

Title: Wednesday, May 2, 2007 Public Accounts Committee

Date: 07/05/02

Time: 8:30 a.m.

[Mr. MacDonald in the chair]

The Chair: Good morning, everyone. I would like to call this meeting of the Standing Committee on Public Accounts to order, please. As chair I would like to welcome everyone in attendance. Perhaps we can start with the vice-chair, and if we could quickly go around the table and introduce ourselves.

[The following committee members introduced themselves: Mr. Bonko, Mr. Cenaiko, Mr. Chase, Ms DeLong, Mr. Eggen, Mrs. Forsyth, Mr. Johnston, Mr. MacDonald, Mr. R. Miller, Mr. Prins, and Mr. Strang]

Mr. Flaherty: Jack Flaherty, St. Albert.

[The following staff of the Auditor General's office introduced themselves: Ms Dawson, Mr. Dunn, Mr. Pradhan, and Mr. Saher]

[The following departmental support staff introduced themselves: Mr. Fulford, Mr. Hanrahan, Mr. Henke, and Mr. Olson]

Ms Rempel: Jody Rempel, committee clerk.

Mrs. Dacyshyn: Corinne Dacyshyn, committee clerk.

The Chair: I would like to note that Jody Rempel has been hired as a new committee clerk and is observing the committee today as a part of her orientation.

I would also like to advise at this time that the agenda packages were delivered on Monday. Do you have any questions at this time, Mr. Eggen?

Mr. Eggen: No, no.

The Chair: May I have approval of the agenda, please, as circulated?

Mr. Strang: So moved, Mr. Chairman.

The Chair: Thank you. Moved by Ivan Strang that the agenda for the May 2, 2007, meeting be approved as distributed. All in favour? Opposed? Seeing none, carried. Thank you.

May I also have approval, please, of the minutes of the April 11 and the April 18, 2007, committee meetings?

Mr. Bonko: So moved.

The Chair: Thank you, Mr. Bonko. Moved by Mr. Bonko that the minutes of the April 11 and the April 18, 2007, committee meetings be approved as circulated. All in favour? Opposed? Seeing none, carried.

Now, our meeting today is with officials from the Ministry of Education. We are going to deal with the annual report from 2005-06, the government of Alberta's annual report, and the Auditor General's annual report from 2005-2006. I would like to remind the visiting member this morning from the Legislative Assembly, the MLA for St. Albert, Mr. Jack Flaherty, that he is certainly welcome to participate in the proceedings this morning. On any matters you are not allowed according to Standing Orders to vote, but you're certainly welcome to participate like anyone else.

Now, Mr. Henke, if you would like to make a brief opening statement regarding the department, please proceed, but if you have other officials that are accompanying you today in the back, they are certainly welcome to participate in the proceedings as well. Feel free to introduce them if you would like.

Mr. Henke: Well, thank you very much, Mr. Chairman. Yes, we have a number of departmental individuals here today who are certainly very interested in the proceedings today and the interest that you're showing in the Department of Education. In addition to the people that we have that you've already met at the table, we have Rick Morrow, who is the assistant deputy minister for program development and standards. We have Jim Dueck, who is the assistant deputy minister for accountability and reporting. We have Randy Clarke, who is the director of workforce planning; Sharon Campbell, who is the executive director of performance measurement and reporting; Gene Williams, who is the director of budgets and fiscal analysis; Michael Walter, who is the executive director of school facilities; Kathy Telfer, who is the communications director; and many of you will already know Jamie Curran, who is the executive assistant to the minister.

As I said when I started, we appreciate the opportunity to be here this morning on behalf of the hon. Mr. Liepert, the Minister of Education. Alberta Education through its renewed funding framework provides flow-through grants, as you know, to school jurisdictions based on student demographics and student profiles. We also provide funding for special initiatives such as class size, student health, and AISI, the Alberta initiative for school improvement.

The funding formula takes into account specific circumstances and cost pressures beyond the control of individual jurisdictions such as significant enrolment changes and students with special needs. Ninety-eight per cent of a typical year's budget for Alberta Education flows to the benefit of those in the education system. Money within the department, then, is to help support the kindergarten to grade 12 education system to provide programs and activities such as the development and updating of curriculum and learning resources, the development and administration of provincial achievement tests and diploma exams, program evaluation, performance measurement, and teacher certification.

School boards have been given flexibility to meet the unique needs of their students, and that flexibility is accompanied by an accountability expectation in terms of making sure that they spend their money wisely and appropriately, with accountability both to the department and to their local electors. The School Act requires school boards to appoint external auditors to audit their financial statements and to provide recommendations to improve boards' internal controls and management processes. We monitor the jurisdiction's process in implementing those external auditor recommendations, and we evaluate their annual financial statements. School boards reporting an accumulated operating deficit must develop and register with the minister a plan to eliminate that accumulated operating deficit.

Funding, flexibility, and accountability are the three pillars of our renewed funding framework, and all were successfully implemented as part of the introduction of that framework. I'd like to draw your attention to our accountability pillar because it's a common set of indicators for all school jurisdictions. Information is gathered in a number of different areas, including student achievement and feedback from students, parents, and teachers on education quality. These provincial results have improved or been maintained in all measures except for one. I'm particularly pleased to point out that the drop-out rate continues to decline and that high school completion rates continue to improve.

Over \$4 billion of our 2005-2006 government budget year supported our first core business, the support for high-quality learning opportunities in education, highlighted by operating grants to school boards, private schools, and private kindergarten operators of \$3.4 billion and increased funding to hire new teachers to reduce class size, which was \$115.7 million in the fiscal year that we're talking about today.

Six hundred and fifty-one million dollars, then, supported core business 2, which is support to learners to achieve excellent learning outcomes, and we've highlighted increased funding there for special-needs students of \$227.4 million and locally developed innovative projects as part of our AISI projects.

Alberta Education spent another \$23 million in fiscal 2005-2006 in support of our third core business, continuous improvement. This includes staff and resources to support cross-ministry initiatives such as the Alberta child and youth initiative, the First Nations and Métis initiative, and the health and wellness framework.

In 2005-2006 the government continued to support a number of the Alberta Commission on Learning recommendations, including reduction in the average class sizes. In the 2005-2006 fiscal year we also provided school boards with \$115.7 million to hire 435 new teachers pursuant to that initiative. As a result average class sizes in all grades for core subjects were reduced across the province and met the guidelines at all levels with the exception of kindergarten to grade 3.

The Auditor General in the fall of 2006 presented two new recommendations in his report for us: that we improve the school board budgeting processes and that we work with key stakeholder associations to set minimum standards for financial monitoring and to provide information to trustees about best practices for fulfilling their financial monitoring responsibilities. We have undertaken consultations with our stakeholder organizations to develop the plans for implementation of the responses to those two recommendations.

As the 2005-2006 annual report details, our satisfaction survey of school board members, parents, teachers, and, most importantly, students themselves revealed that 85 per cent of Albertans expressed satisfaction with the quality of kindergarten to grade 12 education in Alberta, and about 90 per cent of teachers, high school students, and trustees were satisfied with the quality of the K to 12 education system.

The most recent results on national and international tests show that Alberta students continue to demonstrate the excellence that we're proud of. For example, in June 2005 it was reported that Alberta's 13- and 16-year old students significantly outscored their Canadian counterparts on the 2004 school achievement indicators program science assessment. We'd like to note here that we credit the excellent teachers in our education system for their part in these results. Alberta teachers are dedicated and passionate professionals who provide supports and services to students unparalleled in this nation.

