

8:32 a.m.

Wednesday, May 27, 1992

[Chairman: Mr. Pashak]

MR. CHAIRMAN: I'd like to call today's meeting of the Public Accounts Committee to order. Again I'd like to welcome the Auditor General and Mr. Wingate to our proceedings, and the Minister of Education. I'll turn to him in a moment, but we do have . . .

See what I mean, hon. minister? Even before I get a chance to make opening remarks, they're already indicating they want to ask questions. They're not waving at you. Hold on for a minute until I complete a discussion of the agenda for today's meeting.

First of all, I'd like to welcome Mr. Tom Musgrove to the committee. He's replacing Mrs. Osterman. Welcome to the committee, Tom. You've been here before, I know, so welcome back. I don't have to explain to you just how we proceed.

We've distributed the minutes of the May 20, 1992, committee meeting. Is there a motion to adopt those minutes as distributed? A motion by Mr. Jonson. Any errors or corrections to the minutes? Any business arising from the minutes? Are we agreed to adopt the minutes, then, as distributed?

HON. MEMBERS: Agreed.

MR. CHAIRMAN: I know that one person has indicated they have some other business they'd like to raise today: a notice of motion by Mr. Doyle. I'll do that after; I've set aside a few minutes. Are there any other items anyone would like to raise under Other Business?

All right. Then I'd like to welcome the Minister of Advanced Education . . . Education; sorry. That's my critic area. I'd invite the Minister of Education, the Hon. Jim Dinning, to introduce members of his department that he has with him today and make any opening comments he'd care to. I've already had an opportunity to talk to the minister about what the expectation here is in terms of questions you're likely to put to him. It works like other committees, hon. minister. The members get to ask one question and two supplementaries, and then we pass along.

I'd like to say that I've chaired this committee for six years now and this is the first time we've had the pleasure of having the Minister of Education before the committee. Hon. minister.

MR. DINNING: Thank you, Mr. Chairman. Good morning to you and members of the committee. I have with me on my right Reno Bosetti, the Deputy Minister of Education; on my left, Dr. Brian Fennell, the assistant deputy minister in charge of finance; and Paul Taylor, who serves as executive assistant in my office.

Mr. Chairman, I want to focus my remarks in three areas, and I know that brevity is the order of the day. It's interesting; my colleagues here were reminding me that it's been at least 10 years since the Minister of Education appeared before this committee, so it's a treat to be here today.

I want to turn your attention to page 3.42 in the public accounts just to describe for you the three votes within the Department of Education. Vote 1 is entirely devoted to Departmental Support Services: my office as well as the deputy's office and the assistant deputy's office, and school business administration. The people who run school building services are located in vote 1, as well as our Human Resource Services, Information Services, Communications, and Planning Secretariat.

Vote 2, Mr. Chairman, is related to all the grants that we provide to school boards. In 1990-91 we provided \$1.4 billion in grants from provincial taxpayers' dollars, and then on top of that

there was an additional \$175 million from the SFPF levy for a grand total in grants to school boards of about \$1.59 billion. That's detailed on page 3.42.

As well, in vote 3 is our whole curriculum development, program evaluation, and program delivery area. It's broken down into two points. One is our student evaluation and records branch, our whole curriculum area - Curriculum Design, Curriculum Support - our Language Services, our Native Education Project. The Alberta Correspondence School is there, and especially in 1990-91 there's a brand-new initiative in distance education. The second part of the vote relates to the education response centres, trying to meet special needs, and then the regional offices in Grande Prairie, Calgary, Lethbridge, Red Deer, and here in Edmonton. As well, we have under that vote Teacher Certification, which oversees the certification of teachers following their university training and then once they're employed by a school board for a couple of years. Finally, we have an Appeals and Student Attendance Secretariat.

Mr. Chairman, the second point I want to make is what the Alberta system actually looks like. In 1990-91 Alberta had 507,923 students in its school systems. That was broken down by some 41,263 in kindergarten, 245,439 in elementary school, a little over 109,000 in junior high school, and a little over 112,000 in senior high school. That was broken down by 261,733 young men and boys and 246,190 females. We also had a number of registrants with the Alberta Distance Learning Centre at Barrhead, about 18,224, and in 1990-91 there were 1,674 children being educated at home by their parents. In '90-91 we had 1,810 operating schools throughout the province, and they were overseen by 143 operating school boards. There were some 29,172 teaching personnel throughout the province, and that included 102 superintendents, 190 associate or assistant or deputy superintendents, 1,390 principals, and 1,121 vice-principals. In that '90-91 school year the system cost \$2,497,000,000 to operate, which meant an average per student expenditure of about \$5,300.

Mr. Chairman, in '90-91 the department focused most of its activities in overseeing the school system not only in providing grants but also in the curriculum development and design area and evaluation. We spent most of our year focusing on formal and informal consultation leading to the release of the Vision document in October of 1991. That document, as members know - and I relayed this to school trustees in November of 1990 - is one that focuses on clear objectives, results, and accountability. We spent an awful lot of our year focusing on the equity problem, the problem of fiscal inequities among and between school jurisdictions, a problem that still plagues many of our school boards today. We conducted with other agencies of government and partners outside government a special education review. I'm looking at where we are going to go with special education.

Just prior to the start of that fiscal year, the Supreme Court came down with the Mahe decision that will lead to some developments in Francophone education. We spent an awful lot of our time in curriculum development focusing on the science program in high school and began the development of the career and technology studies program. We saw some of our labour bearing fruit as early as this week when we launched the enterprise and innovation program for the school year '92-93.

We also were into the second year of our Excellence in Teaching Award program that recognizes excellence in the teaching profession to encourage that excellence and put the spotlight on outstanding individuals who are worthy of nomination and recognition through that program.

