

8:30 a.m.

[Mr. White in the chair]

THE CHAIRMAN: I'll call the meeting to order. You have an agenda before you that needs an amendment. You'll recall last week we had a request from Ms Blakeman, and then someone else asked that about quarter to 10 we have a discussion vis-à-vis the annual convention of committees such as this across Canada -- it's in Quebec -- and the selection of that. So we'll add that to the agenda under Other Business. As well, we have a notice of motion given by Mr. Sapers that will be dealt with immediately thereafter.

Might we have a motion on the agenda as amended?

MS BLAKEMAN: Yea.

THE CHAIRMAN: Is it agreed?

MR. SHARIFF: To deal with it at 9:45?

THE CHAIRMAN: Yes. Is it agreed? It's carried.

Now I have the minutes that have been circulated. They are in your mailboxes or maybe in your packages. Any errors or omissions? There being none, might we have a motion to accept same? Mr. Amery. It's moved. Is it agreed?

HON. MEMBERS: Agreed.

THE CHAIRMAN: It's carried.

Now, this morning we have with us the Hon. Gary Mar, Minister of Education, to enlighten us as to the accounts that are under study. Mr. Minister, might you introduce your staff? Then we'll have the Auditor General introduce, and then the floor is yours.

Thank you, sir.

MR. MAR: I'd be happy to do that, Mr. Chairman. Thank you, colleagues. It's my pleasure to present the public accounts for Education for the year 1997-98. Accompanying me today and providing able assistance are my deputy minister, Dr. Roger Palmer; Jeff Olson, senior financial officer for my department; Dave Antoniuk, director of the Learning Resources Distributing Centre; Brad Smith, manager of financial reporting; Sharon Campbell, director of planning; and Lynn Redford, my special assistant.

I know that public accounts always seems a bit like ancient history, but as we tell our students in schools, history helps us understand how we got to where we are today, and where we are today is with an education system that is funded at a higher level than at any time in our past. That started in 1996-97 when we first began to see the impact of reinvestment and made further reinvestment commitments. In 1997-98 we continued that trend, reaping the benefits of previously announced dollars and further committing this government to even higher financial support for education. For example, in 1997-98 we saw half of the \$40 million in matching funds for classroom computers announced in January of 1996, the second installment of \$2.5 million from the lottery fund for technology, and half of the \$34 million for severe disabilities announced in June 1996. With these reinvestments we entered 1997-98 with a budget that was just half a percent lower than in 1992-93. We finished the year with actual spending that was 4 percent higher than in 1992-93.

Our commitment to reinvestment continued in January of 1998 when we announced First Things First: Our Children, a 12-point plan supported by a major reinvestment. First Things First provided significant increases in existing areas of education spending, notably

basic instruction, special needs, and increased enrollments, all aimed directly at the classroom. First Things First also introduced new programs aimed at the early grades, things like the early literacy initiative and the teacher assistance program. Most of these reinvestments had their financial impact on the following fiscal year with the notable exception of the \$100 million onetime grant for school capital projects. But the impact in terms of heralding our continued commitment to reinvestment stood out loud and clear.

I mentioned that we ended the 1997-98 fiscal year with spending that was higher than estimated. Contrary to what one might think, this was a very good thing. It showed that once again Alberta was the place to be in Canada, and it showed that we were being responsive to the will of Albertans and the needs of our students and teachers. In short, the extra money was a reflection of the tremendous success that this government has enjoyed as a result of its policies, and I'll explain that.

First, increased enrollment is a direct result of the Alberta advantage. Our economy and quality of life, enhanced by our prudent fiscal management, is attracting more businesspeople and workers and their families to Alberta, and this is something that we can all be proud of. But it does mean more students in our schools, and that means it costs more money.

Also, in 1997-98 students were completing more high school courses than expected. This is exactly the result we were looking for when we moved from funding high school by enrollment to paying for courses completed. This method is called the credit enrollment funding or CEUs. CEU funding spurred a steady increase in the number of courses students were completing. In 1993-94 the average was 31.3 credits per student. Two years later it had gone up to 34.56 credits per student. By 1996-97 we thought students had reached their limit, but they surprised us, pleasantly I might add. In 1997-98 the average number of credits per student went up to 36. We know that career and technology studies had an impact on these rising course completion rates. Alberta high school students earned more than half a million credits in CTS programs in the year under discussion. That's an increase of more than 7 percent over 1996-97.

CTS was fully implemented in high schools across the province in September of 1997. Instead of the old home economics, shop, and a few business programs, students can choose from 22 strands that can lead to rewarding careers. With the support of business and postsecondary partners, student participation continues to grow. CTS also is having a positive impact on work experience. With the help of business partners, students learn job skills while they earn high school credits.

There was another contributing reason for the spending increase in 1997-98: we were funding more students with severe disabilities. Some of the increased numbers are due to improved health care and better diagnostic methods. Then there is the impact of general enrollment growth. That is to say, more students in the system means more students with disabilities. But a large part of that increase is a direct result of changes in how we allocate funding for severe disabilities, and that is a positive for our students. Under the old funding system, school boards received funds only if their incidence level was over a certain benchmark. Under the new funding framework we move to per-student funding. For the first time we are funding each and every student who is eligible. So the increasing numbers in 1997-98 were not necessarily new students, but many were students who were being reported for the first time.

Finally, some of the extra money we spent in 1997-98 was used to fund task force reviews on school facilities, private school funding, and the operations of the Calgary board of operation. These reviews were necessary to make sure that education policy was in line with the needs and wishes of the people we serve. Some of the added funds were used to meet our increased responsibilities to

teachers' pensions, to pay interest penalties for the early payout on some school debentures, which will of course save us money in the long run. But the biggest increase in our budget in 1997-98 was the \$100 million in a onetime grant for school capital construction. We allocated \$5 million of this for additional career and technology studies equipment and \$13 million to offset the rising cost of projects already under way. With the remaining \$82 million we moved up school capital projects that had been approved for 1998-99. That gave us time to figure out how best to spend the money in the following year.