8:40

We're also proud of our students' accomplishments, but we know that we must continue to excel in order to create and sustain the best education system in the world. We're committed to continuous improvement and the development of timely, relevant, and world-class curriculum. I'd like to also point out that because of the results that we've experienced internationally and because of the standardized curriculum that we have in this province, we are also hosting a number of jurisdictions who come from international locations to learn from those who have performed and to learn how we have managed to achieve those results.

In 2004-2005 the Alberta SuperNet provided the potential for new

and exciting ways to deliver supports and classroom curriculum. In 2005-2006 we continued to deliver tools that will help schools and their jurisdictions take full advantage of the SuperNet. During our centennial celebrations of 2005 Alberta students from schools in Edmonton, Grande Cache, Schuler, and Sylvan Lake were connected via video conferencing and the SuperNet with our former Premier and the Minister of Education of that time for a virtual birthday party. Alberta Education was the recipient of a 2006 Premier's award of excellence for video conferencing implementation in kindergarten to grade 12. It's also worth noting that learnalberta.ca, the content delivery network, provides schools, teachers, parents, and students everywhere in Alberta with virtual instant access to over 3,000 digital resources, which are learning supports, including the ability to readily retrieve videos.

That's an overview on some of the highlights that we'd like to point out today, and we're certainly here to answer your questions and add any information that we can.

The Chair: Thank you very much. The chair would like to on behalf of the committee welcome Mr. Rodney, who earlier this morning was at the Premier's prayer breakfast. Welcome.

Mr. Rodney: Chair, I prayed for you and the entire committee and all the people of Alberta. I just wanted you to know that.

The Chair: Mr. Dunn, please.

Mr. Dunn: Thank you, Mr. Chairman. If you turn to page 173 in the annual report for the Ministry of Education, at the top of the page you'll see that the province's support to the school jurisdictions in the year ended August 31, 2005, was approximately \$4 billion.

Now, I want to cover four matters very briefly. As mentioned by the deputy, recommendation 25 in our annual report, which starts on page 63 of volume 2, recommends that the ministry help school boards to improve their budgeting process. You will want to ask the deputy minister how and when his ministry will deal with our recommendation. So that's how and when.

Recommendation 26 calls on the ministry to provide guidance to school board trustees to help them fulfill their financial monitoring responsibilities. You could also ask the deputy minister for information on the ministry's plans and timetable for dealing with this recommendation.

The next point I want to cover briefly: school board deficits. You can see within the ministry's annual report that it describes each school jurisdiction. Four jurisdictions had accumulated operating deficits at August 31, 2005, a condition that is not acceptable to the ministry. You should ask the deputy minister to discuss the nature and success of the deficit elimination plans.

Third, as mentioned by the deputy, internal control of school boards is important, and we describe that on pages 72 to 74 of volume 2 of our report. So I recommend that you ask the deputy minister for his assessment of the quality of internal control in the 75 school jurisdictions. Has the ministry's guidance to school jurisdictions resulted in improving their internal control, and what monitoring takes place to provide the necessary assurance to the ministry that the controls may or may not be improving?

Finally, the ministry's annual report. On page 36 the ministry reports that it did not achieve its target for achievement tests. On page 29 it reports that employer satisfaction with school graduate skills was less than the previous year and below the ministry's target level. These results warrant questions on what the ministry has learned and what it might do differently in the future.

Those are my comments, Mr. Chairman. Thank you.

The Chair: Thank you very much, Mr. Dunn. We have already a long list of members interested in asking questions. I would remind members that if they could be concise, the chair and the deputy chair would be very grateful.

We'll start this morning with Mr. Chase, followed by Mr. Strang, please.

Mr. Chase: Thank you. I'm referencing pages 134 to 151, and the topic is debt. My first question is to the Auditor General. The summary of school jurisdictions shows that the long-term debt totals in the millions but total debt on page 153 shows only \$131,000. I'm sure there's a reasonable explanation. Could the Auditor General or, potentially, the minister's office explain the difference between the millions and thousands that's represented?

Mr. Dunn: I'll start out, and I'm sure the ministry will pick this up. If everybody can turn to page 153, you'll see there's the balance sheet, which, as the member mentioned, is the aggregate of all the school jurisdictions in Alberta. What he has referenced is long-term debt. There is a misalignment between the description, so the words, and then the numbers. The actual total long-term debt, Mr. Chase, is the \$375,561,000. You'll note that each of the descriptions are slightly out of line with each of the numbers. So the very large number under liabilities, which should jump out at everybody, is that \$2,138,000,000. That relates to what is called unamortized capital allocations. Those are amounts which have been contributed by the province for school construction in the past not yet depreciated. It is not a liability, but it's the aggregate of prior accumulated contributions to construct schools not yet depreciated. But the number that you were looking for for long-term debt is the \$375 million.

Any other comments by the ministry?

Mr. Henke: No. I think that was it.

Mr. Chase: Thank you.

My supplemental can be for the Auditor General or for the deputy minister or one of the members of the ministry. What percentage of school boards were forced to run deficits in 2005-2006, or ran deficits, if you prefer, in 2005-2006?

Mr. Dunn: Do you want me to start out? Yeah. You'll want to go to the pages that start on 154 through to 172, and you'll note that each of the various school jurisdictions is listed there. The number you would be looking for is what's called – it's about two-thirds of the way down the page. So I'm just going to turn to page 154, and if you look at the line called Surplus (Deficit) of Revenue over Expense, you'll notice on that page that Battle River regional district division 31 had an \$823,000 deficit for that year, not cumulative but that year only. If you count them up across here, you'll come to the high 20s, so about 29.

Ministry?

Mr. Henke: Well, yes. We would support that. We would suggest that there are 30 out of the 75 that have annual deficits, four only that have accumulated operating deficits.

There is in some cases good reason why they would run an annual deficit. If they're running an accumulated surplus and they have an accumulated surplus, obviously the only way that you get rid of an accumulated surplus is to run that down through an annual deficit.

We're not concerned if there is a deliberate and approved process by which they plan to spend down an accumulated surplus. What we're concerned with and what the Auditor General has pointed out is an accumulated operating deficit, where, in fact, it's not just an

annual and a planned thing but something that has occurred over time and is unacceptable to the department and to the Auditor.

In every situation where there is an accumulated operating deficit, the school jurisdiction is required to file a plan with the minister. The minister has to approve that plan, and that plan has to contemplate how they're going to eliminate that accumulated operating deficit over a period of time. In every case of the four that have accumulated operating deficits, there is a plan in place. In most situations the school jurisdictions, in fact, are ahead of schedule in terms of eliminating those operating deficits.

Mr. Chase: Thank you.

The Chair: Thank you.

Mr. Strang, followed by Mr. Bonko, please.

Mr. Strang: Thanks, Mr. Chairman. One of my questions is on your aspect of pages 38 and 39 of your business plan and the grade level achievement pilot project you had on page 34. What I'm wondering: how is that working now on the improvement in your percentage of your performance measures on pages 38 and 39?

8:50

Mr. Henke: Well, the grade level of achievement pilot project that we have in place, in fact, wouldn't have an impact yet on the provincial achievement test results because the grade level of achievement pilot project that we've got is a pilot project where we're developing the capacity of school jurisdictions to provide grade level of achievement reporting to parents. But that actual reporting only occurs in about four jurisdictions right now, and those four jurisdictions are Edmonton public, and I believe there's a jurisdiction in Calgary and some other jurisdictions.

The point of grade level of achievement is to try and provide information to students and to parents where the grade level that the student is operating at is, in fact, different than the grade level to which they've been assigned. So we have age appropriate promotion in our school system. You will have in every grade the majority of students operating at that age appropriate grade level. You will have some students who are operating at a grade level below that and some operating at grade level above that.