Finally, on a national front, we devoted an awful lot of time and effort to the Council of Ministers of Education project, a school

achievement indicators project that will define the standards for numeracy – arithmetic – and reading and writing or literacy for 13- and 16-year-olds from British Columbia to Newfoundland, including the two territories. This time next year we'll do an actual test, a large-sample test, across the country that for the first time will result in a national statement of standards for students of that age in numeracy and literacy and a measurement, an assessment of how well our school systems are helping our students achieve those standards. For the first time in Canada – Canada being the last industrialized nation in the world to pull together such a standard-setting and measurement system – we will have a national assessment of our education systems from one end of the country to the other.

Mr. Chairman, I'm sure there's plenty of grist for the mill in those remarks or other matters that may be in the minds of your members.

8:42

MR. CHAIRMAN: Thank you very much, hon. minister.
To begin, Mr. Drobot.

MR. DROBOT: Thank you, Mr. Chairman. In statement 3.9.2, vote 2, there appears to be no budget for Salaries, Wages and Employee Benefits or Supplies and Services, yet \$1.4 million was spent in these two areas. Could the minister elaborate on how this occurred?

MR. DINNING: Well, Mr. Chairman, Mr. Drobot is correct. There's no identifiable statement for salaries or benefits or supplies. In fact, that expenditure involves the transfer of funds by way of contract between Alberta Education and the Alberta Vocational College in Edmonton, which of course is part of the Department of Advanced Education, to ensure that a basic education program is provided to children, to eligible students under the young offenders program as well as at the Oak Hill Boys ranch. The contract is put into place each year, and what the Alberta Vocational College does is hire teachers and purchase supplies so the program can be operated. Because it is not officially a receiving school board, it's done by way of contract, and that grant can be provided under the rules of the Legislature and under the rules of the vote by way of a contract between Alberta Education and the Alberta Vocational College.

MR. DROBOT: A supplementary, Mr. Chairman. How were the programs provided for in previous years?

MR. DINNING: In previous years I believe the Edmonton public school board had been responsible and by way of contract had operated this program and funds had flowed from the Alberta Education vote 2 directly to the Edmonton public school board, who then put on the program. But for this fiscal year and subsequent fiscal years it was agreed that the department and the Edmonton public board would not renew that contract.

MR. DROBOT: Final supplementary, Mr. Chairman. Why was the contract set up with Alberta Vocational Centre, Edmonton, which is covered by the Department of Advanced Education?

MR. DINNING: To my recollection, Mr. Chairman, the Edmonton board was actually considering the continuation of this program with the young offenders centre. However, they had some concern about not having enough qualified staff to devote to that program, so as a result there was a mutual agreement between the board and the department that the contract would not be

renewed. As a result, the Alberta Vocational College here in Edmonton was chosen because they did have qualified staff to provide the services, plus they offered us the most cost effective program.

MR. DROBOT: Thank you.

MR. CHAIRMAN: Ms Calahasen.

MS CALAHASEN: Thank you, Mr. Chairman. I'd like to say good morning to the minister and his staff. My question deals with the Education Revolving Fund on pages 3.40 and 3.41. It shows an actual expenditure of \$3,186,676 when a \$578,391 negative expenditure was budgeted in the estimates. Could the minister explain this, please?

MR. DINNING: As the hon. member well knows, the government at that time began a major thrust in distance learning, and as a result of this, we turned to the Education Revolving Fund to assist us in producing the distance education material. I'd welcome any further questions on that matter. What happened in April of 1990 was that the production of those distance education materials was transferred to the Education Revolving Fund from the General Revenue Fund and specifically from vote 3. As a result, distance education courses are being developed and produced. The majority are being produced to replace older correspondence courses that were badly in need of updating.

In order to achieve what we call economies of scale and to do a run of that material that would be cost effective and cost efficient, we produced enough material for two years worth of demand. So the higher volume of distance education materials to replace old correspondence courses led to an actual expenditure of about \$3.2 million. In fact, when the budget originally was being put together, we didn't contemplate there would be that much of a production of materials, because distance education really got launched in the latter part of '89 or early 1990.

MS CALAHASEN: So when we look at the 1991 public accounts versus the 1990 accounts, does that mean, then, that the total 1991 statutory expenditure is accountable for the costs based on what you just supplied? Because I think it's three times as much as it was in 1990.

MR. DINNING: That's a good point, because you've got to wonder: why is it up that year compared to the previous year? The point is that in 1991 all the costs of producing the distance education materials were charged to the Education Revolving Fund, whereas in 1990 all those costs were charged to vote 3 within the department's budget and then simply transferred at no cost to the Education Revolving Fund. So we've turned the Education Revolving Fund more into a cost centre and therefore could show the real and accurate costs of producing and shipping these materials.

MS CALAHASEN: Under the heading, then, under 3.41 called Other, where there's a negative expenditure of \$964,041 – is that why there is such a negative expenditure there?

MR. DINNING: No. Negative expenditures are ones we all like to have. They're called profits. That, in fact, is the case in that fiscal year. We did realize an actual profit within the revolving fund, and in time those profits must be returned to the General Revenue Fund.

MS CALAHASEN: Thank you.

MR. CHAIRMAN: Ms Mjolsness.

MS MJOLSNESS: Thank you, Mr. Chairman. Good morning, Mr. Minister and others.

Under vote 2.3, Early Childhood Services, you've allocated \$77 million approximately, and I wonder if you could give me a brief overview of what range of services that includes. Are we talking specifically about just kindergarten services there?

MR. DINNING: Yes.

MS MJOLSNESS: Okay; so it doesn't go beyond that. Because my second question, Mr. Chairman, would be: I was wondering if any of the money was allocated to preschool programs where children younger than five years old are having delays in their development.

MR. DINNING: Yes. For those students, especially the handicapped children, there would be program unit grants which go directly to pay the full cost of the child's preschool education as early as ages three, four, and five.

8:52

MS MJOLSNESS: Was there any money targeted within that budget, then, for identification of serious problems children might have coming into kindergarten?

