

Standing Committee on Public Accounts

8:35 a.m.

[Chairman: Mrs. Abdurahman]

THE CHAIRMAN: I'd like to call the Committee on Public Accounts to order. At this time I'd like a motion to accept the agenda as circulated. It's moved by David Coutts. All in favour? Carried unanimously.

Before we move to business, could we have unanimous consent that we adjourn at 9:45 this morning to accommodate the ceremonies taking place today?

AN HON. MEMBER: No later than?

THE CHAIRMAN: No later than 9:45. No one objecting? There's a consensus that we adjourn at 9:45 this morning.

I'm pleased to welcome the Hon. Jack Ady, Minister of Advanced Education and Career Development, and also I acknowledge the presence of Mr. Andrew Wingate, as our Auditor General is out of the country at the present time. He had a long-standing commitment, I believe, before he assumed his position as Auditor General. I'd ask Mr. Ady, the hon. minister, to introduce his staff, and likewise Mr. Wingate. Then we'll have opening comments from the hon. minister.

MR. ADY: Okay; thank you. I'll just begin by introducing the staff. On my immediate right is Lynne Duncan, our deputy minister; next along, Neil Henry, the assistant deputy minister; Fred Hemingway, assistant deputy minister of the learner assistance division; and on my left is Gerry Waisman, senior director of finance, administration, and AVC support. Do you want me to leave it now and have . . .

THE CHAIRMAN: Yes, and let Mr. Wingate introduce his staff. Thank you.

MR. WINGATE: Thank you, Madam Chairman. With me today is Nick Shandro, the Assistant Auditor General, on my right; Shaukat Moloo on my left, who is auditor principal; and Murray Walford, audit manager. All of them have responsibility in the advanced education area.

THE CHAIRMAN: Thank you very much.

Hon. minister, if you'd like to make your opening remarks.

MR. ADY: Yes, thank you. Well, good morning. This is my third appearance before this select standing committee as the Minister of Advanced Education and Career Development. I've already introduced my staff. I brought them along to ensure that we can give as complete answers as possible to the questions that will be forthcoming. I would like to make a few introductory remarks, and then we can open it up for questions and answers. If more detailed responses are required, I'd be pleased to provide written responses following a review of *Hansard*. My overview is based on the public documents tabled by the Provincial Treasurer for fiscal 1994-95 and the annual report of the Auditor General for 1994-95.

Advanced Education and Career Development is committed to ensuring that adult Albertans have an accessible, responsive, affordable system of quality education and learning that is accountable for the results. Our strategic priorities and objectives for 1994-95 pertained to fiscal restraint and building a policy framework for adult learning in Alberta. Nineteen ninety-four, ninety-five represented the first year of the government's three-year business plan that called for my department to reduce spending by 15.8 percent by 1996-97, and we expect to meet that challenge.

The adult learner is at the centre of everything we do as a department. We believe that adult learners should have access to quality opportunities for learning and that taxpayers' dollars should be well spent. We must also ensure that learning opportunities are relevant to the needs of students and the economy. We are developing key performance indicators, or KPIs, that will be widely available to enable potential students to make informed choices about their learning and taxpayers to discuss and question institutional performance. We have reached agreement with public postsecondary institutions on a core set of KPIs. The common definitions are being developed to ensure consistency and compatibility. Alberta is the first jurisdiction in Canada to develop KPIs for the postsecondary institutions.

We've also developed a new and unique credential, the applied degree, to prepare learners for roles in a rapidly changing economy. The degree will be offered by colleges and technical institutions initially as a pilot project. In 1994-95 four applied degree programs were approved: a bachelor of applied forest resource management at Grande Prairie Regional College, a bachelor of applied petroleum engineering technology at SAIT, and a bachelor of applied small business and entrepreneurship and bachelor of applied communications at Mount Royal College. Four more applications were approved in 1995-96.

In 1994-95 we also established the access fund and announced the first of three awards. The access fund awards support innovative, cost-effective initiatives that increase student access to learning opportunities that prepare them for employability. The first awards were made during 1994-95. At the end of cycle 3 we had approved 91 projects and created 10,601 new full-time equivalent places at a cost of about \$32 million. The unit cost was well below budgeted funding.

During fiscal 1994 the department reached out even more to unemployed and disadvantaged Albertans who historically have been underrepresented in adult learning. The department consolidated financial support for disadvantaged adults in adult development programming which was previously offered in three separate programs in three separate departments. Assistance is now provided by the skills development program. For the first time we have common eligibility criteria and benefit levels. Through the skills development program we spent \$103.8 million to serve over 14,000 Albertans in academic upgrading.

