I would simply say that because of the priority assigned to Advanced Education, I think we have handled the resources given to us by the Legislative Assembly fairly effectively. I think the institutions have done a yeoman's job in managing their resources.

In the discussion I ask that we simply deal with some of the questions which are before you, as opposed to listening to me speak too long. Mr. Chairman, I appreciate the opportunity of being here and the opportunity for some opening comments, and I look forward to the exchange which will take place. By way of question, I'm assuming you will allow some of my colleagues, if they see that I am too far amiss in what I say, to correct me or provide additional information.

MR. CHAIRMAN: Certainly. We're always glad to correct the minister.

MR. SZWENDER: Mr. Chairman, I was pleased to hear those comments. There was a lot of talk in this House last spring about the overcrowding situation at the University of Alberta. As things developed, it was clear that there was adequate space for first-year students, and a lot of the questions that were raised surrounding that issue were really unfounded.

However, I'm going to leave the question of the University of Alberta or other universities to other members.

I want to raise a couple of questions on two other matters. The first one relates to King's College. I think the minister is well aware of the representations that have been made by the supporters of King's College over the last couple of years. We've had an ongoing dialogue with those individuals, and I know the minister has been meeting with those people on a number of occasions. In last year's budget, there was no funding made available to King's College. I was wondering if the minister could elaborate on the King's College situation at this time, whether it will be recognized as an institution that will receive Advanced Education funding for the 1984-85 year.

MR. JOHNSTON: Mr. Chairman, do you want me to respond to each one as we go?

MR. CHAIRMAN: Just to fill you in, members usually ask a question, they can have two supplementaries, and we allow you the interchange.

MR. JOHNSTON: The funding of private colleges has had a curious history. I have looked at it over the past year or so and have not really been able to draw out the rationale for the way in which we handle these institutions. That is both a positive and a negative, because there was no policy as to what we were to do.

The legislation speaks to a couple of principles which first of all deal with whether or not the institution has received an affiliation with the university. In that affiliation process, they would be able to grant degrees subject to the approval of a university. There is a certain examination of the curricula of the courses offered, of the academic staff and, to some extent, of the capital facilities themselves.

In the case of King's College, since you asked that question specifically, they have now gone through that process. As I understand it, as of September 1, 1983, they received the affiliation agreement with the University of Alberta. However, the Legislative Assembly had not provided me or the department with any additional money to provide assistance to King's College. Since they were caught between fiscal years, I was not and am not able to provide any money to King's College in 1984-85.

In recognizing the assistance and the important role which private colleges play in the advanced educational system and keeping in mind that there was really not a systematic approach to funding these colleges, at the request of many of my colleagues, at least two of whom I see here, I set about to find some appropriate way to deal with King's College, Concordia College, Canadian Union College in Lacombe, and Camrose Lutheran College in Camrose, to find some rationale for these colleges to put them in a better funding position, and with their agreement to at least thrash out some way in which the province could assist them. I did that because over this period they have also experienced substantial increases in student numbers, have again been very responsive, and in their own way have offered a unique, special education to those students, generally characterized by perhaps a touch more discipline and more

student/teacher contact. To some extent they're religion-based as well. All of those colleges which I have mentioned are now moving toward degree-granting status, and that legislation was passed by this Assembly in the spring session of 1984. Once that policy hurdle was over, we had to find ways to supplement their income.

Early in 1984 I met with the presidents and asked them, through their own resources and with their own understanding as to how the province could assist them, to put together with the department a proposal for funding. That proposal came to me through the summer of 1984. As recently as two weeks ago, I met with the college presidents in a marathon meeting to try to hammer out a funding arrangement. I think they have adopted a very reasonable position. Through compromise, discussion and, to some extent, argument, we have managed ways in which we can form a fairly viable funding arrangement for them. I have not yet received approval of my colleagues.

I will be bringing that decision forward in the near term, but it should be stated that in my proposal I am giving more formal recognition to the funding of colleges, including King's College, which will meet their requirements for dollars in the near term and give them some specific adjustment to their unconditional transfer for the province through the period that they set up to become degree-granting. Once they become degree-granting, we'd move to another level of assistance which would be in place over at least a five-year period. So what we're doing is providing some certainty to them.

We've had an opportunity to discuss with all the presidents of the colleges ways in which we can meet their needs, and I'm now bringing that recommendation forward to my colleagues for discussion. With the approval of this Assembly, I hope that in the '85-86 budget I'll be able to deal more specifically with the way in which we assist these private colleges and provide them with a more sound financial footing with some longer term understanding of where the resources are coming from.

**MR. SZWENDER:** A supplementary. Are the officials of King's College satisfied with this interim agreement or arrangement at this time?

**MR. JOHNSTON:** I guess you better ask King's College that, Mr. Szwender. First of all in terms of processes, I think they're satisfied with the way we've handled it. As I indicated to you, because I did not have the resources I was unable to give money to King's College this year, and they were caught in the fiscal point between April 1, 1984, and March 31, 1985. I expect that they understand that on April 1, 1985, we'll hopefully be able to give them some resources.

As to whether or not they're satisfied — I don't want to be trite, but there was no commitment by us to give money to King's College. Therefore we're factoring in a way in which we can deal with King's College along with the other colleges. Their degree of satisfaction would of course have to be judged by them.

**MR. SZWENDER:** A final supplementary, Mr. Chairman. Is this interim financing arrangement

based on the number of students that attend King's College that are in the province or out of the province?

**MR. JOHNSTON:** What I can say is that my current recommendation is to deal with an enrollment-driven formula. That's different from the way in which we assist other universities and colleges, which are not on an enrollment-based formula. That was changed in 1974-75. But this does recognize, first of all, the number of students they deal with. Secondly, it does not distinguish between students from within or without the boundaries of the province of Alberta. The reason for that is that I think in many cases — Concordia in particular — most of these students are in fact from Alberta. It's true that they serve a western Canadian population, but it's also true that they draw on other resources to finance their institution.

For example, under my formula, I expect that all capital will be provided by the institutions themselves. Therefore there are no capital requirements from the province. Secondly, in the formula there's a fairly high tuition fee required of the student to attend that college, probably 300 to 400 percent higher than the tuition fee paid at universities or colleges in Alberta. Finally, under this proposal there is a continuing requirement that along with the capital being paid by the institution and high tuition fees paid by the students, there is extra funding which must come from the institution itself, somewhat different of course from the existing institutions in the province. I think we are essentially recognizing the student numbers that we're dealing with. I think it is safe to say that over the past two to three years, they, along with the other institutions in this province, have responded to accommodate the student number increases we're experiencing. They've done that essentially with an open-door policy, providing the student is willing to pay the higher tuition.