Our guide to education for a number of years has required that school jurisdictions report that information to parents and to students, but it was pointed out to us and we found through our investigations that that reporting is inconsistent. So what we did over the last couple of years is implement a pilot project to increase the capacity of school jurisdictions to report that on a consistent basis to students and parents, but we have not demanded that they do that yet because we're still developing that capacity. Our expectation is that once that information is provided to the students and to the parents, there will be remedial plans in place for those particularly who are operating below their age appropriate grade level, and that should bring up our achievement results.

Mr. Strang: Okay. My second supplemental is relatively the same as that. Why do you feel that a lot of the teachers in the divisions feel that this is inappropriate with the performance measure levels on grading? They don't seem to buy in. So why is that?

Mr. Henke: The discussion that we're having right now, I would observe, is around capacity and their capacity to provide that information consistently and in an appropriate context to all parents. So that's where we're developing the professional capacity and where the assessment capacity is of all teachers in all jurisdictions,

to make sure that grade level of achievement information is appropriately explained both to the students and to the parents, so that it's not confusing. It's supposed to be helpful. It's not supposed to be harmful.

There's also some concern about reporting to Alberta Education. That reporting to Alberta Education is still part of our pilot project. It's still part of our consideration, so that determination has not yet been made, but that's part of the conversation that we're having.

Mr. Strang: Okay. Thank you.

The Chair: Thank you.

Mr. Bonko, followed by Mr. Johnston, please.

Mr. Bonko: Well, thank you, Mr. Chairman. The ministry outlined their being pleased with increased high school completion rates, but when I sat on a board, we as board members were very concerned with the low rate of graduating people, not only with Edmonton public but in Alberta, period. What is the department doing with regard to the unacceptably low high school completion rates within our province?

Mr. Henke: That's absolutely appropriate. I'm suggesting that we're pleased with the direction in which that measure is going, but we're certainly not satisfied with where we're at. We are absolutely committed to improving both the high school completion rates and decreasing our dropout rates. We had a number of round-tables across the province last summer, culminating in a fall high school completion symposium, and we're specifically and particularly focusing those discussions on those students who we know drop out. We've actually taken the time and taken the initiative to talk to those students about what motivated them to drop out of school or why they are not continuing to engage in school.

That's also one of the minister's mandated priorities for this current year. I don't want to get into that because we are at Public Accounts, but we are developing a number of initiatives that will engage the parents, the children, and the community in addressing the needs of those students and the supports that are required by those students in order to keep them in schools.

Mr. Bonko: Okay. In follow-up, this would be with regard to First Nations, Métis, Inuit, their high school completion rates. I mean, they're even worse than that within the large urban centres. How do we address that when they're far away from the regular centres? How do you do outreach and match or at least meet their needs?

Mr. Henke: We've got a number of discussions going on in those regards. I think it's important to point out that in terms of the First Nations, Métis, and Inuit population the perception is often that they are remote, but in fact half of the First Nations, Métis, and Inuit population is located in urban centres. We have a problem whether they're in urban centres or whether they're in remote centres. We have different strategies that are appropriate in both cases.

We continue to develop relationships with the bands and the on-reserve schools. We don't have responsibility for on-reserve schools, but we can learn a number of strategies from the on-reserve schools. So, for instance, if you go down to Siksika, we've got an outreach strategy that is co-ordinated between the Siksika Nation and the Golden Hills jurisdiction that has been very successful in terms of bringing the students back into the classroom. One of our most significant emphases is on engagement. If we don't have the student in the classroom, we can't then start to work in terms of teaching and improving their performance. So the first thing that we

need to do is figure out how to bring them back into the classroom, how to make sure that they stay in the classroom, and that they're actually engaged and supported in that classroom activity.

So we're developing relationships with the education directors from the three treaty areas. We're working with representatives from the First Nations, Métis, and Inuit populations. We're working with the postsecondary institutions in terms of making sure that that postsecondary training, the teacher training, is appropriate and culturally sensitive, and we also this past year have undertaken to work with the on-reserve postsecondaries to determine from their perspective how we can develop and implement strategies that they find particularly successful for that First Nation, Métis, and Inuit population.

Mr. Bonko: Okay. Thank you.

The Chair: Thank you.

Mr. Johnston, please, followed by Mr. Flaherty.

Mr. Johnston: Thank you, Mr. Chair. From the annual report '05-06 on page 43, Rutherford scholarships: the eligibility has increased. Why is that? Have we lowered the standards, or what has changed here?

Mr. Henke: No, we have not lowered the standards. In fact, we have improved our performance.

Mr. Johnston: Measures?

Mr. Henke: Well, the actual number of students who meet the criteria has increased. We're very careful to make sure that the standards don't change. In fact, if you'd like a supplementary, I can have somebody explain it better than I can. But we have what we call equating. We make sure that we equate our examinations year over year. So not only do you have a comparator in the sense that a student is writing with a large student population – and we know their relative performance to that student population – we also make sure that we have the examination structured so that we can compare the degree of difficulty of examinations year over year, and we make sure that that standard is sustained. So there is no degradation of standards, and in that sense there is an improvement in performance.

9:00

Mr. Johnston: Thank you.

On page 43, "Results indicate that a greater proportion of Alberta's high school students are achieving academic excellence." Why is that?

Mr. Henke: I think that we would be naive in the department if we believed that that was necessarily directly a result of our activities. I think that it has to do with excellent curriculum. I think it has to do with excellent standards in testing, but I think, in fact, the credit for that goes to the teacher population. We have very well-trained, very professional, and very committed teachers in this province, and it's the jurisdictions and the teachers in this province that are, in fact, most credited with that result.

Mr. Johnston: Thank you.

The Chair: Thank you.

Mr. Flaherty, please, followed by Heather Forsyth.

Mr. Flaherty: Thank you, Mr. Chair. First of all, I'd like to refer to

the deputy minister's salary, page 120 of the annual report '05-06. I'd like to have him comment on: how does the department justify the deputy minister's 32 per cent salary increase, from \$211,000 to \$279,000, in the year '05-06? How does he justify that in terms of what was given to school boards across the province at that particular year for operational funding?

Mr. Henke: If you're comparing the salary year over year, the comparison would have been different because there was a vacancy in the deputy minister position for a period of time in the previous year. I assumed the position on February 22 of 2005, which was midway through that particular fiscal year. So the comparator wouldn't be an apples and apples comparison because it wasn't a full-time equivalent.

Mr. Flaherty: Okay. Could I have a supplemental if that's all right, Mr. Chair?

The Chair: Yes, you can. Please proceed.

Mr. Flaherty: Well, then, what I'm trying to get at – when you go to page 78 of the Education annual report, if you will, Mr. Chair, the operations budget, to the same deputy minister through the chair, why was the 2005-06 education operations budget less than what was actually required? For example, if you go into the operational budget, there was 3.2 per cent. You realize that we came back in August to supplement all the school systems across the province, which didn't have enough money. What I'm trying to get at here is, the question is – it's a perception issue where it appears that the officialdom of the department is being well looked after, but again the well-being of the school systems across the province is being underfunded. So I'm suggesting to you that your salary increase and your funding formula for school districts are out of line. I want to know why that is. Why do we have to come back every fall, which we did in August of '06, to supplement a budget that was not meeting the needs of school systems across the province? I'd like you to comment on that because right now, it seems to me – and I'm maybe not allowed to go into this – that we're in the same situation this year. We are underfunding school systems because of the increased cost of living across Alberta, which is somewhere between 4.5 and 6 per cent this year. Can you comment on it?