MR. DINNING: These program unit grants are offered to school boards. Within that is the flexibility for diagnosis and recognition of a child's specific needs so an education program can be designed to meet that child's needs, including any handicapped services, any special education, any therapy or equipment necessary for that child to get his or her education program.

MR. CHAIRMAN: Mr. Musgrove.

MR. MUSGROVE: Mr. Chairman, to the Minister of Education. In your opening remarks you indicated through a breakdown that the costs of schooling amounted to about \$5,300 per student. Did that include any municipal tax dollars?

MR. DINNING: Mr. Chairman, it did. In the province of Alberta in this fiscal year we're talking about provincial taxpayers contributed in the order of about 60 or 61 percent of the total cost of that \$5,300 per student. Another 34 percent in that year would have come from local taxpayers' dollars through supplementary requisition, and another 5 percent would have come by way of fees and charges levied by school boards and paid by parents, including locker rentals, textbook rentals, band and other fees that make up the cost of education. So in that year it's probably about a 61-34-5 split.

MR. MUSGROVE: So the province's contribution is about 70 percent, then, of that \$5,300.

MR. DINNING: The province's contribution in that year, Mr. Chairman, is in the order of about 60, 61 percent of the \$5,300 cost.

MR. MUSGROVE: Supplementary. Did that include private schools?

MR. DINNING: Yes, Mr. Chairman. The total cost includes private schools, but I'm reminded by Dr. Bosetti that the private schools in that year received 75 percent of the school foundation program grant as well as a grant for language education services and a grant for the implementation of the secondary education curriculum. So on average the province provides and provided in that year anywhere from 35 to 40 percent of the average independent school cost.

MR. MUSGROVE: In your average cost of \$5,300 a student these were included, so it would be a little above the Department of Education compared to the private school students. Is that right?

MR. DINNING: To clarify, Mr. Chairman, I probably misspoke in saying that the 61-34-5 breakdown really would apply only to the public and separate school systems, not to the independent school system.

MR. CHAIRMAN: Mr. Thurber.

MR. THURBER: Thank you, Mr. Chairman. Mr. Minister, you touched on the Education Revolving Fund a bit before. Could you elaborate on what the prime objective of that fund is?

MR. DINNING: Mr. Chairman, the main reason we have an Education Revolving Fund is that it does a great deal of business with school boards in that it is able to purchase most if not all of the required learning materials in bulk, in large, large volumes, meeting the needs in that year of well over half a million students. So it's able to buy those education materials and turn around and sell them at a reduced cost to school boards and, in some cases, the general public.

Secondly, in the year we're talking about, they got more into the business of producing distance education materials and, in fact, distributing those same materials to several school boards across the province as well as individuals, some of whom might be on home schooling and some of whom may choose to take one or two extra courses through correspondence.

The third purpose in this year we're talking about is that for some strange reason the Learning Resources Distributing Centre, the old school book branch, was in the business of running five college book stores: at NAIT, SAIT, the Alberta College of Art, and two campuses of Lakeland College. For some strange reason, at the time those institutions moved to board-governed status, the transfer of the book stores did not take place, so during this fiscal year we were in the business of operating those book stores.

MR. THURBER: Thank you. To get into some specifics on that, on page 3.41 the revolving fund showed a final expenditure of \$3,930,598 for Supplies and Services, while the original estimate on that showed a negative expenditure of \$350,000. Could you elaborate on that a little bit and clarify it?

MR. DINNING: Mr. Chairman, it's partly answered in the question put to me by Ms Calahasen. In that year we expended a large sum of money in the order of about \$3.9 million to produce those distance education materials. At the same time we built up quite an inventory, because we did them to achieve economies of scale in larger volumes so we would have sufficient inventory for a couple of years. Of course, that inventory will go on to produce revenues for the fund in subsequent years.

Really the revolving fund is designed to do as good a job as possible in providing goods and services on a break-even basis, but if there are surpluses or deficits, those surpluses and deficits may by the rules of the Treasury Board be carried forward for up to three years. If the revolving fund produces a profit for three consecutive years, when it's established that there was a profit in the fourth year, it is required that the first year's profit be paid to the General Revenue Fund. That enables the fund to maintain somewhat of a float so it can minimize its call on the General Revenue Fund for additional dollars to maintain its operation.

MR. THURBER: Thank you. A final and further clarification on the whole revolving fund there. It shows a final expenditure of \$341,581 for the purchase of fixed assets out of a budget of \$735,000-plus. You covered this, but I'm not clear why so much of this would remain unexpended. Or is that part of this float you're talking about?

MR. DINNING: No, Mr. Chairman. As the fund – in this case through the Learning Resources Distributing Centre – got into the business of producing those distance education materials, at the same time we had to purchase equipment and new systems for producing those materials. It had been anticipated that we would be spending money in the order of about three-quarters of a million dollars that year, but because of delays in initiating the project, most of the purchases of software and hardware took place instead in 1991-92, in the subsequent fiscal year.

9:02

MR. CHAIRMAN: Mrs. Black.

MRS. BLACK: Thank you, Mr. Chairman. I'd like to welcome the minister and his department people. In the Auditor General's report he gets into a discussion on the Teachers' Retirement Fund, and he makes reference to the potential for inaccuracies within the accounting systems of the local boards as it reflects contributions to pension liabilities, et cetera. It appears from the comments that there was some sort of a review done by the department to assess whether the reporting was accurate or inaccurate and that as a result of the assessment, management determined that all pension reports from boards should be audited. I'm wondering if the minister could comment on the review process that took place and the extent of it to determine the inaccuracies that may exist.