Last September we announced how we would use this money for new school capital initiatives: \$8 million for a new innovation fund to support novel ideas on meeting school facility needs; \$4 million for a provincial school facilities audit to identify the extent of the need across the province; \$4 million for emergent needs; \$20 million for new space; \$46 million in block funding for school boards. With these decisions, especially the innovation fund and the facilities audit, the \$100 million reinvested in the 1997-98 year will have a continuous and lasting impact on school capital decisions for years to come.

Meeting our responsibilities to our teachers, students, and all Albertans is something we take very seriously. That is why this government has changed the way it does business to planning by results. We clearly see that emphasis on results in our three-year plan for education that began in 1997-98. In that plan, as in every plan, our first and most important goal was to focus on what students need to learn and to ensure our students achieve high standards. So I was very pleased to see in the 1997-98 results report that four out of five parents agree that students are learning what they need to know. Three out of five parents agree learning expectations are about right, and that is up from about half in 1995.

8:40

Nationally our students are doing very well in areas of national standardized tests and are near the top of results in the country. The new math curriculum makes math more relevant to real-life situations, and we hope that will maintain student interest in math and over time help improve student learning in this important subject. Our results in the third international math and science study were significantly higher than the international average on six of the seven tests, giving Alberta the best results of all G-8 countries. At home, students continue to do well on the made-in-Alberta provincial achievement tests.

Other highlights of achievement include redefining basic education and learning outcomes for Alberta students, introducing Canada's first teaching quality standard, and making effective use of our construction dollars. The cost per square metre for new schools was significantly lower than in other provinces and lower than other public buildings in Alberta.

With so much concern for students with special needs, I was especially pleased to see that in 1997-98 four out of five parents of students with severe needs were satisfied overall with the services their children received. Not only did we achieve our overall satisfaction target again; we did very well in all areas of special needs except accessibility, and we're working to improve on that particular result.

I continue to work with my colleagues, the ministers of Health, Family and Social Services, and the minister responsible for children's services, to address student health needs. In his televised address the Premier alluded to this initiative. We are now waiting for the provincial budget to roll out the new program.

We also made progress in our four priority areas for improvement in 1997-98. In high school completion rates, while there has been no change in the number of students who completed grade 12 within six

years of entering grade 9, more students completed high school in four years. We expect that new initiatives aimed at improving basic skills in the early grades, improving support for special needs, and providing better school-to-work transitions will improve high school completion over time. To help improve high school achievement in math, we shared ideas with educators and parents, identified new teacher and learning resources in math, and introduced a new mathematics curriculum to grade 9. We continued to integrate technology into student learning by providing funding to put computers into classrooms, developed learner outcomes in information and communication technology for ECS through grade 12, signed agreements with several software companies to significantly lower costs, and helped to establish the Telus Learning Connection to help train teachers on the use of the Internet.

To better co-ordinate services for children with special needs, we worked with other departments to develop service standards, a funding model, a government model, and a protocol framework to support the design and delivery of services by the future child and family services authorities. We also worked with Health and the commissioner of services for children and families to prepare a preliminary report, an action plan to improve student health services.

Looking back like this gives us a basis for comparison between what we set out to do and what we have actually accomplished, between where we were and where we are headed. Looking ahead, our knowledge-based economy means that students will continue to need to build their technology skills and that teachers need the technology skills to teach. I was pleased to join with our other partners in the Telus Learning Connection to announce that this teacher learning service will continue for another two years, to 2000-2001. Students will also need strong math and problem-solving skills if they're going to make the most of their career options in an increasingly technical work environment. Those are exactly the skills we seek to build with the new math curriculum. Just this February I announced \$2.2 million to support teacher learning for math for grades 7 through 12 so teachers will be better able to help students learn.

Improving high school completion rates will continue to be a challenge for us, especially when a healthy economy can offer immediate employment. We are working to strengthen the transitions between school and work or postsecondary education to give our students lots of good reasons to stay in school by helping them develop the work skills they will need while they continue to earn high school credits, giving them a head start on a rewarding career.

There are still challenges to meet. For example, people continue to come to Alberta attracted by jobs and our quality of life, and this will continue to put a strain on classrooms and programs. Later this month I will release our new three-year plan for education. That plan will show how we will continue to build on the achievements I've talked about today to meet the learning needs of students and the expectations Albertans have for their children. And in our budget we will aim to strike the right balance between meeting our responsibilities to students and to the Alberta taxpayer.

Thank you very much.

THE CHAIRMAN: Thank you, Mr. Minister.

Before we commence with questions, we should have the Assistant Auditor General introduce himself and his staff.

MR. SHANDRO: I'm Nick Shandro. I have responsibility for the audits of the education sector. On my right I have Cathy Ludwig, who's an audit principal responsible for the audit of the department, and on her right we have Merwan Saher, who is responsible, amongst many things, for the production of our annual report.

THE CHAIRMAN: Mr. Sapers, please, to start the questions, followed by Mr. Yankowsky and Ms Blakeman.

MR. SAPERS: Thank you, Mr. Chairman. Good morning, all. Welcome, Mr. Minister, and to your staff and our friends from the Auditor General. Your ranks are thinning. I hope everything's okay over at the shop.

Mr. Minister, I appreciate your remarks this morning. I would join with you in acknowledging that there's much to be proud of and excited about in what's happening in Alberta schools. Certainly your staff should feel good about what they've contributed to that success. Even more important is the success I think teachers, parents, school administrators, and school boards have been able to rack up in spite of some rather significant challenges.

My rhetorical question -- and it is rhetorical, because I don't want the chairman to count this as my first question -- is that if everything is coming up roses as much as your remarks would indicate, then why is it that in my hometown we have the Catholic board debating closing schools not because of declining enrollment but because of declining funding? Why is it that we have the School Boards Association talking about hundreds of schools across the province being forced to close not because of declining enrollment but because of declining funding? Why is it that there's over a hundred million dollars being raised in school-generated funds, et cetera, et cetera? So my question is . . .

THE CHAIRMAN: That was a very, very good question, and I think we should allow the minister to respond. We're here for questions. Rhetorical statements are delivered in the House.