**MR. SZWENDER:** May I squeeze in a little supplementary?

**MR. CHAIRMAN:** If it's a little one.

**MR. SZWENDER:** It's a very little one. Based on the minister's answer, are Alberta student loans for tuition, books, or residency available to students at King's College, a private college, as they are to any other student of Alberta? Are student loans from the Alberta government also available to out-of-province students who attend King's College?

**MR. JOHNSTON:** First of all, they are eligible for all student assistance programs which are provided, including the student loans, and they take advantage of those student loans. With respect to foreign students — that is, somebody outside the province of Alberta — I would ask Mr. Hemingway. That could be a matter of detail. If you would allow Mr. Hemingway to fill in, I would sure appreciate it.

**MR. HEMINGWAY:** There might be two parts to that question. If students who are residents of other provinces attend King's College, they would look to their own province for funding. With respect to Alberta students leaving the province to study, the

current policy is that all students are eligible under the Canada student loan program. Any Albertan leaving the province because he or she could not obtain the program in Alberta is also eligible for all benefits under the provincial program.

MR. R. MOORE: Mr. Minister, the Auditor General was concerned about internal controls and mention of it. One of his recommendations was that the Public Colleges ensure that adequate time and resources are directed to the establishment and maintenance of accounting records and a comprehensive system of internal control . . .

How are we in that area today? Have we improved our internal control? As a result of the recommendations of the Auditor General, what are your feelings in that area?

MR. JOHNSTON: It's my view that the systems of internal control in place at all the universities and colleges — and I'll speak only of those and not of the private colleges — are adequate and in fact are fairly sophisticated in most cases. You must remember that we transfer the annual grant from the province to the colleges and universities on an unconditional base. We leave it to them to decide how to allocate that resource. We don't pass too many judgments as to whether it's been done effectively or whether it meets our priorities or the university's priorities. We recognize that in many cases there are very skilled managers and boards of directors in place which handle fairly substantial amounts of money each year.

I think it's fair to say that the Auditor has suggested that perhaps we should be more directly in control of the resources in these institutions. My view is that I have all the confidence in the management of these systems placed in the hands of the board and the management of those institutions. With one or two exceptions, in terms of internal control, which is jargon used by my colleagues to my right, I think these systems are first of all very efficient in controlling the assets under the jurisdiction and, moreover, very effective in my view in managing the resources which we give them on a year-to-year basis to meet the student needs and the requirements of the institution.

I would not want to see us move more directly into the direct control of management or try to second-guess how these people allocate those resources. With one or two possible exceptions in terms of defalcations which take place when somebody wants to remove some assets from the institution for a variety of reasons, I think these systems have operated very effectively. I think the current processes and internal control systems are at least adequate for the needs of these institutions. I'm sure Mr. Rogers may want to debate that.

MR. HARLE: On the subject of student numbers, I take it that this sheet on the number of enrollments in the various institutions of higher learning has been distributed to all of us. You mention that you believe some of the future growth might occur in the college system. However, in looking at the numbers, there were roughly 45,000 students enrolled in universities in '82-83, and as of September of this year, we find the numbers have jumped to 51,000-odd students,

whereas in the college system the growth has only been from 18,000 to 21,000 students. It seems as though the universities are still taking the larger numbers. I admit that on a percentage basis it looks better in the college system. Nevertheless, in terms of finite numbers, the growth that has occurred in the university system has certainly far exceeded the growth in the colleges. Is that something we're going to see reversed in the years ahead? If so, does that mean a fair amount of additional capital requirements are going to be required by these colleges?

MR. JOHNSTON: Those are two important questions, Mr. Chairman. First of all, if I can give my views — I suppose I could substantiate them if I had to — on a summary basis, if we look at the university system, I think that next year we should probably see an enrollment increase of maybe 1 percent, if that. It could well be that the universities are now full, that the student numbers showing up at these institutions have made their presence known.

We're dealing with two different pools of students. In the case of those students coming from high schools, we can estimate fairly carefully the number of students available, and the percentage of those students going to universities has been very stable over the past five to seven years. We can say with some safety, plus or minus a few percentage points, how many students from high school should show up at universities. As I said previously, if we wanted to, we could accommodate those at the University of Alberta; there is enough room for them there.

Secondly, with the variety of options open to students in this province, they can attend three different universities on a full-time attendance basis or make use of the Athabasca University facilities, which are now growing and becoming fairly important in the delivery of programs to students. It's our view that in the near term, over the next two- or three- or four-year period, the student number increase at the university level should approach zero and in fact start to decrease. Some of the evidence is before us to support that.

In the case of the colleges, I believe we'll see fairly even enrollment numbers. I expect that that system will expand at about 7 to 10 percent over the next two- to three-year period, and that would allow us to meet the needs of those students who do not want to go to universities. Those are the ones who would come from high school.

The second pool of students which has influenced our attendance numbers greatly over the past four years are students who have in fact graduated from high school, who are eligible to attend an advanced educational facility but for a variety of reasons have decided not to go to university or college. Those people may well be unemployed, or they may want to update their training because of the new technology and the new transitions which we're facing in a variety of areas, including secretarial areas, trades and technologies, et cetera. I think those students have also essentially made up their minds to go to university, and the bulk of those students are moving through the system at the present time. That accounted for the very substantial increase in enrollments we experienced in '82-83 over '81-82. I think 12 percent was the highest we've ever seen.

I think that pool of students has now decided what they're going to do. They've made their moves, and again I think the impact or pressure on facilities as a result of students returning to university for completing degrees, retraining, or new degrees has essentially ended.

In a nutshell, I think that universities will continue with reduced enrollments over the next period as the bulk of the students move through the system. I do think the colleges will be able to absorb approximately a 7 to 10 percent student increase over the next three- to five-year period, and I think the facilities are essentially in place for that.

You should know that in terms of capital requirements, I think we need to continue to provide funding to universities to ensure that old buildings, for example, are renovated and brought up to code or up to some minimum level. We have done that in this past year at the University of Alberta with the assistance given them to rehabilitate the Soil Sciences Building, as it is now called, on a very comprehensive basis. Secondly, in discussion with the university, we're planning and providing some information to them to find ways to rehabilitate on a planned basis some of the older facilities they are managing. It should also be noted that Athabasca University is now coming on stream. It's a new facility which is now in place, and I think that will assist us in terms of any unforeseen student pressures for the decade ahead.

