

HANSARD

NOVA SCOTIA HOUSE OF ASSEMBLY

COMMITTEE

ON

PUBLIC ACCOUNTS

Wednesday, April 20, 2016

LEGISLATIVE CHAMBER

**Department of Labour and Advanced Education
November 2015 Report of the Auditor General
Chapter 4, Funding to Universities**

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Public Accounts Committee

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Ms. Lenore Zann
Hon. David Wilson

[Mr. Terry Farrell replaced Mr. Brendan Maguire]

In Attendance:

Ms. Kim Langille
Legislative Committee Clerk

Mr. Gordon Hebb
Chief Legislative Counsel

Mr. Michael Pickup
Auditor General

WITNESSES

Department of Labour and Advanced Education

Mr. Duff Montgomerie, Deputy Minister
Ms. Ava Czapalay, Senior Executive Director, Higher Education Branch



House of Assembly
Nova Scotia

HALIFAX, WEDNESDAY, APRIL 20, 2016

STANDING COMMITTEE ON PUBLIC ACCOUNTS

9:00 A.M.

CHAIRMAN
Mr. Allan MacMaster

VICE-CHAIRMAN
Mr. Iain Rankin

MR. CHAIRMAN: Good morning, everyone. I call this meeting of the Public Accounts Committee to order.

Today we have the Department of Labour and Advanced Education with us to discuss funding to universities, as reported in Chapter 4 of the Auditor General's Fall report.

We'll start with introductions, beginning with Mr. Farrell.

[The committee members introduced themselves.]

MR. CHAIRMAN: I'd like to welcome Ms. Zann, the member for Truro-Bible Hill-Millbrook-Salmon River, to the committee. She is going to be a full-time member. It's good for you to be with us.

We also would like to hear from our guests. Mr. Montgomerie, perhaps you could introduce yourself and begin with some opening comments and also introduce your colleague.

MR. DUFF MONTGOMERIE: Good morning, Mr. Chairman and committee members. Thank you for the opportunity to speak about the significant work underway to support Nova Scotia's university system.

I'd like to introduce Ava Czapalay. Ava is the senior executive director of the department's Higher Education branch. Her division is responsible for much of the work underway to support post-secondary education in the province. It says here that she can help answer some of the questions; I'm hoping she has answers to most of the questions.

Nova Scotia is home to outstanding universities that educate students from across the province and around the world. We've been working with our universities to ensure that they are here educating students and helping to shape this province's future for years to come. That's why we welcomed and accepted the recommendations on the province's funding of universities that Auditor General Michael Pickup provided last November. We agree that universities should be accountable and fiscally responsible.

Many of the Auditor General's recommendations echoed the feedback we heard from hundreds of Nova Scotians when we consulted on the future of our universities throughout Fall 2014. That consultation was largely centred on the sustainability of Nova Scotia's 10 universities.

There are challenges, some of which were also noted in the Auditor General's Report - namely that operating costs are growing at a greater rate than projected revenues. I want to note that the universities are working hard to address this issue.

Opportunities were also highlighted during the consultation. Virtually everyone agrees that our universities are tremendous assets as places to learn and grow, foster innovation, and help drive our economic growth. That's why we've been working so hard with all our universities to set a course that will address the issues universities are facing while preserving the important role they can play in the future of the province's economy.

Through the consultation process and from the Auditor General, we heard that there needs to be more focus on accountability and transparency. I couldn't agree more. While the Auditor General's Report provided good direction and advice for improvement, we are already hard at work on our own changes. The report confirmed that we've been moving in the right direction.

Well before the Auditor General's audit got underway last summer, we had already taken steps to address many of the recommendations that are made in the report. For example, government passed the Universities Accountability and Sustainability Act last Spring. Part of that Act includes a standardized reporting financial template to monitor the fiscal health of universities - a key recommendation made by the Auditor General. That legislation is some of the toughest accountability legislation in Canada. It will help us to identify trends and address them before they become issues.

Outcome agreements are also a key part of the new Act. Universities will be required to report to the department on six common measures that fall under the themes of sustainable institutions and quality experience. We have met with every university to discuss individual outcome agreements, and hopefully they will be finalized sometime in July.

In his report, the Auditor General also spoke about the distribution of university funding, and work is already underway on a new funding allocation formula. This has been a very challenging task. Using enrolment data to determine funding for universities is out of date and archaic. The new formula will be linked more to outcomes and operations and how universities do their operations.

In his report, the Auditor General noted the importance of the various agreements between the universities and the province, and we couldn't agree more. The cornerstone of these is the memorandum of understanding, and as I said, we've been working hard with our universities to ensure they're here and healthy for the long term. Part of that work has been developing the new MOU, and it's nearly complete. We're in the homestretch, hopefully within the next two to three weeks. It's more comprehensive than the last agreement. We've consulted widely on its development and with university presidents, students, and related government departments.

I also want to note the outcome agreements. As I mentioned earlier, they are an evolution of the bilateral agreements that were in place until the end of March. Each outcome agreement will contain specific measures that will link back to the MOU, and the department will ensure that these measures have specific time frames and reporting outcomes.

There's one last thing I do want to mention before we get to your questions: the Innovation Team, one of the most exciting setups that we're pleased to be part of. It was created in 2014 to address a number of the key themes that arose during the consultation, and also to deal with scenarios that were raised in the One Nova Scotia report. It also speaks to the Auditor General's comments about a strategic direction for the university system. It includes representatives from government departments, our universities, the community colleges, students, the private sector, and ACOA.

There are five working committees, each focused on a different key area - areas that were identified by the university presidents that are aligned with One Nova Scotia: Entrepreneurship, Co-op and Experiential Learning, Student Recruitment and Retention, Technology Enabled Learning, and R&D and Commercialization. These teams are working hard to find collaborative approaches to strengthening the competitive advantage of Nova Scotia's post-secondary sector, and we're really excited about things and where they're headed.

I want to close by saying that the department values the Auditor General's work. We agree with and will implement all of his recommendations. Working with our partners, we're making good progress.

We know that universities across the country are working to rein in costs and balance budgets while still offering students a quality experience. In fact, other jurisdictions are looking to Nova Scotia as an example of leadership on university sustainability. I was recently invited to participate in a panel discussion at the Higher Education Quality Council of Ontario's 2016 Transitions conference. Their president and CEO, Harvey Weingarten, reached out to us just a couple of days ago. He noted that Nova Scotia is a leader among the provinces in its concern about the issue of sustainability, and more importantly, in doing something to address it and develop an open and trusting relationship with our universities. Suffice to say we're not the only province grappling with these issues.

On that note, I want to acknowledge the leadership of our university presidents. We're the only jurisdiction in Canada that meets on a regular basis with the presidents of the universities to help try to move things forward in this province together. Our universities are often in competition with one another, and while that remains true to some degree, they all see the value of a corporate approach in areas like R&D, recruitment and retention, and experiential learning.

With that, I'll conclude my remarks. Thank you for your indulgence.

MR. CHAIRMAN: Thank you, Mr. Montgomerie. We'll move to Mr. Houston.

MR. TIM HOUSTON: Thank you for those opening comments. A couple of jurisdictions have made some changes to their tuition structure for their residents, namely New Brunswick and Ontario. I'm wondering if the department's done any work to try and understand the impact on Nova Scotia of those jurisdictions trying to retain their own students there. Have you done any analysis of what the impact of those changes might be on Nova Scotia?

MR. MONTGOMERIE: We meet with the presidents on a regular basis, and we also meet with student leadership on a regular basis in this province. Minister Regan meets with a round table of the student leaders four times a year - as recently as a month ago at St. F.X. - where we share thoughts and ideas with each other on issues that are of concern to them. Tuition is always a concern to them, and it is to us.

The recent scenarios in New Brunswick - and I'm going to ask Ava to take you through where our student assistance program is, in a bit of a comparison to the New Brunswick scenario. Basically, New Brunswick is flowing money up front to young people. We sort of have an incent to complete, where we forgive the loan when they graduate. But there are other scenarios in that, and if it's okay, Mr. Chairman, I'll ask Ms. Czapalay to sort of take you through it.

MR. CHAIRMAN: Ms. Czapalay.

MS. AVA CZAPALAY: Thank you very much . . .

MR. HOUSTON: If I may, just before we get into too much of the detail, have you done an analysis of the impact on Nova Scotia - like specifically, would there be fewer students here as a result of these changes in other jurisdictions?

MS. CZAPALAY: So, the analysis is ongoing, especially with New Brunswick, as that was just announced. But we do know a bit about the Ontario requirements because we get a lot of Ontario students. About 34 per cent of our student enrolment comes from out of province, so we're obviously very interested in the impact of any changes that are handled by other provinces. A lot of students who make their way from Ontario to Nova Scotia universities have family incomes in the higher range; a lot of them come from private schools. So we're still in the process of analyzing what the changes will be, but we already have a good look at Ontario, so New Brunswick is the one we have to take a closer look at now.

MR. HOUSTON: So, would you say there would be fewer students who will come here as a result of those changes?

MS. CZAPALAY: Not for Ontario. We don't think there will be an impact from Ontario, but New Brunswick we'll still have to take a look at that. A lot of our New Brunswick students travel to Nova Scotia for unique programs, programs that aren't available in New Brunswick, so there are a lot of things at play that we have to look at.

MR. HOUSTON: So, it would be fair to say you're not anticipating a big impact on enrolment in Nova Scotia as a result of the Ontario changes specifically, and then possibly not the New Brunswick changes either?

MS. CZAPALAY: Possibly not, it's still ongoing.

MR. HOUSTON: Okay. Now you mentioned the new financial, the new template that universities will be filling out to illustrate to the department their financial status. I guess that template is designed - did I hear that correctly? And, have any universities submitted that template back to the department?

MR. MONTGOMERIE: So, we've been working with the VPs of Finance to develop a template that's rigorous and accountable, and that will be standardized, and part of the dynamic of that is to do a three-year projection on their finances. So, that's what we're working on now and anticipate, once that's done, then they'll be in place - and I think it's important to recognize that that rigorous accounting came about when we found that two universities found themselves in extreme financial difficulty and needed emergency funding, and it's really ironic that when a university would ask us for emergency funding

we had the ability to do an audit. That audit picked up very quickly the reasons for why they got in trouble.

So, the minister is saying, why do we do the audit afterwards? Why don't we put a more rigorous standardized reporting in place up front, and one of the strong supporters of that approach actually is President Ivany, who had to walk in and help Acadia get back on its feet. So, we're really, really pleased, and it's one of the toughest accountabilities in the country.

MR. HOUSTON: So the process is being designed - it's not implemented yet?