MR. SAPERS: I'll get right to my question about special education funding, Mr. Minister. Thank you, Mr. Chairman, for reining me in.

The Auditor General's report on pages 84 and 85 talks about special-needs education financial reporting, and you did make some comments about special-needs funding in your opening remarks. I'm particularly interested in the accountability framework that has been developed for how the money is actually spent once it goes from the department to school boards. Perhaps you could tell me what systems the Department of Education used in the last fiscal year to allocate \$67 million in funding to special-needs students across jurisdictions, given that the department was not able to obtain full cost information from all the jurisdictions.

MR. MAR: I'll pass it on.

DR. PALMER: The way in which we fund special-needs funding in our schools is on two basic structures. The most important one covers the area of children with mild and moderate learning disabilities and other handicaps. This is a basic structure where we have across the province a fairly uniform distribution of children with these types of special needs. The mechanism we use for funding in that particular regard is to provide a flat rate of funding based on every single student enrolled in our school system, which the districts then accumulate and provide those particular special programs. That covers by far the large number of children with special needs, including children who are gifted and talented.

The second class of students, of course, is those whose needs are very particular and special, the ones we call severely handicapped. For those who cover the whole range of severe physical disabilities like being blind and deaf through to severe emotional disturbance of one form or another, for those poor children we find a different way of funding. We try to identify the individual child. We try to identify the particular type of handicap. We have a system of keeping track of where those children are, and we try, then, to

provide specific funding to school jurisdictions based on each individually identified child. That funding, as you know, covers a substantial range of children. In this particular year we're funding almost \$9,000 for the emotionally disturbed and just over \$12,000 for students with other types of handicaps. So it's in that way that most of this is distributed.

8:50

Your specific question was: how do we work that out if we only have some of the numbers? In most of the situations we deal with, what we do is sample in particular areas, see exactly what's going on in those school jurisdictions, do the accounts to see how far the money is going and where it's being spent, and then generalize across all jurisdictions to make a reasonable statement of what we think is the right level of funding. As you know, we have done several surveys of this type at different times, and we keep on trying to re-evaluate to make sure our funding matches the total range of children within the special-needs category. It doesn't match any individual child, but in totality we're giving the school boards the sort of money which is necessary to provide the programs they in fact run.

MR. SAPERS: Okay. Thank you.

Are you getting, then, feedback from the school boards that would indicate whether or not your generalization has worked? Because it seems there's an awful shift in the special-needs population in schools across the province. Once you make the allocation, I'm wondering what kind of monitoring you put into place to make sure you get the feedback. I'm also concerned that there's some inconsistency. Because of the survey method, there may not be a high degree of consistency between school jurisdictions. So could you be a little bit more specific about what kind of feedback process you have, monitoring and adjustments, to ensure that the right money is going to the right jurisdiction at the right time for the right students?

DR. PALMER: Your question is very interesting, and it's difficult to answer in specifics the way you've asked it. I'll try to give the best response I can, and that is that for the severely handicapped students, because we have a regular monitoring program where our staff from the special education branch visit the schools, talk to the teachers, talk to the psychologists involved with those children, in many cases go over the detailed analysis of the paperwork which is being done to show that the child has a particular handicap level, there is a great deal of regular contact between my staff and the staff in the school on the programs they're offering and the way in which the identification was made. That process does two things. One, it helps to make sure there's some consistency in identification as we go from district to district, and it also gives us direct feedback to the department about what's happening with programming, what's happening with the costs of those programs. It's that information we use to try to identify the next area where we need to do a detailed review to find out what's happening and where we need to do a funding change.

MR. SAPERS: Thanks.

THE CHAIRMAN: Thank you.

Mr. Yankowsky, followed by Ms Blakeman and Mr. Lougheed.

MR. YANKOWSKY: Thank you, Mr. Chairman. Good morning, everyone. I want to refer you to page 110 of the annual report. We see here that the Auditor General has issued a qualified opinion because of teacher pension obligations being excluded from the

Department of Education statements. My first question is: could the minister tell this assembly if there are plans to show this sizable obligation totaling some \$4 million in the department's statements in the future?

DR. PALMER: Yes, there is an intention to do that. For some time now we've been considering that liability, and it's our intention to move in that direction for April of in fact this year, 1998-99.

MR. YANKOWSKY: Thank you.

Referring now to page 87 of the annual report -- and this again is the Auditor's report -- here the ministry financial statements received a reserved audit opinion, in part because school boards are excluded from the reporting entity. Could the minister please explain why the school boards are not included in the ministry financial statements?

MR. MAR: This particular issue is one of differences of opinion between the Auditor General's office and the government's position. The government's position on the consolidation of school boards' financial reporting: it's our belief that it would cloud accountability and add complexity without adding much value in terms of what was being reported.

The summary results of school board operations are included in a separate section to the 1997-98 annual report, and their financial statements have been tabled in the Legislature. That has been our way of reporting on individual school boards without consolidating it within the government's accounts.

THE CHAIRMAN: Ms Blakeman, followed by Mr. Lougheed.

MS BLAKEMAN: Thank you very much. Welcome to the minister and his staff, and welcome again to the staff from the Auditor General's department.

For your reference, I'm looking at page 90 of the Auditor General's report, and I'm interested in the credit enrollment units, the CEUs. The Auditor General is pointing out that historically the government has been unable to ensure that the funding of CEUs was provided only when all the requirements had been met, because there's been a lack of documentation available from the schools. In the year ended March 31, 1998, "the Department again could not ensure that funding of CEUs was only provided when all of the requirements had been met." So my first question is: what are the requirements developed by the Department of Education in this fiscal year for maintaining adequate documentation by schools regarding attendance and completion of course content that are used for the field reviews of school jurisdictions?