MR. DINNING: Well, knowing the Auditor General as I have for about 15 years, he is a man of precision, and of course his profession is one of precision as well. Quite rightly, he expressed concern as to the payments that school boards would make on behalf of teachers to the Teachers' Retirement Fund. Were they accurate? His concern, I suspect, was not just so much the precision of the numbers but the 'fundedness,' if I may put that word in quotes, of the Teachers' Retirement Fund and the security of those individual teachers and the security of their future income by way of pension. He said, "Are these numbers accurate?" What we did was go back to individual school boards to make sure that their books, that their payments to the Teachers' Retirement Fund on behalf of those individual teachers were audited, that they were accurate and audited by a chartered accountant. We've done that, and since the Auditor General's advice on this matter – and I consulted briefly with him this morning, and he may want to comment – school boards have been submitting audited reports to ensure the accuracy of their contributions to the TRF on behalf of their teachers.

MR. CHAIRMAN: Supplementary.

MRS. BLACK: Thank you, Mr. Chairman. Just carrying that a little further, then, in your opening comments you talked about the type of funding that goes to the school boards: block funding and then for special programs like ESL, et cetera. Are we assured that when allocations are made to the independent boards, there is an accurate accounting, that those funds are being directed to those programs and not used in other areas, say?

MR. DINNING: Well, as Mrs. Black knows, Mr. Chairman, we tend to pride ourselves in this province on local autonomy. Most of those school trustees and school boards were elected – too many of them were acclaimed, but most of them were elected – to make decisions that best meet the needs of their local citizens and meet the needs of their kids and the unique characteristics of those students in one jurisdiction, one town, versus another. We have in large measure put these programs in place on an unconditional basis, and although our grants are targeted at special education or on equity grants, in large measure they are given free wheel to make decisions on how they will spend their money. In the early '80s we moved to what was called the management finance plan, such that we took many of the conditions off a whole bunch of grants that were in fact targeting and skewing school board decisions and instead said that we're going to focus more on results and on the outcome side and try to prescribe more clearly what we expect school boards to achieve with the money they receive rather than say how they ought to spend the money they receive.

I can assure the hon. member, Mr. Chairman, that following the completion of every school year, the school boards are required to provide audited financial statements to show where they spent the money they received not only from local taxpayers but also from provincial taxpayers. We keep a very keen eye on those funds, those special education funds, and how or whether they were spent on special education programs. But as for tying severe coils of wire around each and every grant, we tend to rely on that local autonomy and those boards using that local autonomy to make decisions that are best for their students in their own unique school jurisdictions.

MR. CHAIRMAN: Final supplementary.

MRS. BLACK: Thank you, Mr. Chairman. While it's encouraging to hear that we do receive audited statements from the local boards, I'm presuming, then, that they're all working on the same reporting mechanism, so a comparison is readily available. On that same thrust, then, it seems we give a tremendous amount of money in primary and secondary education to these local boards. I'm wondering if there's any rational explanation why programs in one jurisdiction would cost X number of dollars and the same program in another jurisdiction could be almost twice as expensive on a per student basis. Is there any backup justification for that, Mr. Minister?

MR. CHAIRMAN: I'm not sure that this question comes directly out of the accounts, but maybe you can give kind of a succinct, quick answer if you choose to.

MR. DINNING: Are you saying, Mr. Chairman, that we only have until 10 o'clock?

No, Mr. Chairman. I think the hon. member's question is probably one of the most important ones that we should be addressing, whether it's in Public Accounts or anywhere else.

Alberta taxpayers in this year that we're talking about invested \$2.5 billion in education programs. There are two parts to the question. Why does it cost in one school jurisdiction nearly \$20,000 per student to educate those kids, whereas in another school jurisdiction it can be as low as \$3,500? Distance and space and sparsity are awfully important factors there, but wealth in those school jurisdictions plays a very important role. That underlines the problem with respect to equity. You have in one school jurisdiction in southeast Alberta an ability in this school year to raise through 1 mill of taxation \$2,500 per student, whereas in another jurisdiction 200 miles to the west of that you could through 1 mill of taxation raise only \$54 per student. Fifty-four dollars versus \$2,500: perhaps a couple of extremes, but it points out very accurately the problem that we have with respect to inequities.

Mr. Chairman, the second point that I want to make is that through the management finance plan and through a greater focus in the Vision document on clear objectives and results, I would certainly entertain any questions that members might have about results and outcomes in each of those jurisdictions. I often ask school boards, whether it's in Edmonton or Ponoka or Rocky Mountain House or Northland School Division or even out in Twin River, why one school with much the same characteristics – socioeconomic, the same kind of demographics – is able to achieve such great success in achievement testing or in diploma exams and another school 20 miles away with the same characteristics does a miserable job, does an unacceptable job, of having their students achieve prescribed outcomes. I think a very important question that this committee needs to address is value for the money that's invested. I would certainly welcome any further questions on outcomes and on results, even if it was jurisdiction by jurisdiction in nature.

9:12

MR. CHAIRMAN: If I may abuse the privilege of the Chair and make a brief editorial comment, I really think that that would be a legitimate kind of activity for the Public Accounts Committee, to maybe look at the whole question of equity in education over maybe a prolonged period of time. In any event, that's not the direction that we've got from the members through motions that have been made earlier in our meetings.

Mr. Gibeault.

MR. GIBEAULT: Thank you, Mr. Chairman. If I could direct the minister's attention to page 3.43 of the public accounts document. In terms of education revenue for the year, the payments from the government of Canada for bilingualism programs: according to the document, the numbers here are down from half a million dollars in 1990 to \$29,000 in 1991. I'm wondering if the minister can tell us: given the current and continuing popularity of bilingual programs in our province, does this represent some sort of a reneging of a federal government commitment to bilingual education in our province, or does it reflect the Premier's hostility to bilingualism? What would account for that substantial decrease?

MR. DINNING: Mr. Chairman, the difference in the order of about \$425,000 between '90 and '91 can best be described this way: the department received project funding for the further development of the bilingual program in 1990. That project ended in 1990 such that funds were no longer required. The funding was provided during the course of the project, and it ceased when the project was completed. The department continues to receive funds from the government of Canada for the delivery of bilingual

programs, as opposed to the development of them. We continue to receive funds for the delivery of those bilingual programs in schools throughout the province.