MR. MONTGOMERIE: I think it's fair to say we're waiting for the three-year projections, and I'll look to Ava just to be sure that I'm giving the right information.

MR. HOUSTON: Okay, you're waiting for the three-year projections from each of the universities?

MR. MONTGOMERIE: Yes.

MR. HOUSTON: Okay. So, the MOU, you mentioned the memorandum of understanding between the province and the universities, does that cover all 10 universities?

MR. MONTGOMERIE: That is correct.

MR. HOUSTON: Okay, so that MOU, I think you mentioned, would be ready in the next couple of weeks?

MR. MONTGOMERIE: Two to three weeks, we're hopeful.

MR. HOUSTON: And that would not address funding changes to funding allocation, that would be designed on the allocations that are in place now, is that . . .

MR. MONTGOMERIE: That's correct and just to help out a little bit - the funding allocation traditionally has been based on enrolment in 2007 figures. So, obviously things have changed since 2007 and the universities and ourselves agree, a funding formula specifically on enrolment is archaic and really doesn't do much for creativity or making sure the universities are doing the right things, not only within the universities, but corporately for the province. So we're going to keep that formula in place for this year but work with the universities over the next time frame, and it's spelled out in the MOU how we'll do that, to get to a more, a concrete . . .

MR. HOUSTON: Okay, how many years does the MOU cover?

MR. MONTGOMERIE: Four years.

MR. HOUSTON: So, when did the MOU expire, or has it expired, the existing one?

MR. MONTGOMERIE: Last March.

MR. HOUSTON: Okay, so it's been a year without one. So the new one would cover from last April, until - for four years I guess?

MR. MONTGOMERIE: As I said, Ava has all the answers. That's correct.

MR. HOUSTON: Then that will come out, and it will spell out in there how the new funding allocations will be disbursed, or will spell out that there will be a new - whatever's agreed in time?

MS. CZAPALAY: Yes, the MOU will spell out how the funding formula will be delivered. As Deputy Montgomerie just mentioned, the actual details have to be worked out with the university presidents, but we have a sense that we'll be reversing the weight from enrolment-based to more operations-based.

MR. HOUSTON: Okay, so the MOU will be an agreement to agree on something, but the heavy lifting on that something, and what the changes are, still needs to be done.

MS. CZAPALAY: That's correct.

MR. HOUSTON: Presumably some universities are just fine with the way it is right now and some aren't so fine with the way it is.

MR. MONTGOMERIE: I think it's fair to point out that some universities know if you stuck to the enrolment thing and used the most recent figures, some would gain more than others. So they've all agreed, let's not hurt one another right now, let's really work hard to get a funding formula that makes sense.

MR. HOUSTON: I hear that 50 per cent of the universities receive something like 75 per cent of the funding under the current thing. The current funding allocation has problems, I guess let's say. Would you agree with that?

MS. CZAPALAY: I think the problems have already been identified with the current funding formula. I think the primary issue most institutions would have is that we haven't been able to update it. It's based on enrolment figures from 2008, and enrolments have changed for some universities. Some enrolments have gone down and some have gone up, but with a funding formula that's so heavily based on enrolments, by updating that, you would have some universities suffer and others would not.

MR. HOUSTON: Since it's based on enrolment, do you mean to say that, however many students you have, you get X dollars per student as a grant? Is that the way it works?

MS. CZAPALAY: At the most simple terms, yes, that's correct.

MR. HOUSTON: Simple's good where I'm involved. How much is that per student?

MS. CZAPALAY: It doesn't quite work out that way. The issue would be that when you use an enrolment-based formula, everyone agrees on the year that the enrolments are captured. There's a period of three years, and those three-year periods are where the enrolments are being captured right now, and that is being used to calculate each university's allocation of the \$320 million. If we were to update the year's enrolment from 2008 to right now, it would cause a shift in the allocation. Some universities would get more because their enrolment has grown, and some universities would get less because their enrolment either stayed stable - because even staying stable in that kind of environment means you lose, because someone else gets more - or their allocation would decrease.

MR. HOUSTON: Okay. So the \$320 million that the province provides to universities, do you have a sense as to how much of their total operating cost that covers? What's the aggregate operating budget for the 10 universities in the province?

MS. CZAPALAY: It varies from university to university.

MR. HOUSTON: For sure, but do you have an aggregate?

MS. CZAPALAY: Some universities, it covers as low as 35 per cent, and some, it covers up to about 65 per cent. They fall within that range.

MR. HOUSTON: Okay. Do you have a sense - let's say, where it covers 35 per cent and the tuition is obviously meant to cover the other 65 per cent - but I guess it's not going like that for many universities. That's why we have these operating deficits. I think the minister said she projects \$50 million in annual operating deficits going forward.

MR. MONTGOMERIE: A couple of years ago, looking at if we keep going the way we're going, that's what could happen - and keep in mind that 75 per cent to 80 per cent of the costs for university are usually wages.

On a go-forward basis, we've seen universities working closer together and making tougher decisions. We're seeing Cape Breton University, for example - right now they have money in the bank. They have four years of stable funding from us. They were allowed a one-time tuition reset to help balance where they got frozen a couple of years ago, and were allowed to bring their tuition up to market value. Now they're working as a university community to try to rationalize their future, to make sure they're going to be sustainable. They're in some tough discussions right now, and we've said to all universities, no more emergency funding. Four-year stable funding, one-time tuition reset, accountability and

legislation - okay, you know what you're up against, so you need to work hard to make sure you are sustainable.

MR. HOUSTON: Okay, when does the \$320 million get paid out to universities? Is it an annual payment or is it throughout the year? How does it actually physically get to the university?

MR. MONTGOMERIE: It varies. To some universities we might give a fair amount of it up front, and others we can just flow it over a period of over the year.

MR. HOUSTON: Obviously we're just into a new fiscal year. Are there any universities that were kind of prepaid?

MR. MONTGOMERIE: No prepayments at all, no. Once the budget is allocated and passed in the House, then we are able to advance money to the universities.

MR. HOUSTON: Some of those universities are banging on the door right now, saying how quick can you get that to us, are they?

MR. MONTGOMERIE: Yes, some would look for some help. Of course they are in transition, too - they are ending the year, they are getting enrolment for the Fall, that's when their tuition starts to flow in. We look to help where we can to help them bridge some of those scenarios.

MR. HOUSTON: I think the enrolment in Nova Scotia is like some 40,000-odd students at the moment - I don't know if that's in the order of magnitude, though. If you look out 10 years, would the department expect that would be higher or lower?

MR. MONTGOMERIE: Well if I can, we have 10 universities in Nova Scotia, with a population of under 1 million and our population obviously hasn't been growing. So 48 per cent of the students in the Nova Scotia system are from Nova Scotia; 34 per cent are from other provinces; and 18 per cent are international students, which is about 7,000 international students.

So to the point of your question, why we had those tables I mentioned is how we work together to ensure that we are able to solidify recruitment from other provinces and, more importantly, from other countries. So the recruitment and retention table has a strategy to look how we can target India and China and the Caribbean countries to look at ways that as a province, with the universities, we can formalize agreements in those areas.

We have three countries that are dealing with us right now, looking at our ability to train teachers. So we have five B.Ed. programs, back to our original relationship, one of the finest in the country - we have the ability to bring those five universities into a room through EduNova, who helps coordinate these scenarios, and be able to make presentations

and representations to those countries to try to convince them to have their teachers trained here.

We're in the process of working through an RFP with Saudi Arabia right now on potential teacher training. We're really working hard - knowing the 10-year outlook, we can't depend on Nova Scotia students. You can't now, obviously - 48 per cent are from Nova Scotia, the rest are from out of province.

We know that other universities are facing the same dynamic across the country so we've got to be working hard together to try to make sure they stay sustainable.

MR. HOUSTON: What do I take from that? The capacity is there for students, so what you're telling me is that it's hard to say where we'll be in five or 10 years, but there are efforts to bring more students from away so maybe there might be more? What should I conclude from that?

MR. MONTGOMERIE: Cape Breton University is, in a way, a good example, again because like some universities, when the scholarship program changed in Saudi Arabia, they took a hit in their enrolment. They know there's a challenge to make up that piece in the enrolment, which we're all trying to work together on. So that's them dealing with their sustainability challenges right now with their university community.

MR. HOUSTON: Okay, and I think the tuition rates speak to the competitiveness of our universities going forward and that's why I was curious about changes in other jurisdictions because they impact our ability to compete.

One of the things that I'm curious about is around tuitions and obviously there was a change made to let tuitions go up. Are you surprised by the degree of the tuition increases? I know that at one point the minister - probably at a couple of points in the House, I think I'm correct in saying that she really didn't expect tuitions to go up even though the cap was removed and we have seen tuitions go up. Would you say, as you sit here today, you are surprised by the increases?

MR. MONTGOMERIE: Back to making sure that the system is sustainable - and the Premier committed four years of stable funding. The other thing we looked at - the university presidents pointed out - when tuition got frozen, several of them were places in their program where their tuition was low. So in effect, since 2007 they were hamstrung - sorry, since whenever the 3 per cent was brought in - they've been hamstrung in their ability to put their tuitions at market levels, if I could put it that way.

So we allowed them a one-time tuition reset based upon that, and they provided information to Ava and her team that we were able to evaluate to make sure they weren't stepping out of what we would call market levels in their tuition. Plus they know - they have nine other competitors in Nova Scotia alone, never mind the competitors across

Canada. They can't price themselves out of business, but they also need to have a fair shake to make sure their tuitions do reflect what the marketplace is.

MR. HOUSTON: So when there were discussions about removing the cap and allowing tuitions to increase, I think you mentioned they provided some documentation to Ava about what - was that about how they may increase it? Before the cap was removed, presumably there were some discussions and everyone had a frank discussion about what they might do if it was removed. Is that the type of document you're talking about?

MR. MONTGOMERIE: Ava might be able to add to what I'm about to say, but the other remarkable thing is the presidents in one room with us actually shared with each other - and this is a pretty competitive world - what they were looking at and why. We have tuition scenarios from the universities across Canada. We're able to compare business; we're able to compare medicine; we're able to compare whatever between other universities.

MR. HOUSTON: I'm running out of time, so if I may - did the department have an expectation of which universities would increase by what amounts? Is that the paperwork you're referring to? If so, could you maybe table some of that for us as to what the discussions were?

MR. MONTGOMERIE: I think Cape Breton University would be a good example because early on, when they did their three-year business plan, they projected they needed a tuition reset and we anticipated they would because they were one of the ones that was really jammed. They actually did 5 per cent a year over three years and still at the end of the third year would be just about market value for where they are now. So it gives you a kind of dynamic of some of our expectations.

