

Legislative Assembly of Alberta

Title: **Wednesday, October 19, 1994**

8:00 p.m.

Date: 94/10/19

[Mr. Speaker in the Chair]

MR. SPEAKER: Please be seated.

head: **Government Bills and Orders**
head: **Second Reading**

Bill 42

Banff Centre Amendment Act, 1994

MR. SPEAKER: The hon. Member for Calgary-Currie.

MRS. BURGNER: Thank you, Mr. Speaker. It is a privilege to bring forward the Banff Centre Amendment Act, 1994, as the opening Bill of this session, and I would like to recognize the fine work of the Department of Advanced Education and Career Development and the minister, the Hon. Jack Ady, for his work in this regard and the confidence he's placed in me to bring this forward through the session.

In my opening comments I would like to give a little background information because I think it places the legislation in context. In the first place, the three-year business plan of the department has envisioned a new role for the Banff Centre that is more entrepreneurial and international in nature and less reliant on annual grants from government, and I'm pleased to say that the centre has embraced that new direction. Indeed, the centre has advocated that role for itself over the last while. In the 1993-94 annual grant to the centre \$14.3 million was allocated, and by 1996-97 that annual grant will be reduced to \$8.8 million. This is a reduction of nearly 39 percent from 1993-94, and that's a very significant reduction in funding from government to the institution and one that they are prepared to accept.

In addition, as the centre achieves greater self-sufficiency, it is the department's intention to reduce the annual grant by a further amount of at least \$1 million by the year 2000, and this will mean that the annual grant will represent around 30 percent of the centre's revenues. In order to work within this new fiscal framework, the Banff Centre will need, in order to successfully accomplish its transition toward a more self-reliant goal, significant changes to the Banff Centre Act in order to complete their educational and international commitments.

I'd like to focus on some of these significant changes, and these are highlighted in the legislation. The first and most significant change is the appointment process for the majority of the board members. Specifically, the amendment Act allows the board to appoint nine of its own members. The board intends to appoint individuals who are representative of its national and international clients as well as financial supporters, and this will enhance the board's fund-raising potential as well as allow it to better understand its clients' needs. Currently, those of you who are familiar with the Banff Centre recognize that it draws on expertise not only from within Alberta and the arts community in our province but both nationally and internationally.

There are two consequences of this change in the appointment procedure. Firstly, the Financial Administration Act would no longer apply to the centre; however, only nine sections of that Act apply to the centre now. These include a requirement for the

centre to provide the Provincial Treasurer and Treasury Board with information. This requirement is carried over in the amendment Act. In addition, the sections of the original Act which require the centre to obtain approval of the Lieutenant Governor in Council before it borrows money are being retained. This, I believe, will give government reasonable control over the centre's financial affairs while still allowing it to pursue its new future.

The second consequence I'd like to draw your attention to is the change in the appointment process; that is, that the centre would no longer bargain with its support staff under the Public Service Employee Relations Act. The Labour Relations Code would apply instead, and this is similar to private-sector bargaining. We believe it will enable the centre to negotiate collective agreements more appropriate to its circumstances.

To facilitate the transition from the Public Service Employee Relations Act to the labour code, the amendment Act contains a number of provisions which among other things allow the existing bargaining agent for the support staff to continue as the bargaining agent under the labour code. I think that's a transition which is important to those staff members. As well, the Act would be amended to provide the centre with the same investment powers as a university. The restriction on the centre's existing investment power has limited its ability to realize real growth in the value of its investments over time.

Other changes will dissolve the academic staff association and will delete all references to it and to the academic staff members. The Banff Centre's academic staff are not comparable to those at universities and colleges. Its academic staff consists of a small group of professionals who design and co-ordinate the provision of programs. These individuals select instructors who are hired on a short-term, fee-for-service basis to teach programs. Only 14 of the centre's full-time staff members are designated "academic staff," and this number is likely to be downsized as the centre reorganizes in response to financial pressures. In discussions with the centre as recently as yesterday, they anticipate approximately half a dozen, six or seven academic staff would fall in this category after they complete their restructuring.

After the dissolution of the academic staff association these individuals will be dealt with on an individual contract basis. Again, this is consistent with some of the flexibility that the centre would like to recognize and operate in that mode, one of the issues being that they need to provide flexible programming that meets the demands of the artistic community both in terms of their own long-range plans and what staff might be available on a secondment basis or as careers change. They need that flexibility in order to bring in the best people to serve the students who choose to attend the Banff Centre.

Lastly, an amendment will allow the Lieutenant Governor in Council to disestablish the centre and deal with its assets should this ever be deemed necessary. I think that's a safeguard provision that is a concern to all Albertans, and it is noted in the legislation.

In conclusion, this amendment Act provides the Banff Centre with the opportunity to be successful over the long term on substantially reduced government support. At the same time, it gives government reasonable control over the centre's financial affairs to ensure the appropriate level of accountability and the minimization of risk, which is a concern to this Legislature and to all Albertans.

I look forward to the discussion as this Bill goes through the process. I recognize the need for perhaps my colleagues across the floor to have some time to review this legislation, as it was just formally put before you today. Therefore, I would like to take at this time the opportunity to adjourn the debate.

MR. SPEAKER: The hon. Member for Calgary-Currie has moved that debate be now adjourned on Bill 42. All those in favour, please say aye.

HON. MEMBERS: Aye.

MR. SPEAKER: Opposed, please say no. Carried.

Bill 43
Students Loan Guarantee Amendment Act, 1994

MR. SPEAKER: The hon. Minister of Advanced Education and Career Development.

MR. ADY: Thank you, Mr. Speaker. Bill 43 proposes amendments to the Students Loan Guarantee Act. A significant amendment is to change the name of the Act to the Student Loan Act. This reflects the fact that the majority of student loans are no longer being guaranteed by the government. Instead, the bank is paid a risk premium in exchange for assuming the risk of assuming student loan defaults.

Another amendment authorizes the minister to enter into any agreement that would "facilitate the administration or enforcement of financial assistance programs for students." This authority parallels the authority of the federal minister, which was recently provided through the changes to the Canada Student Loans Act. It could be used to bring about harmonization of the federal and provincial student assistance programs if deemed necessary.

Thank you, Mr. Speaker.

MR. SPEAKER: The hon. Member for Edmonton-Mill Woods.

8:10

DR. MASSEY: Thank you, Mr. Speaker. In speaking to the Act, I'd like to address three questions. First, what are the characteristics of good student loan legislation? Secondly, what actions has the minister taken already under this Act? Thirdly, what doesn't the Act contain that we might expect it should?

Looking at that first question, the characteristics of good loans legislation, first of all I think it's important that the intent of the Act should be very clear. I don't think that it is in this case. It should be made abundantly clear that the Act is to support students financially and to make their access to postsecondary institutions in this province as easy as possible through loan support and, as far as possible, to remove financial barriers that might prevent them accessing the institution that they desire to attend. So I think there should be a very clear statement in terms of what the Act is intended to do, and I don't see that here.

Secondly, I think this Act should be motivated in particular in terms of student interest and not institutional interest, and that should be made abundantly clear: that the Act is intended to help students in their efforts to improve their education or to gain a postsecondary education or an adult education, as it may be in a particular case.