In the case of colleges, we have also constructed Westerra. Through the '82-83 period, we placed a very high priority on apprenticeship, technology, and training facilities, and our capital budget reflected additions at Lethbridge Community College, NAIT, and SAIT to ensure that those programs could be fully met in those institutions.

I think there is a requirement for additional capital. Olds College is one which perhaps requires some special assistance in the future. I think Grant MacEwan College in particular needs some assistance. There are several facilities which have to be targeted for assistance in the capital budget this year, and from the variety of representations I've received, I'm sure I will receive some assistance in arguing the case for additional capital for some of these facilities.

At the university level, I think they're essentially well built, and only a modest amount of capital is required to round them out, given the fact that the University of Calgary and the University of Alberta are now receiving new buildings for business. I think one or two items are required, but given the investment we've made and the current capital projects which are under way, generally speaking these facilities will be at a good level.

MR. HARLE: Mr. Chairman, I wonder if I could ask a supplementary. It relates to the side of student finance and assisting those students who are attending. It seemed to me that as a result of the increased numbers this fall perhaps the actual handling of the applications for assistance got somewhat bottled up. I'm wondering if that has now been cleared through the system — that students are not waiting for decisions on their applications, some of which go back to very early this summer, from what I understand.

MR. JOHNSTON: Mr. Chairman, you can appreciate that when the request for student loans increases at the rate it has in this province — I think our department has coped admirably with the increase in demand. If you look at the schedule I gave you based on '80-81 to '82-83, you'll see a very significant increase in the number of students assisted and the amount of money programmed. If that trend continues through to '84-85 — my statistics are probably a touch off, but Fred Hemingway can supplement — I expect we would deal with close to 50,000 students, and we'd probably be spending close to \$80 million. So the demand for our assistance has increased at a phenomenal rate.

We have coped with that in a variety of ways. Number one, we've provided some computer assistance to programming and handling the applications. Number two, we've hired part-time assistants in the Students Finance Board to deal with the paper flow and the requests for assistance, and of course we've attempted wherever possible to reduce the turnaround time in student applications. Nonetheless, there are obviously times when we're jammed. There are obviously times when it's difficult to get through to the Students Finance Board simply to find out where your application is, because our phone banks are plugged. I don't know how many lines they have, but there must be at least six or eight lines going in there, and they're flashing white all the time.

I think it's safe to say that because of the increase there have been some delays and problems, but they were not insurmountable problems. I think we adjusted effectively in terms of systems we put in place. I think most students have received word by now as to whether or not their student loan has been processed.

In summary, that is the degree of the problem we're facing. You can see from the numbers that it's a fairly substantial increase, and we have made some adjustments ourselves. Maybe Fred would like to comment on the statistics and how in fact he views the kinds of pressures he's been under recently.

MR. HEMINGWAY: I can certainly confirm that we will receive applications from approximately 50,000 students this year. I can also confirm that as of this date anyone who applied to us as late as three weeks ago should by now have an answer. There is one category of exception to that, of course. That is students who are perhaps requesting a review of the original decision, and we're now in the process of doing that.

I can add that we have taken a number of steps. We have increased the space available to the board in the building we're in. We intend to establish additional inquiry lines next year to ease the burden on some of the students who are trying to contact us, and in addition to that, our needs assessment will be computerized next year. We feel that in itself will cut the turnaround time on an application by approximately 50 percent. So we are in fact taking some steps to alleviate the situation.

MR. HARLE: Thank you. My last supplementary relates to the same area, and that is the difficulty that I understand married students are in, particularly in a situation where they may have one or two youngsters and for one reason or another the

spouse has to stay home. As I understand it, the amount of assistance available is the same whether that student is married, with family responsibilities, or single, and the result is that the level of assistance seems to place a great burden, if you like, upon the married student. Because of the economic times, I'm sure a lot of those married students have come back to university after being out for some years and are trying to upgrade their educational achievements. Overall, one would think that that is a very useful aim, but it seems it's a bit short on funding, particularly for the financial circumstances of the married student with one or more young family members to support.

MR. JOHNSTON: I think I'd have to agree with your summary. We have attempted to meet the financial assistance required by married students in at least three ways. Number one, of course their budget would be somewhat different from a single student's, and we reflect that in the individual's budget process which evolves to the funding flow which is granted to them. Secondly, you must remember that at some point the student bumps up against the maximum loan amount, which is about \$19,000. So depending on his circumstances going into the system or depending how much money he draws down while he's in the system, at some point he reaches his maximum amount of money. That has been a bit of a problem for us.

Thirdly, I think we have gone out of our way to assist married students, and more particularly we have made some very specific decisions to assist single parents who are going to university, to loan them money on the regular school year and to provide some supplementary assistance to them to attend university during the summer months. The argument is that it's better for them to get an education and get back into the work force with a higher level of skills than to perhaps consider some other options which in my view are not as positive.

I think we have attempted to adjust. If you go back to university, it's always difficult to say whether you should have to sell off your Volvo or your chesterfield to finance your way through, but we attempt wherever possible to take a modest approach to it. When you're a married student with a variety of personal circumstances, we try to reflect that in the assistance we give.

Again, if you permit, Mr. Chairman, I will ask Mr. Hemingway to round out just a touch — or perhaps more than a touch — some of the comments I've made.

MR. HEMINGWAY: Mr. Chairman, I can certainly offer that the Students Finance Board is also concerned about this problem. It is true, as the minister has indicated, that when calculating the students' needs, we do try to accommodate all the costs they have. The problem is that at the undergraduate level at the present time the maximum assistance is set at \$6,800 and total loan assistance of \$19,800 over the course of an undergraduate program. The problem of course is that some mature, married students, especially if they have a mortgage, could demonstrate to us a justifiable budget of perhaps \$15,000 over the course of an eight-month academic year. Everyone is hesitant to do that totally through the loan

program. If he had to pay all of that back, that individual would no doubt be bankrupt by the time he graduated.

The board receives requests from time to time to look at the level of aid and has debated whether or not additional recommendations in this area should be made to the minister. But we're trying to monitor it, and in extreme hardship cases we have looked at providing some additional maintenance grant — the grant that normally goes to single parents when a true hardship case exists. So we're trying to monitor that situation.

MR. JOHNSTON: Could I also add, Mr. Chairman, that two things should be noted. Many colleges also have married students' quarters. That's a somewhat new phenomenon. When I was in university as a married student, I recall that we had some difficulty finding accommodation. Nonetheless, that's becoming more popular on campuses where many units are actually allocated for married students. To some extent there is reduced rent on those facilities.