DR. PALMER: The process we've used is a system of monitoring and following up with individual schools. Because of the advice we got from the Auditor General and our own concern with the way in which CEUs might have been used -- we had some concern from parents, for example, that it wasn't working the way we'd hoped it would -- we'd set out a fairly elaborate process of monitoring within schools. We told schools we were coming, we told them the sort of information we were expecting to see, and then we went through the detail of what records they had on individual children. Because this was a new system, we certainly found some gaps in that initial reporting. Gaps which are referred to in this report of the Auditor General identified the same thing. We found, of course, that as we went to each school the documentation got better because the word rapidly spread of the sorts of things we were looking for and what needed to be there to, in fact, justify the original claim. Now we're seeing almost 100 percent compliance in every school we go

into. The only errors we see, in terms of not having documentation on attendance and completion, are ones where there's a particularly strange case of a student leaving halfway through and not keeping some detail of when they in fact left. But nearly all the documentation is really good and up to date now.

MS BLAKEMAN: Okay.

Did you just describe the CEU funding eligibility monitoring plan?

DR. PALMER: Yes.

MS BLAKEMAN: Okay. That would have been my second question, and I guess you answered the two in one.

Thank you.

THE CHAIRMAN: Moving on, Mr. Lougheed, followed by Ms Olsen.

MR. LOUGHEED: Thank you. Looking at page 90 in the annual report here, you've got listed school property taxes in the consolidated statement for revenue and expenses. School property taxes went up about \$42 million over the budget. Would you please clarify for us the circumstances that resulted in or caused this increase? If you would identify those.

MR. OLSON: Sure. The ASFF shows a gain of about \$42 million, or a change of \$42 million, and it's really due to two pieces. One is the assessment growth. In that time period, those two taxation years that overlap, there was about a 6.3 percent increase in the assessment growth. The other large piece was the amalgamation of opted-out school boards. Those are separate school boards. When they opted out or when they amalgamated, they were put in a position where they were placed into the ASFF, so the money, instead of flowing from the municipality to the school board, went through the ASFF to the school board. So it came to the department, to the school board, instead of going directly from the municipality.

9:00

MR. LOUGHEED: Thank you. Then just dropping down a couple lines to the expenses. The expenses are over budget by about \$125 million. Can you account for that, please?

MR. OLSON: Yes. That's where the supplementary came into play that we asked for at the end of the year. It can be broken down into its components. The one large piece the minister has mentioned is the \$100 million for one-time school construction. There were increased enrollment pressures of about \$12 million; another \$3.2 million was related to severe-needs students; interest penalties that we had to pay when we paid down the debenture, early payout, of about \$6.4 million; and there were some increased pension costs in the current service portion of the teachers' pension plan of about \$1.8 million. So that totaled about \$124 million.

MR. LOUGHEED: Okay. Thank you.

THE CHAIRMAN: Ms Olsen, followed by Mr. Amery and Dr. Pannu.

MS OLSEN: Thank you, Mr. Chairman, and welcome to the minister and his staff. Again we see the all-too-familiar faces of the Auditor General's staff. [interjection] Yes, absolutely, they've become a very endearing group to us.

I want to refer to charter school accountability on page 87. I note that in the Auditor General's report of '96-97, he reported that "charter schools do not identify measures to demonstrate enhanced learning." This year he says:

Although the Department is beginning to develop new guidelines for charter schools' business plans, which include the requirement of a mandate-related goal, this guideline will not be implemented until the finalization of updated regulations in December 1998. Consequently, updated business plans that include measures of enhanced or improved learning cannot be expected before April 1999. Until the end of the 1999-2000 school year, the Department will be unable to assess the performance of the charter schools in terms of their mandate-related goal.

My first question is: what evaluation process did the Department of Education utilize in '97-98 to determine whether charter schools were in compliance with the mandate established in their business plans?

DR. PALMER: In that particular year we prepared a guide for planning for charter schools which required that the charter schools provide information on what they were doing and how they were achieving their various goals, but as the Auditor General says, we did not require very specific information. It was only in this current year that we've implemented a detailed structural response to the Auditor General's concern that we have a detailed follow-up on the charter school mandate question. That is something we're working on this year to improve.

MS OLSEN: What mechanisms did the Department of Education develop during '97-98 to ensure that charter schools have the expertise and knowledge to carry out their roles and responsibilities in the outcomes established in their business plans?

DR. PALMER: The key mechanism that we were using with charter schools was to work through the superintendency structure. We require charter schools to identify a superintendent and contract for superintendency services. The purpose of this particular structure was to make sure that there was an experienced educator who had worked with school systems in the past and knew the ways in which the system needed to be managed, would be on hand, and would work with the charter school and the parent group throughout their formation so that there would be a detailed structure and follow-up. They would have the expertise on hand to be able to provide them assistance in monitoring their performance and reporting back to the department. That's the primary structure we intended to be in place to ensure that there would be the knowledge on site to be able to manage the school system.

THE CHAIRMAN: Mr. Johnson, followed by Dr. Pannu and Mr. Melchin.

MR. JOHNSON: Thank you, Mr. Chairman, and good morning, Mr. Minister and others. My question is taken from page 132 of the annual report dealing with the Alberta school foundation fund. A liability for an advance from general revenues of \$73 million exists at the end of 1998 which did not exist the year before; that is, March of 1997. Could the minister please explain why there is a difference between these two years?

MR. OLSON: The \$73 million amount advanced from general revenues -- ASFF has a lot of activity at the end of every quarter, March being one of those quarters. Because we pay school boards about a week prior to when the funds from municipalities actually come into the fund, the March 31 deadline, we draw on the GRF in order to pay those boards about a week earlier. The reason that's

done is to better meet their cash flows when they are paying teachers, because teachers get paid about that time of the month.

MR. JOHNSON: Thank you. A supplementary question on the next page, page 133, under revenues. Investment income is \$1.7 million higher than budgeted under revenues. Could the minister please explain how this revenue is earned and why it is higher than budgeted?

MR. OLSON: Again, the fund has a lot of activity during the year, and as we mentioned before, the assessment growth that we had and with the funds flowing through ASFF that normally would have gone through a municipality, we had daily cash balances that were quite high. Therefore we benefited from the interest revenue more than we expected, over budget.

MR. JOHNSON: Thank you.

THE CHAIRMAN: Dr. Pannu, followed by Mr. Melchin.

