



# MEMORANDUM

To: HONOURABLE ELIZABETH CULL  
Chair, Treasury Board

July 15, 1994

## CONFIDENTIAL

Re: Cabinet Meeting of July 13, 1994

Following is an excerpt from the Minutes of the Cabinet meeting of July 13, 1994 for your attention:

E. COMMITTEE BUSINESS:

Treasury Board:

11. Minutes

Not Responsive

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- 2 -

- July 12, 1994


Not Responsive

Cabinet approved the Treasury Board recommendation for Item 3, Fraser Valley Post-Secondary Education, subject to funding being found in the social capital envelope. Cabinet members were reminded this would mean some other project(s) currently in the social capital envelope would not proceed.

Not Responsive

- 3 -

Not Responsive

  
Doug McArthur  
Secretary to the  
Executive Council

cc: Mr. Michael Costello

## MINUTES

COMMITTEE NAME: Treasury Board

CABINET

DATE: July 13, 1994

MEETING DATE: July 12, 1994

Members Present:

Honourable Penny Priddy	(A/Chair)
Honourable Bill Barlee	(MAFF)
Honourable Robin Blencoe	(MGS)
Honourable Paul Ramsey	(MOH)
Honourable Joan Smallwood	(MHRCS)
Honourable Joy MacPhail	(MSS)
Honourable Colin Gabelmann	(MAG)

Members Absent:

Honourable Elizabeth Cull	(Chair)
Honourable Art Charbonneau	(Vice Chair)

Ministers Present:

Honourable Jackie Pement	(MOTH)
Honourable Dan Miller	(MSTL)

Officials:

Mr. Doug Hibbins	Vice President	(MEI)
Mr. Ed Pietraszek	Manager	(MEI)
Mr. Avi Ickovich	Research Officer	(MEI)
Mr. Garry Wouters	Deputy Minister	(MSTL)
Ms. Alanna Schlatter	Manager	(MSTL)
Mr. Jim Parker	Director	(MSTL)
Ms. Kristina Stevens	Director	(MEI)
Mr. Norman Lee	Analyst	(MEI)
Mr. Bob Cronin	ADM	(MOH)
Mr. Dave Torrison	Director	(MOH)
Mr. Jo Surich	Acting Commissioner	(PSERC)
Mr. Peter Burton	Executive Director	(PSEC)
Ms. Cynthia Morton	Deputy Minister	(MOE)
Mr. Peter Owen	Executive Director	(MOE)
Mr. Noel Schacter	Senior Policy Advisor	(MEI)
Mr. Wes Umphrey	Director	(MELP)
Mr. Chris Trumpy	Assistant Secretary	(MFCR)

Not Responsive

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Not Responsive

3. Cabinet Submission: Response to the Report of the  
Fraser Valley Committee on Post-Secondary Education

The Ministry of Skills, Training and Labour (MSTL) provided a follow-up presentation to its June 28, 1994 presentation to Treasury Board on a response to the Fraser Valley Committee on Post-Secondary Education. The committee had requested in June 1993 that the province consider either a polytechnical university or a regional university for the Fraser Valley.

The ministry proposed that the province respond by:

1. Confirming the ministry's proposal to provide degree-granting, University-College status and a new mandate for Kwantlen College in the Fraser Valley; and, increase student capacity and program offerings at Kwantlen by replacing the

aged Newton campus facility and building a new campus at Surrey by 1998/99.

2. Approving the creation of a new Institute of Applied Studies at Cloverdale by 1998/99, based on a partnership arrangement between Kwantlen University-College (Kwantlen) and the British Columbia Institute of Technology (BCIT). This institute could eventually evolve into an applied university.

The Kwantlen expansion (#1) is included in MSTL's current five year capital plan. Funding for a new Institute of Applied Studies (#2) is not included in the plan.

The ministry also discussed its plans to provide greater access to job usable post secondary education to all regions of British Columbia, and related these to the proposed Kwantlen University College project.

**DECISION:** Treasury Board approved the ministry's request. The project on completion in 1998/99 will have the following costs: capital costs \$146.50 million; annual operating costs of \$40 million; and start-up costs of \$12.0 million.