But I also remember that you must balance that with — I remember reading Milton Friedman some time ago, who described your propensity to spend or your consumption function. He said that over a period of a year or two years, your consumption function doesn't change very much; if you're spending at a particular level, it's very difficult to adjust that level downwards. That's part of the problem we find. If somebody comes from a job, he has to make some fairly serious choices about going to university and adjusting his personal budget. We try to find some balance to adjust for that historic disposable income curve, and many people have difficulty adjusting to it — even politicians. So that's part of the problem we have to face.

MR. MUSGROVE: I think the people of Alberta are certainly appreciative of decentralization of colleges. I understand that most of the capital requirements in this area are now on a satisfactory basis. I was wondering if the minister could give us some time frame on when we could expect capital building in Brooks.

MR. JOHNSTON: As a matter of fact, Mr. Chairman, the '82-83 budget year reflects a decision to fund consortia. These consortia bring together resources of a variety of institutions to provide university and college courses in regions not served by an institution. Brooks or Crowsnest Pass are two examples that come to mind. In the case of the consortia, they blend together the resources of an institution. They provide university courses in particular in a variety of places. They do that under consortia funding, which is a special funding arrangement which is included in this budget to assist in the development and provision of university and college courses outside the cities. As those consortia grow and become popular, then of course we would base our capital investment decision on the number of students served.

In the case of Brooks, we see that as a very important target in the near term. I would not say that we plan to provide a new facility or campus there very soon, but it is safe to say that the consortia are operating very effectively. The student numbers are increasing, and as the member well

knows, we received as well a donation of land for a facility in Brooks. At some point, I think when the student numbers reach a reasonable level, we will attempt to factor in some modest facility. But it's some time off at the present.

MR. MUSGROVE: One supplementary question, Mr. Chairman. Because the location of the donated land is almost adjacent to a provincially owned experimental station, is there any consideration being given to offering some agricultural courses there, similar to Olds?

MR. JOHNSTON: There again, Mr. Chairman, I'll have to ask Henry Kolesar to supplement. I think I may have made a slight mistake. I understand that Brooks is a satellite campus of Medicine Hat and not part of the consortia. Nonetheless, the consortia are important, as are the satellite campuses. Henry, maybe you want to comment on the variety of programs offered at Brooks and what the future may hold.

DR. KOLESAR: At the moment we have four locations in the college system where there is a substantial emphasis on agricultural education. Three of those are former agricultural colleges: one at Fairview; one at Vermilion, namely Lakeland; the third at Olds; and there is some agricultural education offered at Lethbridge Community College as well. In addition of course we have agricultural education offered at the university level, particularly at the University of Alberta.

It is possible to expand agricultural or other kinds of education to virtually any location, but the primary consideration has been the demand of students and the demand of the economy for graduates of a particular program. At a place like Brooks or Medicine Hat, the normal process is for the board of governors to make a request to the minister for the introduction of a new program, and within the priorities that are set at that particular time and within the resources that are available, a decision is made whether that new program will be offered at that time or at some later date.

MR. ZIP: Mr. Chairman, I would like to ask the minister a question about capital allocations. I understand that these have increased dramatically in real terms in Alberta over the last seven years, after discounting the high rate of inflation that occurs in construction costs. Is this trend of capital allocations to universities and colleges in real terms expected to continue?

MR. JOHNSTON: Mr. Chairman, I touched briefly on part of my views with respect to allocation of capital to universities and colleges. I think that in the case of the universities, these systems are fairly well established. Of course, there are requirements for some new buildings, and those are before us. In the case of Calgary, which I'm sure the member is more specifically concerned about, he is well aware that we have combined resources with the federal government to develop fairly sophisticated recreational complexes at the University of Calgary and that funding is triggered as a result of the Olympics taking place in Calgary in 1988. You'll see, I think, some pretty important contributions of

capital dollars to round out and develop a first-rate physical program, which gets into not just physical education but medical research as well, in terms of the program that they're now designing, and graduate studies as well. I've mentioned as well that the U of A and U of C are both developing and completing business buildings that will allow us to meet the student demand for business courses at the university level.

Finally, I think we have to be cognizant of the fact that some of the buildings at the U of A in particular are going to require some fairly significant upgrading and renovations. Some of the buildings were new in the '60s, in the days when I was there, but 20 years later they start to deteriorate fairly rapidly. I think we have to maintain that capital facility.

So I think the member is accurate, Mr. Chairman, in that we have contributed a significant amount of money on capital to these universities and colleges. We'll continue on the maintenance side with specific programs to either round out or maintain the campuses, and of course we'll maintain as well what we consider to be our formula funding for replacement of assets, which is also given to them on an unconditional basis which allows them to deal with their own particular problems on asset replacement. So those programs will hold.

In the past two to three years — if you'll allow me some tolerance — we have spent about \$145 million to \$150 million in capital. In the case of the colleges in Calgary, for example, Mount Royal College is now under construction, about a \$50 million to \$60 million project which will allow that facility to grow to around 6,000 and some students, and that is now under way. I mentioned the University of Calgary in particular. In the case of SAIT, I think it is essentially fairly well developed and built as a result of the priority which we assigned to technology and trades expansion through the period from 1980 to 1983-84. But I think it's also fair to say that in some cases we can probably reduce some of our capital expenditures on aggregate, but still zero in on some of the problems which exist, and some of those I've mentioned already. I would expect in the next two- to three-year period a fairly stable capital budget for this department, not a rapidly expanding one. I think that both satisfies the demands placed on us by the institutions and reflects what I see to be the projection of student numbers as well.

MR. ZIP: Thank you, Mr. Minister. I would like to ask a broader question. I'm of the firm belief that we do not solve our education problems by simply throwing taxpayers' money at them. The effectiveness of money spent on higher learning appears to be concerning more and more taxpayers. It certainly has been raised with me by a surprising number of my own constituents. The recently published book *The Great Brain [Drain]* raises serious questions about the quality of education in present-day universities in Canada. I would like to ask if the minister and the senior members of his department have read this book.

MR. JOHNSTON: Mr. Chairman, I have the book on my desk. I can't say I have read it. I'm working my way through it. First of all, some of the conclusions which are drawn by the authors have been debated and criticized by, certainly, the University of

Calgary. The academic staff there has found that the statistics are, if not inaccurate, certainly biased. Therefore if that statistical base was used to support the conclusions, there may well be some differences as to whether or not the conclusions follow logically from the information on which they were based. That's a bit of a debate between academics, I guess, but there may well be some important recommendations in that book which we need to address. I think it's fair to say that we will find ways to cope with the recommendations given to us from a variety of bases, not just from books or from academics. Within the department itself, we are attempting to form and to frame a longer term planning group to deal with the adjustments and the dynamic changes we're facing.