MR. GIBEAULT: Supplementary question, then. If we look at the preceding page, 3.42 and vote 1.0.1, and recognize that in difficult economic times it's important to show restraint in spending at the top and set an example, can the minister tell us why the budget for his office went over by 15.6 percent that year?

MR. DINNING: A legitimate question, Mr. Chairman. There are about three key areas where the overexpenditure occurred. One is that the province, primarily through my office, was responsible for spearheading the Council of Ministers of Education project on school achievement indicators to assess – it goes back to the question that Mrs. Black asked – how well our students across this country are achieving. Alberta and Quebec have been the strongest promoters of this project, and some of the overexpenditure was devoted to that. The work that was being done on the special education review that year as well as the equity program – looking for a solution on equity – as well as Francophone education also took an awful lot more time and resources than expected. Thirdly, during this time our department was without a director of communications, so a number of communications responsibilities and costs that might normally have been borne by the communications branch in fact were borne by the minister's office.

MR. GIBEAULT: My last supplementary, then, Mr. Chairman. If we just go a little further down that same column to vote 1.0.13, Policy and Evaluation, no amount was budgeted, but \$5 of expense was incurred. What kind of policy and evaluation was accomplished for \$5?

MR. DINNING: Either good value for money or very little.

MR. CHAIRMAN: Mrs. Laing.

MRS. B. LAING: Thank you, Mr. Chairman, and again I'd like to say welcome to the minister and his staff as well. On page 4.8 of the public accounts the balance sheet for the Education Revolving Fund shows that the inventory was increased in 1991 to \$15,119,281 from the 1990 inventory total of \$11,272,587. Can the minister provide the committee with some information justifying this increase?

MR. DINNING: Well, Mr. Chairman, I know that members are interested in this area, and I can tell them now that I've had a few questions on it. Again, it relates to the production of distance education materials and, as I mentioned, prior to 1991 those costs had been borne through vote 3 of the department's three votes. What happened then was that once those materials were produced, the inventory was then transferred to the learning resources centre, the Education Revolving Fund, at virtually no cost. We changed that method of accounting in '90-91 such that all of the costs associated with the production of the materials were charged to the revolving fund and in fact capitalized in the cost of the inventory.

Mr. Chairman, when I go through the amount of dollars and the number of grants made to school boards across the province for operating support in that year, it's an additional \$4 million that in fact is found at 2.2.1 on page 3.42, and it's been quite a success story, in fact, seeing the number of students succeed and have access to a high school program at some of the smaller Alberta schools that they would never have had access to were it not for

distance education. I think of the hon. member's home city, which is also my own. It's quite easy at a school like Dr. E.P. Scarlett or Bowness high or even your area, Mr. Chairman, out in Forest Lawn to have access to quite a comprehensive variety of programs, probably numbering as high as 100 programs that a typical student might have access to. Whereas a school down in Vulcan or a school in Rosemary in the county of Newell has access to about 25 teacher-taught courses in high school. What distance education does is top that up by as much as 50 to 70 courses that students now have access to, whereas before they either didn't have access to it, or else they had access to some very old and probably outdated material. The distance education through this approach has opened up high schools to kids more than ever before.

MRS. B. LAING: Thank you, Mr. Minister.

On the same page the balance sheet indicates that \$117,841 is due to the General Revenue Fund in 1991. Can you explain this, please?

9:22

MR. DINNING: Well, Mr. Chairman, as I mentioned earlier, it's like those negative expenditures. We like to have more and more of them. They're profits. As is the Provincial Treasurer's wont, he is able to declare a dividend from the revolving fund. If after three consecutive years the revolving fund has generated a modest profit, the revolving fund, this nearly \$120,000 profit, is declared surplus and is paid back to the Treasurer and into the General Revenue Fund.

I might advise members about a discussion that I had with the Forum for Young Albertans when they were in the city a couple of weeks ago. I know we all had an opportunity to see them and meet with them. A number of the kids there were on distance ed, as they call it, and it was tremendous to see some of these students, not only to see the excitement in their eyes about their access to programs that they never had before but to share that information with kids in Edmonton and Calgary who simply took those kinds of programs for granted. They not only spoke of their excitement in having access to these programs but of the success they were achieving. The retention rate, as opposed to the dropout rate, between old, conventional correspondence courses that you took through the mail vis-à-vis new distance learning, which uses facsimile copiers, teleconferencing, and some satellite transmission: the old correspondence courses had a dropout rate of 70 percent. Seven out of 10 kids who enrolled in the courses dropped out, whereas in the distance ed, with the revised approach, we are enjoying retention rates in the order of about 85 percent, so a dropout rate in the order of 15 percent. That's a different approach to an old problem, but it means greater success for kids in school.

MR. CHAIRMAN: I know the minister's answers are being very well received, but we're not likely going to get to our list of questioners this morning.

MRS. B. LAING: I'll leave my other supplemental because it has been answered indirectly.

MR. CHAIRMAN: Thank you very much.

Mr. Taylor.

MR. TAYLOR: Yes. This is more to the Auditor General, I think. In this year's budget – and this isn't on this year's budget – they did take a fund that had \$300 million in it, put \$200

million in the general budget and took \$100 million and distributed it to the municipalities. I think the general feeling is that the school boards had 25 percent of that fund; in other words, \$75 million. Where would it show in these books, the school boards' \$75 million equity in that \$300 million fund?

MR. CHAIRMAN: Those questions, if I may say so, should be directed to the Minister of Education.

MR. TAYLOR: Well, I can direct it to the minister.

MR. CHAIRMAN: They should come out of some . . .

MR. TAYLOR: I just felt that the Auditor General would know; he's in charge of finding everything that's hidden. After all, the minister hid it. Why don't I ask the guy that knows where it's hidden?

MR. DINNING: On the contrary. On a point of order. Don't let the facts get in the way of a good story, but no, Mr. Chairman. I would partly answer that question – you'll see those numbers as a disbursement from the General Revenue Fund, I would believe, as a result of the Bill passed in this Legislature providing for that partnership transfer, but as it relates to . . .