An income-sensitive loan repayment program was introduced on September 1, 1994, for students in traditional postsecondary programming. The program minimizes default costs to taxpayers and provides students with the flexibility they need to manage loan repayment obligations. Also under the program, the government continues to determine eligibility for student loans but no longer guarantees most new loans. Financial institutions are paid a 5 percent premium for assuming the risk of defaults. In return, the management and collection of student loans are the responsibility of banks. Alberta initiated and promoted this concept with other governments. The federal government was one of four to negotiate similar arrangements. Budget savings to Albertans from reduced defaults and federal reinvestment of savings would total \$25 million per year.

Student assistance limits were increased annually to accommodate tuition increases. In 1994-95 student assistance rose by \$300 per student. Special needs students – for example, single parents were eligible for up to \$14,600 in student assistance for an academic year, \$6,000 of which would have been in the form of grants. For most undergraduate students the limit rose to \$8,600.

We also maintain remission as an instrument for controlling debt. Remission is payable on Alberta loan amounts when the total indebtedness of combined Canada and Alberta loans exceeds established debt limits. In 1994-95 the established debt limit for a

two-year college program was \$8,300. The debt limit for a four-year university program was \$15,700. Our new tuition fee policy was developed in 1994-95 and came into effect in September 1995. The policy was established at the request of students as a way of controlling increases. It will control tuition increases to a maximum of 30 percent of an institution's operating expenditure by the year 2000. Alberta is one of five provinces that control tuition and the only one requiring institutions to set a three-year plan in co-operation with students.

Institutions need the flexibility to shift resources to and from programs, departments, and faculty in response to fiscal restraints, new programs, program rationalization, and reorganization. I'm pleased to report that collective agreements were negotiated within the three residential universities to enable institutions to release faculty for reasons of fiscal stringency and redundancy. At the same time, grant allocations to the institutions were reduced by 11 percent. As I mentioned earlier, this is the first year of a three-year plan of reductions, yet despite these changes, we saw no reduction in enrollments; in fact, enrollments increased. Over 118,000 full-time equivalent students were served in postsecondary programs at our public institutions in 1994-95. Of these, approximately 20 percent were part-time.

Much of the credit for the work we accomplished goes to the institutions and other stakeholders who have all demonstrated an outstanding commitment to Alberta's adult learning system. In order to continue meeting the needs of adult Albertans in basic education programs, including ESL, the department also reallocated \$8.7 million to the adult development program to accommodate the first year of a three-year plan to phase down support for extension programs. Of this allocation, \$1.2 million went to Viscount Bennett. In total, 16 of 200 providers agreed to accept the terms of the three-year plan. Others withdrew from programming, and alternate learning opportunities were provided for students.

In 1994-95 we also initiated a pilot project to collocate and integrate labour market and income support programs in four locations in partnership with the federal government and Family and Social Services. Colocations are now open in Calgary and Edmonton, with a third opening in Lethbridge in the near future.

Fiscal 1994-95 was a busy year for the department. We forged ahead with the renewal of adult learning in Alberta. We implemented changes, we made decisions, many of them difficult. We asked ourselves, "Are we headed in the right direction?" and our answer was and still is, "Yes, we are." We worked with Albertans to create a vision for adult learning in Alberta and to set goals. To ensure that the department is achieving its goals, we have developed a number of performance measures, evidence as it were, that we are getting the job done.

8:45

In 1991-92, 38.6 percent of all adult Albertans participated in a learning program or course. This is the highest participation rate in Canada. However, due to changing demographics and other factors, we expect an even larger enrollment demand in the future.

The way we are learning is also changing. As elsewhere in society, technology advances are having a tremendous impact on the way we access opportunities for learning. In order to stay in front, we must continue to be responsive to these changes.

It's good that so many are pursuing higher education, but are our graduates getting work? Yes, they are. Graduates of Alberta postsecondary institutions have excellent employment prospects. In a 1992 survey of 1,990 graduates, 91 percent of university graduates and 89 percent of technical graduates reported getting jobs after they completed their studies. Of these, fully 78 percent and 76 percent respectively found work in a related field. By any standard, we feel

these are impressive results.

Another key indicator of our system's performance is adult literacy and numeracy. We are ahead of most provinces in adult literacy. Seventy-one percent of adult Albertans have sufficient reading skills to meet everyday demands. Alberta ranks second in Canada. The national average is 62 percent. Alberta ranks number one in Canada for numeracy skill levels. Seventy-two percent of adult Albertans have numeracy skills necessary to deal with most daily demands, and through continuing co-operation with the Department of Education, we will ensure that Alberta sets the pace for the rest of the country.

Now, I'd be the first to admit that before I came into this portfolio I was not totally aware of the tremendous impact research has on our system and our economy. We want our universities to be sources of research strength that will contribute to the cultural, social, and economic development of Alberta. Between 30 percent and 40 percent of operations grants to universities supports the research function.

Albertans have a right to be proud of the research reputation of their universities. Our university research is highly valued not only by the scientific and academic communities but also by the business sector and other employers. Our ability to attract excellent research funding is part of the Alberta advantage. In 1993-94 our universities attracted approximately \$75 million of federal research funding.