As to the quality, I would say that in the case of universities, the quality of a degree from our universities is certainly among the highest in Canada, if not North America. Many of our schools rank with the top schools in the so-called A-class schools in the United States. In other areas we're far ahead of them. The areas of excellence in which the University of Alberta and the University of Calgary have directed some of their resources are now paying off. In the area of pharmaceuticals, chemistry, biotechnology, in particular at the University of Alberta, as well as computers, we find that these people who are instructing and the students themselves are certainly in demand right across the world. In the case of the University of Calgary, there have been some very major contributions not just at the professional level, the medical and law level, but also at the undergraduate level dealing with the general courses in business or in arts.

So I don't have any fear or reservation about saying that the quality of degree from our universities is equal to, if not better than, a degree granted by any other institution in Canada.

MR. ZIP: Thank you, Mr. Minister.

MR. CHAIRMAN: As you'll notice, we're interpreting public accounts quite loosely today in terms of what we're supposed to be discussing, but I hope the minister doesn't mind.

MR. JOHNSTON: Fine.

MR. GOGO: Mr. Johnston, you've covered a fair amount of ground. I very much appreciate your comments on King's College. I think that the comment brought out today — perhaps some 50,000 applicants for student loans — isn't well recognized. As the MLA in my area, I know the number of questions I get on student loans is just horrendous, and I want to commend to you while Mr. Hemingway is here the strong co-operation he's been giving to MLAs in responding very quickly.

You made reference to family members having to adjust to down-sized incomes when entering school. I don't know what the policy is, but I happen to know MLAs in this House who have had to adjust to that, and I don't know whether they're eligible for student loans.

Minister, a great concern I've had for some time is that it's great to have people access the postsecondary educational system, but when they're finished there comes the pay-back time for loans.

The question I want to put to you is the interest rate business with regard to those students who have graduated and must now pay back, over that 120-month period, whatever loans they've had. As you know, several years ago it was as high as 16 percent, and they were locked in for that term. Could you indicate to the committee what changes, if any, have been made and perhaps what your views are in helping or assisting these people who may not even have jobs after graduating, enabling them to pay back those loans at a reasonable interest rate?

MR. JOHNSTON: That's a very important question and one which has caused some criticism of the system itself. Mr. Chairman, let me just make one comment. It should be known that when a student loan is consolidated upon graduation, the province of Alberta remits a very large percentage of that loan. For example, let's assume that you borrow \$5,000. When you graduate and consolidate that loan, the province, through its assistance program, remits perhaps 50 percent — just round figures, if you'll allow me the flexibility to be out quite a bit or to be accurate; I'm not too sure which I am. In any event, we have a remission program which allows us to remit about 50 percent of that student loan based on the amount that he draws down and his application and attendance at the first year of university. Once that happens, then six months later he has to start making repayments. Unfortunately they have been caught, in 1983-84, coming out of a very high interest rate period. That high interest rate was set by the banking community itself, since they are the ones who have, to a great extent, provided the loans. We simply guarantee them. Therefore they set the rate, and they have to make a reasonable rate of return on their investment. So they were setting it at a rate that you noted, about 16 percent for one period. We found that when interest rates started to trend down, that had a major element of unfairness to the student, particularly because of the economic situation, the opportunity for jobs, and therefore we argued that that loan rate should be set annually.

Now I'll ask Mr. Hemingway to advise us as to how that is now done. We argued strenuously that the rate should not be for the term of the loan, and therefore allow the student to move with the market situation as the private sector does, and that it should be set each year. I must admit I'm not too clear as to whether or not we accomplished that. I think we did, but I would like Mr. Hemingway to supplement what I have said to you.

MR. HEMINGWAY: Mr. Chairman, I can certainly add that at the present time, negotiations are continuing between the federal government and the Canadian Bankers Association with respect to possible changes to the formula under which student loan interest rates are established. It's our understanding that the banks' position last year was that they would prefer something like prime plus 1 or prime plus 2 that's adjusted quarterly, so that the student loan rates at any given day would more accurately reflect the going rates in the marketplace.

I am pleased to report that the interest rate as of today is down from its previous rate of 15.875 percent, or approximately 16 percent, to 13.75 percent. So there has been some easing of that



situation.

MR. GOGO: Supplementary, Mr. Chairman. Minister, looking at the figures you provided, we looked at the U of A and the U of C with such high enrollments or FTEs, and I recognize we provide assistance for distant students coming. I also recognize that you're a strong supporter of the autonomy of these institutions. A concern I've had is that I'm told, even by colleagues here who have children come to the U of A, that some of them learn very quickly, within 90 days, that they just can't hack that life-style. It's foreign to them, it's new to them, and so on. There seem to be a fair number who drop out of U of A.

My question is: to your knowledge is there any provision amongst the university presidents for having some type of exit provision so that when a student leaves, they determine the reason and then perhaps talk to a colleague such as the president at the U of L, which offers a pretty exciting program? In other words what I'm saying is that it seems to me that the expectation of the student is high. They've entered an institution; for a variety of reasons they drop out; and perhaps the reason they drop out could be well handled by going to another, sister institution. Do you know of any provisions now made with those institutional presidents to look at that type of thing, for increasing or equalizing enrollments across the province?

MR. JOHNSTON: Mr. Chairman, I must admit that I'm not too clear as to whether the question is: are we attempting to redistribute students, by some management basis, to other institutions? But I think I understand the first question. First of all, it is true that many students attend universities and find that either they can't cope with the system or in fact the academic rigour may be a touch too difficult for them. I suppose that's part of the life experiences we go through, that we have to reach some point where in fact we can achieve, and people can achieve for a variety of reasons.

I don't think anyone ever said that everybody should go to university. There are those who argue that that should perhaps be the case, but my view is that there has to be some reasonable academic performance for people to go to university. That performance may well be tested by high school performance, it could be tested in a variety of entrance examinations, it could be a test of single academic performance in high school on one course, or it could be giving the student an opportunity to fail at the first year of university. I think a variety of tests could be put in place, and these tests are applied by the institution to ensure that the student is able to cope with a fairly rigorous academic schedule. Otherwise — in the context of other questions which have been put to me — the degree from a university may not be worth very much if we don't have some rigour or some attempt to maintain minimum levels of academic performance at these institutions.

As to whether or not a person is old enough to successfully deal with the transition from a fairly rigorously managed academic regime found in a high school, with a lot of interaction, reinforcement, rewards, and penalties as to whether or not you perform well, and greater attention — I'm not too

sure whether that change in university causes people to drop out.