I think that an Act of this kind is very special because in large part it is addressed to young people, to people who have finished high school and this will be their first experience with loans, with legislation, with banks. So I think there is an obligation on the part of the government to make sure that it is clear and very readable and not only that the Act itself is clear and readable but the associated documents, that people who are going to work under the Act feel that same obligation to make sure that students are going to be able to read and understand the kinds of obliga-

tions that they're taking on, the kinds of commitments that the government has made, and the kinds of commitments that the lenders that they'll be working with have made. So clarity is an important characteristic.

I think it also should, as far as possible, prevent those people working under the Act from subverting the intent, or the purpose, of the Act; that is, department officials and agencies that are working should not be allowed to take and use the Act for their own purposes and subvert the government's intent in putting forward the legislation.

So those are some of the characteristics that I think this kind of legislation should have, and I'd like to move then to measure the Act as we have it before us and the amendments and also the actions that the minister has taken under the Act to see how well they match those characteristics.

First of all, I think these changes, these amendments, like most of the action in Advanced Education and Career Development, stem not from some deep desire on the part of the government to improve the lot of students, to improve the lot of education. Their reason for being is to save money. Impetus for the changes is rooted in saving dollars, and I think that's an important distinction when you start to judge legislation and the minister's activities. Of course, the most important thing that the minister and his department have done is to privatize the student loans program, this in spite of protests from students and many positive suggestions from them to the contrary suggesting other kinds of schemes.

The excuse for privatizing has been the student default rates. Student default rates in themselves of course are a study, but students have maintained all along that it was the government's fault that those default rates were so high, that the government was lax in pursuing students who were behind on payments, that the agreements with the banks put no pressure on banks to pursue students who were in default, and that the whole business, the problem of defaults, was used to move to privatize loans. Instead of addressing the problem, the problem of defaults, the whole system has been changed to one that students for the most part across the province and their associations didn't support and weren't involved in putting together.

In moving to privatization, this stands in stark contrast to what's going on in the United States at the current time. In the U.S.A. as of June 10, 1993, students will now deal directly with the government in terms of accessing their loans. The Bill that will allow that passed the Senate Labour and Human Resources Committee, an important and powerful committee for that kind of legislation. A number of states who had privatized loan plans are now looking forward to the government taking those plans back under their umbrella because of the complaints of students in terms of the kinds of service and the kinds of efforts that were made to help them.

So I think there is an important distinction. We tried to make it several times during roundtable discussions and students have tried to make the point that banks are in the business of making dollars. That's why they're there. The Canadian Imperial Bank of Commerce, in particular, last year was one of the country's most successful corporations, returning to its investors 10 percent plus on their investment. It has a history of being successful in making money. I think that is quite a different goal than what the government needs to have in terms of students and trying to provide the kind of financial resources that they require to gain the kinds of education they need to eventually take their place in our communities as the productive citizens that they should properly be.

The privatization issue can be argued, but the details of that plan have been less than satisfactory. Again, it goes back to this legislation that allows the minister to make the kind of agreement that he did. Some of the complaints that students and users of the loans program have had were that the process was very, very complex, that there were all kinds of hoops that they had to jump through, that it had to be simplified. The result of the agreement that the minister has made with the bank has been just the opposite. There's interest relief, there's interest shielding, and there are all sorts of situation-specific kinds of information that students who are trying to access those loans have to be aware of. That goes back to a point I made earlier about readability and clarity, because even if students wanted to make sure that they were taking full advantage of this program, they might run into some difficulty.

Let me share with you, Mr. Speaker, a clause from the loan agreement. If you were trying to find out exactly what the government's commitment was on how much of the loan they were going to guarantee, this is the clause you might read.

The Province guarantees payment in full of the principal balance outstanding plus accrued interest for Advances or cumulative Advances of a Borrower with a History of Credit Abuse, from the date of an Advance until the last day of the 18th month following the Period of Student End Date. If the Borrower qualifies for and utilizes the Interest Relief Program, the duration of this 100% guaranteed period will increase by the number of months of Interest Relief entitlement used. During the 12 month period beginning on the first day of the 19th month following the Period of Student End Date, the Limited Loan Guarantee will be limited to 66.7% of the outstanding principal balance of the Borrower's Loans, plus accrued interest. If the Borrower qualifies for and utilizes the Interest Relief Program, the duration of this Limited Loan Guarantee will increase by the number of months of Interest Relief entitlement used. During the 12 month period beginning on the first day of the 31st month following . . .

And it goes on, Mr. Speaker.

This is a document that we would expect people, young people in particular with their first experience with the system, being able to access and use. I think that kind of jargon – and I thought it was a promise of this government that the documents they produced were going to be simplified and made more reader friendly. This is certainly not an example of that kind of a promise.

8:20

There's some skepticism, of course, when you look at what the minister agreed to under the financial arrangements of the loan program. He's paying them a 5 percent risk premium, which estimates are will cost about \$6.5 million this year, and taxpayers are still left with 10 percent of the riskiest loans. So the bank gets the profit and the taxpayer gets the bill.

I think there are some other parts of the whole strategy of privatizing those loans and the approach to loans for students that we should be aware of. It's curious that we're predicating the financing of our postsecondary institutions on students going into debt. If you go back to the business plan, you'll see that the projection is that student debt will increase from \$260 million to \$460 million by 1996-97. That seems to me, again, a curious approach for a province that's trying to encourage students to be fiscally responsible, to manage their affairs, that somehow or other we would tell them that it's up to you to go in debt to pay for programs.

There's a schizophrenic view of students built into the loan agreement, and it permeates the legislation. On the one hand, students are told that they're old enough, they're responsible

enough to go into debt, big debt. The province has raised the lifetime limit on undergraduate borrowing to a current level of \$30,000 and to a level of \$45,000 for graduate students. So on the one hand they're told: "You're very responsible, you want this education. Go to the bank. Get the bucks. You do it." On the other hand, they're told how much money they must save each summer. They're also told that their parents will be involved in financing their education. So, again, a schizophrenic approach to the whole business of loans: "You're a child; you're an adult. You're an adult; you're a child." Which is it?

The loan agreement – and I've heard the minister speak with some pride on this point – creates two classes of students in the province. There are those students with money and money-backers, and there are those students without. If you have money, then you get a better deal at the bank than those students without. Again, that seems to be a little reverse in terms of where we should be going with students and accessing student loans.

The repayment scheme that's in the agreement and, again, allowed by the legislation is not the one that the students asked for. The students, particularly the students at the University of Calgary, took very, very seriously the minister's invitation to give him advice. They conducted a survey of their members. They put together a brief that's very well written. There are two pieces of advice in that brief that the minister has chosen to ignore. One was that banks not be involved in the loan program. The second was that there be an income contingent loan repayment plan.

If you read their document, they had done some fairly serious information gathering before they put it together. They had looked at both sides, the downside of income contingent repayment plans and the advantages. Their conclusions were that for their purposes a repayment plan that was most sensitive to the situations they would find themselves in when they graduated was an income contingent plan. That was rejected outright by the minister, and it infuriated students more than the rejection of their ideas because the minister did ask for advice. He didn't promise to take it.

What upsets them more is the way that they were treated. They were promised consultation. At 4 or 5 p.m. in the evening the call was made to student leaders across the province, and at 8 o'clock the next morning a news conference was held by the minister to announce the agreement with the CIBC. Rightfully students don't quite feel that that was the kind of treatment they were going to receive when the minister was speaking to them about advice and their input into any kind of loans program. They took seriously his promise to consult with them, and they feel that he has let them down.