Perhaps one of the most important measures of performance is customer satisfaction. In this case we need to know whether adult learners accessing the system are pleased with their experience with the adult learning system and say that it was useful. According to our polls, 95 percent of Albertans who participated in adult learning were satisfied with their experience.

Madam Chairman, we are proud of what we accomplished in 1994-95. We are confident that we are meeting the needs of adult Albertans who wish to learn. We will continue to pursue our vision and strive to ensure that Albertans are recognized globally for the excellence of their knowledge, skills, attitudes, and experiences that enable them to take responsibility for shaping their futures, to participate in a changing economy and workforce, to create new knowledge, and to enrich the quality of life in their communities. The department will continue to lead and work with other partners in setting new directions for adult learning and to provide Albertans with an accessible, responsive, and affordable system of quality adult learning that is accountable for results.

Finally, Madam Chairman, I would like to state that I find the Auditor General's observations and recommendations useful, and my government takes them very seriously. We have accepted the recommendations as outlined in the Auditor General's 1994-95 report. However, with respect to recommendation 10 pertaining to the disclosure of salaries and benefits of staff at telecommunications research laboratories, I'd like to point out that since the tabling of the Auditor General's report in October of 1995, the University of Alberta has taken steps to reorganize the structure of telecommunications research laboratories. The recommendation was appropriate back in October but is no longer applicable.

Madam Chairman, I'm now prepared to take a question.

THE CHAIRMAN: Thank you very much, hon. minister.
Barry McFarland.

MR. McFARLAND: Thank you, Madam Chairman. To the minister. My first question deals with page 40 in volume 2 of the public accounts.

THE CHAIRMAN: You're going to have to speak up, Barry. Even I am having difficulty hearing you.

MR. McFARLAND: They hear me when they don't want to.

Reference 3 dealing with the financial assistance to students, Mr. Minister. Although I'm at a loss to understand why the administrative support equates to some of the other program areas, would you inform me how many students actually received financial assistance in 1994-95 and what the average student might have received in that assistance?

MR. ADY: Approximately 58,000, almost 59,000 students received assistance in 1994-95. You'd like to know the average amount?

MR. McFARLAND: About the average. Correct.

MR. HEMINGWAY: It would have been about . . .

THE CHAIRMAN: If you could identify yourself for *Hansard*, it really would assist them when you've got your back to them. Thank you.

MR. HEMINGWAY: Sure. Fred Hemingway, learner assistance division. The average award would have been in the order of \$5,200.

THE CHAIRMAN: Supplementary, Barry.

MR. McFARLAND: Thank you. I understand that the total of the need-based assistance is about \$376 million. Can you tell us what type of support is included in this type of assistance?

MR. ADY: Well, yes. It's support for tuition, support for living allowance, and support for other incidentals which will allow a student, if they have very little financial resources of their own, to access and get themselves through a year of academic learning on a full-time basis. When the needs assessment is done by student finance people, all of that is taken into account. It's the objective that no one would be precluded from accessing postsecondary education because of a lack of financial resources. However, it is taken into account that the student should have some resources and have put forth a recognizable effort to have contributed some part of it. Is that okay?

MR. McFARLAND: Yeah.

THE CHAIRMAN: Thank you.

DR. PERCY: Madam Chairman, Mr. Minister, staff, my question is from the Auditor General's annual report for '94-95, basically pages 66 to 68. I read on page 68 the statement, "In the 1993-94 Auditor General's Report . . . it was recommended that Athabasca University define and cost its outputs," and a statement of pleasure that such a task was undertaken. Then I read recommendation 8 on the issue of governance. In one sense I don't see how you could in fact achieve what has been set out on page 68 about "a framework to identify . . . outputs" and "a system to cost them" without in fact having "reporting processes" and "information necessary to ensure . . . effective governance." I mean, it's kind of like a left-hand, right-hand problem. So my question is: how do those two things fit together? It may be a question more appropriate for the Auditor General as opposed to the minister.

MR. ADY: Let me refer it to Neil Henry, the assistant deputy minister, to begin with, and then we'll see. Perhaps the Auditor General can respond as well.

THE CHAIRMAN: Neil, I think you're going to have to take the microphone from here, please.

MR. HENRY: Sure. Okay.

I'm not sure I entirely understand the question.

DR. PERCY: I guess the bottom line is: I don't see how you could do what is stated on 68, cost and identify outputs, without in fact having an effective mechanism of governance or the information with which to provide effective governance.

MR. HENRY: No. I think the university was trying to deal with both; that is, to restructure the governance arrangements and to develop an effective costing mechanism. Those two things do go together.

8:55

THE CHAIRMAN: I don't want to get into a cross debate.

MR. HENRY: I understand. I think that's the answer.

THE CHAIRMAN: Hon. minister?