Some of the other universities - like Acadia is doing a deeper dive because Acadia has the highest tuition probably east of Montreal, so they are already being very cautious about whether they have areas to expand or not in their tuition.

MR. HOUSTON: So in my last bit of time here, in one word - yes or no - surprised by the tuition increases that are taking place or not surprised?

MR. MONTGOMERIE: Not a fair question because I'm the kind of person who is - we look at data and when we get scenarios, overall not surprised in the context of the data that we had to look at to do comparisons.

MR. HOUSTON: But you had that data before the decision was made to remove the . . .

MR. MONTGOMERIE: We would have the tuition rates of the other universities across Canada, but I think what surprised me a little bit positively was the very deep dive and time several universities took to evaluate before they made decisions, and remembering

different faculties have different dynamics: a business school a little different from engineering, a little different from arts, so there was that dynamic in the review of the tuition as well.

MR. CHAIRMAN: Order. We'll move to Mr. Wilson.

HON. DAVID WILSON: Thank you for being here today. Interesting, I think the timing couldn't be better to have you here in front of the Public Accounts Committee after the budget being delivered yesterday with some deep concerns amongst the students in Nova Scotia about the lack of mention around students and supporting university students in the province.

In the AG Report it was indicated there was no overall direction for universities to achieve accountability and long-term sustainability. Last year we saw legislation brought in around the accountability aspect of that. I think there were a lot of expectations this year to look at what we can do for the students.

So we're looking at monitoring the financial health of our universities now. We have legislation dealing with that. What about the financial health of the students? We're seeing increases in tuition across the board, maybe not every university but pretty much most. What do you say to the students about their financial health when we're seeing tuition increases across the province and no real - in my opinion and maybe you are different - significant investment in addressing the high cost of tuition for students and the increases they are going to bear over the next couple of years?

MR. MONTGOMERIE: As you are probably aware, I've been in various departments in government. I've served four Premiers directly. What I've learned from that is the absolute challenge the province has, on an ongoing basis, to be sustainable, as a province. We're all part of that discussion and post-secondary is no different than other parts of government in looking at, to be sure that we're investing in the right places for the right reasons and ensuring that in the long term we are sustainable. Students are an absolute key part of that.

I have four children who went through university for different phases. As I say, we meet regularly with the students. The students are very passionate in pushing us hard that we should be doing more for them. In many areas they have been incredibly helpful on our approach to sexual violence stuff and strategies and scenarios and inputs they've provided.

We feel the student loan program we have in Nova Scotia is one of the finest in the country and compares with New Brunswick. New Brunswick frontloads theirs right now, under their new program, where they automatically give the kids money. We allow them, when they graduate, the loan is forgiven but, at the same time, given the fiscal scenario of our province and looking across the country, I think we have a fairly robust student assistance program, again given the capability of our province.

MR. DAVID WILSON: That's fair to say, I know I've been part of a government that invested in that but over the last number of years there has been a real sense of pushing that to the upfront aspect of student life. Jurisdictions across Canada have been going towards changing the grants or student assistance, looking for grants and trying to - there's a real call to reduce tuition across the country.

Why are we so fixated on market value? We have a huge opportunity here. I know we have only a million people, or less than a million people, in our province. We have 10 degree-delivering institutions, colleges, it's a great opportunity for us to attract those students from across Canada. I'm a bit concerned that this market value is what we're achieving when - what would happen if we were just below market value and what kind of recruitment tool would that be to get the students here in our province? I think the key to our success for the economy as we move forward is increasing our population and hopefully educating young people and they stay here.

I have to say that dealing with students over the last number of years, many of them in leadership positions with the student union groups and organizations, many of them are from away. The first question I ask is where are you from? Some are from Nova Scotia but many of them are from away and they love Nova Scotia and they want to stay here.

Why are we so wrapped up in the market value? Have you had serious discussions about maybe moving that support upfront instead of when students are graduated and now are looking at this mound of debt that they owe?

MR. MONTGOMERIE: Again, the only province in Canada that has committed four years stable funding, 1 per cent increase a year. Memorial University just got cut \$8 million. We put the universities in a position of knowing for four years certainty of funding. That helps them in their planning.

By the way, universities on their own provide a fair amount of assistance to students who are in financial need and try to help them. I look at things like the Graduate to Opportunity program as being a strategic way to incent employers to hire our graduates out of universities. I look at the research grants that we give that enable graduate students to become part of major research projects, with over 100 of them at Dalhousie, for example.

I look at the sandboxes that the universities do. The sandboxes in Nova Scotia - there are seven sandboxes where innovation occurs - the beauty of the sandboxes in Nova Scotia is they're not run by just one university, there are partnerships. One of my favorite ones is NSCAD and Dalhousie. NSCAD has wonderfully talented people, artists and creative people, and so you put them in Dalhousie with the engineers, those very pragmatic folks, and you see the magic of them working together. Those are the things that will incent students to come to Nova Scotia and be part of our university system, as far as I'm concerned.

MR. DAVID WILSON: I appreciate that, but I think those are things that students will look at as they get along in their education. I have a Grade 12 student who is looking at going to the most expensive university in Nova Scotia.

You mentioned the graduate grants. From my indication or from what I have been told, a very small percentage of students will benefit from that - 5 per cent, maybe, of the graduate students will benefit from that. So there is still a huge number of students who are going to be left trying to figure out what they do next; where they go next. Tuition does drive a decision on where a student is going to go and I think we are missing an opportunity here.

I know the direction of the government is the direction of the government, but I would hope over time, meeting with students, government would recognize that we need to change things, we need to look at it in a different way. Students often feel they're not involved in it. I know you mentioned the minister meets with student leadership four times a year, but is that adequate? Do you feel that they have a level of engagement and consultation that will benefit the success of our universities and colleges into the future?

Many of them say there is not enough consultation with them, so maybe it's a question from the students that I want to ask. They want more consultation, but they want consultation that they're involved in, hopefully trying to move things forward.

I've heard from many of them who are more than willing to look at finances of their university - what can they do to help make sure we are sustainable - but often they're just given a fee increase, tuition increase, take it or leave it, and the minister meets with them four times a year.

So do you feel that's adequate? Are you hearing their concerns and are you looking at trying to integrate more consultation - not only with the universities to work together, but with the students being part of that?

MR. MONTGOMERIE: We are the only jurisdiction in Canada where students get to meet with the minister four times a year, but the key part - and I totally respect what you're saying - I have never, ever, turned down a request for a meeting from student leadership.

Ava and I, when we visit universities, the first people we visit with are the student leaders before we go see the president. To the honourable member's point, we learn so much from them and we hear from them, front line, how they feel and the struggles they see their own peers going through. So I totally respect that relationship and, again, I've never, and will never, turn down a request for a meeting from student leadership.

MR. DAVID WILSON: You may get some soon because they are concerned - we met with some last evening and I've read some of the comments after the budget, the concern, the impact that this budget will have.

It may be a high-level question - and I guess you'll answer how you feel you should - what is the likely impact of this budget on the universities as we move forward? Do you think this budget is a positive step - it's going to improve things, or it's a wait and-see kind of budget where the universities have to do some work now and we'll see where it goes over the next year? Positive or negative impact with this budget?

MR. MONTGOMERIE: I'm, quite frankly, excited with where we are at this present time, not only from the budget but from the direction from the government. We're no longer talking all about loans to businesses, we're talking about how do we do things in a smarter way and maximize our universities to help drive economic change in this province?

The sandboxes were one example. IBM will tell you the reason they're in Nova Scotia is because they have the ability to meet with seven universities and a community college, through us, on a regular basis to help them do on-boarding for their new job folks and so on.

So if you look at the private sector - we went to Waterloo University almost two years ago, and Waterloo has the best co-op program in North America, and when you walk into that co-op program - I think we were there in August - you saw all these young people dressed to the nines because that day Google was in looking for co-op students. The magic for a young person coming to Nova Scotia - if they know they can get a co-op opportunity or get an experiential learning opportunity with a private sector company or through government, it's a real incentive for them. That's where Waterloo has done their magic.

We've been working hard with the private sector. The five tables I mentioned earlier - entrepreneurship, R&D, recruitment and retention, and so on - central to that is the private sector. We met with the Halifax Chamber of Commerce's Valerie Payn, and Valerie, a veteran, had a great line that getting in university sometimes is like trying to get into government, you've got to know which door to go through. To people who don't know, it can be pretty complicated. With her help, Dalhousie did a major scenario with the Board of Trade talking about how you can plug into Dal, and we can plug into you to help our young people. They held a dinner, and at the dinner they had a co-op student at each table. Now the Halifax Chamber does an award system for businesses that hire students.

That's the kind of change this province needs. What I like about the conversation in the budget is, over here we're trying to get stability for universities - 1 per cent, tuition reset, four years - and over here with the innovation tables, we're trying to create change. That's the exciting part, to the honourable member's question. I think there's some really positive things going on.

MR. DAVID WILSON: I understand that, and I agree with the approach to the extent that, without the students and without the support of having an environment that is recruiting more students, we're going to see our enrolment decline. Do you have the overall list of enrolment in the province? I know some of the enrolment is declining, and some is

going up. I believe the effect of the tuition reset is going to have an impact on that. Is that list available publicly? I think we can go to each university, but are you monitoring that, and are you concerned with that? The students are really the drivers of everything you just talked about when they're in the universities, when they're coming here to Nova Scotia. Are you concerned with the enrolment and the declining enrolment that we've seen in some?

MR. MONTGOMERIE: Absolutely. When the two major financial scenarios for universities are taxpayers' dollars and tuition, the universities sure keep an eye on it, and so do we.

There are two types. I can absolutely give you the enrolment for the universities, but we also get from them, privately and individually, their projections. We have a sense of how they're doing at this particular time of the year compared to how they were doing last year. That gives us a high overview of the system and how we're doing.

I'll look for Ava to help verify, but enrolment was down two or three per cent average last year. We were much better than the national average but it is a concern.

MR. CHAIRMAN: Actually, we'll move to Ms. Zann. Ms. Zann, you have about five and half minutes remaining in this round.

MS. LENORE ZANN: Thank you very much for your answers so far. Just going along on what you were saying about this move towards tying universities and post-secondary education more into developing a process for the students to just go right out into the workplace, I know there was legislation passed last year that actually limited academic freedom. That's how it was presented to us in the Law Amendments Committee. Professors and students came, and I'd say 100 per cent of them complained about the fact that they felt that the idea of a university and a post-secondary education is to go and learn and not necessarily be little work factories to turn out robots to go into the workplace. So I do have some concerns about the direction that Nova Scotia seems to be going in. I'd just like to put that on the record.