Mr. Henke: Well, I'll make a couple of comments. Number one, I am paid in accordance with the deputy ministers' salary schedule that is approved for all deputy ministers. So I won't comment in terms of how that is specifically set. It's certainly not set by officials in the department, and it's not set by the minister.

In terms of the questions that you're asking about budget, I wouldn't venture to comment on the deliberations of the Legislative Assembly. There was a situation where a budget was produced. There was information brought back to the Legislative Assembly. The Legislative Assembly chose to augment those budgets for I assume very good reasons. So I wouldn't venture to comment in a Public Accounts context on that question.

The Chair: Thank you.

Mrs. Forsyth: Well, it's always a pleasure following Mr. Flaherty. He probably didn't have his porridge this morning or something. I'm not exactly sure. You know, the three bears.

Mr. Flaherty: Am I allowed to comment on personal views, Mr. Chair?

The Chair: No.

Mr. Flaherty: I feel I'm being persecuted. Thank you. I can't take this.

The Chair: Please proceed.

Mrs. Forsyth: Keray, if I may, I'd like you to go to page 31 of your annual report. I've been tasked with the travelling road show on safer communities, et cetera, and I'd like to talk about the 2005-2006 target in the business plan, that you had insufficient data to establish whether schools were safe or not. You talk about, I guess for me, plans in the future. Where did you get the percentages if you had insufficient data? You say that you were at 91 per cent in 2003-04 and then in 2004-05 at 92 per cent. I'm wondering where you got those percentages if you didn't have the sufficient data.

Mr. Henke: The comment on insufficient data was that we did not set a target in the 2005-2006 business plan because we don't set targets unless we've got three years of data. At the time that we were setting targets, we had data for 2003-2004, 2004-2005, but we did not have the previous year. We only had two years of data. So we don't set targets when we've only got two years because we don't know if it's a trend or if it's a blip. Now that we've got that data, we will be able to set targets in the subsequent business plans.

What the information that you're seeing there does show you, though, is that we are sustaining that at 92 per cent. So, obviously, in terms of continuous improvement we would expect that we would at least maintain that and preferably improve it.

Mrs. Forsyth: If I may, Mr. Chair. I'm not sure if I understand that, but I can discuss that with you further. If you go to page 33, I'd like to talk about your high school completion task force that you put together. You established an advisory group, and you had specifics that you wanted this advisory group to do. I'm wondering if you can give me the status of that.

Mr. Henke: The work of the advisory group on the high school completion task force, as you know, was with the round-tables last summer, to work with and to get information from those very specific groups who are less likely to be engaged or complete high school. What they were doing was accumulating the information to take to the high school completion symposium last fall.

Now, some of us had gone into that exercise with a notion that we thought that we understood what might contribute to better high school completion, and it was around classroom delivery; it was around curriculum; it was around programs of choice. It was around those kinds of things.

Many of us at the high school symposium were surprised that, in fact, those items are important, but they're not critical. What was critical to most of the people who we talked to who don't complete is the fact that they don't have a support network that allows them to stay in school. They've got situations in the home. They've got situations in the community or situations in their own life that may relate to substance abuse. It may relate to developmental or delay issues. But the critical issue was that they did not have an adult in their life that was giving them the kind of support, encouragement, and the expectations that they needed. So we're now working on: how do we develop strategies that, in fact, target those very critical groups?

The kids in care that you know about and the First Nations Métis and Inuit population that was referenced earlier are now our target demographic groups. How do we develop strategies that are very

specific? They are not just classroom strategies; they're community and family strategies.

Mrs. Forsyth: Thank you.

The Chair: Mr. Miller, please, followed by Alana DeLong.

Mr. R. Miller: Thank you, Mr. Chairman. I'd like to reference page 201 of volume 2 of the Auditor General's annual report, which outlines the Auditor General Act, and specific actually to page 205, which outlines the reporting requirements of the Auditor General, I would like to ask with respect to the Department of Education and your 2005-2006 annual report if you could tell the committee how many times you or your office chose to exercise your discretionary authority under section 19(6) of the Auditor General Act to not report on deficiencies in systems or procedures.

9:10

Mr. Dunn: Okay. The question relates to the discretion that the Auditor General has, and I'll just read it as you can see it here. Section 19(6): "The Auditor General need not report on deficiencies in systems," systems by which you conduct your business, "or procedures otherwise subject to report under" and you'll see the subsection 2(d), where we have a requirement to annually report to the Legislative Assembly, "which in the Auditor General's opinion have been or are being rectified." So the Auditor General is permitted discretion. If a matter has come to the Auditor General's attention and the ministry has satisfactorily dealt with and has corrected the activity, the Auditor General does not have to put it in his annual report. We, of course, go through an exercise annually to determine what the most significant matters are that we should be bringing to the Legislative Assembly's attention.

So I'll turn it over to my staff here, who will then respond. Have we mentioned matters of any import to the ministry that have not been conveyed to the Legislative Assembly in our annual report?

Mr. Saher: No. I'm confident that what you see reported in the annual report that's being discussed today are all of the significant issues that resulted from the audit work we conducted in the ministry. The process involves us completing our audits and writing what we call a management letter, addressed to the deputy minister, at the end of the audit process, which sets out all of our findings and all of our recommendations. In this case I'm confident in reporting to the committee that the full content of the management letters addressed to the ministry are in fact referenced in this annual report.

I'd also like to say, practically speaking, that this section of our act that the member has referenced is not a section that we auditors in the field, those conducting the audits day by day, specifically reference. We don't really make decisions and say: "Here is a finding. It's a significant finding. Work is being done in relation to it by the ministry. Let's not bother anyone else with it." That's not the way we see our mandate. Certainly, we have a public reporting mandate. Our management letters deal with significant matters, and significant matters are those that are brought forward in this annual report.

Mr. R. Miller: Thank you for that explanation.

My supplementary question would be, then, in a more general sense. Would the Auditor General say that it is rare or unusual – and you've answered this to some extent, I believe, but I'm specifically asking Mr. Dunn – for you to exercise the authority under section 19(6), or is it something that your office would practise on a more regular basis?

Mr. Dunn: I'll turn that over to the Assistant Auditor General, who gave that explanation.

Mr. Saher: No. I mean, I'll just repeat for clarification. Certainly, in my work and I know that in the work of my colleagues as assistant auditors general we don't practise our public reporting in accordance with that section. I think that section was wisely put into the act to allow the Auditor General that discretion if there was a reason for the public good, for the benefit of making progress on a recommendation. I can't really think of a situation that would actually cause the audit office to use that given the broad scope of our mandate, which is to report publicly.

If I could just add, from a practical point of view I've always considered that to be really guidance in terms of: deal with what is significant publicly.

Mr. R. Miller: Thank you.

The Chair: Alana DeLong, followed by David Eggen, please.

Ms DeLong: Thank you very much. A couple of questions about performance measures. I'm really glad to see that we are improving. I was reading the English newspapers last week, and front page in the newspapers was a problem that's developed there in England which I want to make sure that we do not fall into. That has to do with teachers slowly over the years starting to do things like just give a little bit more time to someone, actually feed somebody else an answer to a question, and essentially affect what should be, you know, our highly valued information in terms of achievement testing. My question to you is: what are we doing to make sure that we stay on the high ground when it comes to achievement testing and that the results that we're getting from those schools are valid?

Mr. Henke: Well, certainly that's been a concern for us for a number of years, and therefore we have implemented a number of security features that ensure that to the extent that it's practical and possible, that can't happen. We've got secure distribution of the tests, we've got secure administration of the tests, and we've got a system that makes sure that we can account for all of the tests and all of the responses. We also, then, have the capacity once the tests are marked to be able to do some comparative analysis, and quite frankly you can pick out where there is cheating going on. So we can identify those situations where there is cheating.