MR. ADY: No.

THE CHAIRMAN: Andrew, do you wish to comment?

MR. WINGATE: Madam Chairman, I think the point I would make is that obviously defining costs and outputs is an important element of governance. I mean, it is that information with which one governs an entity such as this. So I think there is a relationship. But what we reported was that progress was being made in the area of defining costs and outputs and continues to be made with a number of other universities, I might add. That is a necessary precursor, perhaps, to dealing with the overall governance issue. So there is a relationship for sure.

THE CHAIRMAN: Thank you.

DR. PERCY: Given the department's focus on performance and outcomes, how do the indicators the department has chosen to reflect the performance of the universities or colleges tie in directly to, for example, a recommendation such as number 8 or the problems that were identified in the 1993-94 Auditor General's report? When you look at the indicators that have been chosen, they're pretty broad based and they don't get at these types of management problems.

MR. ADY: Well, let's bear in mind that we're breaking new ground with key performance indicators for institutions, and we've worked very hard over the past couple of years to develop those key performance indicators in conjunction with the institutions. Not necessarily do we have a finished product, but we feel that we've come a long way with them. Maybe I could refer it to my deputy for some of the particulars of the work that was done to put them in place and what we've arrived at.

MRS. DUNCAN: The annual report includes broad indicators for the department which cover our full range of programming be it institutional programming or assistance we're providing to SFI clients, for example. At the institutional level we have developed significantly more key performance indicators, much more detail, and at the program level we are currently working on 15 core key performance indicators which will trace such things as cost per graduate, retention rate, employment of graduates. I think what

recommendation 8 was focusing on was the Centre for Innovative Management, and certainly those key performance indicators at the program level would help both the governing council and the department understand whether that particular program was meeting the objectives set forth.

THE CHAIRMAN: Carol Haley.

MS HALEY: Thank you, Madam Chairman. Mr. Minister and staff, it's nice to have you here. My question is actually on the key performance indicators, and you've already started touching on it. I wonder if you could give us a little bit of information on the ones that you think are the most important in ensuring some kind of consistency for advanced education and the programs it delivers.

MR. ADY: So you're concerned with: will there be consistency and is it assured across the system, and fairness and that sort of thing? Institutions are all reporting KPI data using the definitions and methodologies contained in the reporting manual, one for colleges and institutes and AVCs, one for universities, and one for private colleges. An information reporting and exchange project was initiated to establish those coupled definitions for reporting. The department's involvement in these developments is ensuring consistency across sectors in adherence to the standards contained in the reporting manual, so there is considerable effort being put into ensuring that this consistency does exist and will be there. I hope that answers your concern.

THE CHAIRMAN: Thank you.
Debby.

MS CARLSON: Thank you, Madam Chairman. Good morning everyone. My questions come from the '94-95 annual report, and they're with regard to the Students Finance Board. In that year you made the decision to not continue to support hairstyling programs, and the reason given here is that the student loan default rates exceeded 35 percent. Was there any follow-up done there to determine why people in that program would have such a high default rate?

MR. ADY: Your question doesn't centre around why we did it but what caused them to default. Of course, it has to do with their ability to find employment and perhaps the level of training they were receiving. Maybe I'll have Neil respond, or Fred. Fred's the guy that's got the problem with the money, so I'll pass it to him.

MR. HEMINGWAY: We looked at the area quite extensively before we took that action. We found that at the end of the day it really was not all that surprising that defaults were very high. We found that people in the industry were not making a lot of money and they really didn't spend a lot of time in the industry after they finished their training. They probably on average spent a year or less practising the profession for which they were trained. Many expressed dissatisfaction with the work, and we don't really know why that was. As I said, a combination of factors there put these people in the position where their employment income or their benefits from the training just were not there, and that's what was leading to the defaults.

THE CHAIRMAN: Supplementary, Debby.

MS CARLSON: Yes. A large number of people had been in previous years enrolled in those kinds of programs, so clearly there are a number of people who need some type of entry-level job

training. Did you do any kind of study to redirect those people to something that would turn into longer term employment?

THE CHAIRMAN: Could I remind you that it's questions we're here for. Both sides of the House are guilty of having long preambles and, in actual fact, enticing debate. So if you could get to your question, Debby, I'd appreciate it.

MS CARLSON: Sure. The question is: what did you do to help the people who normally would have gone into those programs?

MR. ADY: They had access to all the services we provide at the career development centres. They have the opportunity to go back there if they had previously been there, to go back and be reassessed and look at the opportunities that might be given to them by the counselors there. But as far as trying to group those people and deal with them as a group, I think it would have been very difficult to do that, because they're going to come out of there with different reasons for their disenchantment or their failure to find meaningful employment and they're going to have different interests as to what might work for them in the future. The best place for them to get that is on an individual basis at the career development centres, so they would be directed back there when they resurfaced within the system again.