DR. PANNU: Thank you, Mr. Chairman. My questions pertain to page 84, special-needs education. There are two categories of special-needs students outlined there, one with severe needs and the other group with mild and moderate disabilities. The second group also includes gifted and talented students. There is some information here with respect to the total amount of money spent on students in the first category, that is those with severe disabilities and needs, but for the second group the information is somewhat spotty. So my questions are with respect to that. What's the total amount spent for the category of students who are labeled as having mild or moderate disabilities and students who are gifted and talented? Now, there are two subclasses here: gifted and talented and those with mild or moderate disabilities. Clearly these are qualitatively different subgroups. I would like to know the numbers in each subcategory and the amounts spent for each category during the year being reported here. Secondly . . .

THE CHAIRMAN: These are items that can be categorized, and perhaps it would be wise for the minister to file that information in package form through the committee assistant and deliver it to all members. That makes it a little easier than delivering it here now and the list of the numbers. Is that reasonable?

DR. PALMER: Mr. Chairman, if I may, could I respond in part to the question?

DR. PANNU: Mr. Chairman, could I complete my question? I just had the last statement to make.

THE CHAIRMAN: Okay. Sure.

DR. PANNU: Thank you very much. The second part of my question: what evaluation criteria are used to assess the effectiveness of funds allocated to meet the needs of the gifted and the talented?

DR. PALMER: As the chairman suggested, we will file some detailed information as best we can. I would just inform the committee, though, of two features in this regard. One is that gifted and talented and the other areas of mild and moderate come under the block funding scheme. The block funding scheme means that every board gets their allocation, whether they give the department detailed information on the distributions or not. So in areas of mild or moderate we are acutely aware that we don't always know exactly how many students are receiving programs in these various areas. So within that limitation we will attempt to provide you a breakdown.

9:10

DR. PANNU: The second part, Mr. Chairman, was the evaluation criteria for assessing the special help that the gifted and talented receive. How do we assess?

DR. PALMER: There is no specific evaluation scheme apart from the parent satisfaction surveys that we provide in various schools to find out whether in fact the parents believe that their children have been appropriately served, and even that is not complete.

THE CHAIRMAN: Mr. Melchin, please.

MR. MELCHIN: Thank you. I'd like to focus my comments a little bit on the debt that was outstanding, which I guess was taken over when we went to the block funding. The department took over all or most of the capital debt. I would like to get a little bit of background. Have we as a department in the transition literally taken over all of the capital debt and the obligation for it from all of the school boards since we now fund all new additions or new schools? I mean, I notice in some of it that it says that the principal retired by the department is the bulk of it, but there's also principal retired by school boards, a smaller amount, \$2.7 million. In that, give me a little bit of appreciation as to whose obligation -- or do the school boards have any obligation at this stage for the remaining debt prior to the change in block funding?

MR. OLSON: On that issue there is a small portion of debt that was assumed by the department but not actually directly provided grants to, and the unsupported portion I'm talking about would be admin buildings. Right now in this year we show evaluation change, recognizing that the boards have paid down a significant portion. In the next year the plans are to actually write that totally off to recognize that it's well in hand and taken care of.

MR. MELCHIN: Which of the school boards have any obligation? When you've got principal retired by school boards -- and I notice even in the revenue, there's the capital block. There's almost \$138 million of revenue supplied to the boards, but there's about \$140 million in interest on capital debt out of the school boards. So there's about \$2 million, without going through each individual board. Are some of the boards paying themselves out of the revenues over and above what we supply?

DR. PALMER: I think the best thing for us to do is to try to give you a detailed answer to that in writing, because I don't know where that would be. We do of course have the situation of school boards that have things like bus barns and school central offices, for which we have not taken on direct support. They're paying off those interests themselves. So I'm assuming it's related to those situations, but we can give you the detailed information in writing.

MR. MELCHIN: Thank you.

THE CHAIRMAN: Mr. Sapers, followed by Mr. Amery.

MR. SAPERS: Thank you. I would like to direct the minister's attention to the Auditor General's report, the section on financial reporting in the education sector starting on page 90 and going over to page 91, particularly the references to school-generated funding.

A couple of recommendations in the Auditor General's report. First, recommendation 20.

It is recommended that the Department of Education work with school jurisdictions to provide guidance on systems of internal control over the collection and expenditure of School Generated

Funds.

My first question to the minister is in relation to that. I'm wondering if you could tell me what guidelines the Department of Education developed during '97-98 to ensure school jurisdictions are using appropriate controls in the collection and recording of school-generated funds.

DR. PALMER: The mechanism we use is working through our School Business Officials association with the secretary-treasurers to establish accounting procedures to make sure that school-generated funds are appropriately recorded within their audited financial statements. The Auditor General has pointed out to us on several occasions now that those processes are not complete and that we need to work further to ensure adequate reporting with school-generated funds, and we are continuing to work with the School Business Officials of Alberta to improve that process.

MR. SAPERS: Okay. I appreciate the restatement of the problem. The fact is that well over \$100 million was raised, \$120 million. Last year \$105 million was reported by the Auditor General, and in over three-quarters of the cases, 77 percent, auditors raised significant concerns over the inadequacy of controls and the completeness of the revenue in terms of any kind of an audit trail. What specific action did you take other than just looking at it again and recognizing that you've got a problem? What's going to change so that when we look at this again in next year's public accounts, we won't be looking at three-quarters of audits being incomplete with alarm bells ringing?

DR. PALMER: I can't give you a specific answer to the question in terms of: will we be in the same position next year? I can only tell you that we have worked very closely with the secretary-treasurers to ensure that there are new processes in place, and in the jurisdictions we've looked at and worked with specifically on some of these changes, those secretary-treasurers are working as hard as they can to remove the qualifications which they've received in their audit reports. I've never seen a secretary-treasurer yet who's not concerned about the issue in terms of receiving a qualified audit statement and is attempting to find the best possible way of keeping track of some of those cash payments.

It is not unusual in situations where you have cash receipts at the level of the school to know that there are some places where we can't guarantee that all accounts have been taken into consideration. Certainly we can move to make a tremendous dent in that and make sure that nearly all funds go through school accounts and therefore through the school authorities' accounts.