Now, if that kind of an agreement, with the kinds of warts that it has on it, can be made under this kind of legislation, then I think it calls into doubt the legislation itself. I think when we consider the amendments rather than just housekeeping, it behooves us to go back and to look at the Act.

The last item I'd like to speak to, Mr. Speaker, is that we can write great agreements with banks, we can write great legislation, we can talk in the Legislature about it, but what's important is what happens to students. We're starting to get reports from students in terms of their treatment under the new loan program. I had a letter from a constituency manager who has had to deal with a number of students seeking loans, and in this case it was a NAIT prebusiness student. She says:

As I'm sure you are aware, regulations appear to have changed with regard to student loan applications. Students are now expected to contribute, at least \$1,350.00, to their studies, regardless of their situation the months prior entering school.

I am currently helping a NAIT pre-business student, who is in the middle of mid-terms, with this very issue. She lost her appeal to have her loan increased even though she only worked 1 month prior to going back to school and before that was on social assistance. She has to move at the end of the month because her \$378/month rent is going up and she receives a whopping \$204.00/month at the moment from the student finance board. She is a mature student and cannot move in with parents.

She was told that she is expected to make up the \$1,300.00 shortfall through part-time employment but this seems a stupid time to tell her that, in the middle of mid-terms (and yes, she does have a full course load). How can she expect to make enough per month working part-time hours at minimum wage when she has to build on \$204.00? How can the Students Finance Board justify telling students, after the fact that they must work part-time? Lauren is willing to work, but doesn't have time to look for a job at the moment!

Also, she was not told in her rejection letter that she had the option of going before a Citizens Appeal Panel . . . Was this a bureaucratic slip-up or more heavy handed internal memos?

So the proof of the pudding is how the legislation helps students. In this case I think this is an example, and there are many more, of where the legislation is not doing what legislation of this nature should do at the outset, and that is to serve students and help them access the kind of education that they need.

Thank you, Mr. Speaker.

MR. SPEAKER: The hon. Member for Bow Valley.

DR. OBERG: Thank you, Mr. Chairman – Mr. Speaker. A little confusion in venue there.

I'd like to rise and speak to this Bill for several reasons. First of all, in my prelude I would like to say that I am in no way questioning the previous speaker's commitment to education, because I really do believe that he does have a strong commitment to education.

I started in university in 1977 and finished in 1983, and over those six years I accumulated a student loan of approximately \$25,000. That student loan took me five years to pay back at the rate at that time.

MR. DALLA-LONGA: As a doctor?

DR. OBERG: As a doctor, yes.

There are several points that I'm bringing up. First of all, I felt that it was imperative and it was a responsibility that I took on to pay that loan back. I heard at the time of people who were going out and intentionally not making payments on their student loan and thereby causing the government to take over their loan. I felt that this was morally wrong and that it did put people like myself, who had paid back the student loan in the expected time, in a very bad light. The rate of default, from what I understand, was somewhere around 25 percent at that time, and I think that by allowing students to do that, this government is setting a very bad example.

The other part that I really had a problem with was the whole idea of having the right to not pay back the loan and yet have nothing on your credit rating. I thought that this was just absurd. I could theoretically have not paid back \$25,000 and walked into the bank the next day and received a gold MasterCard. [interjection] Not me. That's very much a hypothetical situation, Mr. Speaker.

8:30

DR. L. TAYLOR: Politicians don't make enough money to get a gold MasterCard.

DR. OBERG: That's right.

The point is that I could have an outstanding debt of \$25,000 to the government of Alberta, yet have absolutely no problems on my credit rating, and I think that's morally wrong.

The other point I'm making is that I sat here today and heard a lot about loan guarantees. I'm not in favour of loan guarantees. I'm philosophically against loan guarantees. But what I've heard tonight is that we are trying to eliminate the liability of the government in a loan guarantee and put it onto the private sector, where it belongs, but the gentleman who just spoke stated that it should still stay with the government, that that inherent liability of these student loans should be with the government. I think that it should be with the private institutions. That's their job; that's their responsibility. They can then put it onto the student's credit rating if he chooses not to pay it back.

I don't think this is simply an issue of finances; I don't think this is simply an issue of downloading onto the student. I think that it's an issue of doing what's right, and that's extremely important. For that reason I have absolutely no qualms in supporting this Bill. I think that the issue of giving a loan guarantee to a student purely because he attends university is wrong. I think that giving him the right not to pay it back and not have it go on his credit rating is wrong. I think that's what banks are there for, and therefore it should certainly be transferred to the private sector. I think that it's in the best interest of the students and basically of the government and society in the long run.

Thank you.

MR. SPEAKER: The hon. Member for Edmonton-Norwood.

MR. BENIUK: Thank you. The previous speaker said that he believed in doing what's right. Historically, the Conservatives and the eastern bankers have been perceived in this province as being in bed together. In the '30s the people had enough, and in '35 they . . .

DR. L. TAYLOR: We've been exploited by eastern bankers.

MR. BENIUK: Mr. Speaker, the Member for Cypress-Medicine Hat, who has claimed to be a redneck but who actually has a fluorescent sort of very delicate pink neck, has this habit of demonstrating that Conservatives have historically not only been in bed with the bankers; they have been arrogant when they've been in power.

Point of Order Imputing Motives

MR. SPEAKER: Is the hon. Member for Cypress-Medicine Hat rising on a point of order?

DR. L. TAYLOR: Yes. Citation 23(i). I can quite easily prove, Mr. Speaker, that my neck is not a delicate shade of pink, and I would show that to you, sir, and would ask him to recant his comments.

MR. SPEAKER: The hon. Member for Edmonton-Norwood.

Debate Continued

MR. BENIUK: Thank you, Mr. Speaker. Historically the Conservatives have been in bed with the eastern bankers, and what we're seeing in this Bill is this bond being re-created in a powerful fashion. Instead of placing the interests of the students

first and foremost, it is the interests of the eastern bankers that is being placed on the agenda here today. The minister, who has not gone to university or a postsecondary institution, does not know the hardships that students encounter when they try to borrow money, when they try to get an education and improve themselves.

This Bill refers to educational institutions. It not only refers to universities and other quality institutions; it also refers to what could be called Mickey Mouse schools. That is where the defaults take place, and that is where the 10 percent of the loans that you're going to guarantee with the taxpayers' money is going to go. The people that have gone to university, to technical schools, to colleges have repaid their loans at a higher percentage than those that have gone to the institutions that you appear to be favouring by this Bill by including them in it and guaranteeing the high-risk loans.

This Bill truly demonstrates the difference between the Liberals and the Conservatives. We place educating our . . . [interjections] Historically, Mr. Speaker, the arrogance that flows today from that side of the House has always flowed when they've been in power. In the '30s Bennett was arrogant. He got tossed out and the Liberals came back in. That day is coming soon.

Mr. Speaker, to force onto students a 5 percent premium for loans is outrageous, not only because of the 5 percent amount but because of that minister sitting over there starting a process that will see tuition fees skyrocket. We are not looking anymore at a \$20,000 or \$30,000 or \$40,000 debt when students leave; we're looking at twice that amount, \$50,000, \$60,000, \$70,000. That's equivalent to having a house mortgage without a house.

The future of this province is in educating our people so we can compete in the global market. That minister thinks that we should go back into the 1890s instead of going forward from the 1990s into the 21st century. This Bill is an insult to the very people of this province, for it condemns their sons, their daughters who pay taxes from getting an education, because that minister is putting obstacles in their path for getting loans. [interjections] Loans, Mr. Speaker. We're not talking about grants. We're talking about loans so they can finance their way through school. He will reward by guaranteeing loans those that will take a Mickey Mouse course.