THE CHAIRMAN: Thank you, hon. minister.
David.

MR. COUTTS: Thank you, Madam Chairman. My questions are on volume 2 of Public Accounts. I'd like to talk about the capital investment part, part of that on page 42. I'll wait until you find it there. It's regarding the capital investments for the Banff Centre. I notice there are no amounts budgeted, yet we spent \$750,000 there. I wonder what these funds were spent on for the capital side of it.

9:05

MR. ADY: The department approved expansion plans for the Banff Centre partway through the fiscal year. Funds allocated but not required by the University of Alberta were redirected to meet program costs there, and that's where that element shows up, the \$750,000.

MR. COUTTS: On the same page I see that adult development programs in reference 2.1.7 also overspent its capital budget.

THE CHAIRMAN: Excuse me, please. *Hansard's* picking up the conversations that are going on around the table. I should make you aware of that. It also interferes with the recording.

Sorry, David. If you'd like to start again.

MR. COUTTS: That's fine.

Adult development programs in reference 2.1.7 also overspent its capital budget. I wonder if you could inform the committee what the additional almost a quarter of a million dollars in funding purchased.

MR. ADY: The \$245,000? That's your question?

MR. COUTTS: Yes, thank you.

MR. ADY: The \$245,000 was used to purchase new electronic data processing equipment to support the extension grant program offered at our AVCs. Although it's not reflected in the public accounts, funding was reallocated from capital investment dollars allocated in various areas of the department. So it's a reallocation.

MR. COUTTS: Thank you very much.

THE CHAIRMAN: Thank you.
Peter.

MR. SEKULIC: Thank you, Madam Chairman. I'll try to go within your ruling of being concise. Mr. Minister, I'm going to follow up on the question my colleague from Little Bow asked. I believe the page was 40 of public accounts, volume 2, and it was vote 3, financial assistance to students. His question revolved around what number of students received assistance. I guess I'd like to ask the flip side of that: what number applied in total? I understand approximately 58,000 or 59,000 received financial assistance.

MR. ADY: So your concern is: how many who applied really didn't get it?

MR. SEKULIC: Sure. That's what happens when you do the math.

MR. ADY: Yeah. Right. Fred, do you have that number? I don't have it.

MR. HEMINGWAY: Our experience has been that about 90 percent of all the people who apply receive some form of assistance. We'd be looking at somewhere around 6,000 people who applied but did not qualify.

MR. SEKULIC: Okay.

MR. ADY: If I could just supplement that. Hon. member, there is publicly some misunderstanding about the mandate of the student finance program in that some people have the misunderstanding that it's accessible regardless of the resources and means the individual has. We have a lot of people who apply who don't qualify for that reason. They either have a spouse who is employed and making a very good salary or they have resources in the bank and just feel they shouldn't have to use that. When they're made aware that their resources have to go first, then they don't qualify for the funding. So that's one of the big reasons why you would find part of that 10 percent turned away.

MR. SEKULIC: Once again, following up on the question on the flip side of Little Bow's. He asked how much the average was, and my question on that would be: how much did the average change over the previous year in terms of the amounts that were awarded or loaned to students? I believe the average amount of financial assistance was \$5,200.

MR. ADY: Yes.

MR. SEKULIC: I'm curious to know how much that changed over the previous year, whether people are in fact taking on a greater amount of debt.

MR. ADY: Well, they would be allowed to take on an initial \$300, because we increased the maximum amount they could apply for by \$300. So that's the very maximum it could increase. But I suppose when you begin to average, we would get a different answer to your question, because not everyone is allowed the maximum because of the needs-based criteria.

Fred, do you have the number that would show some increase in the average?

MR. HEMINGWAY: While the loan has been going up about \$300 a year, the average award has been going up approximately \$200 a

year over this period.

THE CHAIRMAN: Thank you.
Jocelyn. Could you come beside Barry, please.

MRS. BURGNER: Good morning. I want to refer to page 40 of public accounts, volume 2, under reference 3.0.9. I note that the expenditure under the element skills development training support – that's the area I want to talk about – was over \$106 million for '94-95 and was close to 71.5 percent of the total expenditures on financial assistance to students. As this represents such a large amount of expenditure, could the minister please explain the purpose of the skills development training support program? How many students received assistance under this program?

THE CHAIRMAN: Thank you, Jocelyn.
I would encourage you to stay close to a microphone, please.
Hon. minister.

MR. ADY: You asked both of your questions.

MRS. BURGNER: Well, I can sit down.

THE CHAIRMAN: I was going to be fair, Jocelyn, because others do it, but the minister identified two questions.

MRS. BURGNER: Well, I did it in terms of making it a little less awkward.

THE CHAIRMAN: I'll allow you.