MR. LUND: Point of order, Mr. Chairman. Are they dealing with the '90-91 public accounts, as opposed to the '92-93 budget?

MR. TAYLOR: Yes. Well, maybe he misunderstood the question. I'm saying that it's been transferred this year.

MR. CHAIRMAN: On the point of order, Mr. Taylor.

MR. TAYLOR: Well, on the point of order, I'm not asking for what happened this year. I'm saying: where was it last year? Where does it show up in these accounts? I'm not arguing about what happened to it.

MR. DINNING: It exists within the Alberta Municipal Financing Corporation, which borrows funds from the heritage fund but primarily borrows back, and the Provincial Treasurer has allowed the AMFC to borrow back those funds from the Canada pension plan and Alberta's allocation of funds borrowable through the Canada pension plan.

MR. TAYLOR: It'll take me 15 questions to go after this, so I'll change over a bit then. In the accounts it shows – and it's already been touched on, I believe, by one of the members – income from the federal government for French education, but I see nowhere what our expenses were for French education. Where is that hidden?

MR. CHAIRMAN: Where is it to be found?

MR. TAYLOR: Well, I've read it. I can read the word "French" as good as anybody. It's my native tongue, English, and the word "French" isn't mentioned anywhere, and I'm just wondering: where is it to be found, and if you find it, what was the amount that we spent?

MR. DINNING: Well, Mr. Chairman, actually you would see the federal expenditures for those bilingual programs in the federal books, in the Auditor General of Canada's assessment of the

federal books. In our case the approximately \$4.4 million that is spent by the provincial government on such things as French as a second language or immersion programs or in minority education programs. Those are contained within the grants within vote 2 on page 3.42.

MR. TAYLOR: Okay, my last question then. Again, it's reaching. Because of the adjustment that has to be made with teachers' pension and taking a look at these figures . . .

AN HON. MEMBER: That's hardly a supplementary.

MR. CHAIRMAN: I'll allow a little leeway. Sometimes the member's supplementary is based on the original question, and sometimes they ask three distinct questions.

MR. TAYLOR: Taking a look at the estimate of teachers' pensions, can you estimate what the next year will be because of the new adjustment? Is it \$60 million a year?

MR. DINNING: Mr. Chairman, as you can see on page 3.42 at line 2.5.1, the Teachers' Retirement Fund payments by the government to pay half the costs of pensions paid in this fiscal year were in the order of \$69.5 million. We know or we have a pretty good estimation of the retirement ages and the estimated times of retirement of virtually all teachers in the province, so we can do a reasonably good job of predicting what our contribution is going to have to be in the next fiscal year. In this year, as you can see, it was \$69.5 million. We can predict with some accuracy - and we would have when I stood before the House and did my estimates for the department for 1992-93. A figure is in our books for this year and would have been a reasonably good prediction of what half the pension costs would be next year.

MR. CHAIRMAN: Mr. Lund.

MR. LUND: Thank you, Mr. Chairman.

MR. CHAIRMAN: Mr. Lund, before you put a question, maybe I should just explain to the minister the way we proceed. The members have given me advice that we shouldn't be too rigorous in terms of insisting that the supplementaries follow from the main questions. In fact, members on both sides of the House do put distinct questions to our ministers.

Anyway, Mr. Lund.

MR. LUND: Well, thank you. Good morning, gentlemen. When the Chairman earlier this morning said Advanced Education, I was hoping he would say advancing, because I truly believe that in many areas you are advancing, and I want to commend you on that. Particularly I'm referring to things like the assessments, how we fit in nationally, internationally. Hopefully we'll get right down to the local and into the classroom. Certainly one of the areas that I know you're very interested in and working hard on is equity. It's not only in funding. I have been trying to assist you ever since 1986 in the funding part of it. One of the projects that is very important to the Rocky Mountain House constituency has to do with distance ed because it has certainly opened up a lot of opportunities for high school students particularly. Now, I see on page 3.42 in vote 3.1.8 that nearly \$3 million was the estimated cost. I would like to get a broader picture of exactly the areas that are covered, the number of schools, the number of students that are involved.

9:32

MR. DINNING: Mr. Chairman, I appreciate the question. The answer is lengthy, so I will paraphrase as best I can. The distance education costs are split into two areas. One is the actual development costs, and that is at 3.1.8 on page 3.42, the costs of actually developing the curriculum, of hiring people to come in on contract and update or revise curriculum materials. That's where that cost is allocated. The amount of work that was done throughout '90-91 in that area would be redeveloping curriculum in math 10, 13, 14, 20, 23, 24, 30, 31, and 33 as well as in social studies 10, 13, and 23, accounting 10, CALM 20, and the grade 8 ethics course as well as the junior high agricultural studies. That's where that money would have been spent for 1990-91.

The actual payment for distance education programs, grants to school boards to buy back these distance education materials, would appear at line 2.2.1 on page 3.42 in the Equity Grants in that school boards don't receive just a flat grant or a flat payment for these things. For instance, the Rocky Mountain school division in this year had 234 students on distance ed, and they received a total of \$35,000 for the Caroline school and for the David Thompson school for them to deliver a fair number of credits, about 1,746, which would be close to 350-odd full-time, five-credit courses, which is a large number of courses for 234 students.

MR. LUND: I'm also curious. Do you see that expanding more? Where do we fit as it relates . . .

MR. CHAIRMAN: I think that by talking about where it's headed, you're beginning to get really clearly into policy-related issues and you're moving out of that year's public accounts.

MR. LUND: Thank you. I appreciate that. I guess by the time I got to my question, maybe you would see that I wasn't trying to . . . Okay.

More specifically to the question then, in '90-91 did you sell to any jurisdictions outside of Alberta courses from distance ed?