I could give you a good example. In fact, I will right here and now, Mr. Minister. When I was canvassing during the election, I came across a young woman, a single parent, Mr. Speaker, who told me the following. She was on social assistance, and she was told that she would be cut off unless she upgraded her education. So instead of finishing grade 12 and going forward to NAIT, university, or college, she took what she said was a medical filing clerk. In six months she figured she would have a job. The tuition fee for that six months, she told me, was \$5,000, which she borrowed from the student loans that that minister administers. That went directly to a two-bit college – it's not even a college; just a two-bit school – to cover her tuition fee. Six months later she'll be in debt by \$5,000 under these rules facing a 5 percent premium on the going bank rate, and she will not have a job. [interjections]

Mr. Speaker, they can heckle, but the reality is that this Bill sets in motion obstacles for people improving themselves in this province. The very people that this province is going to need to make sure that this province prospers are going to be curtailed from going to university. I realize university does not benefit all people, as the Member for Cypress-Medicine Hat has obviously demonstrated by his attitude.

8:40

The students requiring government assistance so they can get financing have to turn to this government in this province because the federal government can only provide loans, and they do it through this government. They cannot provide and do not provide any other assistance. As you will recall, when Pearson was the Prime Minister of Canada, he promised scholarships and grants. He found that he could not do it because of the Constitution. It had to be loans, and it had to be administered by a province, and I am sure, Mr. Speaker, that you will confirm that.

We are talking here about the future of the young people of this province. We are talking here about the future of this province, its economic prosperity. This Bill goes against everything that our forefathers and mothers have done in this province. [interjections] Today Cypress-Medicine Hat, Calgary-Shaw, and the gang over there can have their fun. Two years from now the people of this province will remember this Bill and what it has done to prevent their young people, sons and daughters, from going to university. It's bad enough right now that there are quotas in every faculty except arts and science, but then you have a quota for the whole university. Now the financing is being wiped out.

That government is doing everything in its power to make sure that we do not provide a quality education for our citizens. That minister would like everybody to take a Mickey Mouse course rather than get a good university education. He is not prepared to guarantee their loans except if they go into something that is absolutely useless. That is where the high default rates have taken place, and that minister knows it.

DR. L. TAYLOR: I don't think even Mickey Mouse would appreciate you tonight, Andrew.

MR. BENIUK: Mr. Speaker, the florescent pink man over there can heckle all he wants. The issue is very great.

If you look at section 8(2)(b) of this Bill, it says that it will guarantee some loans and it will not guarantee others. Well, the ones it's going to guarantee are the ones it shouldn't guarantee, and the ones that it will not guarantee are the very ones it has to guarantee. That minister has things backwards, which is understandable.

Mr. Speaker, the bond between the banks and that minister and this government is such that one cannot ignore that, in drafting this legislation and convincing that government to go the route of what they call privatizing student loans, the government had to be greatly influenced by the banking institution with its headquarters in eastern Canada, where even the 1-800 number people are. When you phone the 1-800 number, that's where they are. The jobs are being exported to that part of the world, eastern Canada.

DR. WEST: What's the point?

MR. BENIUK: The Minister of Municipal Affairs wants to know what the point is. The point is very simple. If this had been in place, you wouldn't have got to be a veterinarian, because a minister of that quality would not have had a loan system in place that would have assisted you and others like you to get an education. [interjection] Mr. Speaker, do you want me to get into a dialogue with that, member? Thank you.

I realize, Mr. Speaker, that some people opposite, in fact the majority, think this is very humorous, but I can assure you I regard this to be an issue that the people of this province do not find funny, because their sons, their daughters deserve an

education, contrary to what happened with the Member for Cypress-Medicine Hat. An education was a deterrent to his development. [interjections] Twenty-three (h), (i), (j).

Mr. Speaker, I am sure that as other members on this side rise, they will raise points which the other people opposite – they by that time will have settled down to listen more coherently.

I will simply say this as I conclude: the Minister of Advanced Education and Career Development is doing an injustice to every Albertan, including the people in his own riding, by this Act, and the people will remember.

MR. SPEAKER: The hon. Member for West Yellowhead.

MR. VAN BINSBERGEN: Thank you, Mr. Speaker. I will get the debate out of the bedroom into the halls, where it belongs.

I'd like to first commend the Member for Calgary-Currie on being the first member of the government to recognize that it would be a good idea for the opposition to have a look at a Bill before being required to speak on it. I think that's great. Thank you very much.

Since I'm in this spirit of benevolence, Mr. Speaker, I would also like to extend my gratitude to the minister of advanced education for sending me a list of winners of the Rutherford scholarships and even giving me a proposed script that I might use upon handing out . . . [interjection] Oh, I'm very sorry. A commendation here to the Minister of Education. My profound apologies. I was very impressed, although I must admit that I departed from the script that was given to me.

Having said that, Mr. Speaker, I'd like to make a few introductory remarks before getting to the meat of the Bill, if I might. First of all, the Premier of this province, when he was sworn in first in 1992, uttered the immortal words: we will educate our children, we will care for our seniors, and we will heal the sick. Of course, that was extremely well said and I thought it was right on, but unfortunately that was then and the reality, of course, is now, and the reality is radically different. Of all things, he cut the benefits to seniors. He cut the funding for health care to the point where we now have lineups for beds that are not available and to the point where we have patients who are released far too soon without adequate home care. Finally, he cut funding to kindergarten programs in half, he cut the spaces at universities and postsecondary education for those who needed it, and he made the cost for those who managed to get in so high that they would come out with enormous loans. So much for these immortal words with which the Premier started his reign. Nevertheless, they were good words; unfortunately, they were not lived up to.

So the new reality is called the Alberta advantage, which is indeed an advantage for the rich and for big business, and it clearly does not extend to the sick and the old and the young and those who are in need of education. In fact, whereas we used to rank first in education and in health and so on, we now seem to be ranking very close to the bottom in our country.

How does Bill 43 fit into this gloomy picture, Mr. Speaker? Well, it comes on the heels of a raise in the cap on tuition. If as a student you are rich or you have rich parents or you can find a rich sponsor or you have suitable collateral, then everything is fine and there's no problem. If, however, you don't have those as a student – and I was one of those, by the way, who did not have those – then the trouble starts. Then the government will guarantee the loans only if you are very high risk for the banks. That is about 10 percent of the students who would get the loans.

8:50

Mr. Speaker, I am very much cognizant of the fact that under the new system I probably would have come out with \$25,000 or so, as the Member for Bow Valley. But not having been lucky enough, I suppose, to be in medicine, it would have taken me a lifetime to pay it back as a poor teacher. Instead, these students who manage to get in may have to pay a higher rate of interest, or they may even forget about a loan if they can't face that prospect.

Ultimately, Mr. Speaker, among the not so rich, whoever manages to get into postsecondary institutions and manages to finish will perhaps end up with a very large bill owing to CIBC. This Bill, by the way, attempts to legitimize an existing situation. Of course, it's already started, as often is the case; sort of mustard after the meal. Nevertheless, we're discussing something that is going to be a fact; we know that. The bank has guaranteed about 5 percent of the total loans, and whatever it costs the government to guarantee the 10 percent of high-riskers, it seems to be a very good deal for the bank, not so for the government. I'm really curious to see whether we're going to have any savings on the present bill, which is about \$40 million I think.