What concerns us and what we have to address ourselves to is the prevalence of the technological and electronic media. I mean, what you will have probably seen in that report from London was that as we miniaturize telephones and watches and as we increase the capacity of those technological devices, we have to become increasingly vigilant in terms of making sure that people are not using inappropriate supports when they're writing an exam. But we do have very extensive security, and we are sometimes criticized by jurisdictions because we don't release the actual exams, and we don't allow people to study or teach to the exam.

Ms DeLong: Good. Thank you. Again on performance measures. It seems to me that, you know, if you were to look at yourselves as a business, what you're doing is that you're providing education. In other words, you're providing the actual teaching to the students and consulting with the parents. I wondered if you are looking at all at performance measures that actually look at the performance of a school board in terms of: these are the number of hours that are provided to your students, your actual teaching hours, versus all of the other hours that are being provided. In other words, you've got

the time in front of this student – okay? – which is the actual service. Then, essentially, all of the rest is the administration of how everything else works. Are you looking at all at using that performance measure to actually analyze the effectiveness of your school boards?

Mr. Henke: Well, if I might, I'm going to answer that in two different ways. Firstly, in terms of the outcomes we have implemented the accountability pillar, and there are a number of articulated outcomes that talk about both achievement satisfaction and a variety of performance indicators.

When you talk about hours of instruction, that raises a huge issue for us because there are a variety of strategies. All of them appear to be effective in terms of achieving the outcome, which is the performance of the student. So we've got online learning. We've got outreach. We've got the standard stand-and-deliver kind of teaching. You've got teaching in specific labs for various kinds of courses. The jurisdiction and the teacher are often in the best position to determine the effectiveness of the strategy with respect to that particular student cohort.

It's not that we ignore the hours of instruction, because we have got review teams that go out, and we make sure that if they are saying to us and if we're funding on the basis of a certain number of hours, we check attendance records, and we do all of that kind of thing to make sure that the criteria in our funding manual are met in terms of the funding that we're providing to the school jurisdiction. But I don't want to suggest that there's only one way for effective teaching. We're finding, particularly through some of our AISI projects and our initiatives for school improvement, that there are a variety of teaching strategies, and the teachers are using them effectively to sustain the kinds of outputs and outcomes that we see here.

Ms DeLong: Good, good. Thank you.

The Chair: Thank you.

David Eggen, please, followed by Mr. Cenaiko.

9:20

Mr. Eggen: Well, thanks, Mr. Chair. My question is in reference to the Auditor General's report from page 65, volume 2. In recommendation 25 the Auditor General quite clearly states that school boards need to know as early as possible the information needed to prepare their budgets.

Since I've started watching these things more closely, year after year, certainly last year and otherwise, there has been a serious discrepancy specifically to the inflation rate of the province – and that varies from area to area – and the money that's been allocated for budgets. Mr. Deputy Minister, I'm seeing lots of noble goals that the ministry has in regard to performance and in regard to completion rates, but all of those things are undermined year after year by underfunding of the base operating grants that schools require to function. I saw this played out across the province. As well, young teacher retention is again undermined, where they've had to tentatively lay people off and bring them back.

I'm just wondering what has been done to address recommendation 25 and how we are going to see that applied here in this coming budget because I can see the same problem again.

Mr. Henke: Well, again, I'll try and answer that in a number of different ways. I think that the discussions before the Legislative Assembly now in terms of establishing more uniform sitting times for the Legislative Assembly and possibly more uniform budget

times would address some of those recommendations. This recommendation is, frankly, beyond the minister's control. This recommendation is reliant on the government's choice of when they introduce a budget. So, I mean, we are constrained by the budget process in terms of what information we can provide to school boards at various points in time. We can provide school boards information once the budget is tabled, and we do that.

I think that we also want to point out that for the budget of a school board, the variability is in the order of, as you've pointed out, 3 to 6 per cent. So it's not that they can't do any budgeting activities. Ninety-seven per cent of their budget they know and can predict based on student enrolment and based on historical consequences.

The other thing that I would point out is that in the renewed funding framework for a portion of the amount of money that we allocate to school jurisdictions, there's a relative cost of purchasing factor. Not for teacher salaries but for the nonsalary component of their budget there is a relative cost of purchasing adjustment that is made so that we do recognize the inflationary differential between jurisdictions in the province when we strike those budgets.

Finally, I would point out that there's a significant accumulated surplus across jurisdictions. That says to me that there is a reasonable budget based on the expectations that we have for our school jurisdictions because they have, in fact, accumulated significant surpluses over the years.

The Chair: Thank you.

Mr. Dunn: Can I just make a comment before Mr. Eggen?

Mr. Eggen: Absolutely. I would love the supplement. That would be great.

Mr. Dunn: The recommendation is a four-part recommendation, so I appreciate very much the member's question, which was talking about bullet 1.

In the other three bullets, Mr. Henke, it talks, first, about the school boards using realistic assumptions. Don't assume a minus 2 per cent inflation factor. So that's using realistic assumptions.

Establishing a date to give the ministry a trustee-approved budget, which, as you know, moves throughout the year because their year-end is August 31. Your year-end is March 31. Of course, their critical dates are May, at which time they have to know when to hire teachers, and then September, by which they know, then, the head count. So during the course of that period, do you not have some information?

Which goes to bullet 4: "Re-assessing when and how the Ministry should take action to prevent a school board from incurring an accumulated operating deficit." It's that point which is the critical point.

Mr. Henke: Oh, absolutely.

Mr. Dunn: Just while I'm on this discussion, if everybody will turn to page 173, to pick up on what Mr. Eggen's question was about. Page 173 of the annual report gives you the cumulative of all the school jurisdictions. What you are referencing there, salaries and wages, is \$3.3 billion of the total amount. Services and contracts are \$816 million, significantly less. It is essentially teacher driven, the budget. I just thought I would clarify that before you asked your supplemental.

Mr. Eggen: Yeah. I appreciate that.

Mr. Dunn: You may want to ask the deputy about the other three bullets there too.

Mr. Eggen: Well, I mean, this again comes down to the essence of what makes the school system function and then a gap between supplying adequate funds to allow schools and school boards to staff properly to meet that next year. You know, we're seeing that gap create a critical situation in regard to the retention of young teachers and in regard to long-term stability on a school level and a school board level. So I beg to differ – the deputy minister mentioned that this is out of the purview – because certainly it lies at the essence of the efficiency of the education system here in the province. I'm very, very concerned about it, and so are many others.

How are you coming to meet the other points in regard to recommendation 25? If you're not able to do the first one in a reasonable way, certainly, the other three should be within your mandate and jurisdiction.

Mr. Henke: Oh, absolutely. Sorry, I didn't want to imply that we weren't proceeding on those other three points. The Auditor General has very appropriately pointed out to us and has reviewed 13 of the 75 school jurisdictions to establish that there are questions about both the documentation and the existence of some of the information that he's pointed out.

We are working with those jurisdictions because we believe that it's not something that we want to simply impose in terms of the department making rules that school jurisdictions then need to abide by. We want to work with those jurisdictions because we all have a common interest in ensuring that the elected school boards have the information in a comprehensive way on a timely basis to make appropriate policy decisions. So we're working with the school jurisdictions to understand better what their capacity is, what their issues are, and what the assumptions are that they need to present to their elected school boards and how we can help them with that.