There are other options, of course, and students who perceive a difficulty in making that transition have an opportunity of going to a college and taking a general arts program, and therefore making the transition back into the university system from a different base. Many of our colleges, such as Medicine Hat and Red Deer — I wouldn't want to miss Red Deer — have university transfer programs, which allow a student to stay perhaps in his own community, move into a little less rigorous regime, and perhaps be with familiar faces and people. So that allows the transition. The second option of course is to go to one of the private colleges where in fact there's a touch more discipline and reinforcement as the student moves through the educational process.

It is a problem, but at some point we have to say: well, maybe that student wasn't meant to go to university, for a variety of reasons. They could be the smartest people in the world, but they can't fit into the regime or the tests which are applied by the institutions themselves to ensure that they meet the academic levels. Obviously there are counselling services at all these universities and colleges which allow students an opportunity to discuss the problem and to discuss ways in which they could better manage their time. There are a variety of student counsellors in place to assist. Nonetheless, it is a problem.

In the case of the University of Alberta, for example, they are not penalized in terms of returning to university after failing the first year; they can go right back in and participate. Other universities have a so-called open-door policy to allow adults to go to university on a mature-student basis. Still others say that once you fail a university course or a university year, you drop to the bottom of the list of students eligible for university.

So there are a variety of ways of dealing with it. There are a variety of problems. I can't give you any specific statement as to how you judge whether or not a student should go to university, except to say that in my view not every student should go to university. I think that at some point that must be a realization we have to deal with.

Perhaps others may wish to add as to how we deal with the particular problem. I can simply indicate to the member, Mr. Chairman, that we don't think it's necessary for us to direct students to various institutions. We think there is enough space in all these institutions to allow them to have their first choice, to attend the school in their backyard, at this particular time.

MR. GOGO: Mr. Chairman, the purpose of my question was that when funding was based on per student, we could recognize autonomy in a different way. Now we fund on the basis of program, and I think autonomy somehow has to be weakened to the point where the department should have some say.

My final question to the minister is: with the white paper advanced by the government, with the strong thrust of the Canadian long-baseline array from Lethbridge and so on, which is most important, I would be curious — let me put my concern first. We tend to get away from the liberal arts undergraduate program, which I think is so important to students in

this province. I hope we don't lose sight of the forest for the trees, in pushing forward with technology and science at the expense of a well-based liberal arts undergraduate program. Minister, could you respond as to your priority as you see the postsecondary institutions, certainly our three universities, retaining some very high degree of a liberal arts program?

MR. JOHNSTON: Mr. Chairman, I believe the universities will have to offer a liberal arts education, a general education, as a foundation for graduate programs and specialization. I don't think we'll be able to shift the priority or the resources to redirect the priority within the institutions. I believe in the importance of a general education, as the member has expressed.

Just by way of gratuitous comment, it's my feeling that a general education provides a student with the greatest opportunity to be dynamic and change his job situation as he matures in a life career. I think one of the problems we're facing is that people have too many specialized skills and not enough general skills. So at least in my arguments, my position is that we need to support and make sure that a general education takes place, and I think that is the real role of a university.

As to specializations, to balance that it's important that we find ways to increase the opportunity for universities to adapt to the changes before us. We have placed a very high priority in this province on research. I think some of the research which is taking place in universities will be of major benefit to us in both the near and long term, but certainly the longer term. For example, some of the work done in computers, which I mentioned, in the biotechnology areas, in chemistry and medical research, is all very important to providing some fundamental solutions to some of the health and social problems facing us. I expect universities will play that role. They see their role almost equally between the teaching responsibility and the research responsibility. So you can't cut off or reduce the responsibility in the research area, because that has some very fundamental opportunities for us to solve a lot of problems which we face and, at the same time, provides an opportunity for technology transfer to the private sector to allow those patents and ideas to be brought to commercial potential.

In the case of the Canadian long-baseline array — I'm not too sure if you're expecting me to respond to that, but I notice you put that in there as a footnote — it's one of our joint projects, John, which we'd like to see proceed as well. It is possible that that could come to Lethbridge or to Calgary, the other competing institution, but it is subject to the federal government making a decision. We have agreed that we would provide some assistance if it is agreed to by the feds. Of course, we've had at least two important offers — from the University of Lethbridge and the University of Calgary — among others, to host that institution, which would add a science dimension in the case of the University of Lethbridge.

So in terms of general education, I would say that it is a priority. The University of Lethbridge was structured on that basis alone, and I see that as being its long-term mandate. I don't see any change in that and, as I indicated, I see it to be a very important

element of any person's general education.

MR. CHAIRMAN: I have Mr. McPherson, followed by Mr. Stiles and three other members. I remind people that we have until 11:30 with the minister.

MR. MCPHERSON: Thank you, Mr. Chairman. I was interested in the minister's earlier comments when he talked about Milton Friedman and the theory of marginal propensity to spend. The general recognition, at least when I went to college, was that as one decided to advance his education, he expected to make some sacrifices in terms of his earnings and life-style. I am almost flabbergasted to see in a report that I received recently that the amount of funding for students' assistance has gone, in five years, from \$14.299 million to — did you say \$80 million this year? I don't know what that is; it's easily over 700 percent. [sic] That's a huge increase.

Mr. Chairman, it begs the question, at least in my mind — because we're talking about public accounts — of the efficiencies and accountability of that kind of funding. I suppose all members have had occasion to hear stories of the abuses of the students' assistance program from time to time — students who will tell you that they set up a business on their student loan, that they transferred their bank account to another name and acquired a loan. We've heard these stories. I don't know if there's any kind of preponderance of that kind of abuse. I hope not.

Mr. Chairman, I guess my first question to the minister or to his officials is: can he give me some indication of the controls involved in the system to alleviate any abuse that may exist?

MR. JOHNSTON: Mr. Chairman, the expansion in funds allocated to student assistance is both volume-driven and, to some extent, price-driven. So we have two components increasing at a fairly rapid rate. I think the major expansion, however, has been in volume, and that shows up in the number of students receiving assistance, moving from some 15,000 to perhaps 50,000, which I think are the statistics we're using.

In setting the priorities of the Students Finance Board, three things came to mind. One was the backdrop of the difficulty students have in getting jobs and, I guess to some extent, the difficulty parents have in providing assistance to students to go to university. In normal times, when the economy was very buoyant and strong, and a student could go to work and make \$5,000 over the summer, the requirement for student assistance wasn't quite as important and demands weren't placed on us for assistance. In fact, within the budget of a student we have had to adjust downwards for such things as rent. We have received some criticism for that, but we attempted to reflect as well as possible the economic situation a student faces in terms of accommodation, which is a very large percentage of a student's budget.