Mr. Speaker, it seems to me that this Bill creates two tiers of students, the well off and the not so well off. The latter group are facing enormous odds, as outlined, in their attempt to enter postsecondary education. Of course, this is not the only example of a two-tier system being provided and being dished up by this government. We seem to find it in many, many instances.

This Bill was motivated, as every Bill I think from this government, by a desire to cut costs. I don't think there was any desire to actually improve the provision of postsecondary education to our youngsters. It does nothing to encourage more students to pursue more education after high school, yet this government ought to be aware of the fact, ought to be knowledgeable that it is almost a business proposition to invest in higher education so that these people end up with a better education level and a greater chance of getting jobs, paying taxes and so on, and the ball rolls on. That does not seem to be understood, and this Bill is therefore extremely shortsighted, especially for this government that is in the business of being in business.

Mr. Speaker, this Bill decreases the investment in the future, and therefore I am opposing it. I gladly cede my place to the next person in line.

Thank you very much.

MR. SPEAKER: The hon. Member for Calgary-North West.

MR. BRUSEKER: Thank you, Mr. Speaker. I too want to make a few comments on this particular Bill before us today.

AN HON. MEMBER: I can get you a good deal on a fridge.

MR. BRUSEKER: You can give me a good deal on a fridge? Excellent.

SOME HON. MEMBERS: Fridge. Fridge.

MR. BRUSEKER: Fridge? Stove. Stove is the problem. Come on; get with the program.

I never took appliance repair in university, Mr. Speaker. I took zoology when I went to university. I couldn't find a job in that and went back to university and got a degree in education, and I spent six years in university as well. But I did a little better than

the Member for Bow Valley because I managed to graduate without a student loan.

DR. OBERG: You were richer than I was, Frank.

MR. BRUSEKER: Well, I'm not sure if I was richer or whether I just worked hard or whatever it was. I drove a taxi to put myself through university, in fact, and that's how I managed to get going through there. [interjections] Taxi; I drove a taxi.

MR. EVANS: I thought you said you grew something.

MR. BRUSEKER: No, I wasn't much good in gardening. I was into the animal side, not on the botany side. Maybe the hon. member from Canmore or Banff-Cochrane or wherever it is knows more about that sort of stuff than I do. But I did have some problems with it.

You know, Mr. Speaker, there's one Bill in here that brings back memories of my old friend, Dick Johnston, because he was one of these guys who liked to dance around a little bit. It says in one part here that, you know, an agreement may be entered into that may provide for a guarantee for the government for all of the loan or part of the loan or none of the loan. I thought, well, that's pretty definite: some, all, or none of it might be covered under the loan guarantee. I thought that gives pretty broad latitude to the Students Finance Board to decide what it is they're going to do. Then it says under that same section that the government "may provide for payment of risk premiums," or I guess it means "might not" provide payment of risk premiums. [interjections] Well, that's what I was wondering. I'm just trying to figure out where this is going.

It talks about may pay for "other obligations of credit institutions," but then again, I guess by implication, it might not allow for payment of those other obligations. So it was kind of a curious section of the Bill, and I hope at some point the Minister of Advanced Education and Career Development – I think that's the correct title – will clear that up. The section I'm looking at, hon. Minister, is section 8, section 8(c)(2) I guess is the correct heading. It just seemed a little peculiar in the wording that was in there, because as I read it, I wasn't really clear what it is, actually, that the government was really going to do in that area. So I said it seemed there was such a great amount of dancing going on around there that it just seemed really reminiscent of our former hon. Treasurer we had here who loved to dance a little sidestep, that famous song from a play that occurred once upon a time that revered some certain politicians from down south.

At any rate, as I look at other parts of the Bill, I have some questions. I have to admit that I think it's a good step that the government is making an attempt to reduce the losses on defaults on student loans. I think that's a good step and that's a move in the right direction, so the Bill is not completely without merit.

AN HON. MEMBER: Tell Andrew.

MR. BRUSEKER: I think he's listening.

I think that's a good step, but it seems to me as I read the Bill that that is the overarching, the all-encompassing goal and direction of this Bill.

You know, many, many times from different members opposite I've heard that education is a priority and, of course, access to education. The hon. Minister of Education I see nodding his head on the other side, and I know that he has a lifetime dedication to

education in this province. That is a good goal, but when I look at what's happening here, when I look at the way the Bill is written and as I review questions that have been asked in this House of the Minister of Advanced Education and Career Development in the past during question period, it seems to me that what's going to happen is that in effect we will see a reduced access, a continued reduction in access to postsecondary education. This is sort of tied up in a couple of issues, Mr. Speaker, but they're all kind of related to the issue that we're on tonight, which is dealing with advanced education, and certainly the ability of students to access that is related to student loans.

Mr. Speaker, one of the things we keep hearing about is that tuition costs are going to rise as a percentage of the total operating costs. Currently they're at about 20 percent. There's discussion to move that upwards; I've heard figures of up to 30 and 33 percent, or one-third. If on one side of the coin we increase the cost of tuition and if on the other side we make it more difficult for students to get a student loan, the end result will be a reduction in the total number of students going into whatever it is they choose to pursue in university or college or technical school and I'll just say postsecondary education in general.

9:00

On one hand we do want to reduce the number of defaults, but it seems to me that what's going to happen with various government policies that are being implemented, including this one that we're on tonight with respect to student loans, is that we will see a reduction in the number of defaults because we'll see a reduction in the number of students actually going to university and getting student loans. When we see the cuts that are happening in education and school boards are going to say, "Well gee, we don't need to hire more teachers," and we see the reductions that are happening in health care and hospitals and hospitals and regional health authorities will say, "Gee, we don't need to hire more nurses," then students or young people in high school who are looking to choose a career are going to say to themselves: "Well, there's no point in going into education, because there's not going to be a job waiting for me when I get out. There's no point in going into nursing, because there's not going to be a job waiting for me when I get out. There's no point in going to a job that will be somewhere in the public service, because the whole government is downsizing and there's not going to be a job waiting for me when I get out." The end result is that we will see a reduction in people actually going to university.

So if on one hand we value education and the idea that people should go to university and get an education and broaden their skills and be a contributing member to society, which is what of course we all want, then we should be increasing that access, not decreasing the access. It seems to me that this Bill that says that students are going to have to pay the same rate – and the minister referred to it, and this is from *Hansard* of I think it was April 28. In response to a question, he said:

The bank loan rate that students will be charged is on par with any other person who would come to the bank without collateral and without a credit rating,

which typically means prime plus 3, 4, 5 percent depending on how ornery the bank manager is feeling that day.

So we are going to make tuition costs more difficult. The premium they're going to pay is going to be higher because they've got that 5 percent premium they're going to have to pay on their loan. The interest rate that they're going to have to pay is going to be higher, and when they graduate, depending upon

the field they've chosen, they may not be able to get employment in that particular field, at least not in this province.

My concern with all of these directions that are occurring, Mr. Speaker, is that I'm afraid what we'll end up doing is driving some of our young people out of this province. The people who are graduating from high school and who are looking to make that big decision in their lives, which is: what am I going to do for – and it used to be for the rest of my life, but of course many people now change careers two, three, four, five times. I'm not sure what the average is, but most of us in here are at least on our second if not third or fourth career.