The \$124 million in school-generated funds covers, as you know, a wide range of different factors. Some of them are issues like cafeteria receipts. In those cases we can rapidly move to a situation where they are recorded within the accounts of the school board and therefore included in the total accounts of the school jurisdiction. Some of them are at the level of student union activities. Student union activities have traditionally been tough to keep track of exactly what the cash receipts were. So we can certainly move and we are moving very deliberately on making sure that we've got records and good records, of course, for all those public moneys which are coming in and out of our school jurisdictions.

I believe -- and I believe this with conviction, having talked to the people who are concerned -- that we will make a tremendous stride in this direction and steadily improve on the quality of the records within the school jurisdictions. Can I guarantee we'll do every one by next year? That would be a bit much, but I'm working in that direction.

MR. SAPERS: Thanks.

THE CHAIRMAN: Mr. Amery, followed by Ms Blakeman.

MR. AMERY: Thank you. Do we wait for the minister to come back?

THE CHAIRMAN: He's been different than most of our presenters in that he's been delegating.

MR. AMERY: Okay. That's fine. Thank you, Mr. Chairman. Good morning, everyone. I'd like to direct your attention to page 143 of the annual report. My question deals with the education revolving fund. The education revolving fund had a 1998 net income of about \$1.7 million compared to a budgeted loss of \$20,000. I wonder if you could explain to me what transpired through the year to result in this variance, from a \$20,000 loss to a \$1.7 million net.

MR. SMITH: We budget very conservatively. That represents the \$20,000 loss. Our sales were quite a bit higher in 1998 for mathematics, elementary and junior high. We also had efficiencies in our administration and our operations. Initially, our sales were down, and therefore we tried to do as much as we could with the staff that we had, and the sales picked up and were quite even. Therefore, we hired our casual staff quite a bit later than normal, and this represents the \$1.7 million.

MR. AMERY: Thank you. I wonder if you could explain to me what the fund does with its accumulated surplus of about \$3.2 million.

MR. SMITH: The \$3.2 million helps pay down the advances, and also effective April 1, when the revolving funds are going to be abolished, the money will go back into general revenues.

9:20

MR. AMERY: Okay. Thank you.

THE CHAIRMAN: Ms Blakeman, followed by Mr. Johnson.

MS BLAKEMAN: Thank you. My question is to the Minister of Education. I'm referring to part 1 of the annual report for the department, specifically on page 27 and following. My question is around these performance measurements and goals and the way of measuring and planning for that. For instance, I notice that in 1.3, the rate of high school completion within six years of entering grade 9, there has been a fairly consistent percentage of success, in the 69 percent range, with one exception. I'm reviewing years between '92 and the year that we're discussing here today. I noticed that the target for the next year is 6 percent higher. Given that there has been a consistent achievement of that 69 percent, what occurred in this fiscal year that we are examining? What plans are in place? Without meaning to be facetious, what miracle has been planned to jump us from 69 to 75 percent?

MR. MAR: Well, in terms of a target we're always trying to reach higher than what we've achieved in the past, and there are a number of programs that we've put in place that we think will help achieve greater high school completion rates. Programs such as the registered apprenticeship program, our CTS programs, our working with employers in terms of the programs that we have in high schools, the outreach programs that high schools are offering throughout the province: all of those will help achieve a higher rate. It remains to be seen, of course, whether or not we're able to break out of the relatively consistent sort of 70 percent figure, but it's a

key measure that we want to focus on. We do it through changes in programming, changes in curriculum, and we hope to achieve the higher number.

MS BLAKEMAN: Okay. I'll go to some of the other key measures -- I'm sorry; that's what they're called -- for example, 1.6, percentage of parents, students, and the public who agree that high school graduates are prepared for work or further studies. Again, what specific programs have been put in place? One of the examples here is the parents of K to 12 students. Their satisfaction or percentage who think their high school graduates are prepared for work has gone up and down: 65 percent, 70 percent, 53 percent, 49 percent. The target for '99 is 75 percent. Now, I note that there has been a difference in the way the question was worded. Nonetheless, given that range of numbers -- 65, 70, 53, and 49 -- what specific plans are in place to move that performance measurement up to 75 percent?

DR. PALMER: You're referring specifically to prepared for postsecondary training or to skills for a job?

MS BLAKEMAN: Prepared to enter postsecondary education and training. That's what we're trying to do.

DR. PALMER: Yeah. That particular one, actually, is one of the ones which has been giving the department considerable concern, as you'd imagine by looking at those numbers. In the case of the knowledge that we have about the qualifications and success of our children -- that is, in terms of their performance on achievement tests and diploma exams -- in nearly every area we can point to improved performance and considerable success. In terms of our students in high school being well prepared to go on to postsecondary training, clearly the numbers that we have would suggest that in fact our students are very well prepared, and the students themselves would agree to that. The students themselves are saying that 84 percent of them believe that they are well prepared to go on to postsecondary education and training.

So the issue is, as you've correctly pointed out, that their parents have got an opposite perspective on this. We've had a number of meetings with groups to see if we can find out exactly why that is the case, and it seems to be more related to issues of the public satisfaction, in general, in terms of: do they think the future is positive for their children? Will their children get future jobs?

If that is the case, if there's an issue of "Are we preparing them for the world of work?" what we set out to do is to make sure that we've demonstrated to parents that we've been responsive and we've changed our programs. The big change there is career and technology studies. We've changed the nature of our high school programs. We've clearly identified it with future training and future postsecondary opportunities. We've tried to link those two together and make sure that our children, in terms of going home to their parents and talking about what's going on, can say: our high schools have taken note of what the postsecondary education institutions and various training opportunities need for the future, and we've tied those two things together.

Having said that, I don't know why it went down from 53 to 49 percent, and we are going to spend a lot of time this year trying to work out why that's going in that direction.

MR. MAR: If I can make one observation in addition to that, it is that the people who are inclined to believe that high school graduates are prepared for work or further studies tend to be those people that work most closely with schools. We think that by engaging more people from the business community and the community at large in schools, that will help people understand what is actually going on in schools and improve their beliefs that students are well prepared.