MR. DINNING: Mr. Chairman, I won't say we do a booming business. We do provide courses and courseware to the Northwest Territories, and in this fiscal year we would have provided them with distance learning material. Within Alberta itself we had nearly 8,600 students in 122 schools enrolled in distance learning courses. The actual number of credits delivered, five credits being a full course, was just shy of 44,000 credits. The grants that were paid to school boards to buy back these courses within Alberta amounted to just slightly under \$4 million. As I mentioned earlier, that amount would show up at 2.2.1.

MR. LUND: Where would I find it in 1991? Did you buy any distance ed courses that were not developed by the department?

MR. DINNING: No, Mr. Chairman. We might buy pieces of programs or buy copyright from other jurisdictions, primarily in Canada and perhaps some in the United States, but it's usually the reverse, that we have a great deal of interest by teachers and jurisdictions from outside of Alberta who have come to Alberta and picked our brains. More often than not, I'm afraid, our benevolence gets in the way of our fiscal prudence. We will often provide courseware and help those jurisdictions, especially the likes of the Northwest Territories, to develop their own at virtually no income to the province. Because we believe we have good news to tell and not necessarily just to sell, we have people traveling to Alberta from really all over the world, including

southeast Asia, to see how we are developing these courses and are interested, somewhere down the road perhaps, in a greater return for our investment by way of some income.

MR. LUND: Thank you.

MR. CHAIRMAN: Mr. Jonson.

MR. JONSON: Yes, Mr. Chairman. I'd like to just ask two or three questions with respect to the public accounts on page 3.42 of the main accounts book. First of all, I'd like to ask a question with respect to early childhood services and the preschool education grants which are below that. It's a fairly substantial amount of money, over \$77 million. It's my understanding that preschool education, or ECS, is not a compulsory program in the province of Alberta. Could the minister provide figures as to what percentage of the child cohort at that age level goes through ECS programs?

MR. DINNING: Mr. Chairman, we estimate in the order of about 95, 96 percent of Alberta students ages 4 or 5 are enrolled in ECS, early childhood services, programs.

MR. JONSON: Fine then.

Mr. Chairman, I've read reports of studies that would indicate that if all children were to start school at the age of seven, by the time they got to grade 10 or grade 12, they would be doing just as well as if they had taken two or three years of preschool education. Alberta Education is into the business of assessment and so forth now, doing quite a bit of that, developing indicators and so forth. I wonder if the minister has any statistical evidence that would indicate that early childhood services have any educational merit.

MR. CHAIRMAN: I take it, Mr. Minister, that he's asking you to justify that expenditure in the public accounts for this year in early childhood education.

MR. DINNING: I can see why you're the chairman, Mr. Chairman.

We wouldn't have a large number of our own studies, but research from across the continent really indicates - I think specifically of a program like Head Start in the United States - that that shows some pretty positive returns on the investment, especially in forgone social costs and on the other side, social and economic benefits in that students in the Head Start cohort vis-à-vis those not in a Head Start cohort are better off socially and economically. So if the member is asking for hard research on the return on our \$75 million investment, I'll see what I can pull together for him.

He did in his preamble suggest that we were spending perhaps a great deal of money or effort in the area of evaluation and assessing results. When I look at what we're spending in that area, Mr. Chairman - it's here - it's in the order of about \$7.9 million. When I think of \$7.9 million worth of provincial assessment going on in a system that costs \$2.5 billion, that expenditure of about \$14 per student vis-à-vis \$5,300 per student total cost, that investment by the provincial taxpayers to assess its return on money invested is a small, small investment in evaluation.

9:42

MR. CHAIRMAN: A final supplementary, Mr. Jonson? Are you satisfied?

MR. JONSON: No, but I do have a supplementary question. Still dealing with the same page in the public accounts, I was just noting the expenditures re the regional offices. There are five, I guess it is, in the province. I note that, as would be logical I think, the two ones requiring the most expenditure are those in Edmonton and Calgary. With respect to 3.2.5 and 3.2.6 under this section, would the expenditure for those two offices be primarily on services to the public and Catholic boards in Edmonton and Calgary?

MR. DINNING: The short answer is no, Mr. Chairman. Insofar as the Calgary office would stretch to Banff and Canmore and north, I suppose, as far as Olds and as far east as Hanna, New Brigiden, and area, there's a fair amount of travel associated with that and so, too, with the Edmonton regional office. Grande Prairie looks after primarily northwest Alberta, and the Edmonton regional office goes from Jasper and Drayton Valley over to Fort McMurray and Bonnyville. Their main job is in the area of monitoring, of assessing whether things are being done as prescribed by legislation and by regulation. They're in the business of school evaluations at the request of individual school boards. They serve as consultants in certain areas of the curriculum. Some of them spend an inordinate amount of time in mediation between school boards, between school boards and parents. They do an awful lot of work in the area of appeals, especially related to special education and to expulsion. So they spend an awful lot of time at their work, but as government is forced to reduce its costs, it is an area which has borne a fair share of the reduction, but the demand for their services doesn't seem to be going down.

MR. McFARLAND: Good morning, Mr. Minister. On page 3.41 of the public accounts the total 1990 budget for Student Programs in vote 3 showed a \$1.2 million unexpended figure. Can you tell me why the moneys in crucial areas such as student programs and delivery wouldn't have been spent?

MR. DINNING: This is what line, Mr. Chairman?

MR. McFARLAND: It's on page 3.41.

MR. DINNING: Is that in vote 3, Mr. Chairman? [interjection]

MR. McFARLAND: Oh, I see; it's on 3.40 as well under delivery of Student Programs and Evaluation.

MR. DINNING: Mr. Chairman, in 1990-91 the student programs area - including the evaluation, the curriculum development, curriculum design, curriculum support - underwent a reorganization. Because of that, there was a delay in the hiring of some personnel and some positions were kept vacant in anticipation of future position reductions, and all of these combined to create a larger surplus on the manpower side.

MR. McFARLAND: Would you please indicate if this reorganization had any effect on the delivery of the educational programs to the students?