MR. ADY: Yeah, you guys are going to have to find another one.

MR. BRUSEKER: And I expect that I will have another one before I retire, because I'm much younger than the Member for Cardston-Chief Mountain. So it could well be that I will have another career following this one.

AN HON. MEMBER: Is it cheese mountain or chief mountain?

MR. BRUSEKER: Well whatever it is. Cardston-Chief Mountain; correct? Good.

Certainly I expect that there will be another case. But people have to make that decision when they're fairly young, and I'm concerned that when we look at making it more difficult to get a student loan, more expensive to get a student loan, which is the way I read this Bill, it's going to make it more difficult for those young people to make that decision. What I'm afraid of is that when they make the decision that they're going to pursue whatever career it is and they leave this province, they're not going to come back again.

What has caused this province to be successful? Well, everybody says oil and gas. Okay; but that's the short answer. That's the easy answer. In order for oil and gas to be successful, in order for people in the agricultural sector to be successful, most of those people that are key players in those areas have pursued advanced education of some kind. I have three brothers-in-law, all of whom are farmers, all of whom have pursued education either at a college or at a university in some sector of agricultural training. My wife is a nurse, has pursued training in that area. Many people who are in the oil and gas sector have bachelor's, master's, and in fact PhD degrees. Why has the oil and gas sector been so successful? Because we have brought into this province and trained some of our own in this province with that good, strong advanced education they have to have in order to be successful.

MR. ADY: Your family's all enlightened Tories.

MR. BRUSEKER: My family's all enlightened Tories. Well, no, that's not entirely true either, but I'm sure you will continue to keep wishing that that were the case.

MR. ADY: That's what they told me.

MR. BRUSEKER: That's what they told you. Is that right? I don't have any family in your constituency, though, hon. member. All my family is an immigrant family, and there are just not many of us around. But I can tell you that if you run into another Bruseker, it's actually a relative of mine, so there you are.

So the point that I'm making here, Mr. Speaker, is simply this: if education is a priority, let's in fact make it a priority. Let's

make it easier for students to get student loans. I see this Bill as making it more difficult for students to get student loans. Let's not raise the tuition to a point where it becomes economically not feasible when we compare our tuition fees in the province of Alberta with tuition fees in other provinces, because one of the things we keep hearing – and I'm sure all hon. members will agree – is that we are now in this, quote, global society.

Well, even for a young 18 or 19 year old who graduates from high school who is looking to attend university – just imagine someone graduating from a high school here in Edmonton or Calgary or in Cardston for that matter who has graduated from grade 12 and says to himself or herself, "I would like to be a teacher." Okay; an old profession. I spent 10 years in it myself. He looks at the province of Alberta, and he says: "Gee, I can go to one of the three universities that are offering a program in educational training, and I will pay a thousand dollars a year more here in Alberta than I might pay in British Columbia. If I get a student loan, I'm going to have to pay a higher rate than I would pay somewhere else when I compare Alberta to other provinces." In fact, student loans in British Columbia, Manitoba, and Ontario are 1 percent over prime. So the student looks at what he would pay in British Columbia, looks at what he might pay in Alberta and says: "Gee, I've got to pay more tuition. I've got to pay a bigger interest rate."

Then in turn, the third straw that breaks the camel's back is when they graduate in that profession. Let's say education is the example that I'm using. They graduate after four years of training, and if they stay in Alberta, what are their chances of getting employment? Well, with all the cutbacks that have been occurring, reduction in funding to education, their chances of getting a job are probably pretty slim.

MRS. BURGNER: Why did they choose education?

MR. BRUSEKER: Because some people want to do that for a career.

So the end result is that that young person will leave the province. That's what's going to happen as a result of government policy. Now, I don't know if government members have given that some consideration, but I think what needs to be given some consideration is that government policy created by the drive to balance the budget, which is a good target, is going to result in young people leaving this province.

For that reason, I have some concerns with this Bill, and I hope that the minister will have a chance to address my particular concern about section 8 when we get to concluding debate on this Bill.

Thank you.

[Mr. Deputy Speaker in the Chair]

MR. DEPUTY SPEAKER: The hon. minister of advanced education.

MR. ADY: Thank you, Mr. Speaker.

MRS. SOETAERT: Are you closing debate?

MR. ADY: I've been recognized.

MRS. SOETAERT: Can I speak? Pretty please, sugar on top.

MR. DEPUTY SPEAKER: I looked. I was surprised that nobody was there, but anyway.

MRS. SOETAERT: I'm sorry; I thought he wanted to answer his question.

MR. ADY: Good. We accept your apologies. Now you can sit down.

MRS. SOETAERT: But allow me to speak. Come on. I don't have that much to say. Honest, Jack. I've been picked on all day.

Speaker's Ruling Recognizing a Member

MR. DEPUTY SPEAKER: Yes, it has been a long day, and it's going to be an even longer evening. I think when we're into these prolonged debates, you have to be reasonably prompt. We did look over there to see if there was anybody. So let this be a lesson. However, if the minister wishes to yield, that's another matter. If not, he was certainly standing and was recognized. So I'll leave it up to the minister.

9:10

MR. ADY: Mr. Speaker, the Bill will be back in committee, and there will be plenty of opportunity for people to speak to it.

Debate Continued

MR. ADY: I do feel an urgency to stand up and spend a few minutes clarifying some of the really bad information that's come from across the way. I will give credit to the hon. Member for Calgary-North West, who did make some attempt to look at the Bill and deal with some of the things that are in there. I would like to spend a minute responding to some of those.

He asked a question about why there were a variety of types of loans mentioned in section 8. What that has to do with is the fact that, yes, the government does continue to guarantee about 10 percent of the student loans. As well, they still pay interest to the banks on loans that are being carried while they're there. So it sets up two types of loans in the system, and they have to both be covered within the Act.

I should also mention that there is an interest shielding program in place which guarantees that students will not pay more interest under this new income sensitive program than they paid under the old program. In the event that the formula was to cause it to be higher, there's an interest shielding program that protects them. They will not be caused to pay more than they did under the previous program. So there's a protection on the amount of interest that they might be caused to pay.

There was so much misinformation that was put out by some of the members who hadn't taken the time to read the Bill.

MR. WHITE: Be specific, please.

MR. ADY: Yeah, I'll be specific. There was certainly an indication that the members opposite insisted that students were not going to be able to access loans under this program. Let me say again for about the fifth time in this House that there is no change in the process for a student to access loans than there was under the old system. They still apply to the student loan board. They still are assessed the same way. They still receive their loans the same way. It's when it becomes repayment time that the system changed. It's now the responsibility of the CIBC to carry

the risk. On 90 percent of the loans approximately the risk will be carried by CIBC as opposed to the province.

Now, students in this province, I'm confident, when they take out a loan intend to repay it. The old system was certainly not responsive to that. It was not responsive to that, because the banks who had the loan were happy to have them default because the next morning they would phone the government and say: "You guaranteed the loan. The student didn't pay me yesterday. I want my money." The government was obliged under that old system to send the money. The bank was off the hook. The government had all the risk. We were carrying all of the risk, and consequently students were being thrown into default sometimes because the bank couldn't find them. They had moved. They sent one letter. They didn't respond. The student defaulted in the eyes of the bank, and they were calling the loan. That's not fair to students. This system allows the student some flexibility on the ability to repay that loan.