That's also something that we have to continue to work on, to ensure that the public at large has confidence in the public education system, that those of us that work with it and that have kids in it know that it is a good system and it does prepare kids properly.

MR. JOHNSON: I'm referring to page 91 of the annual report. The cash balance held by the ministry is almost \$38 million more than that for 1997. Can the minister explain why cash has increased and why it is such a substantial difference?

MR. OLSON: On that one, as I mentioned before, there's a lot of activity at that quarter as funds flow in from municipalities. The difference there is that at that point in time, March 31, we had about \$79 million of GRF-advanced funds still in there. The following day, April 1, that \$73 to \$79 million -- I can't remember the exact number -- was returned to Treasury, so it brought the balance back down to a more expectable level.

MR. JOHNSON: Thank you. Also on the same page the ministry reports net assets of \$16.897 million for 1998 and \$31.578 million for 1997. Could you please explain what makes up this difference?

MR. OLSON: The net assets are really two pieces in the entity of the Ministry of Education, one being the ASFF, the Alberta school foundation fund, and the other being the education revolving fund. In both of those cases we had two offsetting numbers. The ASFF expenditures over revenues were \$16 million more, and in the case of the revolving fund it was about \$1.7 million or \$1.8 million surplus. The result of those two numbers together gives you a loss here in this case of \$14 million, so that's why the net assets dropped from \$31 million down to \$16 million.

MR. JOHNSON: Thank you.

THE CHAIRMAN: Ms Olsen, followed by Mr. Melchin and Dr. Pannu.

MS OLSEN: Thank you. I want to return to charter schools, acknowledging, Mr. Minister, that there were some issues in the last fiscal year in relation to charter schools. Again in the Auditor General's report he suggests that the department "seek ways of providing charter [schools] with the expertise and knowledge they require." My question to you, Mr. Minister, is: what improvement in outcomes was achieved during '97-98 by having the department provide an annual in-service session to charter schools to highlight the requirements of the School Act?

9:30

DR. PALMER: I don't know how I can judge the extent to which performance was improved. We did, as I mentioned before, improve the connection with the superintendents and provide some in-service work with the people who are directly involved in running the charter schools. This was certainly perceived by them as moving in the right direction and providing them with some assistance. We've also made the links between some of their financial operators and the other organizations like the School Business Officials of Alberta to make better connections between people who are operating the charter schools and others who are running other school systems in the province. So there will be a sharing of expertise. All those things, I'm sure, will give them greater confidence and more success in operating charter schools.

MS OLSEN: Okay. Well, I guess my second question would be: how did the Department of Education determine in '97-98 whether charter schools were meeting the outcomes of enhanced or improved

learning for students enrolled?

DR. PALMER: The mechanisms for looking at student outcomes are primarily by analyzing the achievement test results and seeing how they relate to their original programs. In many cases the charters talk about improvement of school results because of a particular program or style of programming that the charter school wants to follow. In most cases they haven't been operating long enough to get any reasonable judgment of whether the program or program style they've proposed would in fact make a difference to the overall achievement of the children. So by the time we get around to the renewals of those charters, there should be greater evidence.

MR. MAR: I might make this observation. In talking with parents of students at charter schools, there's a great deal of support for those programs. So that is one of the measures we have to consider in looking at the success of the particular program. I think it's also notable that in a couple of cases charter schools that have been operating are now under the wing of public schools. Having looked at their particular programs and evaluated them at the school board level to be meritorious in continuation, those charter schools are now part of the public system, in Elk Island as an example.

THE CHAIRMAN: Mr. Melchin, followed by Dr. Pannu.

MR. MELCHIN: Thank you. I was looking at -- I guess it's in part 2 of the annual report where you've got the schedules to all the school boards. Quite a few of the school boards had deficiencies for the year. I didn't add them all up, but there are quite a few of them. In what fashion are they allowed to have an annual deficiency? I guess when I go to the balance sheet, where you've got net assets, quite a few of them had surpluses. Does that mean they're carrying it over? This year they had a surplus, so therefore next year they can certainly expend more and incur the deficiency? When I look at the net assets, does that mean they can incur deficiencies in any one year to literally extinguish the net asset value, or is it just the investment in capital assets or unrestricted net assets? When I look at the balance sheet, I'm not certain how much of this category called net assets could be reduced to cover a one-year deficiency. So how would you know the balance of one school board to know what is the maximum amount they could overexpend in one year, as to what reserves are left, as to what number I'm looking at on the balance sheet?

DR. PALMER: I could give you a general answer. If you would prefer a specific answer in terms of the detail of the accounting rule, we can give you that in writing, of course. But the general answer to whether a board can carry an annual deficit is: they can, because in many situations there are ups and downs in the cash flow of a school jurisdiction, and at the particular end of a particular year they may indeed be in a deficit situation. So we have never said it is impossible to run an annual deficit on a particular annual budget. The rule is, in general terms, that they can't run a deficit which is larger than the accounts receivable that they have in terms of what they would expect to get from the province in the next quarter. So it should be within a quarter they can change their cash situation.

You can see what's happened within this particular period: that there's about a \$7 million positive, in fact, if you add up all the surpluses and deficits, that in total the boards just about broke even, that the numbers running deficits and the numbers running surpluses were just about on par with each other, and the total when you add them all up is just about \$7 million. That number has changed quite substantially from one year to the next. We've had years with surpluses as large as in the \$80 million and \$90 million, and I

believe last year there was a deficit in the order of \$30 million. So in particular years it can fluctuate quite a large amount. We do have a couple of boards now that are in a situation where their total accumulated deficits exceed their total accumulated reserves, and of course that is a situation which is giving us great concern, and we're working with those boards to file specific plans so they can recover from that position.

THE CHAIRMAN: Mr. Melchin, did you want a written and exact accounting?