The other thing that I'm concerned about is the fact that we have one of the highest rates of sexual assault in Canada, and students have been asking for more help on campus. There's nothing in the budget, apparently, for that, and they feel that they may be listened to, they may be met with, but there's one thing about being met with and listened to and then another thing about actually doing something about what is being proposed.

In the last few years there have been a number of reported cases of student-on-student sexual assault, as well as the highly publicized reports of on-campus misogyny and homophobia. Are there funding implications that the department could foresee with these types of cases, and does the department have a role in how such issues could be handled better by university administrations?

MR. CHAIRMAN: Mr. Montgomerie?

MR. MONTGOMERIE: Thank you for the question. We are absolutely concerned. We have been in a deep dive with the presidents around this issue for the past several months. When the MOU is signed, you will see a very rigorous process within that MOU to get at the very issues that you've raised. The presidents are in total agreement with us. There needs to be a standardized approach and there needs to be a way that students feel safe but also feel that they have a place to go when they find themselves in the kinds of difficulties that you're speaking to.

We've worked closely with Community Services, who've shown great leadership in some of the grants that they've put out. We're really proud of some of our student organizations. At Acadia, the most recent one that received one of those grants, it's led by the students. That's the beauty, when you have students leading something on campus, and having that ability - quite frankly, it resonates more than people like myself or President Ivany or others talking about it.

There's a concern as we've looked across the country - what concerns the minister and myself is if you have a very narrow reporting requirement in legislation, do we in fact victimize the victim in a smaller community, if their identity may become evident? We're really looking hard at that, and we're going to involve the students in that discussion on a go-forward basis. They'll be part of a committee that the minister will be looking to advise her. So it is very, very much on the radar.

MS. ZANN: Thank you. Have you put a price on how much it will cost to actually do that work and have things available right across the boards in each learning institution here in Nova Scotia?

MR. MONTGOMERIE: We anticipate that the universities, based upon the standardized approach we will take, will make it happen. We don't have to be part of their operating.

MS. ZANN: It will come out of their own operating budgets?

MR. MONTGOMERIE: Yes. There are other things that are going on. The 1-800 number - I can't remember exactly how that works - that's a key component province-wide. That will help the universities - not each one of them having to set up a helpline. We'll have a province-wide one. So there's some of that dynamic going on.

MS. ZANN: How much will the department be driving this bus and driving the universities to make sure that they actually do what you're talking about?

MR. MONTGOMERIE: The key will be the committee we set in place. They will report directly through Ava and myself to Minister Regan with their recommendations.

MS. ZANN: Great, and when did you say that committee will be set up?

MR. MONTGOMERIE: We've got to get the MOU signed first, and once that's signed, we will work with the student groups and the presidents to determine the makeup of the committee.

MS. ZANN: Okay, that's great. Is that basically my time?

MR. CHAIRMAN: Just seconds left.

MS. ZANN: Thank you very much for now.

MR. CHAIRMAN: I will move to Mr. Rankin.

MR. IAIN RANKIN: Thank you very much, and I appreciate you coming in today. I know it's important for a lot of students out there. It hasn't been too long since I was in university; I've gone to a couple of universities in the province here. They're great institutions, and it's important that we focus on the ability to keep them all going in good fiscal health and keep tuitions as low as possible. I do recognize the commitment from the Premier.

You say it's the only province in the country to have predictable funding over the four years that the government is in this mandate. I'm just wondering, you said \$320 million is the operating grant, so that has been increased in each of the last three budgets, including this one?

MR. CHAIRMAN: Ms. Czapalay.

MS. CZAPALAY: Yes, the operating grant has increased. This year it's about \$323 million. It's increasing 1 per cent per year for the next four years.

MR. RANKIN: Okay. I guess it's important for the members and students to realize and understand the symptoms of the high fees. I think part of it probably is the accountability, and Bill No. 100 should address some of that. But also, has there been any movement - let's just look at the government before us, to that operating grant. Did that go up by 1 per cent each year while they were in government? Maybe you can tell the committee what happened with that grant.

MS. CZAPALAY: Under the previous MOU the operating grant was cut - I think the total was about \$35 million. The government of the day created the Excellence in Innovation Fund and put \$25 million into that fund. The intent was to incent innovation with that fund.

MR. RANKIN: It's interesting to hear the NDP members on the committee, they both said they have deep concerns with the direction the government is going. They both

voted for that \$35 million cut in tuition support, including the now Leader of the NDP. So I would say it's easier to have concerns when you are in Opposition. (Interruption) Okay. We'll see.

Also, the Auditor General himself found there was no overall strategic direction which I find, from a high level, very interesting. We're in 2016 and there's no vision, so I'm hoping that we're working towards one. I saw that the department was willing to accept that recommendation and have it in place by, roughly, the end of March. I'm wondering if that has been completed or if you have anything to tell the committee about the overall strategic direction.

MR. MONTGOMERIE: So a combination of things that I spoke to you earlier about - the innovation tables, the different dynamics of working together - we're getting very close to being able to demonstrate to the Auditor General that we're meeting that recommendation. We are still a little bit away; we thought we would be ready by the end of March but it's just taking us a bit longer than we thought.

MR. RANKIN: The memorandum of understanding, do you have an expectation of when that will be finalized?

MR. MONTGOMERIE: Two to three weeks. Ava is reminding me that we meet with the presidents in early May on the strategic direction.

MR. RANKIN: Okay, thanks very much. That's great progress.

MR. CHAIRMAN: Mr. Stroink.

MR. JOACHIM STROINK: Thank you very much for your time today. I guess I want to touch base on the universities as a whole. They are businesses in many aspects and they need direction to be successful in this very competitive market. The tuition adjustments, the increases and stuff like that, they'll never increase out of their realm so that they would never be attractive for students to come from abroad to Nova Scotia. So I think it's an opportunity for a lot of universities to have a deep dive into their financial situation of where they sit, how they run their universities, what kind of direction they want to go, and what specialty areas they want to go into. Nursing is a prime example where we have a lot of nurses coming through and a lot of them are being hired right away within Nova Scotia, and there are great programs with that.

I guess, as has been said, we have a lot of universities within Nova Scotia. I guess the direction I'm kind of trying to go with now is we had a bill that came forward in the last session to really ensure there was stability for universities and creating a platform for universities to be successful. Have any universities used that? Are there discussions? Where does that all sit in the realm of the 10 universities that we have?

MR. MONTGOMERIE: When we looked at the challenges Acadia faced way back when, when they were in deep trouble, and we're trying to figure out how do we provide a ground for a university that may find itself in difficulty and wants to restructure or reposition itself, we found that the only thing available was to declare bankruptcy under federal regulation. Of course a university that declares bankruptcy, their brand is pretty well shot.

So we created the second piece of the legislation and if a university came to us and said look, we are seeing ourselves in deep trouble - or we may see it from their financial projections for example under the new accounting system - we need time to go away and restructure. That legislation enables them, with support from us we set up a committee of three folks to help them, along with the chartered accounting firm, they have up to 15 months to try to reposition themselves. During that time you cannot lock people out or you cannot strike. All other parts of the agreement that the university may have with us, its faculty or workers, stays in place.

Nobody has come to us yet to use it. We know that Cape Breton University, we feel it is showing strong leadership because they do have money in the bank, they have been a well-run university and they are working to sort of reposition themselves because they see challenges in the future if they don't.

MR. STROINK: I guess with Cape Breton University, I mean when tuitions were frozen they were probably one of the lowest tuitions in Nova Scotia. That created a huge financial strain, I am sure, for the university as costs go up, wages go up, everything goes up and their ability to generate revenue gets to a critical point. Can you walk us through what happened there, where they're headed in the sense of - I understand that they're working incredibly hard, like you said, under their leadership to create a sustainable platform for that university in Cape Breton?

MR. MONTGOMERIE: Keeping in mind that we always have to remind ourselves the universities are independent entities, they have a board of governors, they have a senate, and they are actually controlled by those entities. We provide public funding, which the Auditor General has rightfully pointed out needs accountability around that funding. What Cape Breton University is doing with its board right now is trying to reposition itself to face the challenges of the future and it has been a tough go. The faculty are very concerned, and rightfully so, and others. They're trying to work that through and right now that's in their world and they'll take their recommendations to their board.

MR. STROINK: I guess with that bill that we put forward, Bill No. 100, that process has enabled Cape Breton University to look at that bill and say okay, how do we become successful without having to go there but using some of the guidelines? Is that a good assessment of what's occurring there?

MR. MONTGOMERIE: I wouldn't want to speak for the President or Vice-President of Cape Breton University. I think in their world of financial accountability they

saw a challenge, when the scholarship program changed from Saudi Arabia, and they felt they needed to restructure themselves to face that challenge in the future.

MR. STROINK: Are other provinces looking at this or looking at us as a leadership model? I mean in the sense that we have a very unique situation: we have 10 universities. We seem to have a way better dialogue with all the presidents within Nova Scotia, far better than anyone else I see outside of Nova Scotia. There's a way of working together to be successful as a whole, which I see as fundamentally important for Nova Scotia but fundamentally important for the universities in Nova Scotia. Can you just touch on where we sit on a national ranking of that?

MR. MONTGOMERIE: Sustainability is a problem for universities, is a problem for every province - don't kid yourselves - it's a problem with every province. To the honourable member's point, we're at the front edge of the pointed stick here because a population of under 1 million, and 10 universities, we're the lightning rod to a certain extent. We've had several enquiries from the provinces on our legislation and the relationship, more importantly, with our presidents. That's why I was privileged to be invited to present at the Ontario scenario that I mentioned earlier.

The presidents - we have a great relationship in that I'm not expecting consensus from you, because at the end of the day government has to make decisions, but they also make it very clear you keep being open and honest about this, then we'll work hard to go down the road with you. It's our special relationship that way and we're keeping a close eye on several scenarios in other provinces where they're facing some challenges too.

MR. STROINK: Great, changing direction based on our funding to the universities, one of things that I have concerns about is if the funding goes into the universities, how is that managed? As an example, if funding is allocated to kids with disability or university students with disability within that program, how are we ensuring that that funding is going into those programs to ensure that our university students are getting the support that they need in the university?

MS. CZAPALAY: Specifically, for students with documented disabilities, there is federal funding that the higher education branch administers and that funding supports counsellors and various types of assistance for the students at the universities and the Nova Scotia Community College campuses. We've built it into the MOU that the universities must now report very specifically on how the funding was utilized in terms of supporting the students. We do visit the campuses on a regular basis and meet with the people that are in place because of the funding.