Not Responsive

Pages 8 through 13 redacted for the following reasons:

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Not responsive



Not Responsive



Penny Priddy  
Acting Chair

Attachments  
EC/MC

## TREASURY BOARD BRIEFING NOTE

- I. Prepared for discussion at Treasury Board.
- II. Ministry of Skills, Training and Labour (MSTL); Unnumbered Cabinet Submission; Vote No. N/A; Amount: Approximately \$146.50 million in capital costs; approximately \$12.00 million in 1999/2000 for project start-up costs; and approximately \$40.00 million in annual operating costs commencing 1999/2000.

Subject: In response to the Report of the Fraser Valley Committee on Post-Secondary Education, MSTL requests that Treasury Board (TB):

1. Confirm the ministry's proposal to provide degree-granting, University-College status and a new mandate for Kwantlen College in the Fraser Valley; and, increase student capacity and program offerings at Kwantlen by replacing the aged Newton campus facility and building a new campus at Surrey by 1998/99.
2. Approve the creation of a new Institute of Applied Studies at Cloverdale by 1998/99, based on a partnership arrangement between Kwantlen University-College (Kwantlen) and the British Columbia Institute of Technology (BCIT). This institute could eventually evolve into an applied university.

The Kwantlen expansion (#1) is included in MSTL's current five year capital plan. Funding for a new Institute of Applied Studies (#2) is not included in the plan.

III. Background:

Of the 125,000 post-secondary student FTEs currently in the province, almost 10,000 are in the Fraser Valley area. (See Attachment 1 for details).

The ministry notes that the current participation rate (academic program FTEs per 1,000 population) in the Fraser Valley is one of the lowest in the province, at 12 FTEs compared to the provincial average of 35 FTEs. MSTL suggests that the lower participation rate is due to the limited capacity for post-secondary education in the area. As the population grows, the participation rate will likely decline without further expansion to the post-secondary system.

In September, 1992, Cabinet approved an 18 month planning process to determine the most effective way of expanding post-secondary education and training in the Fraser Valley. The result was the Report of the Fraser Valley Committee on Post-Secondary Education (the Report), which was presented to the government on June 30, 1993.

This submission is MSTL's response to the Report. The chart on the next page summarizes the four options provided by MSTL to address the issues noted above.

Option/Description	Additional FTEs	Approximate Costs* (\$Million) (1994/95 dollars)
<p><b>Option 1: New Mandate/Kwantlen Expansion</b></p> <p>Enhance the existing Kwantlen College by the following:</p> <p>1a) Provide University-College and degree granting status in 1994/95.</p> <p>1b) Replace aged Newton facility at Cloverdale by 1998/99 (currently included in ministry's five year plan).</p> <p>1c) Build expansion to Kwantlen's Surrey Campus by 1998/99 (currently included in ministry's five year plan).</p>	<p>N/A</p> <p>N/A</p> <p>1,100</p>	<p>*(See Attachment 2 for a breakdown of costs on a yearly basis).</p> <p>Additional Annual Operating 0.2-1.9</p> <p>Capital 34.8</p> <p>One-Time Start up 0.0</p> <p>Annual Operating 0.0</p> <p>Capital 26.5</p> <p>One-Time Start up 0.0</p> <p>Annual Operating 8.8-11.0</p>
<p><b>Option 2: Polytechnical University</b></p> <p>Build a new, stand alone Polytechnical University at Cloverdale which would specialize in advanced applied programs by 1999/2000. This is one of the recommended options of the Report.</p> <p>PLUS</p> <p>tions 1b and 1c.</p>	<p>4,000</p>	<p>Capital 190.0</p> <p>One-Time Start up 18.0</p> <p>Annual Operating 40.0-80.0</p> <p>PLUS</p> <p>See option 1b and 1c costs above</p>
<p><b>Option 3: Regional University</b></p> <p>Establish a new university which would incorporate Fraser Valley's existing post secondary institutions by 1999/2000. Build a new polytechnical campus and a major trades and vocational centre at Cloverdale. This is one of the recommended options of the Report.</p> <p>PLUS</p> <p>Options 1b and 1c.</p>	<p>4,000</p>	<p>Capital 190.0</p> <p>One-Time Start up 18.0</p> <p>Annual Operating 32.0-48.0</p> <p>PLUS</p> <p>See option 1b and 1c costs above.</p>
<p><b>Option 4: New Partners, New Approaches</b></p> <p>Options 1a, 1b, and 1c.</p> <p>PLUS</p> <p>Create a new Institute of Applied Studies at Cloverdale by 1998/99, based on a partnership between Kwantlen and the British Columbia Institute of Technology (BCIT). This is the ministry's recommendation.</p> <p>MSTL indicates that the Institute could evolve into an Applied University by 2008/09 and could eventually provide applied graduate studies.</p>	<p>3,100</p>	<p>See option 1a, 1b and 1c costs above.</p> <p>PLUS</p> <p>Capital 85.2</p> <p>One-Time Start up 12.0</p> <p>Annual Operating 29.5-31.0</p>



#### Discussion:

The ministry recommends Option 4, because it can be implemented more quickly than Options 2 and 3; costs are lower; and, it would be able to take advantage of the existing good reputations of Kwantlen and BCIT.