Secondly, we recognize that, at least in my view, we have to be a little easier on parental and student contributions. It would be my priority to attempt wherever possible to allow a student access to an institution as opposed to not allowing him access to that institution, based on financing. In my mind, that is not a fair trade-off. It's better to allow the

student to go to university with the loan and have access to dollars to at least get an undergraduate education. So that has been the general tone in which we've operated. Therefore we have perhaps been easier with respect to the student's contribution to his own financing and to the parental contribution in support of that student.

As to abuses, there are going to be abuses in any system. It's not my view that there have been any substantial abuses of the loan system. We don't have a police force travelling the province making sure that students aren't living together, that they've lied about the kind of accommodation, or that they've bought a colour TV set. That isn't my view of the responsible position students have accepted. I think the vast majority of students are very responsible. They're essentially honest people, and we take without much question the statements they give to us. Obviously on the forms they have to fill out there are statements about what they have earned, what their net worth is, what the parental contribution will be, and a variety of these things. If there's any difficulty in the parents providing assistance or the student's amount received on the first go-round with the Students Finance Board, of course that can be appealed, and in many cases we provide additional funding on appeal.

But that's right. It's a very substantial amount of money. It's my view that it's better to invest it in the student than not to. In the longer term, although we will see some fairly massive injections of dollars into the students to allow them to go to university, this is a very important investment and I think it's well worth the dollars we're assigning to it.

Perhaps Mr. Hemingway may wish to supplement in terms of the budget process, but I think that's a general overview.

MR. HEMINGWAY: Mr. Chairman, I could just add that with respect to controls, as the minister has stated, we do try to set reasonable living allowances, certainly not extravagant allowances, and attempt to control costs that way. I can add, though, that we do verify information provided to us by students and parents on a yearly basis through examination of income as reported on tax returns, et cetera. As a result of that process, we have not uncovered evidence of gross abuse at all. I think one of the problems is that students who may have received a little more than they perhaps deserved from time to time make their colleagues aware of that, and that individual tends to be very visible. But as a percentage of the total, I don't really think the problem is as serious as some people would perhaps perceive it to be.

MR. McPHERSON: Thank you. Mr. Chairman, I want to make it as clear as I can that I was not trying to imply that student loans are not an appropriate allocation of resources. I happen to believe they're a most appropriate allocation of resources. It strikes me that we're talking about public accounts, and I was trying to raise the question: are there some controls on potential abuses? I'm satisfied with your answer, and I appreciate that.

As matter of fact, I would take it further. I'd like to ask what arrangements are made — let me put it this way. I have been receiving calls from constituents who have been getting a letter from the

Students Finance Board. These individuals happen to be on welfare. They're making an application for a student loan to attend a secondary educational institution. They're receiving a letter, which I have not seen, but I'm going to give you the essence of what I've been told. They're not being advised that they don't qualify for the loan, but they're being prompted not to take a student loan, that indeed they'd be better off staying on welfare. I have a concern with that. There are certainly individuals who in terms of their own self-reliance and independence would prefer to take a loan and advance their education and repay that loan, rather than remain on social allowance. I've heard conversations about this, and I wonder if you might be able to address it.

MR. JOHNSTON: Mr. Chairman, if I could see a copy of that letter I would be pleased to deal with it. First of all, I indicated earlier in one of my remarks that with respect to single parents in particular, we have adjusted the system so that they would be eligible, if not more than eligible, for student assistance as opposed to other options, and those other options would include being on welfare. We don't have any difficulty with a student attempting to advance his own education from his own resources, and I think that's a view similar to that held by the member. So I am not aware that we — at least I have not sent those letters. But perhaps Mr. Hemingway may want to comment.

MR. HEMINGWAY: Yes, Mr. Chairman. I suspect that the letter reflects an agreement that was reached between the Department of Advanced Education, the Students Finance Board, and the Department of Social Services and Community Health back in 1974, which essentially attempted to resolve, if possible, who was going to assist whom. Today the policy is under review, but as it stands, the first reaction from either department would be that single parents who happen to be attending a program of up to two years in length would normally be funded totally by the social services department. This of course is done in part to allow these people to graduate without any debt. The board has agreed to fund single parents in any program longer than two years. In addition — and perhaps I could address your point — if there are individuals who, after having been informed of this situation, still request or insist that the Students Finance Board help them as opposed to the social services department, we will at that point accept their application and process it.

MR. McPHERSON: That's what I wanted to hear; I appreciate it.

Mr. Chairman, I don't have a final question but just a final comment, which is an echo of the Member for Lethbridge West. I want to commend the minister and his office. I can assure him that I have had a lot of opportunity to be in touch with his office in regard to applications for student loans from constituents, in a fairly large constituency. They have really been most helpful and I'm most encouraged.

MR. STILES: Mr. Chairman, I appreciate that time is growing short, and I have a number of questions I wish to put to the minister or his staff. I should qualify what I'm going to say by saying that, as the

minister well knows, I've focussed my interest in this particular department on agricultural education, probably because Olds College is located in my constituency and I recognize Olds College as being the only remaining college in Alberta which is wholly dedicated to agricultural education and training future farmers. On the other hand, I appreciate that we have colleges at Lakeland and Fairview, and to some degree perhaps Keyano may be included, which have some focus on agricultural education.

I'm interested to hear the minister's comments with respect to capital developments of our universities levelling off to some degree and perhaps, other than maintenance and replacement of antiquated buildings, not requiring large sums of capital money. However, in terms of the capital funds expended on colleges, I was looking at the '82-83 and '83-84 estimates. I see we've had a decrease of 48.5 percent in funding in the '83-84 estimates and a decrease of something in the order of 1 or 1.5 percent in '84-85. So we're going down in terms of funding for colleges generally. In terms of agricultural education, I believe that has been even more significant in terms of capital spending, in particular at Olds College.

I was interested in your comments regarding student demand. Just to sort of reverse the exchange of information for a moment: looking at some figures from Olds College in particular, there were 1,207 applications at that school in 1983-84. Granted, 244 of these changed their minds about attending college. Of the remainder, however, 515 were all that could be accepted; 448 students were turned away at that college in 1983-84 simply because the college does not have the facilities or the capacity to deal with them. Although the demand is there, they simply can't handle that number of students.

In looking at the condition the college finds itself in, we're talking in terms of 50 to 100 percent over acceptable teaching size in their classrooms. The sizes of classes are that far out of whack with what is acceptable in terms of the facilities they have, particularly in the plant science area. In terms of residences, for a number of years 60 students have been housed on campus in Atco trailers. The municipal authorities extended their permit to have these facilities on the campus. That is expiring at the end of this year, and they will have to take those trailers out of there. That will be another 60 spaces they will not be able to accommodate.