MR. STROINK: And, is this a new process?

MS. CZAPALAY: The process has become more rigorous, I would say, but we've always visited the campuses and made sure that the counsellors were in place.

MR. STROINK: So our funding agreements with students or our loan program with university students is really based on a four-year model. People with disabilities most often can't finish a university degree within four years, so they need more time. Are they null and void from access to that funding or interest on those loans?

MS. CZAPALAY: I think you're referring to the loan forgiveness program. For that particular program, when a student takes four years to complete their undergraduate degree, they can apply to have their Nova Scotia student loan written off, and that would be in the amount of about \$15,000.

If a student has a documented disability, then "full time" for that student is considered to be 10 years - they can attend at 40 per cent to be considered full time. So a student with a documented disability can take 10 years to complete their degree and still apply for loan forgiveness.

MR. STROINK: With that, and our loan forgiveness program, where does that sit? If you could walk us through a scenario that might occur here in Nova Scotia for a student who has access - who may be falling under a low-income family, and they don't have the ability to pay for university. What is our model and stance on that?

I think with our loan forgiveness program, we're capturing a larger group of university students coming to Nova Scotia. It's all Nova Scotia students, no matter what kind of income level you are. Maybe if you can walk us through a scenario to be clear on what that looks like for someone in Nova Scotia - a low-income student would be great, just to really highlight how the program is working here.

MS. CZAPALAY: An example of a low-income family could - I'll just use a similar example to what New Brunswick used as "low income." Let's say a family of four, earning about \$50,000, with two kids in the family, one in university - that student could attend a Nova Scotia university and they could qualify for a maximum Nova Scotia student loan of about \$6,000 per year. Using the Nova Scotia scenario, about \$2,500 of that would be an upfront grant. In Nova Scotia we assess the student's total need and then we give 40 per cent of that as a grant that's non-repayable - it's money up front.

We also provide the students with a bursary. The bursary is valued at \$1,283 right now. The bursary is universal. It's not just for students from low income - it's for every Nova Scotian student attending Nova Scotia universities. When you deduct the Nova Scotia bursary and the Nova Scotia grant, what the student ends up with in terms of a loan for the Nova Scotia portion is about \$3,600 in terms of a loan.

At the end of their four-year degree, they can then apply to have that loan written off. The loan is interest-free while they're in university. At the end, when they graduate, they've amassed a certain amount of money - \$3,500 or \$3,600 per year for four years. Then that amount, up to \$15,000, can be written off. In essence, the students are getting

the entire student loan written off, as long as they progress at the rate that we expect them to and graduate in four years.

MR. STROINK: I guess what I'm hearing - and what I like about this is that it gives an opportunity for a Nova Scotian to go to university - but I guess the money is at the end instead of up front, which I think other provinces are kind of looking at. The old saying goes, if something is free, no one goes; if you pay a minimum, they're going to go and complete the whole thing.

I think what I'm hearing is that the uptake on this is probably far greater than expected. Do you think? Are people really jumping on this?

MS. CZAPALAY: It's all about balance. We believe that the Nova Scotia Government is taking a balanced approach in administering the student loan, because there is upfront money - \$1,283 is immediately taken off the tuition. Every single person here who has a student in university would have \$1,283 removed from the tuition at source. The universities deduct it from every student. Then the students who qualify for a student loan also get the 40 per cent upfront grant, so immediately, 40 per cent of their Nova Scotia loan is free.

It's a balance. We're incenting students to attend university by offering access, and then at the other end, we're incenting them to complete by offering the loan forgiveness program at the end.

MR. STROINK: Great, thank you very much.

MR. CHAIRMAN: Ms. Lohnes-Croft, you have just under four minutes remaining in this round.

MS. SUZANNE LOHNES-CROFT: Thank you, Mr. Chairman. You say you want universities to be sustainable and I think we saw that in Bill No. 100. This morning I heard students saying why are university presidents making these outrageous retirements, and receiving huge packages when they're leaving a university - can you comment on that?

MR. MONTGOMERIE: Presidents' post-compensation truly concerns us, quite frankly. These kinds of agreements are unacceptable when universities are asking governments, taxpayers, and students, to pay more.

Minister Regan, in a meeting with board chairmen, made the point to them that if we are working hard to make things better for the university system, better opportunities for our young people, and presidents are getting a very rich post-compensation scenario, it takes credibility away from strong leadership. Both the chairmen and the presidents have been incredibly receptive to that and the MOU will contain some language on a go-forward basis on what post-compensation should look like.

MS. LOHNES-CROFT: Okay, thank you. And this MOU is going to be finalized in the next few weeks?

MR. MONTGOMERIE: Two to three weeks.

MS. LOHNES-CROFT: Two to three weeks, okay, we look forward to that.

MR. MONTGOMERIE: That's my story and I'm sticking to it. (Laughter)

MS. LOHNES-CROFT: And I'll look forward to seeing that clause in it. How more comprehensive is this than the previous MOU, for students?

MR. MONTGOMERIE: Ava might speak to it a little bit more, because she has sort of been involved in both.

My reading of the former MOU, in looking at this one it's incredibly more comprehensive and more specific around sexual violence, it's more specific around compensation, it is more specific around universities looking to raise user fees and what they have to go through. So, I would say it's much more comprehensive, but I would obviously welcome Ava's thoughts on that.

MR. CHAIRMAN: Ms. Czapalay.

MS. CZAPALAY: Thank you. So, under the previous MOU, we felt that there were some issues arising that could really be dealt with, with additional clarity, and one of our objectives in this MOU is to put a lot of detail around the key elements that the deputy mentioned.

We also had some working groups under the previous MOU that took a close look at a number of issues, for example, quality of education and education experience, and those working groups were chaired by vice-presidents and participating vice-presidents and they prepared reports back, and we've incorporated their recommendations into this MOU. So, for example, the vice-presidents recommended some clauses around education quality and how to measure quality, and we've incorporated that into this MOU.

So, the MOU is comprehensive and we've had a number of stakeholders look at the MOU, the presidents, but students as well. Under the previous MOU the students had some concerns around auxiliary and ancillary fees, the additional fees that universities charge above and beyond tuition, and as the deputy mentioned, we now have quite a detailed section on auxiliary and ancillary fees and what they are and in what situations should the universities consult with students and make sure that they go through a formal consultation process.

MS. LOHNES-CROFT: Okay, thank you.

MS. CZAPALAY: You're welcome.

MR. CHAIRMAN: Order, time has just expired. We'll move back to Mr. Houston.

MR. HOUSTON: Thank you. I just want to wrap up on the removal of the tuition cap. So, at the time that the cap was formally removed, the department had an expectation of which universities were going to increase tuitions by how much - is that a fair summary?

MR. MONTGOMERIE: Yes, and for clarity it's a one-time scenario. We haven't totally removed the cap - the 3 per cent is now back in place, just for clarity.

MR. HOUSTON: Okay, that's a good clarification.

MR. MONTGOMERIE: So, again, at a high level when we looked at implementing the one-time reset we looked at tuitions and where they were and where, particularly, the Nova Scotian universities - CBU is a good example of how they were impacted when they were frozen and seeing where some universities absolutely were making a good case to us, that they were being jammed because of that freeze, so we did have some sense of the universities that . . .

MR. HOUSTON: Okay, and is that "some sense" summarized in a document that would've said this is what we expect, this is the university, this is the tuition, this is what we expect it to go to?

MR. MONTGOMERIE: I don't know if it's summarized in a specific document. The document we would use shows the tuition in existing programs across the country - other universities - plus the tuitions here in Nova Scotia in different programs and then comparing the data.

MR. HOUSTON: Okay, I may come back to that. On the MOU, you mentioned that the MOU will limit or restrict post-retirement benefits for some executives, I think I heard you say that. I'd ask a broader question about the MOU. Will the MOU kind of attach some strings to the funding, particularly around executive compensation and salaries at universities?

MR. MONTGOMERIE: There is a phrase in the MOU that commits the universities on a go-forward basis to take into account the concerns raised, particularly around post-compensation but also obviously fair and reasonable compensation overall for the present.

MR. HOUSTON: To take into account, which is going to be subjective every time something is set, so it may or may not be effective wording. What I'd ask very specifically is, there's nothing in the MOU that says the university can't pay their people however many millions they want, right? There's nothing in that that kind of limits - the province doesn't take - go ahead, sorry.

MR. MONTGOMERIE: Again, they are independent, governed by a board of governors. They have to run the university in a responsible and sustainable way and to do that, they hire presidents. Organizations don't fail, leaders fail, so it's important for them to be able to recruit strong leaders. Sometimes they fail in that kind of scenario. We know they have to be competitive. Each university could be different - Dalhousie might be different from Saint-Anne's or what have you - but they need to be competitive in that scenario.

What we're pointing out to them, you need to take into account the Nova Scotia scenario and particularly what really disturbed all of us, all Nova Scotians, was the high level of funding suddenly arrived at when somebody left their position. That's the key area that we really are focusing in on.

MR. HOUSTON: Well I think there's a couple of key areas, to be honest.

MR. MONTGOMERIE: Plus they will have to publicly put online their contracts. Several university presidents do that now.

MR. HOUSTON: So the \$320 million that the taxpayers paid to universities, there are no strings attached to that? There's nothing that says this portion should go to this and this portion should go to that? It's just, here it is?

MR. MONTGOMERIE: There are several ways with the universities where we're careful with them if we feel they're going in a wrong direction. I know quietly of some example where we thought they were and we made them aware, and they changed their practice.

If you are referring to the salary scenario, 75 per cent to 80 per cent of costs are salaries and most of them are union-negotiated through faculty agreements. Then you have the executive compensation piece, the VPs and the Presidents. I believe the faculty make up about 94 per cent of the salary - sorry, 85 per cent of the salaries.

MR. HOUSTON: Does that mean that 85 per cent of the salary is negotiated through union contracts?

MR. MONTGOMERIE: I think that would be fair to say.

MR. HOUSTON: And 15 per cent is just the market?

MR. MONTGOMERIE: I think several universities use some of the models for what the faculty get in their contracts for what their executives may get. Again, what really concerns us was the post-compensation when somebody leaves the position.

MR. HOUSTON: How about the buildings and infrastructure. Can the \$320 million go to build new buildings?

MR. MONTGOMERIE: That's a really good question - it's not a capital allocation. Obviously there are operating costs - lights, heat, maintenance and those scenarios would be part of the remaining of the 75 to 80 per cent. There is no direct capital assistance from the province.

MR. HOUSTON: They can't use it for capital?