Option 4 is generally consistent with the Skills Now program which emphasizes education and training in the applied (rather than academic) fields. Option 4 is also generally consistent with the criteria established in the Report.

However, Treasury Board may wish to consider the following in reviewing the ministry's request to approve Option 4:

#### Regional Equity/Participation Issues

The ministry's proposed option should be effective in increasing the participation rate in the Fraser Valley. Treasury Board Staff (TBS) notes that it may also assist in reducing the capacity pressures in lower mainland institutions, such as Simon Fraser University. However, it is not clear what the Fraser Valley participation rate would be or how much unmet demand would be addressed if a new institution is created.

In addition, MSTL's submission does not deal with unmet capacity pressures in other areas of the province. TB may wish to review a submission for a major expansion to the post-secondary education system from a province-wide perspective.

#### Costing and Capital Implications

MSTL indicates that the cost information provided for Options 2, 3 and 4 is only approximate, because details such as the types of program offerings and the kinds of buildings and facilities required have not been finalized.

Treasury Board Staff (TBS) and the Ministry of Employment and Investment (MEI) social capital coordination staff note that the ministry has based its capital and operating cost estimates primarily on the overall college system. Costing could be considerably higher because of the emphasis on more costly technical training (e.g construction and equipping of a laboratory). Attachment 2 provides further cost details by year.

TBS and MEI note that a new Institute of Applied Studies is not included in MSTL's current five year capital plan (this plan already includes \$226 million in capital cash flow for 1994/95, a projected 1995/96 cash flow request of \$230 million and increasing amounts thereafter). The five year plan also does not incorporate other capital projects which may arise from the Skills Now program.

Project proposals such as a new Institute of Applied Studies are normally dealt with during the annual Consolidated Capital Plan process, which reviews the five year plans. This allows Treasury Board to evaluate major capital project proposals across government and make trade-offs where necessary.

TBS and MEI are concerned that major projects approved outside the Capital Plan process could reduce expenditure room for capital projects planned by all four social capital ministries.

MSTL has indicated that it is not willing to reduce or eliminate capital funding for other post-secondary institution projects throughout the province which are scheduled or currently underway to fund a new Institute of Applied Studies. It also does not wish to defer consideration of the submission until the 1995/96 Consolidated Capital Plan process because of the current public pressures for increased capacity.

#### Ability of the Province to Pay For a New Institute of Applied Studies

Given the government's current financial situation and stated objective to reduce the provincial deficit, it is questionable as to whether the government can afford to fund a project of this magnitude and deal with the financial pressures facing other social policy ministries such as Health, Education and Social Services:

- The operating costs alone of a new Institute of Applied Studies would require that post-secondary operating grants be increased by about 3 per cent (\$30 million annually commencing 1999/2000, using 1994/95 dollars).
- The operating grant for the University of Northern British Columbia (UNBC) will need to be increased by about 50 per cent (from \$21.75 million in 1994/95 to \$34 million in 1998/99) until the university is fully operational with 4,000 student FTEs. UNBC is scheduled to open in September, 1994 with up to 1,500 FTEs.



- The province has entered into negotiations with the federal government regarding the possible acquisition of the Royal Roads site for use as a provincial post-secondary institution. Future possible costs are unknown at this time.
- As part of the Skills Now Program, six post-secondary institutions will be given authority to grant degrees independently (including the University-College of the Fraser Valley). These institutions could eventually seek full university status, thereby creating additional financial pressures for the province.

In 1994/95, the government has provided significant resources to post-secondary education institutions (universities, community colleges, institutes and distance education) through the annual operating grants and the Skills Now program. Total funding for these institutions in 1994/95 is about \$1.1 billion, up approximately \$74 million (7.2 per cent) over 1993/94.