I hope I'm not whining and snivelling too much for Olds College in terms of the need, but because of the recent concentration on the learning resource centre, which is their first priority on their overall development program for that particular college, I hope the minister won't lose sight of the drastic need to expand the facilities otherwise than just the learning resource centre. There's a dramatic need for housing and classroom space. In addition, for example in the area of recreation for students, which I think is important, one gymnasium which accommodated 250 to 300 students back in the 1950s and 1960s is now accommodating 900 to 1,000 students. We have not changed that aspect of the college either.

I just make those comments as a preliminary note, and I hope the minister can give me some indication of where he sees his department going in terms of

meeting the demand in the environment we have today, where there's a demand not only for students wanting to go into primary production but in terms of the agricultural infrastructure. I think it's generally accepted that at least 12 jobs are created in the infrastructure for every primary producer who is out there on the farm. There's a tremendous demand in terms of changing technology for a facility or for the colleges, who are perhaps the educational base from which we transfer this technology to the field, to service that student population, not only the primary producers but the infrastructure as well. I'm interested to know what the mid- and long-term plans of the minister's department are in that area.

Considering the time, I'll just quickly deal with another point that is of particular concern to me. That is in terms of dealing with the matter of delivering the transfer of technology in a way that is cost-efficient and effective. I'm really concerned to know what degree of integration there is between this department and the departments of Agriculture and Manpower in terms of joint action, planning and co-ordinating the delivery of the technology transfer we're involved in. I think I'll just leave it at that, Mr. Chairman.

MR. JOHNSTON: Mr. Chairman, first of all, I think the department will continue with the priority on funding and assistance to agricultural schools, perhaps more than we've done historically, but it will always be a very high priority. I note that you have canvassed those institutions providing agricultural instruction, but you failed to mention Lethbridge Community College. By way of footnote, I must assure you that it also provides agricultural assistance and an agricultural institution.

During the white paper discussions, we received a fairly significant number of submissions from people in the agricultural business. I guess four items emerged as problems that they saw. Obviously, the problems of markets and financing are sort of the larger problems which are facing them. But they also wanted to let us know that in terms of the people and the managers or owners or entrepreneurs, management skills and dealing with the agricultural technology, which is very contemporary and changing very rapidly, were among the two components which they felt colleges and perhaps universities could provide to future managers and to others who are in similar agricultural enterprises. So I think these institutions will surely meet these demands for quality people and providing new technologies in a variety of ways. We are seeing major changes in the biotechnology area, and I think it's incumbent upon the institutions to also ensure that this kind of technology is part of the mainstream curricula being provided to the students.

So two things: I agree that we will continue with the priority on financing, both capital and operation, of agricultural institutions in this province, and that matches the importance which agriculture plays in our economy as one of the key sectors; secondly, and more specifically in terms of Olds, I would have to say that in my own view, Olds must be one of the top-ranking institutions for capital assistance. I will not make any commitments as to whether or not it will come this year; obviously you know that's the way in which it operates. But I will say that in the current '84-85 budget, we did provide some \$200,000

for planning money. I think that money was very well spent because, as I understand it, the institution has been able to do some work on its master plan and think through the way in which it wants to continue to expand. In fact, it shifted the location of the learning resources centre, which you referred to. So this past year, I think the additional \$200,000 we gave to Olds for planning has been very well spent and has allowed the board, the presidents, the administration, and students to bring together their collective views as to what the mandate for that college is and how they intend to accomplish it by the resources which are both internally available to that institution and which will be requested from the province in terms of additional funding.

In my view, Olds has historically played a very significant role and has provided some very high calibre graduates. We need to maintain it in the future. In terms of very broad commitments, Mr. Chairman, that's about the best I can do right now. I would like to be able to follow it up with specifics, but I think we have to maybe wait a few months at least to see how the dollars actually fit with the objectives.

In terms of technology transfer, I guess I'm not altogether sure what the member means. If he is suggesting to me, for example, that there's technology flowing from the Olds College which could be made available in a variety of ways to the agricultural community, then I suppose there are a variety of mechanisms for that, including the simple teaching of the students who graduate. But if he's talking about technology transfer from other sources to the college, we do not really provide that mechanism. It's up to the institution to be sure, first of all, that the people who are teaching the courses are of top calibre and, secondly, that professional development courses are provided whereby the instructors maintain that update. With a very strong university at the University of Alberta, with a high priority in agriculture and a very large research component, there is ample opportunity for that transfer to take place on an interested basis in any event. If the member has some recommendations as to how we could effectively increase that transfer from research back into instructional, for the colleges themselves, without interfering with the autonomy of that college, I'd welcome the suggestions.

In terms of co-ordination, one of the decisions made in 1973-74 was that the co-ordination of advanced educational institutions in this province would be done by Advanced Education. To that extent we have taken on that responsibility and put in place a series of mechanisms which provide for co-ordination, including interdepartmental committees which deal with the way in which colleges are responding to the needs of agriculture in particular. So there are mechanisms there, and in fact I think they're in operation. Maybe Henry would like to comment. But we do not see any problem in terms of the co-ordination, although it's always the simplest criticism to say there is no co-ordination, when in fact that would be one of the apparent and most obvious problems which would emerge when you have an agricultural college administered by a department that is not the Department of Agriculture. But there is co-ordination at a variety of levels, and I think that co-ordination will continue.

Henry, did you want to supplement?

DR. KOLESAR: Only to confirm what you said, Minister, about the ongoing contacts with the Department of Agriculture by our department and also by the college. I would be the first to acknowledge that there can always be more. With respect to Manpower, we have an ongoing link with Manpower in relation to Olds College in particular, with the trades training programs offered by Olds College. We've also been successful in convincing the federal government that under the skills growth funding that's available, there should be support provided for some programs in agriculture. This was a joint effort between the college and the government of Alberta in convincing the federal officials and minister that this should be the case.

MR. CHAIRMAN: Thank you very much. I apologize that we didn't get to the other two members who were on, but they've crossed their names off at this point. It's 11:31.

I would like to thank the minister and his officials for taking time out from their busy schedules. We appreciate your coming before us in Public Accounts. Thank you very much.

MR. JOHNSTON: Thank you, Mr. Chairman and members.

MR. CHAIRMAN: I would remind members that the main item of business next week is to go over the response of the Treasurer to the Auditor General's report for the year ended March 31. As it's after 11:30, we are adjourned.

[The committee adjourned at 11:32 a.m.]

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