MR. MONTGOMERIE: When I say they can't - I would say yes. They wouldn't want to use operating for capital in assistance . . .

MR. HOUSTON: But they could.

MR. MONTGOMERIE: They would do a fundraising campaign around a capital project.

MR. HOUSTON: But they could allocate some of that. Under the MOU, could they allocate some of that to capital?

MR. MONTGOMERIE: Yes, I suppose they could.

MR. HOUSTON: Okay. Is that okay?

MR. MONTGOMERIE: Again independent organizations - if we feel they're using their money wisely, yes. But again, with the new MOU on a go-forward basis - re: the deep dive around the funding allocation and outcomes - we hope to resolve some of those kinds of situations and bring a little bit more clarity.

MR. HOUSTON: The \$320 million, did we say that's 35 per cent of the operating costs, on average? It was a range, I think. What's a good rule of thumb to say that the operating costs of the university, in aggregate, are covered by this? What percentage would you go with?

MS. CZAPALAY: A good rule of thumb would be about 45 per cent. I said the range was anywhere from 35 per cent to 70 per cent.

MR. HOUSTON: Okay, so taxpayers are paying a good share of the operating costs of the universities of this province. In return for that, do you know how much GDP is generated by the universities?

MR. MONTGOMERIE: We would probably have to get that for you. Sorry, I don't know that off the top of my head.

MR. HOUSTON: Would you say that \$1.2 billion would be fair?

MR. MONTGOMERIE: I don't want to go hypothetical on you at all. I'd rather make sure I get you the accurate information.

MR. HOUSTON: Okay. I wasn't trying to go hypothetical. (Laughter)

MR. CHAIRMAN: Mr. Houston, I think it might be \$1.4 billion on provincial GDP. That was in 2009-10.

MR. HOUSTON: Okay, \$1.4 billion. At that time, the funding to the universities still would have been still in that \$320 million range in 2009?

MR. CHAIRMAN: Ms. Czapalay, whenever you're ready.

MS. CZAPALAY: I'll have to take a look, sorry, to answer that specifically.

MR. HOUSTON: Okay. I'm just trying to get a sense of the multiplier effect of the investment by taxpayers. It seems like it's fair to say that it's maybe 4 to 1, maybe 5 to 1. Actually, I'm thinking of the film industry, as I ask these questions of what would be a reasonable multiplier in the government's mind. But if you don't have the information at hand, we could . . .

MS. CZAPALAY: Sorry, 2008-09?

MR. HOUSTON: Yes.

MS. CZAPALAY: The total assistance was \$288.7 million.

MR. HOUSTON: Okay, and that generated \$1.4 billion. That's all right. Thank you.

In terms of the cap, you mentioned that tuitions can go up 3 per cent per year now. Which portion of the student population does that cover? Is that for domestic?

MS. CZAPALAY: For Nova Scotia undergraduate students studying here in Nova Scotia, their tuition is capped at 3 per cent.

MR. HOUSTON: Okay, just Nova Scotia students. So if students come here from Ontario, there's no cap on that?

MS. CZAPALAY: There's no cap, but the universities have decided that they're not going to raise their tuition beyond that 3 per cent. They've advised us of that this year.

MR. HOUSTON: The out-of-province students who come here, do you have any sense of how much of the cost of their education is covered by the tuition? International students, do they kind of pay - what's an estimate of their full cost?

MS. CZAPALAY: An estimate for international students would be about double tuition. Universities typically charge - that's an approximation. For out-of-province students, the tuition would be the same as for Nova Scotia students, and they would be eligible for loans from their own home province.

MR. HOUSTON: And the reason that the international students are double is why?

MS. CZAPALAY: The universities determine that, and it's generally called a differential fee. They charge the tuition plus a differential fee. International students all over the world are charged a differential fee, and it's typically double what the domestic students pay.

MR. HOUSTON: Is the theory behind that to try and get more to the full cost of the education?

MS. CZAPALAY: There are a couple of theories behind it. One is that the domestic students' parents typically pay taxes here, their families pay taxes, and it's subsidized by taxpayers. So there's that scenario. Also, some international students from some countries require additional supports, and so there's an additional cost to hosting them at a university here in Nova Scotia.

MR. HOUSTON: In Nova Scotia, if you're domestic, you pay the same. Is that the case all across? Is there any other province that has a kind of out-of-province fee? They have three tiers: they have in-province, out-of-province, and international?

MS. CZAPALAY: Every province has the same international situation, where there's a differential fee on top of the tuition. For out-of-province students, I'd have to take a look. I'm not certain if there's a difference in other provinces or not.

MR. HOUSTON: Maybe Mr. Montgomerie might have a sense.

MR. MONTGOMERIE: We'd have to do a dive for you on that.

MR. HOUSTON: Okay. I'm a little surprised that nobody has taken a look at that. We have a significant number of out-of-province domestic students here. Do you mean that you don't know whether, if I was born and raised in Ontario and I go to school in Ontario, I'd pay the same tuition as somebody who was born and raised in Nova Scotia and goes to school in Ontario?

MS. CZAPALAY: There are so many scenarios that can be taken into account, including the program and whether that program is offered in that province or not. If you ask me a specific question, I'll try to answer it.

MR. HOUSTON: Okay, so I guess the specific question is, it's international practice, I guess, that international students get charged a differential fee. Are there other

differential fees that people are charging in other provinces for out-of-province students? It sounds like maybe there were for certain programs.

MS. CZAPALAY: In Canada, the general rule of thumb is that students can flow from one province to the other without any kind of barrier. We're seeing more of a trend - Ontario, Newfoundland and Labrador, and now New Brunswick have introduced some policies that make more of an attempt to keep their own domestic students at home and to incent those students to stay at home.

I guess when you're asking me if there's a differential, I would see it more as incenting their students to stay. For example, Newfoundland and Labrador has always had historically low tuition - not always, but for the past number of years.

MR. HOUSTON: Has the department asked, or is the department aware of our 10 institutions looking at a differential fee for - let's call it "non-Nova Scotian students"? Are you aware of any of those discussions?

MS. CZAPALAY: What I mentioned is that there is now the possibility of that. We've removed the 3 per cent cap for out-of-province students coming to Nova Scotia, so the universities are now free to charge whatever they would like. The presidents have told us this year that they're not going to do that.

One of the honourable members mentioned earlier that the universities run a business and a large percentage of their students come from outside Nova Scotia - 34 per cent - so they don't want to put an additional barrier in place that's not necessary. So the opportunity is there, but they're not making use of it.

MR. HOUSTON: They had an opportunity . . .

MR. CHAIRMAN: Order. I'm sorry, the time has expired. We'll move to the NDP caucus.

Mr. Wilson.

MR. DAVID WILSON: I want to first go to a chart that was on Page 52 of the Auditor General's Report, just for some clarification. I'm not sure if the Auditor General or the deputy could answer it.

It's the Total Provincial Operating Grant and it gives a list of the universities. Under Nova Scotia College of Art and Design it has a "Note 1", and then on the bottom of that chart it says, "Nova Scotia College of Art and Design operating grant paid as part of Dalhousie University operating grant." Could you clarify for us what that note entails?

MR. MONTGOMERIE: We're thinking it might be a typo. It might mean the Nova Scotia Agricultural College.

MR. DAVID WILSON: Okay, that's what I was trying to clarify.

MR. MONTGOMERIE: We'll double-check, just to be sure, but I think - because obviously Dalhousie runs that as a campus.

MR. DAVID WILSON: Okay, I just wanted it for clarification. We just noted it not too long ago.

Recommendation 1 indicated, from the Auditor General, that "The Department of Labour and Advanced Education, in consultation with stakeholders, should put in place a strategic direction for Nova Scotia's university system which addresses its sustainability concerns."

In the response, the department indicated that "A strategic direction statement will be developed by March 31, 2016." Has that occurred? Is that something you could provide the committee?

MR. MONTGOMERIE: I thank you for the question. We were hoping it was the end of March. Right now we have a meeting scheduled with the presidents in May. We plan to get sign-off on particular aspect of the Auditor General's recommendation.

MR. DAVID WILSON: Sign-off by the presidents in May is fine, so does that mean it's prepared and that's when the meeting is scheduled, or you're still working on it and it will be done by May for that meeting to sign off?

MR. MONTGOMERIE: We have been negotiating back and forth, both individually and as a group, with the presidents and we're hopeful in May it will be signed off.

MR. DAVID WILSON: Is there any specific reason why you're off by a few months? Listen, I've been in government and when you give a date, you give a date - especially in the Auditor General's response. He'll be reviewing the recommendations. So is there a reason for that delay?

MR. MONTGOMERIE: I guess the only way I will answer that is when I came to the Department of Labour and Advanced Education - and I've been in several departments - I suddenly found myself on one hand potentially dealing with fatality in a workplace, and another dealing with a major university issue, and another dealing with a labour negotiation. It's a little hectic; in fact, in fairness to Ava and her team, they have been the true leaders in trying to reform the system in such a way to make it sustainable. So we're just a little overtaxed.

MR. DAVID WILSON: We'll look forward to that in May. We may be still sitting so maybe we'll ask through Question Period.

Will that be made public or is that something that would be between the government and the presidents themselves?

MR. MONTGOMERIE: We would then again review it with the minister on the final sign-off and then look for a communication plan re the release.

MR. DAVID WILSON: Also under Recommendation 4.2, the Auditor General recommended the implementation of smart goals. There are a number of measurables and achievables and relevants, and time-bound goals, in there. Has that work been undertaken and will that also be made available to the public? It is Recommendation 4.2, Page 56, in the Auditor General's Report.

MS. CZAPALAY: That particular recommendation references the outcome agreements that we're drafting with the universities. We already had bilateral agreements in place with each of the 10 universities. When the government brought in Bill No. 100 with the legislation and the requirement to have the universities be more accountable and transparent, we decided to take the bilaterals and develop them into the outcome agreements.

What is new with the outcome agreements is that we have the universities identifying particular measures for each outcome, and so we'll have measures in place that we will then use as a baseline for determining whether the university was successful or not in meeting each outcome.

The outcome agreements are being drafted right now by the universities. We've done the work in terms of coming up with the template and coming up with the outcomes, and now it's with the universities. So we anticipate getting the ten outcome agreements back in draft form by the middle of May and then having those signed off in late June.

MR. DAVID WILSON: Under that section also - the deputy mentioned already the statement that there will be no new emergency funding for universities. Is that across the board? If something unexpected comes up within a university, your funding is your funding, and you will not entertain sitting with a university if something happens that requires maybe the support of government - or are you going to address that if it comes up, or is it no new emergency funding at all for any universities?