Now, the hon. member who was the second speaker from over there really got out on a limb on some of the things that he had to say. Students who were rich could access funding. That's not the case. We still have a needs based student loan program in this province, and that means that a student receives money when he needs it. If they have lots of assets, they can't access a student loan.

Now, we're worried about this income contingent repayment system that the hon. member was talking about and how concerned the students from the University of Calgary were about that. Well, if we're going to talk about income contingent student loans, get ahold of the executive of the student body in the University of Calgary and see how enthused they are about the income contingent program that's proposed in the federal government's discussion paper. See how well they like that. I know how much they think of it. They don't want anything to do with it. If you want to talk about something that has the potential to load students up with debt, that one's got it. This does not.

Then he went on about accumulating \$50,000 or \$60,000 worth of debt. If he'd taken a minute to read the regulations or the Act of the Students Finance Board, he would have found that there is a little thing in there called remission. In today's world an undergraduate student will have remission above \$16,000 worth of debt. Now, where did you get it? Do you have no responsibility at all for trying to tell something that equates to the truth in this House?

MR. DEPUTY SPEAKER: The hon. Member for Edmonton-Norwood rising on a point of order.

MR. BENIUK: Yes.

MR. DEPUTY SPEAKER: Would you cite it, please?

MR. BENIUK: Well, I'd like to know if he wants a dialogue.

MR. DEPUTY SPEAKER: It's not a matter of personal preference, hon. member. If you have a point of order, raise it. If not, we'll invite the minister of advanced education to continue.

MR. ADY: Mr. Speaker, I listened with a great deal of pain as he went through all of the diatribe that didn't come close to being accurate about how the student finance program works in this province. I think it's shameful to put that into *Hansard*, something that's that far away from what really are the facts.

So let me be clear. This Act, this amendment that's being brought in today is being brought in to allow students to have some options on the repayment end of their student loan. Instead of having a bank that calls the loan the next day, they can sit down with a bank, and they have several options to repay it.

Now, the hon. member doesn't want any students in the system that don't go to university. Everybody else who might go to NAIT or SAIT or the colleges, I guess, he said their default rate is too high and we shouldn't be guaranteeing that loan, or those who take short courses from private institutions.

**Point of Order
Allegations against a Member**

MR. BENIUK: A point of order, Mr. Speaker.

MR. DEPUTY SPEAKER: The hon. Member for Edmonton-Norwood is rising on a point of order. Please cite it.

MR. BENIUK: Yes. Standing Orders 23 (h), (i), (j).

MR. DEPUTY SPEAKER: Well, which of those?

MR. BENIUK: All three. He has just made a statement that I never made. He has accused me . . . [interjection] Fluorescent pink I know is having fun over there.

The minister has just made a statement which I did not make. He made the statement stating that I made it.

MR. DEPUTY SPEAKER: You've said that twice now.

Are you wanting to speak? No? Just caught you in between. I'll sit down for a minute, and then those people can scurry to their seats while I think of an answer.

The hon. Member for Edmonton-Norwood has indicated that the hon. minister of advanced education has made allegations against him, that he imputed "false or unavowed motives," and that he used "abusive and insulting language of a nature likely to create disorder." The Chair has some concern about the accuracy of (i) and (j), but certainly there were allegations made. I'm not sure whether or not these were true because, as some members who have been watching the Chair from time to time would realize, indeed the Chair has only recently occupied same and has no firsthand knowledge of what indeed the hon. Member for Edmonton-Norwood said previously.

So what we'll do – hon. Member for Edmonton-Mayfield, we know that you are interested in sport of all kind, but we would hope that with the death of the baseball season you wouldn't reactivate it in this House – is have the point of order brought up next day or when the Chair has an opportunity to read either the Blues or *Hansard* itself.

So in continuance we would ask the minister of advanced education to make his comments pertinent of course to the Bill at hand and to second reading.

Debate Continued

MR. ADY: Right. Mr. Speaker, to deal accurately with the comments of the member, he said that this minister was supporting student loans to students who attended Mickey Mouse institutions and had a high default rate instead of, let me go on to say, those who attended universities.

MRS. SOETAERT: And NAIT and SAIT and colleges. He said that. You should have been listening.

9:20

MR. ADY: I didn't hear him say anything about SAIT, NAIT, and colleges, so I assumed that anything that wasn't a university fit his category as a Mickey Mouse institution. If he didn't expand on his comments, I had no way to know.

The other thing is that it seems strange to me that a system that's supposedly so inaccessible to students has 60,000 students accessing it today, 60,000 in this province that find the Students Finance Board quite accessible. They get their loan. They're off to school.

Then someone went on that we had decreased the spaces in the universities. Well, not so, not so. We have taken no action to do that.

Mr. Speaker, I think there was some concern about CIBC making money, that evil that the members across the way can't stand the thought of, that some business might make some money. Let me say that the CIBC is successful because they serve their clients.

Let me also say that the federal government, who just passed an amendment to their Student Loans Act, put in it the clauses that would let them enter into an income sensitive program exactly like ours. So stay tuned, hon. members. Hold your breath. Your mother government is about to join forces with us. I don't know what you're going to do with it then, but I can hardly wait to see what happens. They're negotiating with the banks, so let's wait and see what happens. They don't like carrying all of that risk either. They're finding that the banks are not responsive under their program and that the income sensitive program that we've entered into is perhaps better than what they have. So you may find yourselves boxed in a little bit with the position that you've taken about an income sensitive loan.

Anyway, I look forward to further debate when we bring this Bill to Committee of the Whole.

I would like to move second reading of Bill 43.

[Motion carried; Bill 43 read a second time]

**Bill 44
Advanced Education Foundations
Amendment Act, 1994**

MR. DEPUTY SPEAKER: The hon. Minister of Advanced Education and Career Development.

MR. ADY: Thank you, Mr. Speaker. The Advanced Education Foundations Amendment Act, 1994, allows the Lieutenant Governor in Council to establish a foundation that will be an agent of the Crown for nonprofit, private colleges. [interjections]

**Speaker's Ruling
Decorum**

MR. DEPUTY SPEAKER: Order. My sensitive hearing is unable to hear the minister over certain members who are wishing to carry on some lively discussion. I wonder if they could be invited by their Whip to withdraw to one of the lounges adjacent to the Chamber so that we might all get on further with the business of the evening without disruption.

MR. HAVELOCK: Why don't you just kick us out and speed it up?

MR. DEPUTY SPEAKER: Hon. member, would you care to withdraw that comment?

MR. HAVELOCK: Well, since I don't appreciate the ramifications of not doing so, I will.

Thank you.

MR. DEPUTY SPEAKER: Good prudence.

The hon. Minister of Advanced Education and Career Development.

Debate Continued

MR. ADY: The nonprofit, private colleges defined in the Act are Augustana University College, the Canadian Union College, Concordia College, and The King's University College. These are the only nonprofit, private colleges for which a foundation can be established. The significance of the restriction is that only those four private colleges have been accredited by the Private Colleges Accreditation Board to offer degree programs.

Another amendment introduced by this Bill will repeal the sunset provision that's in the Act. This is because the foundation established under this Act will be subject to the sunset clause proposed for the Financial Administration Act. This Act will significantly enhance the ability of these nonprofit, private accredited colleges to attract large donations for their benefit.

Thank you, Mr. Speaker.

MR. DEPUTY SPEAKER: The hon. Member for Edmonton-Mill Woods.