TB may wish to consider approval of the ministry's Option 1, which is the least cost option and which would provide about 1,100 additional FTEs. When the average projected annual FTE growth in the post-secondary education system is also taken into consideration, this option would result in a total of about 4,000 new student FTEs by 1998/99 in the Fraser Valley (a 40 per cent increase over existing capacity of almost 10,000 FTEs).

#### V. Options:

1. Approve in principle a new Institute of Applied Studies, plus the ministry's plan to provide University-College, degree-granting status to Kwantlen College, replace the aged Newton campus facility and build a new campus at Surrey (ministry's Option 4). Request that MSTL return to TB with a detailed proposal for the Institute of Applied Studies after consultation with major stakeholders. The proposal should include detailed cost estimates based on the proposed program mix for the new institution, as well as a comprehensive plan for expansion of the post-secondary education system throughout the province.
2. Approve the ministry's plan to provide University-College, degree-granting status at Kwantlen, replace the aged Newton campus facility and build a new campus at Surrey (ministry's Option 1).

Defer consideration of a new institution in the Fraser Valley until the 1995/96 Consolidated Capital Plan process. Request that the ministry present a detailed proposal at that time.

3. Approve the ministry's plan to provide University-College, degree-granting status at Kwantlen, replace the aged Newton campus facility and build a new campus at Surrey (ministry's Option 1).

Do not approve a new institution in the Fraser Valley. This option would likely be within government's ability to pay, and would allow for an increase in student FTEs of about 40 per cent by 1998/99.

4. Do not approve.

VI. Recommendation:

Option 3.

Attachment 1

Current Status of Fraser Valley  
Post Secondary Institutions

Institution	Approximate Current Program Mix	1993/94 Operational Costs (\$millions)	1994/95 Operational Costs <sup>2</sup> (\$millions)	Per Cent Increase in Operational Costs	1993/94 FTEs	Estimated 1994/95 FTEs	Per Cent Increase in FTEs
Kwantlen (includes Richmond, Surrey, Newton Langley Campuses)	47% academic 25% vocational 20% career/tech 8% foundation	32.70	34.10	4.3	6,052	6,689	10.5
University College of the Fraser Valley <sup>1</sup> (one campus)	49% academic 24% vocational 16% career/tech 11% foundation	17.18	19.39	12.9	2,791	3,300	18.2
Total					8,843	9,989	

<sup>1</sup>As part of the Skills Now initiative, this institution will become degree granting in 1994/95.

<sup>2</sup>MSTL indicates that final 1994/95 operating costs will be higher because of additional funding which will be provided during 1994/95 for Skills Now initiatives.



**SUMMARY OF INCREMENTAL PROJECTED OPERATING COSTS  
COMPARISON OF POST-SECONDARY OPTIONS FOR FRASER VALLEY  
(Dollars in millions)**

	1994/95	1995/96	1996/97	1997/98	1998/99	1999/2000	2000/01	2001/02
<b>OPTION 1</b>								
Debt Service	0.04	0.57	1.47	1.58	0.63	6.93	6.93	6.93
Annual Operating Cost					Project Completion	First Full Year 9 - 13	9 - 13	9 - 13
Yearly Total	0.04	0.57	1.47	1.58	0.63	15.93 - 19.63	15.93 - 19.63	15.93 - 19.63

<b>OPTION 2</b>								
Debt Service	0.02	1.49	3.41	3.87	3.23	1.29	21.09	21.09
Annual Operating Cost						Project Completion	First Full Year 40 - 80	40 - 80
Start-up Cost							18	
Yearly Total	0.02	1.49	3.41	3.87	3.23	1.29	61.09 - 119.09	61.09 - 101.09

<b>OPTION 3</b>								
Debt Service	0.02	1.49	3.41	3.87	3.23	1.29	21.09	21.09
Annual Operating Cost						Project Completion	First Full Year 32 - 48	32 - 48
Start-up Cost							18	
Yearly Total	0.02	1.49	3.41	3.87	3.23	1.29	71.09 - 87.09	63.09 - 69.09

<b>OPTION 4</b>								
Debt Service	0.02	0.91	2.08	2.08	0.89	9.71	9.71	9.71
Annual Operating Cost					Project Completion	First Full Year 29.5 - 31	29.5 - 31	29.5 - 31
Start-up Cost						12		
Yearly Total	0.02	0.91	2.08	2.08	0.89	51.21 - 52.71	39.21 - 40.71	39.21 - 40.72

NOTE: First Full Year of Debt Servicing, Start-up Costs and Annual Operating Costs are assumed to begin in the FIRST FISCAL YEAR after Project Completion.