MR. MONTGOMERIE: The rationale behind the phraseology "no new emergency funding" is the fact that \$12 million in emergency funding was provided to two universities that got in trouble - eight other universities were a little ticked at that, to be frank.

So we're really trying to say to the universities - and that's why the rigid reporting financial standards and the three-year projection - because now it becomes part of our responsibility to be able to keep a closer eye on their expenditures for things that you should be able to predict and handle and deal with. Cape Breton University, again, showing amazing leadership on a go-forward basis. It's in your ball court.

MR. DAVID WILSON: I am going to be sharing some of my time, so my last question revolves around something you mentioned already. You talked about this mobility for students across the country to seek out universities wherever to get their education - why would you allow for the cap to be removed from students from other jurisdictions, especially where we have 10 in our province? That's fine that you indicated that presidents have said they're not going to have a two-tiered system for students outside our province, but why lift that cap?

To me, you know, a Nova Scotia student, a New Brunswick student, an Ontario student, we should be trying to get them all here - and we don't know what's going to happen in the future. In my mind it just opens a door for multi-tiered tuition, which I don't think will do any good for our enrolment. So, why eliminate that now, with them being covered in the past around the cap?

MR. MONTGOMERIE: So, back to the original objective of sustainability for the university. I'm a great believer that government isn't the best intervener in trying to dictate how a business may be run, or how a university may be run, because if that university or that business wants to be successful and they know what our grant is over four years, and they know their financial thing, it's on them.

So, part of their responsibility is to understand what the marketplace will bear, and several of those universities have niche areas where they recruit across Canada and, in fact, around the world in some cases. So they know they have to be very careful on those tuition increases that they do not price themselves out of the marketplace but, at the same time, rather than have us try to interfere with them on a daily, whatever basis, we look to them to make wise decisions on that piece.

MR. CHAIRMAN: Ms. Zann, you have five minutes remaining.

MS. ZANN: Thank you, and actually I think it was in answer to Mr. Houston's question, I think Quebec is the only province that does have a change there with students who are from out of province, but then again, their students, their in-province students, don't pay very much, which is really great, and in fact they were complaining when talking about raising it a little bit to the point where they actually overthrew the government. So that's the power of the students as far as I'm concerned.

But I'll tell you, one of the things that interests me also is international students. A lot of the international students do say that it's still very expensive to come here and their MSI isn't covered for a long time. So I noticed that in the budget that wasn't really addressed - has there been any conversation about addressing MSI for international students, and having it be available to them as soon as they start going to school?

MR. MONTGOMERIE: That's an excellent question and it's something the students have raised with us on a regular basis. As a matter of fact, Minister Regan directed us to check to see if there was capability for us to be able to do that, and when we did a

deep dive around that with our colleagues from the Department of Health and Wellness, we found it would cause financial pressures in other areas, and given where the province was trying to go with the balanced budget and so on we weren't able to provide the funding.

MS. ZANN: Okay, because we'd done some number crunching and we found it would probably be around \$500,000 to cover the international students across the province - would you say that's about right?

MR. MONTGOMERIE: That could be correct, and I'll have to go back and refresh myself on, even the discussions we had with Health and Wellness, but there was a broader piece with health that by doing it with students we'd have to do it in other areas and it would cause budget pressures for them.

MS. ZANN: Right, and do you know if there was ever any price put on for sexual assault, having the proper sexual assault centres and experts available, as the students have been asking - do you know if there's a price for that that we could look at?

MR. MONTGOMERIE: There are two dynamics to that, obviously the provinces' overall broad approach to the sexual assault strategy and some of the exceptional things that are going on there, plus when we sign off with the university on the MOU there's a very detailed part in there. We will begin to work with them on a go-forward basis, because we have some expectations of things that they will do, and when the committee reports, that I mentioned earlier, there may be things in there that may create financial challenges, that's when we'll have a look.

MS. ZANN: Okay, one other question, I know my time is running out as well. Is there any talk about trying to reach out to the under-represented communities, you know, First Nations, our Black community, our physically challenged folks. Any talk about that, what to do going forward with that?

MR. MONTGOMERIE: Again, I look to some of the amazing work the universities and community colleges have done in those areas. I'm thinking of First Nations - the Mount, Cape Breton University and others who have really worked hard to reach out to those sectors, and from the disabled perspective as well. Ava mentioned some of the programs that we have. In the universities and the community colleges again, there's much more conversation about diversity than there was a decade ago, thank goodness. People are more focused on trying to be fair to all Nova Scotians.

MS. ZANN: Yes, and I definitely have to give a shout-out to the Nova Scotia Community College. Also the president, Don Bureaux, has done a wonderful job, and the president before as well.

MR. MONTGOMERIE: I would agree.

MS. ZANN: Yes. Is there still any talk about amalgamating any of the universities, or is that talk all done?

MR. MONTGOMERIE: Again, keep in mind they are separate entities. At the same time, to give them a comfort of their package of four years and the tuition reset, they are masters of their fate in that regard. If they see synergies where they may work with another institution - I think it's fair to say King's College is a prime example. They've done some amazing work with Dalhousie to share a registrar and those kinds of scenarios to make sure that they can be competitive and still sustainable in the future.

MS. ZANN: Also, I think some of them use Novanet, right? That's the province-wide university library catalogue. Do we know how much that has saved the province?

MR. CHAIRMAN: Ms. Czapalay just very quickly.

MS. CZAPALAY: They use Novanet, and they also have shared services like purchasing paper and office equipment and that kind of thing. I don't have a calculation, but we can get it for you.

MS. ZANN: Okay, but obviously it does save the province some money to have that across the board.

MS. CZAPALAY: Tremendous savings.

MR. CHAIRMAN: Order. Time has expired. We'll move to Mr. Porter.

MR. CHUCK PORTER: Thanks to the folks for being here today with us. I have a few questions.

Duff, you've been around here a long time. I've been here 10 years, and I've seen you, and you've been here long before that. You've probably sat on multiple departments through successive governments. You've dealt with a number of issues: budgets, policy, and the like.

I would ask on this particular file, as we go forward with the universities and MOU, what's the relationship there? You've built a lot of those relationships over time with different departments, as I've just run through. What's our relationship with the universities, and maybe on that as well, with the students? I know you meet with Nova Scotia students; you talked earlier on in this meeting about how you sit down four times a year, I think you said, with our Nova Scotia student body and have these kinds of conversations. Correct me if my language is wrong there - I'm not sure on the titles - but those representatives. I'm quite interested to know just exactly where we are from a government perspective.

MR. MONTGOMERIE: I'm not Pollyanna when it comes to dealing with leaders in different organizations. All I look for and all I've been asked for is, what are the facts behind what somebody is trying to do? What I've found with the presidents who are in place in this province right now is not only are they really focused on trying to make sure they provide a quality education to the students who are a part of their institution, but they're also focused on making Nova Scotia a better place.

I've been really excited to see President Florizone and President Ivany co-chair a committee on research and development. We have never done a deep dive in research and development by any government in this province, and it's the future. We need to understand better how government can align with the post-secondary and the private sector to do those things.

I go to universities and I'm always fired up by young people. One of my favourite stories is when Ava and I visited Acadia University and President Ivany took us to their LaunchBox. The LaunchBox is basically a centre of entrepreneurship for Acadia. We walked in and saw a young person working a computer, a high school student, who was doing a project on drones and how drones could map blueberry crops or potential blueberry crops. I'm going, wow.

Then we sit down with the wine industry folks, who are located in the LaunchBox. Of course, how things have changed with our university sector for the better is, the wine folks had reached out to Acadia many times to try to get help from them and, of course, with President Ivany's arrival, they're now into 30-plus different research projects - and the wine industry in the Valley is high profile, and there is an absolutely dedicated sector in the building.

The other piece that's really exciting - they have an outreach to businesses in the Valley. So we sat down with university faculty members who are absolutely excited about how they dealt with over 1,000 businesses in the Valley to try to help them. You would never hear that 10 years ago - professors out in the field sitting down with business. I see it every time we've reached out to the presidents on key issues, and some of the key issues they go through individually they've been incredibly respectful and responsive, and we try to be the same back because we both know we've got some heavy challenges in the road ahead.

MR. PORTER: I have a daughter; I have four daughters, my second just finishing her third year of university at Acadia and she has done well. She has a couple of years left there, but I remember, and I guess what makes me really think about it is I have another who is coming along now in Grade 12 who will graduate shortly - the one who is there now is very keen to seek out bursary opportunities, scholarships, and so on; the next one coming, you have got to prod her a little bit to get her going, saying you should be applying for this or for this - there are lots out there.

What's that process? I know the universities that came in, they put on a day there whereby you know, hey, come and see what we have to offer. I want to go back to the funding program though, about the supports, and maybe you talked about it a few minutes ago, what's up front and what's at the back end of it. I'm not sure that the students are that well versed, and, I mean, we're talking about Grade 12 students here and they're not all the same, and the example of my two is just one example that they're not all the same when it comes to delving into that and knowing what's available to them. I'm curious about what we are doing, or are we doing anything, to say, hey students, this is what exists today for you, this is how you take advantage of it, because I know the stress that exists with these kids and their families who are going on to post-secondary.

Whether it's Nova Scotia Community College or university, wherever it might be, what exists to help the student right there at the beginning to say this is what the advantages are in Nova Scotia, or maybe you're going elsewhere there are some? I think that's a really important piece at the front end of it.

MR. MONTGOMERIE: You absolutely nailed a huge challenge. We have in the province 50 employment agencies, called Career Nova Scotia, and we also have guidance counsellors in the schools who suddenly find themselves dealing more with social issues than the ability to provide sound career advice.

So, this government has undertaken a major revamp of those agencies, and we're well underway with the idea at the end of the day that every Nova Scotian should be able to walk into a career centre and get the best advice they can whether it's about employment placement or about what careers are out there and so on. And we're underway to develop a website that will make it easier for mums and dads and young people when they're in junior high or wherever to be able to access data about Nova Scotia jobs and those kind of scenarios.

If you get a chance, the community college has just done a wonderful website - and I apologize, I can't remember the name of it. Anyway, they have a very interactive website where young people who are interested in the community college can go, and really it's amazing. So, absolutely correct, we're working on reformulating that whole careers thing, and I think we've got most of them in place now and looking by July and August to launch the new provincial system. It's going to take a while, but the whole goal is to be able to provide better information at a quicker rate than we've been able to do in the past.

MR. PORTER: Is there any discussion around that MOU that's close, as you mentioned this morning is a few weeks perhaps away from being signed whereby because we are putting public money into universities there's a commitment on behalf of the university as well to also talk about what's available to students through the government programs?