Now, we do review their annual financial statements. We do get both their preliminary budgets and their subsequent budget statements, and we are going to work to ensure that there's documented evidence, that we've got both the assumptions and the information that the Auditor General is pointing out we need to have.

I need to go back to the issue that there's a gap between the budget and what is required. We are reducing the class sizes, and we've met the Commission on Learning class size recommendations in all categories except K to 3. In fact, in grades 10 to 12 we're significantly below the Commission on Learning. So jurisdictions have chosen – and I'm not criticizing jurisdictions – in terms of their needs and their local requirements to staff appropriately so that they have in fact achieved a class size that is significantly below the Commission on Learning guidelines. They've done that in all categories except K to 3, and this year we expect them to be able to meet K to 3 because we've augmented that funding yet again in this current budget. Having met those class size guidelines, they've still accumulated significant operating surpluses.

I'm saying that we're using those kinds of indicators to say that we performed well, we've achieved the Commission on Learning guidelines in terms of student-teacher ratios, and we don't have a majority of our school jurisdictions that have accumulated operating deficits.

9:30

Mr. Cenaiko: Good morning. First of all, Keray, I just want to thank you for the tremendous job that I think you've done in the two and a half years that you've been the deputy minister, having moved from Children's Services as the ADM there.

One question I want to get some of your thoughts and/or thoughts from your ministry on is regarding the number of school boards. As you look through the business plan and reflect on those that have surpluses, those that have deficits, those that are struggling, those that are doing very well, obviously, issues related to governance within those school boards with administration staff, do we have too many school boards?

Mr. Henke: Well, that's a policy decision that I wouldn't venture an opinion on. Thank you.

Mr. Cenaiko: Well, when we talk about efficiencies and effectiveness of our programs, can you provide me with some information, then, on what other provinces have regarding the number of school boards: more or less than we have in Alberta?

Mr. Henke: Sorry, no. I don't have that information.

Mr. Cenaiko: Okay. Could someone in your department maybe provide that?

Mr. Henke: Yeah, we can provide a response back.

Mr. Cenaiko: Thank you.

The Chair: Thank you.

Mr. Chase, followed by Dave Rodney, please.

Mr. Chase: Thank you. My question is loosely related to page 5 of Alberta Education's annual report, the ministerial statement introduction. I'd like to know what effort, progress was made in the 2005-2006 year to update the space utilization formula to bring it in line to more accurately reflect the Learning Commission's reduced class size initiative. In other words, we've got a few more teachers, but we've got less space to distribute the students. The two seem to be working against each other. If you could update me on how we're bringing the two into a more co-ordinated fashion.

Mr. Henke: Well, the initiative that we used to address some of those immediate requirements in 2005-2006 primarily revolved around the provision of the steel-frame modulars. So we are increasing our capacity to produce steel-frame modulars on a regular basis, and we are meeting some of those needs through that capacity.

There's no question that one of the reasons why some of the jurisdictions are unable to meet the guidelines that we're putting out is because they simply don't have the space. What we have, however, is a dichotomy where, in fact, the total student population in this province isn't changing very dramatically. It's maybe half a per cent. So we don't have a whole lot more students. We have a requirement for some more classrooms as a result of the class size initiative, but what we've got, in a general sense, is that the classrooms aren't always in the right places. So we've got a lot of vacant spaces and underutilized spaces, but they're in the wrong place in terms of serving the needs of some of those students. We're working to try and alleviate some of those class size initiatives both through the modernization program that we've got that allows schools to reconfigure space but primarily through the provision of steel-frame modulars.

Mr. Chase: I know that we can't ask questions about the future, but hopefully the department is noting that there are baby booms taking place, especially in the city of Calgary.

This is a more generic question, and you've partially answered it.

Why in 2005-2006 in resource rich, population booming Alberta were more schools forced to close than were opened?

Mr. Henke: Well, I don't have the numbers to corroborate that. Certainly, we've opened a number of schools, and it is a school jurisdiction's prerogative in terms of which schools they choose to close.

Mr. Chase: Okay. It's just formula driven by the space utilization formula.

Mr. Henke: No, it's not, in fact. We have discontinued the reliance on the space utilization formula in terms of authorization of new schools or in terms of demanding that school jurisdictions close schools. While that is an important consideration, there are a number of considerations in terms of the community needs, in terms of the availability of alternative spaces for schools. I mean, there are a number of rural jurisdictions who run very underutilized schools because they have no choices; you can't close the school because there's no available alternative. School jurisdictions in the urban and metro areas make their determination based on community consultation as to which schools and which programs they want to open, close, or realign.

Mr. Chase: Thank you.

The Chair: Mr. Rodney, please, followed by Mr. Bonko.

Mr. Rodney: Thank you so much, Chair. It's been brought to attention by the Auditor General and the minister's department with respect to accumulating operating deficits, and I'm so glad that you were able to clarify that the relatively high number of organizations running a deficit actually is to take care of a surplus. That's actually a good-news story, as far as I can see. But I am concerned, and I always have been, with the accumulated operating deficit. Just one example: page 138, annual report, Edmonton Catholic school district, \$8.8 million accumulated operating deficit as of August 31, 2005.

I'm not going to pick on Edmonton or Edmonton Catholic, but I do want to know what the role is of the provincial government over accountability for spending by school boards. What processes are in place to ensure the credibility of the school boards' financial statements? I guess I just want to make sure that Alberta taxpayers are getting a return on their investment and that spending is kept in check. So, again, the question: what processes are in place to ensure credibility of school boards' financial statements, and what's the role of the provincial government over accountability for spending by school boards?

Mr. Henke: Certainly, that's a very appropriate question. In terms of the credibility the School Act requires that a school board appoint a qualified external auditor; therefore, the external auditor is applying those generally accepted auditing standards and is rendering an opinion about the financial statements of the school jurisdiction. Those reporting requirements are consistent with the generally accepted auditing and accounting standards of the Canadian Institute of Chartered Accountants.

In terms of the review process, then, we review all of those statements. We review those statements to make sure that they are comprehensive, that they're complete, and that they have in fact been approved by the auditor. The school board appointed auditor will also make recommendations about improvements to internal controls to the management, and we get copies of those recommen-

dations. We then monitor to make sure that there is implementation of those recommendations.

In terms of the corrective action, when a school jurisdiction identifies that they're going to have – and they do this on a prospective basis. They do it throughout the years. As the Auditor General has pointed out earlier, they do have monitoring processes in place in the jurisdiction. We will find out from the jurisdiction in advance of the end of the school year that they anticipate that there's going to be an accumulated operating deficit. Then we'll get into a very specific conversation with them as to how that arose and what their capacity is to deal with that in-year. If they don't have an in-year capacity, then they are required by legislation to register with the minister a deficit elimination plan. The deficit elimination plan has to include the length of time over which they are going to eliminate that deficit and what the implications are in terms of their capacity to continue to deliver the programs that they're expected to deliver. And the minister has to approve that deficit elimination plan.

Of the four jurisdictions that we have on record with accumulated operating deficits, they all have approved plans, and they all, in fact, have performance that is better than the plan.

Mr. Rodney: Part of this is coming from constituent concerns whereby people have wondered: can school boards spend whatever they want and just keep getting bailed out? Is there a plan? I believe that this has been answered.

To Mr. Dunn: in your opening comments right near the very end you encouraged us to ask about this sort of thing. I don't know if you have the exact question. I wonder if you can repeat what you invited us to do, just for the record.

9:40

Mr. Dunn: Well, I'd like to follow up here. That's a very good question. I think your question bluntly is: how did this happen?

Mr. Rodney: Right.