DR. MASSEY: Thank you, Mr. Speaker. We support the Bill and treat it much as a housekeeping Bill. It allows others to do what some institutions can already carry out. I think in speaking to the Bill, we would like to raise some cautions. In the haste to create foundations that will raise money that will pay for institutions, the government I think has to be aware that it is not all win/win.

A recent article talked about the Hard Sell behind the Ivy, fund-raising by colleges and universities, and talked about the use of foundations and how some very reputable colleges and universities south of the border had become a little too enthusiastic in trying to raise funds using this kind of a mechanism. They cite some cases that hit the national press.

Harvard's Kennedy school of government were approached by a wealthy Texas couple who just wanted a small favour for the \$500,000 they were willing to donate to the institution. They wanted to be put on two of the university's advisory committees, and they wanted to have some authority over the administration of the school for their half a million dollar donation. At Duke University a financier by the name of Disque Deane pledged \$20 million if he could sit on the faculty selection committee. The University of Rochester business school was accused of rescinding admission of a Japanese student because that student had worked for a company that was a competitor of one of their major contributors.

We think it's a good Bill. We think all institutions in the province should be treated the same and should have the same opportunity to raise funds, but we hope the government won't back away from their obligation to adequately fund postsecondary institutions and that there will be some fairly careful monitoring of the kind of fund-raising by foundations that is undertaken.

Thank you, Mr. Speaker.

MR. DEPUTY SPEAKER: Okay. Indeed, the hon. Member for Spruce Grove-Sturgeon-St. Albert.

MRS. SOETAERT: Thank you, Mr. Speaker. Gee, it's good to be back here. I've got to find the right notes for this one here since I was so ready for Bill 43 and just not quick enough today. The hon. minister wouldn't allow that one little bit of courtesy, but that's okay. Truly disappointed.

However, here we go on this foundation Act. Generally I see that it's probably something that these advanced education places are appreciative of, but I do worry that we are abdicating our responsibility to carry out providing quality education for our students. I can't help but feel that although this will give the colleges an opportunity to fund-raise, it's a pity that they have to do so much of it. We're all paying for this, and there's only one pocket. I can't help but think of a great fund-raiser I went to last year for Concordia College here in Edmonton. They made a great deal of money. In fact, the hon. Minister of Labour was the auctioneer, and he actually did a very good job and had a good sense of humour, which quite surprised me because I hadn't seen it in this House, but I did see it there.

9:30

In fact, I have a nephew going to Augustana College, and he is really enjoying it, but I have this fear that along with buying chocolates for hockey and fruit for the high school graduation and every fund-raiser under the sun, we're just all going to be hit with more fund-raisers than ever before, because every time you turn around you're buying a ticket on something. In fact, the other day I had to buy – I didn't have to buy; I was pleased to buy – a ticket for the Alberta Summer Games on a van that I certainly could use.

The point is that this foundation is probably a good thing, but I do want to stress that I have some concerns. I hope that the academic interests won't be undermined by business interests of people that will donate more money than others to these colleges and feel that they should have more of a say in the academic interests. Long-term planning might be very difficult for these facilities when their budget is always in doubt. Will they raise enough money? Will they be able to keep these profs on line? Will they be able to offer the courses that they always have? If they are depending more and more on fund-raising dollars, that's a concern. I mean, how many bingos can we have across this province for different things? Those are my concerns with this Bill.

I realize it gives them an opportunity to do more fund-raising, but it's a pity that we can't provide quality education for this province, for these people because of bungling in the past with loan guarantees, which is just something I wanted to say tonight.

Thank you, Mr. Speaker, for the opportunity.

MR. BRUSEKER: Just a couple of questions, I guess, more than anything else. Section (5) on page 2, talks about – we have to back up, I guess, to the previous page; it says, "For the purposes of this Act," and it lists then the nonprofit private colleges. This deals with creating a foundation for those nonprofit private colleges. Section (5) says that "one foundation may be established by regulation for non-profit private colleges." As I read that section, two questions came to mind. One is again an issue that we have raised in the opposition caucus before: the whole issue of dealing with something under regulation as opposed to under legislation. This, as I read the section, suggests that this foundation may be created, might not be created, but its creation, if it

does eventually happen, will occur on its own sometime outside of this Legislature. I presume that somewhere there's probably been a request from these nonprofit private colleges for this kind of a foundation, so I am assuming that the foundation in fact will be created. So this will, as I read the Bill, then create a new foundation for these four particular colleges that are mentioned in the Act. As I read that section again, I guess the question is: if it's imminent that in fact this foundation will be created in, I presume, the not-too-distant future, instead of saying one foundation may be created by regulation – and I know that has been the case for other foundations as the other parts of the Bill talk about – why not simply put it in legislation and say this Advanced Education Foundations Amendment Act will create a foundation for nonprofit private colleges? Why the little twist of "by regulation"? That's one question I have for the hon. minister.

The other question I had – and I know that in the case of a foundation in the Bill, it talks about one foundation established for public colleges and they allocate the money I presume appropriately. I'd like to just ask the minister: how does that get tracked? If a foundation in fact is created by this Bill that is to deal with allocations of – what's the terminology here? – "grants and real and personal property" to one of these four colleges, how is that going to be tracked and audited so that if I or someone else says, "Gee, I want to make a donation to Concordia College," then in fact it's ensured that the money goes to that particular college as opposed to being split up? So I'm curious a little bit about the operation of the foundation that I assume will in fact be created by this, because while I have no problem with the concept of the foundation, it seems that their mandate is a little bit broad, and I'm wondering how that's going to be kept under control. So just a couple of questions, really, for the hon. minister. I think it's a good concept. It certainly ties in nicely with the other foundations that we already have in this province.

Thank you, Mr. Speaker.

MR. DEPUTY SPEAKER: The hon. Minister of Advanced Education and Career Development.

MR. ADY: Thank you, Mr. Speaker. To just touch on a couple of points that were raised. Let's be clear about what we're

dealing with with these colleges. These are private colleges. The hon. Member for Edmonton-Mill Woods had some concern about what might happen behind the scenes with people who put funding into this and that the colleges may not handle this properly. I really would be hesitant to call into question the integrity of four long-standing Christian colleges that have provided service in this province for many years, a service at a level that has caused the government over time to see fit to give a substantial level of funding. Like, 71 percent of the funding that those institutions get comes from the taxpayers of this province in recognition for the service that they provide for students in this province. So I think the hon. Member for Edmonton-Mill Woods can rest assured that the board that will be formed to administer this foundation will be of the highest integrity and will certainly also deal with the division of the funding.

The other thing is on the funding issue. My understanding is that not every province even funds private accredited colleges, that they leave them to their own good purposes to raise all of their money. So in Alberta, as I say, it would seem that they get a pretty good deal. This is enabling legislation. Today we have an Act which enables the public colleges to have a foundation, one that allows NAIT and SAIT, the institutes, to have a foundation. Now this goes the next step and will allow the private colleges to have enabling legislation. The four colleges spelled out in my opening remarks are those that qualify within this legislation.

So, Mr. Speaker, with those remarks I'd like to move second reading of Bill 44.

[Motion carried; Bill 44 read a second time]

MR. DEPUTY SPEAKER: The hon. Deputy Government House Leader.

9:40

MR. EVANS: Thank you, Mr. Speaker. Given that we have made some progress this evening, I would now move that the House adjourn until 1:30 tomorrow afternoon.

[At 9:41 p.m. the Assembly adjourned to Thursday at 1:30 p.m.]