MR. ADY: This student assistance program provides grants to financially disadvantaged adult people on a full-time basic foundation skills program and short-term learning skills training at the postsecondary level. Basic foundation skills programs include academic upgrading, English as a Second Language, life management, precareer training. The program provides both living allowances and education related supports such as books and tuition. This program ensures financially disadvantaged Albertans will have access to the level of education and training necessary to help them achieve, hopefully, independence through employment.

Your second question centred around how come we had some overexpenditure in that element. Average tuition fees paid on behalf of students increased significantly from 1993-94 levels. The average fee in 1993-94 was approximately \$850 compared to \$1,350 in 1994-95. The increases led us to implement tuition controls. In 1995-96 tuition may not exceed the \$225 high school level, so we had to take some steps to . . .

MRS. BURGNER: That could create another whole problem.

MR. ADY: Right.

THE CHAIRMAN: Did you have a supplementary, Jocelyn?

MRS. BURGNER: Actually, the minister addressed it on the overexpenditure issue.

MR. ADY: She did ask also: how many students received it? There were 14,500 in the system.

THE CHAIRMAN: Thank you, hon. minister.
Mike Percy.

DR. PERCY: Thank you. My question comes from the annual

report for '94-95. There's no page listed, but it would be under goal 2, 2.2. My question relates to 2.2 and the status as of March 31, 1995. There's a report there that the department served over 19,000 SFI clients. A three-month follow-up showed success rates for those clients ranged from 61 percent to 75 percent for those who completed training. My first question is: what was the percentage that completed training from that report?

9:15

MR. HEMINGWAY: I'd have to get back to you on that.

MR. ADY: We obviously don't have the answer at hand, hon. member, but we'll be glad to make that available to you.

MRS. DUNCAN: It was in the press release that was made maybe two months ago, but we can get it for you.

DR. PERCY: Okay.

A clarification as opposed to a question: is this on a data tape? Is it actually with individual characteristics? I see the reports here. I mean, it was just a . . .

MR. ADY: You mean the statistics and the numbers that we were . . .

DR. PERCY: Yeah. The actual sample.

MR. HEMINGWAY: Again, I'll have to get back to you.

DR. PERCY: My final question then. When I look at the 61 to 75 percent for those who completed training, under 2.2 there, it's viewed as being reasonably good, and I think given the characteristics it might be. Then I go to the employability indicators on page 65. If you look at the employability indicators, and I look at AVC, it's about 76 percent for '92, or it's 71 percent for the technical institutes. So I look at the employability status for the general population, then look at the stats here from 61 percent to 75 percent, and the number then doesn't appear to be that good compared to the general employability of individuals who have completed programs according to the indices you have on page 65.

MR. ADY: I'll refer that to my deputy.

MRS. DUNCAN: The numbers you first referenced from our progress report on our business plan ultimately will find their way into that category D that we have, not applicable, because those things have been in progress and we're trying to get comparable measures. But I think what one has to consider is the type of client or student we're talking about here. The people who are covered under 2.2 are SFI clients, and most of those people have been out of the labour market for extended periods of time, generally speaking have completed very low levels of schooling, grade 6, grade 9. They've got a long way to go to develop those employability skills that we talk about as opposed to people, particularly in the first three categories on the employability indicator, who generally speaking have had direct contact with school and the labour market and are achievers. They're that top 30, 40 percent who graduate from high school. So part of the explanation lies in the client.

THE CHAIRMAN: Thank you.

DR. TAYLOR: I'm going to follow up on Dr. Percy's earlier question. Can you hear me okay?

THE CHAIRMAN: Fine, Lorne.

MR. ADY: I don't know if *Hansard* can.

DR. TAYLOR: If *Hansard* can is why I was asking – not you, Jack.

THE CHAIRMAN: They can.

DR. TAYLOR: His earlier question about monitoring programs and performance indicators is one that interests me in particular. I, like Dr. Percy, was involved with universities for more years than I care to remember, and one of the things that I think needs to be done is the monitoring, as you're suggesting. I'm not quite sure you're going in the right direction, but at least it's the start of a performance indicator and the start of direction. My question relates to management and governance. What attempts are you making or have you indicated any ways you are monitoring or measuring performance indicators of managers, presidents, vice-presidents, boards of governors? The management sets the tone for the institution, and if the management doesn't set the appropriate tone, then it doesn't filter down properly. I think from looking at universities from the inside, as I did for so many years, many a time the inappropriate tone is set from the top up. Until the management sets the appropriate tone, sets appropriate goals, sets appropriate performance indicators for itself, then I don't think it changes much down. I include boards of governors in that as well.

MR. ADY: Well, let's be clear that we don't have the ability to move directly on the management and administration of an institution because of the autonomy under a board-governed system, but our avenue to call for accountability comes through the key performance indicators which we have put in place. We then expose outputs of the institution, and the outputs of that institution are what cause the students and the taxpayers and the board of governors and our department and any other interested people to have a very good indication of how that institution is performing. It doesn't take a long step to understand that there is a close relationship between the performance of the administration and the performance of the institution. So the way we have of having the taxpayer receive some accountability out of our institutions is through these key performance indicators, and it's important that we have meaningful key performance indicators to bring that about.