Mr. Dunn: You've got accountants preparing financial statements for a number of years, and you've got auditors auditing them. How did they miss it? I'm going to turn it over to my staff, who do get involved with the auditors of the school districts. Maybe Mary-Jane?

Ms Dawson: Actually, what I just wanted to point out was that the reason that we did this audit is because we were trying to ensure, like Keray has spoken about, the process they go through in trying to review the budget as a predictive element to see if there's going to be a problem. When we went through, we found that the budgets weren't always as robust as they needed to be. So that's why we made the recommendations. It wasn't that we found that there were problems with the audited financial statements. It was the budgeting. It was having the budgeting systems more robust so that Keray's staff and their staff have the information they need to take the action that they needed to do. That's why we made these recommendations about making sure that there were the assumptions. Like, we found that some boards didn't include all the costs, for example, so their budget was really, you know, out of line.

Mr. Saher: If I could just . . .

The Chair: Briefly, please.

Mr. Saher: Very briefly. If I could just supplement what Mary-Jane has said, the Auditor General referred to the second of the recom-

recommendations that we made, and it's recommendation 26. Essentially, that recommendation has to do with governance. Stepping back, we realized that the people in the best position to monitor what the school board is doing, to keep on top of the situation, to take remedial action are the school board trustees. The department is not out in the field managing school districts. They have to rely on the skills and effort put in by school board trustees. So the whole intent of that second recommendation is to have the ministry work with its stakeholders to strengthen that system so that the minister's responsibility, the minister's ultimate accountability to Albertans for the wise use of school dollars is, in fact, that responsibility is executed in the right place. The first place that it has to be executed is with the school board trustees.

Mr. Rodney: Thank you, Chair.

Thank you, Auditor General and the minister's department.

Mr. Bonko: My questions are in relation to page 24 of the annual report. If kids don't feel safe in school, it's tough for them to learn. This week a student was arrested for packing a gun on a field trip because he said he was protecting himself. How do you know that your bullying strategies launched in 2005-2006 are reducing the bullying in schools when you hear stuff like this?

Mr. Henke: Well, certainly it is a concern for us. We continue to work with the Department of Children's Services to try and increase our capacity to address specific students' issues but also to reassure parents and students that they are safe in our schools. How do I know? It's only through the kinds of activities within the jurisdiction where they, in fact, are dealing with their own circumstances and dealing with their own parental reaction and dealing with their own community circumstances. So I rely on the jurisdictions to establish what their criteria are and what their needs are in terms of maintaining a safe and caring environment for those students.

Mr. Bonko: A supplemental. Face to face is different than on the Internet, and now Internet bullying is becoming very much a reality. The department didn't allocate enough resources to in fact protect even teachers from Internet bullying. How would we react to that, then?

Mr. Henke: Well, I don't know that allocating more resources is going to necessarily protect teachers from Internet bullying. I think it's certainly an issue and a concern that we have, and it's a question that we are going to continue to address. But it isn't just a resource issue.

The Chair: Thank you.

Mr. Prins, please, followed by Rick Miller.

Mr. Prins: Thank you. In your opening comments you mention that you're funding many different models of education or different types of schools – including public, separate, independent or private schools, and charter schools – with different levels of funding to some of these schools and that some of these schools have to raise their own tuition or operate at lower levels of funding. Can you measure the differences in outcome versus spending in these schools?

Mr. Henke: We don't do a direct relationship between outcomes and spending. We do have the information. For instance, the private schools are still writing the same exams that the public schools are writing, and the charter schools are writing those same exams, so we

have outcome information on all of the schools, and we have financial information on those schools. But we don't do a one-for-one, sort of, analysis of the number of dollars that it costs to have a certain level of achievement, if that's the question.

Mr. Prins: Yes. I'll just supplement that. I was just wondering if there is a measurable difference in the completion rates from grade 12 or if you feel that you're getting value for money in these schools that are not funded at the same level as the public schools.

Mr. Henke: Oh, certainly I think that we're getting value for money. I don't think there's any question. I think there are different circumstances and different motivating factors in terms of why students choose or why families choose their various options. We have a history, and we're very proud of the capacity that we have for choice in our Alberta school systems. Yes, we absolutely believe that we're getting value for money.

Mr. Prins: Thank you.

The Chair: Thank you.

Mr. Miller, followed by Ivan Strang, please, time permitting.

Mr. R. Miller: Thank you. To the deputy minister. In the annual report of the department, page 86, where we talk about contingent liabilities, there's a reference there to the fact that at year-end 2006 the ministry was named as a defendant in five legal claims. Two of the claims total \$100 million and change, three have no specified amount, and there's a further reference to the fact that one claim totalling \$94 million is covered by the Alberta risk management fund. I'm just wondering if you can update us as to the status of those claims and also whether or not the others that are not referenced would then be assumed not to be covered by the Alberta risk management fund.

Mr. Henke: Well, I can tell you that the status of the claims hasn't changed, so there are a number of claims that we have against the school system. Typically the province is named but is not named as the first defendant. The status of those claims hasn't changed. I don't know the answer in terms of whether they're covered by the risk management. Sorry, we'll have to get back to you on that.

The Chair: If you could provide a written response through the clerk to all members in regard to Mr. Miller's first question, we'd be very grateful.

Mr. Henke: Yes.

The Chair: Okay?

Mr. R. Miller: Yes. Then my supplementary – and it can be part of that written response – would be: if you could identify for us which of those five claims, if any, we are named as the primary defendant or if we're just named as secondary defendants in those claims.

Thank you.

Mr. Henke: I'll do that.

The Chair: Thank you.

Mr. Strang, please, followed by David Eggen.

Mr. Strang: Thanks, Mr. Chairman. I'd like to refer to the annual business plan from 134 to 173, and this goes to the Auditor General.

How would you generally describe the financial health of the school jurisdictions in Alberta?

Mr. Dunn: I'll start off, and then I'll look to my colleagues for a supplemental. When you want to talk about the financial position, you want to go to page 153. So if everybody could turn to page 153. That's the aggregate of all the school jurisdictions. It's the balance sheet. You'll see that in total you've got \$3.8 billion of assets compared to the liabilities in the aggregate. Again, it's this misalignment. The liabilities are there shown at \$3.1 billion, but you must reduce them by that unamortized capital allocation of \$2.138 billion. What you have, then, in a snapshot is \$3.8 billion of tangible assets – that's monetary and capital assets – and you have liabilities of approximately \$800 million. Thus in the aggregate you would have approximately \$3 billion of assets over liability. So I would describe that as substantial and sustainable.

To my colleagues?

9:50

Mr. Saher: No, I have nothing to add to that. I think the Auditor General has given a good overview.

The Chair: Thank you.

Mr. Strang.

Mr. Strang: Thank you. My supplementary question is to the deputy minister. On page 32 you state that funding for severe disabilities went up to \$227.4 million. Now, I'm wondering: is that going to sort of fill the gap that we always have in our ridings with the aspect of coding the children so that we get them into the proper grouping so that the teachers know how to work with them? Is that going to help that situation? I know that I get a lot of calls on that.

Mr. Henke: Well, certainly that's an area of discussion that we have with the jurisdictions as well. We have always provided supplementary funding for those students who are coded severely disabled, and where those jurisdictions believe that the population is growing, we will increase, in fact, based on our review. But it is profile driven. In other words, it's historically based. There are jurisdictions who are concerned that in fact they've reduced the number of severely disabled students, but they haven't reduced the funding, and therefore they're providing enriched programs or they're providing programs to students who are not coded.

The minister's advisory task force this past year has recommended that we, in fact, do a comprehensive review of all of those coded students to make sure that we are applying the coding appropriately and consistently across the province. The stakeholders, the parents of those students, will always argue that in fact we're underfunding, and I'm sympathetic to their plight, but what we're trying to establish is that we're providing equity of funding across the system.