NOTE: For this table, Option 2, 3 and 4 costs do not include Option 1 costs relating to the Kwantlen expansion.



To: HONOURABLE ELIZABETH CULL  
Chair, Treasury Board

July 11, 1994

## CONFIDENTIAL

Re: Cabinet Meeting of July 6, 1994

Following is an excerpt from the Minutes of the Cabinet meeting of July 6, 1994 for your attention:

E. BUSINESS ARISING:

Treasury Board:

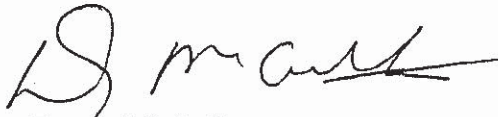
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For Item 5, Fraser Valley Post-Secondary, Cabinet received Treasury Board's report and noted that this item will return to Treasury Board after further work has been done. Cabinet requested that the Secretary to Treasury Board ensure Cloverdale is on the list of options.

Not Responsive

A handwritten signature in black ink, appearing to read "Doug McArthur", written in a cursive style.

Doug McArthur  
Secretary to the  
Executive Council

cc: Mr. Michael Costello

## MINUTES

COMMITTEE NAME: Treasury Board

CABINET

DATE: July 6, 1994

MEETING DATE: June 28, 1994

Members Present:

Honourable Elizabeth Cull	(Chair)
Honourable Art Charbonneau	(Vice Chair)
Honourable Bill Barlee	(MAFF)
Honourable Colin Gabelmann	(MAG)
Honourable Joy MacPhail	(MSS)
Honourable Penny Priddy	(MWE)
Honourable Paul Ramsey	(MOH)
Honourable Joan Smallwood	(MHRCS)

Member Absent: Honourable Robin Blencoe (MGS)

Minister Present: Honourable David Zirbhelt (MAFF)

Officials:

Ms. Maureen Maloney	Deputy Minister	(MAG)
Mr. Rick McCandless	ADM	(MAG)
Mr. Bruce Hackett	Deputy Minister	(MAFF)
Mr. Harvey Sasaki	A/Director	(MAFF)
Mr. Don Fast	Executive Director	(MELP)
Mr. Larry Keith	Senior Auditor	(Auditor General)
Mr. Garry Wouters	Deputy Minister	(MSTL)
Mr. Jim Parker	Director	(MSTL)
Ms. Alanna Schlatter	Manager	(MSTL)

Not Responsive

Pages 26 through 27 redacted for the following reasons:

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5. Cabinet Submission: Response to the Report of the Fraser Valley Committee on Post-Secondary Education

The Ministry of Skills, Training and Labour requested that Treasury Board approve the province's response to the Fraser Valley Committee on Post-Secondary Education. The committee had requested in June 1993 that the province consider either a polytechnical university or a regional university for the Fraser Valley.

The ministry proposed that the province respond by:

- providing Kwantlen College with degree granting, university-college status, and approving the expansion of the Kwantlen College Surrey campus and the creation of the new Kwantlen College technical campus at Cloverdale. (These elements, which are in the ministry's five year capital plan, would cost the ministry \$61.3 million in capital and \$10.0 million in operating costs);
- creating a new Institute of Applied Studies at Kwantlen's Cloverdale campus by 1998/99, in collaboration with the British Columbia Institute of Technology. Kwantlen College would move to applied university status by 2008/09, and would offer graduate studies programs by 2013/14.

The incremental cost of creating the new institute and moving to applied university status would be \$85.2 million in capital, \$12.0 million in start-up costs and \$30.0 million in operating costs. Therefore, the total cost of the ministry's proposals would be \$146.50 million in capital, \$40.0 million in operating costs and \$12.0 million in start-up costs.

Treasury Board expressed the need to consider the Fraser Valley Project within the context of government wide capital initiatives, particularly initiatives that would form part of the 1995/96 and future year Consolidated Capital Plans. Treasury Board noted that approval could constrain other capital projects, and create a need for new debt. Capital markets are not currently receptive to new Canadian debt.

**DECISION:** Treasury Board deferred consideration of the request to the July 5, 1994 Treasury Board meeting.

Not Responsive