Students should be able to look at those KPIs and the outputs that are reflected from them and make a decision on where they want to enrol. Who offers the best program from an institution? They will move there. Certainly an accountability will come forward from a variety of other sources, including taxpayers. So we believe this is our way, this is the opportunity the department has in protection of the taxpayer's dollar of getting that accountability, but we don't have it in the direct way that we can go over to a university or college and move in and tell the president, "You're doing a lousy job, and you have to change in these areas." That is the responsibility of the board of governors.

When you speak of what we're doing to hold the board of governors accountable, that becomes more difficult, I suppose. But we have changed the way, the manner in which we select members for the board of governors in that there's a great deal more effort going into being sure they bring to the position some expertise. We put them through criteria before they become eligible to be appointed, and if they don't meet the criteria, then their name is not given consideration for appointment. That's taken us some distance to addressing your concern with the board of governors. By and large, I'm convinced it's an improvement and that our boards of governors will continue to improve from the perspective of bringing

expertise that will be valuable to the institution.

THE CHAIRMAN: Supplementary, Lorne?

DR. TAYLOR: That's fine.

THE CHAIRMAN: Debby.

MS CARLSON: Thank you. Many people come through my constituency office looking for help with their student loan applications, and I have to say that the department is excellent in terms of their co-operation. But many of those people are supports for independence clients. Given your earlier answers to my colleague's questions, their low employability factor and low completion rate, what are your expectations for repayment of those loans and the time frame they'll be repaid within?

MR. ADY: Hon. member, for the most part, the clients you're talking about will receive a grant. If they're SFI clients, then they will move from supports for independence over to our system, and there is funding there to accommodate them. It goes back to the welfare reforms the hon. Minister of Family and Social Services put in place and the agreement made between his department and mine that his clients would move over for training as opposed to staying on passive welfare and that the funding would move over to accommodate that. In other words, instead of having an ongoing system that pays for passive welfare, the client is moved into meaningful training and given an opportunity to prepare themselves for employability. The statistics we gave earlier to the hon. Member for Edmonton-Whitemud's question bear out that it is working. When we have 72 percent of those clients that are coming out and finding some level of employment, we see that as a dramatic improvement, because if that time had been spent on passive welfare, we would have gained nothing, nor would the client. This is their opportunity to change their lifestyle and have a better life and some employability. To answer your first question, though, they would receive a grant, and they would not be required to pay that back.

9:25

MS CARLSON: But as they move up the rung of employability and require more training, there is a percentage that is expected to be repaid. In terms of repayment, do exactly the same rules apply to them as any other student?

MR. ADY: Yes. Once they enter a postsecondary system in a postsecondary program, then they would move to a loan program the same as everyone else, because they would be coming from a similar background. They would be coming there with a high school certificate, having probably been in the workforce for some time and perhaps having some resources. They would be coming on an equal basis with a high school graduate, perhaps even better equipped than a high school graduate because they likely would have had some time in the workforce. So we believe it's fair that they be treated the same way at that point, having been given the benefit of a grant system that gives them the academic upgrading to allow them to enter a postsecondary system.

THE CHAIRMAN: Thank you, hon. minister.
Pearl Calahasen.

MS CALAHASEN: Thank you very much. Mr. Minister, I want to talk about page 39 of volume 2 regarding the provincially administered institutions. As you know, I'm one of the biggest

supporters when it comes to Alberta vocational colleges. There are a number of colleges we do have, and in that specific one, 2.2.4, you'll notice that Alberta Vocational College in Lesser Slave Lake is underexpended. I want to know why they would be the only one underexpended of all the provincially administered institutions we have.

MR. ADY: Are you talking about the \$461,000 under . . .

MS CALAHASEN: No. On page 39 of volume 2 . . .

MR. ADY: Right; 2.2.4.

MS CALAHASEN: . . . 2.2.4. They are underexpended by – oh, yeah; \$215,000. Sorry.

MR. ADY: Okay, the \$215,000 surplus. Yes. In that element they had some deficits and some surplus but averaged out with a surplus, and that surplus resulted from vacant positions that year that weren't filled. It offset some of the deficits they had, which amounted to about \$230,000. They in fact did have \$461,000 of surplus from vacant positions, but they had some deficits that offset that, leaving a balance of surplus of \$215,000. It hinges around the vacant positions.

MS CALAHASEN: Good management; right?

MR. ADY: Good management.

MS CALAHASEN: What Lorne and Mike were talking about in terms of good management.

In that sense, could you go back to page 40, then, on the other side? If you look at 2.8, planning, construction, and furnishing, if they had such good management and they're looking at doing different things, why is it . . .