Mr. Strang: Okay. Thank you.

The Chair: Thank you.

Now, there are still four members who have indicated to the vice-chair that they would like to get questions on the record today. In light of the time, Mr. Deputy Minister, we're going to read these questions into the record now, and if you could provide written responses through the clerk to all members, we would be very grateful. We will start with Mr. Eggen, please.

Mr. Eggen: My question refers to volume 2 of the AG report, page 72, noting that 30 of the 75 school jurisdictions reported operating

deficits in 2005. The Auditor General notes that boards eliminate deficits by not spending a portion of their annual funding provided to them in later years. In other words, over a number of years students and teachers pay for government underfunding of a school board in any one year. So my first question is: given that Alberta experienced 5.5 per cent inflation in 2006, did the deputy minister give school boards guidance to adjust their budgets to reflect these greater costs and ensure that school boards will not be forced into deficit situations?

Then supplemental to that does the minister have a plan to ensure that underfunding or poor budgeting in a single year does not have a negative impact on the ability of teachers to deliver curriculum and students to learn in subsequent years?

Thanks.

The Chair: Thank you.

Mr. Johnston, please.

Mr. Johnston: My question has been answered, Mr. Chair. Thank you.

The Chair: Okay.

Mr. Chase.

Mr. Chase: Thank you. In 2005-2006 was there any internal education ministry discussion or collaborative discussion with school boards regarding returning the responsibility, the autonomy, to school boards to determine the expenditure of the education portion of the property tax, which prior to 1994 accounted for half their budget? My supplemental: in the 2005-2006 year did the ministry continue to spend more on standardized achievement testing than on curriculum development?

The Chair: Thank you.

Mr. Miller, please.

Mr. R. Miller: Thank you very much, Mr. Chairman. My question would be for Mr. Saher. In response to my earlier questions regarding the Auditor General Act you referenced management letters. I'm wondering if you could provide in writing to us the answer to the following question, and that would be whether or not these management letters that you referenced are available to the taxpaying public. If so, where, and if not, why not?

The Chair: Thank you.

Mr. Flaherty, do you have a question?

Mr. Flaherty: Yes.

The Chair: A brief question, please.

Mr. Flaherty: This is relative to page 92 regarding operational support to school jurisdictions, and it's dealing with kindergarten. Why didn't the department initially fund the city centre education project, a junior kindergarten program, at three Edmonton inner-city schools in the '05-06 budget?

The Chair: Thank you very much.

If we could have those written responses, we would be very grateful again. That concludes this part of our meeting.

Now, before we express our gratitude formally to the officials from the Department of Education, I would like to move on to Other Business under item 5 of the agenda. I would advise that the

committee clerk has distributed the legal opinion from the office of the Auditor General with respect to the committee's authority to call witnesses.

I appreciate the Auditor General's work on this. I think it's going to be helpful not only to this committee but also to the new committees that are being organized and implemented through the changes in our Standing Orders for the Legislative Assembly. I would like to note and read into the record for the information of the members what this memorandum, dated April 23, 2007, indicates. This is the Public Accounts Committee authority to call witnesses.

This responds to your recent request for a legal opinion in regards to whether the Public Accounts Committee ("PAC") has the authority to require the attendance of witnesses. In particular, you have asked whether PAC can require elected members of school boards to attend before PAC to answer questions and give evidence. Now, the last of this I would like to quote for the record again.

You will note that section 14(1) refers to "any person". It gives broad powers to the committee to compel the attendance of witnesses and the production of documents. Therefore, provided that the subject matter of PAC's inquiry is within their authority, they may require elected school board officials to attend. Witnesses would usually be asked voluntarily to attend before the committee, and if they refuse, the committee could order them to attend pursuant to section 14(1).

I would like to again thank the Auditor General for that. I think that's going to be beneficial for the entire Assembly, and I have tabled that memorandum in the Assembly.

Now, before we go on to Other Business, I would like to express on behalf of the entire committee our gratitude to the deputy minister and his able staff for their diligence this morning and your ability, your knowledge of your department. I would not have known that you were in another department two years ago as a senior official. I would like to thank you for your diligence this morning and the information that you've provided to us.

Now, also under Other Business we have the delegate selection for the 2007 Canadian Council of Public Accounts Committees conference, which is going to occur in Victoria, B.C. The Standing Committee on Public Accounts traditionally attends the joint conference of the Canadian Council of Legislative Auditors and the Canadian Council of Public Accounts Committees each year. The invitees are chairs, deputy chairs, committee clerks, and other observers.

This year's conference will be held in Victoria, British Columbia, from August 19 to 21 and will be a collaboration between the British Columbia Standing Committee on Public Accounts, the office of the Auditor General of British Columbia, and the World Bank, based in Washington, DC. There are funds in the budget to cover the costs for two members plus the committee clerk. The deputy chair and I have discussed this and would certainly plan to attend and participate in the conference if the committee passes a motion to that effect.

10:00

Mr. Johnston: Mr. Chair, I move that the chair, the co-chair, and the committee clerk be approved to attend the 2007 Public Accounts Committee conference in Victoria, British Columbia, from the 19th to the 21st of August and that we have an alternate picked by lottery to attend if one or the other cannot.

The Chair: Thank you. Any discussion on this?

Mr. Prins: Can I just make one comment? I would encourage all

members that are interested in becoming an alternate to put their names into the draw.

The Chair: On the motion, please, let's vote. Okay. All those in favour?

Hon. Members: Agreed.

The Chair: Thank you. Seeing none opposed, carried.

For your information the Standing Committee on Legislative Offices also has funds in the budget for the attendance of two delegates. The Auditor General and colleagues will of course be in attendance as well.

For your information next year's conference will be hosted by the federal Standing Committee on Public Accounts, and Alberta's committee will be hosting the conference in 2009 jointly with the office of the Auditor General.

I would like to remind members: please let Corinne know by next week if you're interested in being an alternate. The chair and the deputy chair will conduct the lottery and advise the committee next week of the name of the person. We could perhaps do it after the meeting quite quickly next week.

Okay. Any questions?

Mr. Rodney: Yeah, I have one question for the chair. I'm a big fan, sir, of your going to this conference coming up. I'm glad to see that that's happening partly because Alberta is hosting the conference. My question is in line with that. Simply, has a location been picked? Is it Edmonton because it's the capital? Or where is the Alberta event going to be occurring? Please tell me that it's in Calgary-Lougheed.

The Chair: I have no idea of the location of this, but perhaps Mr. Dunn does or Corinne.

Mr. Dunn: This is a matter which is normally discussed at about this time, obviously a couple of years in advance. I've already discussed it briefly with the committee clerk, but it's something that we'll be working on. A couple of years ago, when my office was hosting just the winter meeting of the committee of legislative auditors, we used Kananaskis. That was the location that we used, but we will be discussing this with the committee clerk and determining what would be an appropriate venue and, I believe, bringing it back to this committee for your review and discussion.

Mr. Rodney: Thank you.

The Chair: Okay. Thank you.

I'd like to thank Mr. Johnston for that, but if we could move on now to item 6, which is the meeting next week, May 9, 2007. We're meeting the hon. Mr. Doug Horner, the Minister of Advanced Education and Technology.

If there are no other items to discuss, may I please have a motion to adjourn?

Mr. Johnston: So moved.

The Chair: Moved by Mr. Johnston that the meeting be adjourned. All in favour? Thank you. Seeing none opposed, have a good week.

[The committee adjourned at 10:04 a.m.]