I know they do their own, they reach out and they say, look, we offer you anywhere from \$1,000 onward maybe in scholarship opportunities for students who are graded at

certain levels, or however they do it, and there are a lot of those out there too that exist that I don't think the student body coming through Grades 11 and 12 are really aware of. There are an awful lot. I know at my local school at Avon View, in Windsor, there's an awful lot of opportunity to apply for a variety of scholarships. Again, you know, my middle girl here, you have to push her a little bit to say you've got to get out there and apply because that's real. It's not just her, I know there are others but that's not uncommon, I don't think, It's a practice that if we really want to help these young students who are getting ready to move on to post-secondary and on with life, we've got to push them a little bit. Maybe push isn't the right word but help or encourage them to go there.

I'm just kind of curious if there's any commitment on behalf of the university, not only to push what they're offering by way of their bursary when they come to that school - which is great - but on behalf of the government, basically this ad that says, did you know you can get the following? Is there any commitment to that, or been considered?

MS. CZAPALAY: I'll answer your question in two ways: one is that we know that students rule out post-secondary education around Grade 9 if they feel their family can't afford it. So we partnered with Junior Achievement just this year to use Junior Achievement as a mechanism for reaching all the students in the schools at the Grade 9 level so they start to understand how to put together the financing they need through all the mechanisms you mentioned - student loans, bursaries, scholarships, all the funding that is out there. That financial literacy piece is now being rolled out and we will watch it and we expect that it will be quite successful.

I think your question was if the universities are committed to working with us. The universities have their own internal scholarship and bursary programs, as the deputy mentioned, and it's to their advantage to get that use out there, but they are also active in promoting our bursary program, for instance - the fact that \$1,283 is taken right off the sticker price for students. A lot of the students don't necessarily know that when they are graduating and putting together their budget with their families.

The universities do work with us, but we're also reaching students through social media. Our Student Assistance office has had a number of very successful social media campaigns designed to reach students through Facebook and Twitter, and to let students who are already in the Student Assistance Program know of changes and how they should apply for various benefits through the Student Assistance Program.

MR. PORTER: Time goes by pretty quickly and I've still got a couple of questions I want to try and get in. One is actually - the Auditor General reported about universities and their accountability and the transparency, where are we with that? I guess my question is, what are the universities saying to that? You are dealing with them, you are crafting documents and agreements - where are we?

MR. MONTGOMERIE: Absolutely, and again they were supportive from day one on the accountability piece as we started to engage with them, because they saw two

universities get in trouble and it cost \$12 million to get them out. They totally understood the importance of that. That's why the legislation went through. Of course now with the MOU, that's the next step. We'll sit down with them on the outcomes and the funding allocation and draw some parameters around that.

I learned from my colleague in Ontario - the deputy in Ontario is the former president of Ryerson University - that you've got to be careful when you're trying to hold everybody accountable that you don't make it so unrealistic that you hamstring them. But at the same time, we have to keep our eye on the ball - as the Auditor General has pointed out - on the accountability piece to the taxpayers of Nova Scotia.

MR. PORTER: You mentioned about Ontario and your colleagues - obviously you have national colleagues being in the role that you are in, working on a variety of things, this particular one around student tuitions. It has been around for a long time, this is not new. We've had a lot of discussion over the years about the different funding.

What is the rest of the country saying when you are at these meetings? Are they looking at Nova Scotia as an example? Are we doing things on average? Are we doing them better? What are they saying? I'm kind of curious about that.

MR. MONTGOMERIE: I was on the panel with the former president of the University of Alberta. She said, I got a phone call one day that we're cut 7 per cent. I was like, holy smokes. So you've got tuition coming up, you've got kids coming back and all of a sudden you are cut 7 per cent. Her point was, if you give me a month or two months' quiet notice, have a conversation - on top of that somebody asked how do you sleep at night? What keeps you up at nights? She said, I sleep like a baby, I wake up every hour and cry.

Yes, there's a lot of sharing going on, like the compensation issue around presidents. Minister Regan has that on the agenda for ministers to talk about in their conference in July. There's a real sharing because we all know the system is under challenges, on a go-forward basis.

MR. PORTER: It has just been indicated there's only about one minute left. How many students in Nova Scotia, and what percentage are Nova Scotia students? I'm talking universities here. So every year, on an average, we would see how many university students in the 10 that we have?

MR. MONTGOMERIE: Ava has it.

MR. PORTER: Just overall, I'm curious about the two numbers - the overall number and the percentage of Nova Scotia students.

MS. CZAPALAY: Our Nova Scotia students are about 21,500 and the overall number looks around 42,000. So the Nova Scotia students account for 48 per cent of our university enrolment.

MR. PORTER: Of that number, specifically a Nova Scotia number, I'm not sure if you have it or not but I'll ask it: they start then say it's not for me - they actually used to refer to them as the Christmas grads at one time when I was around, I don't know whether they still do or not. But, you know, some people find they get that first term in: this isn't for me. Any idea what that number might look like annually, how many actually don't go on or go on to something else?

MR. CHAIRMAN: Very quickly, Ms. Czapalay, we're just about out of time.

MS. CZAPALAY: I believe the retention rate is around 84 per cent, about 84 per cent stay, so 16 per cent . . .

MR. PORTER: So 16 per cent move on. Thanks so much.

MR. CHAIRMAN: Thank you everyone for your questions, and also to our guests for all of those answers. Mr. Montgomerie, we'll give you an opportunity to provide some closing comments.

MR. MONTGOMERIE: I just want to thank the honourable members for their questions and their interest. It's just, I think we're in an interesting place and we face some real challenges, but I think working together we can overcome them. So I appreciate the questions today.

MR. CHAIRMAN: Thank you very much. Our next meeting is April 27th with the Auditor General. The Office of the Auditor General will be presenting their follow-up report on past recommendations made to departments, to see how well those recommendations have been implemented. So we look forward to that meeting on April 27th. We'll have an in camera briefing from 9:00 a.m. until 10:00 a.m., followed by a two-hour meeting with the Auditor General from 10:00 a.m. until 12:00 noon.

We had a couple of pieces of correspondence come in, I will draw your attention to those pieces of correspondence. The first was a response from the Department of Transportation and Infrastructure Renewal in follow-up to the meeting from March 30th. There were three items, I will draw your attention to the second item. The second item was a question about the base management fee to be paid to Bay Ferries. The answer was simply that in consultation with the Freedom of Information and Protection of Privacy coordinator, prior to the announcement, this information is considered confidential. So I wanted to bring that to the attention of the committee. Any time we do ask for information and we don't receive it, I always raise that with the committee in case they have a concern or a comment about that. That is the response we've received, are there any questions or comments? Mr. Houston.

MR. HOUSTON: It's ridiculous, it's a 10-year contract. They could disclose what the management fee is for three years - you know, every year it's going to come out, but since it's a 10-year contract, we could ask them to disclose the first three years of that. What competitive disadvantage could that possibly put anyone at, when there's still seven years after that of history and market movement that would protect them, if that's what they're concerned about? So I would ask that we go back and ask them, if they don't want to disclose the base management fee for the fullness of the 10-year contract, they could at least disclose the base management fee for the first couple or few years of it - I'd use three as the discussion point.

MR. CHAIRMAN: Does the committee wish to do that?

AN HON. MEMBER: No.

MR. CHAIRMAN: Mr. Porter.

MR. PORTER: Mr. Chairman, I appreciate the honourable member's concerns for sure. This came from, if I heard you correctly - this was a decision that was made due to privacy . . .

MR. CHAIRMAN: Yes, just specifically . . .

MR. PORTER: And the decision was made by - sorry, just to confirm?

MR. CHAIRMAN: Yes, just specifically, this is a decision of the Department of Transportation and Infrastructure Renewal, but it is based on advice it has received in consultation with the Freedom of Information and Protection of Privacy coordinator.

MR. PORTER: Thank you, and we're all very well-versed in those rules and how they go. I know that they've met with us over time and we understand that and information has come out, so we would support the recommendation put forward by Transportation and Infrastructure Renewal, certainly by those folks, due to privacy.

MR. CHAIRMAN: Mr. Houston.

MR. HOUSTON: I can appreciate that but there are a few things going on here. First off, we have the minister saying publicly, repeatedly, that it's quite simple that Bay Ferries doesn't want this released. Now we have Transportation and Infrastructure Renewal saying that the freedom of information officer said this, so we're at least a couple of steps removed from the people who are maybe actually making this decision.

Maybe if that's the case, why doesn't this committee write directly to the freedom of information officer and ask for their reasoning as to why they can't, or if they will; and if they can't, why they won't allow us that information - instead of going through the Department of Transportation and Infrastructure Renewal that obviously has a lot of skin

in that game. They have their own agenda that they are playing from and that agenda is what the minister said, and he doesn't want it out there. He may not want it out there but that doesn't mean that it shouldn't be out there. Maybe I would ask that the committee write to the freedom of information officer and ask for their direct response to that.

MR. CHAIRMAN: Are there any objections to writing to the freedom of information officer? Mr. Porter.

MR. PORTER: I appreciate the member's comments and we would support that. I don't know that the answer would be any different but I don't have any problem with that, I think we're okay with that. If it's different, they'll report back - again, I don't imagine the answer will be any different but I can't speak to that. It is done through that Freedom of Information and Protection of Privacy Act which we follow, all of us, and we're very well aware of it. Perhaps they'll have further questions in committee or we'll see somebody in future about it, but we would support that request.

MR. CHAIRMAN: Thank you. Hearing agreement on the committee, I'll ask our clerk to prepare a letter to the freedom of information office requesting the reasoning behind that, as has been discussed here.

We have just a couple of minutes left. We have another piece of information which is proving a bit elusive. We did get a response from the Deputy Minister of Internal Services about leased space. That is now falling under the Deputy Minister of Transportation and Infrastructure Renewal, so Deputy Minister Conrad has requested that we request that information from Transportation and Infrastructure Renewal.

I am going to suggest that we go ahead with that, if that is the department. Are there any comments on that? Okay, so we will proceed with that.

Just a quick note on the meeting on April 27th. The Report of the Auditor General on follow-ups is actually coming out on April 26th, and MLAs will get a copy that morning at 9:30 a.m. There will be a press conference at 11:00 a.m. and the Auditor General will be meeting with the Speaker for tabling of the report, which will happen at 1:00 p.m. in the Legislature that day, which is according to the Rules of how that is done. I wanted to draw your attention to that.

With that, we have no further business, unless anyone here wishes to raise any. Seeing none, this meeting is adjourned.

[The meeting adjourned at 10:58 a.m.]