MR. ADY: I'm sorry. Two point what?

MS CALAHASEN: Two point eight.

MR. ADY: Okay.

MS CALAHASEN: Since they've done so well managing their finances, why would that specific facility not be included in any kind of construction? [interjections]

THE CHAIRMAN: We'll have some order, please.

Hon. minister.

MR. ADY: The best way to answer is that we put a moratorium on capital, and the only capital we were spending and allowing to be spent within our system was to complete projects that were in construction. So that's your answer.

MS CALAHASEN: Thank you.

THE CHAIRMAN: Thank you, hon. minister.

Peter.

MR. SEKULIC: Thank you, Madam Chairman. Mr. Minister, I'll follow up on . . . My colleagues from Edmonton-Whitemud and Edmonton-Ellerslie were asking pertaining to the annual report, and I'm looking at the 19,000 SFI clients that were served. Earlier in a question, my colleague from Edmonton-Ellerslie . . .

THE CHAIRMAN: Peter, you're going to have to get closer to the mike. We can't hear you, either *Hansard* or myself.

MR. SEKULIC: Thank you, Madam Chairman. I think the minister heard most of my preamble. I won't go back into it.

The earlier question was pertaining to loans or access to loans for occupations such as hairstyling. You've limited that because of low placement rates, I understand. When it comes to SFI clients, the majority of the 19,000 have become eligible for grants. Now, when it comes to loans, you're limiting access to loans for training such as hairstyling. My question is: what about the grants? Are people still able to acquire grants to get training in areas such as hairstyling in which placements are low?

MR. ADY: I think we need to clarify something as it pertains to hairstyling and one or two other occupations that were receiving training. What happened back there is that we discontinued student loan eligibility to some training institutions because the training institution's default rates were too high. Now, if that training institution had been able to keep their default rates low, that would never have happened. It wasn't that we necessarily stopped funding hairdressing; it was that we had learning institutions out there, private institutions who were putting people through their program and they were coming out not being able to get employment, disenchanted with what they had done, for a variety of reasons, and not being able to pay their student loan. Obviously, it was not a productive use of taxpayers' money. If some other students want to enter hairdressing, there is still hairdressing going on in this province, and they perhaps could find—my department could correct me if I'm wrong, but I believe they could go to another institution that has a lower default rate and enter that program and receive funding for it.

MR. SEKULIC: A point of clarification?

THE CHAIRMAN: Okay.

MR. SEKULIC: What you did, then, was strike certain institutions from the private and vocational schools list which had eligibility for both loans and grants, and that's the way you adjusted.

MR. ADY: Right.

MR. SEKULIC: Okay. Thank you.

Given that individuals coming from the supports for independence stream—and I know your deputy minister cited they have generally lower education levels, they've been out of the labour market for a longer period of time and have generally lower employability. My question would be: out of the \$19,000 in the grants that were directed towards these individuals to make them more employable, what are the occupations most often chosen or into which they've most often been directed, the top 10 occupations, I guess? I'm just curious as to whether those are high placement type occupations. I'd like to know. Maybe you won't be able to provide me with that information now. I know there is a clumping, so there has to be a top 10. I'd appreciate getting that information.

MR. ADY: I don't know if any of my department people have that, but we can give that to you.

MR. SEKULIC: Yeah, I'd appreciate that.

THE CHAIRMAN: Thank you, hon. minister.
David.

MR. COUTTS: Thanks again, Madam Chairman. Mr. Minister, I'd like to go back to volume 2 again of the public accounts, particularly page 43 when we talk about revenue. That's volume 2. That's where the revenue from the department is broken down. I'd like to refer to the notes under fees, permits, and licences: tuitions. I notice that they have dropped substantially from 1994 having a level of \$1.5 million down to just \$700,000 in 1995. I wonder if you can inform the committee why this figure has declined over the year.

9:35

MR. ADY: Yes. That decrease is the result of the transfer of some of the vocational colleges' continuing education and special interest courses being operated through a cost recovery program. That would account for that difference.

THE CHAIRMAN: Supplementary, David.

MR. COUTTS: My supplementary is a comment, Madam Chairman. I'd like to thank the minister and you and, particularly on behalf of our caucus, thank *Hansard* for coming into this uncomfortable room here this morning and for the inconvenience of being in this particular facility. I know it took a lot of work for everybody to get here, and in view of the hour, I would move we adjourn.

THE CHAIRMAN: Thank you.

Just before I do note that we stand adjourned, I would also like to once again express my sincere appreciation to Andrew Wingate and his staff for making themselves available, and also to the hon. minister and your staff, thank you very much. I would agree it's not the most positive environment to meet and would remind you that on Wednesday, April 24, we're back in the Legislative Assembly Chamber with the Hon. Stockwell Day, Minister of Labour.

We now stand adjourned.

[The committee adjourned at 9:37 a.m.]