MR. DINNING: No, Mr. Chairman. I was satisfied that as difficult as some of those decisions often can be, especially on individual lives and the people, the human beings, that are involved, I think that the reorganization resulted in the various divisions settling down pretty quickly. Consultants were hired through contract services, as they often are, because we don't keep

an awful lot of people on staff. We go out and buy the expertise and buy the talent, bring it in from the field temporarily, and then they go back. They become emissaries and ambassadors back into the field in fact. They were actively involved in French language program development, certainly active in diploma examination and achievement testing development and the administration of those. Of course, we had to provide for lesson marking from the correspondence courses.

No, I was satisfied that the reorganization did not affect the delivery of programs to kids.

MR. CHAIRMAN: A final supplementary, Mr. McFarland?

MR. McFARLAND: Yes, Mr. Chairman. If I could get into a little bit of detail, then, on your response, Mr. Minister, on 3.42 and in particular 3.1.3 and 3.1.4, Curriculum Design and Language Services, the estimates varied from \$3.198 million to \$2.191 million, yet the expenditures, particularly under Curriculum Design, were substantially higher, at \$5.77 million, and the corresponding amount under Language Services had increased in expenditure to \$2.407 million. I'm kind of at a loss to understand why on one hand you had to cut back on the delivery of the program and staffing. Is this part of the process?

MR. DINNING: Mr. Chairman, if you look at line 3.1.6 on page 3.42, you see a proposed expenditure of \$2.925 million was in fact unexpended, didn't get spent at all. Because of reorganization, that line, the Curriculum Support branch, was actually absorbed, and through reorganization that \$2.9 million in expenditure went to lines 3.1.3 and 3.1.4. That's where those dollars were spent. What they were spent on is focusing on the vision statement that we had released earlier on. We focused on science and social studies programs. We began work on the career and technology studies program. We worked on the Excellence in Teaching Award program, and we began designing, in fact, at that point the registered apprenticeship program, which gives senior high kids an opportunity to gain work experience while in high school such that when they're finished, they're well on their way to getting their ticket as registered apprentices.

9:52

MR. CHAIRMAN: Okay. I'd like to thank the minister for appearing before the committee today. I'm sure all members appreciated his very concise but informative opening statement and the full answers that he provided to questions that were asked by the members.

Unfortunately, there are four members that did not get in today, but I'll make sure that their names go to the head of the list of questioners for the next meeting.

MR. CARDINAL: Mr. Chairman, unless you're adjourning immediately, now, then I want to ask my questions too. I've spent an hour and a half sitting here. The Member for West Yellowhead, who is proposing a motion, had his question. He should have let his question go by and then . . .

MR. CHAIRMAN: Well, that's what he did.

Do you have one quick question you want to put, hon. member? Please do it quickly.

MR. CARDINAL: If you're adjourning, then no problem. I'll wait until next . . .

MR. CHAIRMAN: No, we haven't adjourned the meeting yet. You can have the first question.

MR. LUND: Well, I've got questions too.

MR. CHAIRMAN: You've already had your chance, hon. member.

MR. CARDINAL: Okay. Thank you, Mr. Chairman. I'll make my questions reasonably quick.

On page 4.8 the Education Revolving Fund's Statement of Operations and Surplus shows sales in 1991 increasing from 1990, yet the cost of goods sold decreased. Could the minister explain why this would happen?

MR. DINNING: Mr. Chairman, it goes back to the transfer of distance education materials that had been produced under vote 3 of the General Revenue Fund. They were transferred at no cost to the learning resources centre, in this case the Education Revolving Fund, whereas in 1990-91 that practice was changed.

MR. CHAIRMAN: Okay. Mr. Doyle on new business.

MR. CARDINAL: Well, Mr. Chairman, I have two more supplements.

MR. LUND: Just a minute.

MR. CHAIRMAN: Mr. Doyle.

MR. DOYLE: The Chair agreed to one question from the Member for Athabasca-Lac La Biche and no more. The Member for Rocky Mountain House has had his turn, and I haven't had mine.

Thank you, Mr. Chairman. Under Other Business I'd like to serve notice of motion. I want to propose the following motion.

Be it resolved that the Public Accounts Committee order the appearance of the Minister of Technology, Research and Telecommunications and the senior management of NovAtel Communications Ltd., and that they be asked to produce all relevant documents pertaining to the management and sale of NovAtel Communications Ltd., including pertinent management agreements, financial records, and any management letters from the Auditor General of Alberta to NovAtel.

MR. CHAIRMAN: Okay. Mr. Thurber and Mr. Moore.

MR. THURBER: Mr. Chairman, it's nice of the hon. Member for West Yellowhead to bring up such motions at such a late date, but really we're here on a schedule; we've agreed to the schedule for the ministers to come here. We waste a lot of time on frivolous things here rather than getting down, sticking to the schedule, and asking the ministers the questions that are so important. They've hammered away at this thing, they've had estimates in the House, and we've had all kinds of things.

MR. DOYLE: Point of order, Mr. Chairman. Is he speaking to the motion?

MR. CHAIRMAN: Well, I think the hon. member is speaking to the motion. As I understand it, you're presenting a notice of motion?

MR. DOYLE: That's right, Mr. Chairman.

MR. CHAIRMAN: At this point I'd say it's not debatable. This motion would come up for debate, then, at the next meeting of the committee.

The next meeting of the committee will be June 10. There will be no meeting next week, of course. The minister that will be here before the committee is the Minister of Health, the Hon. Nancy Betkowski.

With that, I recognize Mr. Moore.

MR. MOORE: I move that we adjourn.

MR. CHAIRMAN: A motion to adjourn. Is there any discussion? Are we agreed that we're adjourned?

SOME HON. MEMBERS: Agreed.

SOME HON. MEMBERS: No.

MR. CHAIRMAN: We're adjourned.

[The committee adjourned at 9:57 a.m.]