MR. MELCHIN: I guess this might clarify whether I need that or not. When you talk about the accumulated reserves -- and I can appreciate the fluctuations in cash flows from year to year, one year being a surplus and the next year a deficiency and you allow them to manage that over time. If you had an accumulated surplus, where would I find that accumulated surplus? If I were to look at any one board, I look at the net assets and see three items: investment in capital assets, unrestricted net assets, and restricted net assets. Is the reserve one of those three numbers, or is the reserve another calculation somewhere in this financial statement? I don't know what to say. How would I know what the reserve is for any one board? Where do I find that?

MR. OLSON: On that issue or question, the unrestricted net assets and restricted net assets can be both operating or capital reserves. Typically, though, an unrestricted net asset would be an operating reserve. It could be in the school; it could be with the school board. More so, a restricted net asset could be a capital reserve being, say, bus barns or whatever they've set aside money for, the purchase of buses or the building of a transportation building. So the answer to your question: the reserves are actually embedded in the unrestricted, restricted, and investments.

MR. MELCHIN: I don't need an accounting if I can clarify one number then. If you go to part 2, annual return. If I go to page 41, as an example, I've got Grande Prairie, and the unrestricted net assets is a negative, a deficiency, \$147,000, I guess. Does that mean the accumulation over the years -- that they are actually still in a deficiency and therefore they don't have reserves for an operating basis? Is that what that would mean?

MR. OLSON: They may still have operating reserves that are restricted. We can give you a more detailed breakdown of that one.

MR. MELCHIN: I appreciate they do have \$404,000 of restricted net assets, but the unrestricted net assets is a deficiency. So on an operational basis they really can't incur additional deficiencies because they're already in a negative position.

MR. OLSON: That's right. In cases like that where they are in a situation where they've gone over one year or just over one year in that position, they still have the application of the restricted assets to go against that. So technically they're still in an okay position. What we try to do in the school business area is monitor the situation, and if it gets too out of line, a plan has to be adopted by the board to try and bring their finances in order.

THE CHAIRMAN: We will be expecting some kind of written response through the committee assistant, if you don't mind, so we can distribute to all members. The fundamental question, as I understand it, is: how is the accounting for the surpluses or deficits accounted for in the accounts? Isn't that briefly it, so I can understand it, Mr. Melchin?

MR. MELCHIN: I'm just trying to understand on what basis there

is a reserve or not a reserve remaining in any school jurisdiction.

THE CHAIRMAN: Good. Terrific.

For the last questioner, Dr. Pannu.

DR. PANNU: Thank you, Mr. Chairman. The last but not the least, I hope.

My question is going to be of the sort that might require, I guess, a written response, so that would be fine with me if that's the case. The question may also be one that needs to be addressed both by the minister and by the AG's side. The question has to do with school generated funds on page 91. Mr. Chairman, I get from my constituents an expression of a great deal of concern and dissatisfaction about the necessity for parents and schools having to raise funds at the school level. They're getting tired of it. I receive lots of phone calls and complaints about this. So I think what we need to do is get a little more information with respect to school generated funds, and here are my questions on that.

9:40

For the year in question, the reported amount is \$120 million. My suspicion is that this is underreporting of the amount if you look at it in light of the observation made in the margin there, "the inadequacy of controls over the completeness of this revenue." I interpret that observation as suggesting that \$120 million may be the minimum. There would be more funds raised. Now, the question has to do with the following: can the minister provide us with some information with respect to these school-based funds generated by each school? Clearly, it's not a school borrowing issue; it's particular schools raising funds. I have raised questions in the Assembly before saying that this way of raising funds to meet certain needs will lead to inequalities across schools. So the question is: can the minister provide us information by schools with respect to how much in funds is raised per unit of students? That unit might be 100 students or 500 students. I don't think you can do it by one student. So that's one. Secondly, where are these funds exactly used by each school?

MR. MAR: With respect to school-generated funds of \$120 million, I think the most important point I'd like to make is that that is not the same as fund-raising. School-generated funds may come in a number of different categories. We'll be happy to provide the breakdown of that \$120 million. The largest categories of school-generated funds would include things like uniforms for school sports teams, cafeteria receipts, yearbook sales, locker rentals, and those sorts of things. The actual amount that is strictly fund-raising tends to be a much smaller percentage of that \$120 million. So that's the one point I'd like to make at the outset.

On the issue of whether we're able to provide information on a school-by-school basis, we are not. We have that information collected at a jurisdiction level. We can provide the breakdown by jurisdiction but not on a school-by-school basis.

THE CHAIRMAN: That would be subsequently coming through the committee assistant; right?

DR. PANNU: Mr. Chairman, just a minor supplementary. Could school-by-school information be provided on those other funds that are raised by parents? Could you give at least that information to us by school?

DR. PALMER: We don't collect that at all. If the money has been raised by parents and the parents have then handed over cash to a school and the school has put it through their accounts, then it will be part of the school-generated funds, an amount that we can't

actually distinguish until we go back in and do a second recount and go back to the schools and ask them specifically how much is of that type. If the parents, for example, did a fund-raising and purchased a computer and then brought the computer into the school and plugged it in, we would not have a record of that. So we cannot in fact give you a detailed answer of the type I think you're requesting. There is no record of that within our system.

DR. PANNU: I wonder if such information could be generated? I understand that you don't have the information now. That was the issue.

THE CHAIRMAN: That was not dealing with the current accounts. That may be a question in the Legislature, in the House. It wasn't collected; the answer has been given. It's up to the minister and the ministry to decide.

DR. PANNU: Thank you, Mr. Chairman.

THE CHAIRMAN: As you heard at the outset, we have a bit of business to do with the committee, so I should like to thank the minister and his associates and staff for answering the questions. The undertakings you have made will be forwarded through the committee assistant and then subsequently distributed. I'd like to thank you very kindly for coming by again. The Auditor General needn't stay for this either, unless you wish to.

Members of the committee, as you will note in the minutes, page 3.99,

discussion took place on the criteria to be used for sending delegates to the Public Accounts Committee Conference. It was agreed that further discussion would take place on Wednesday, March 3, 1999 commencing at 9:45 a.m.

Well, we're a couple of minutes late, but I gather Ms Blakeman and someone else wanted to discuss the matter.

Ms Blakeman, your questions.

MS BLAKEMAN: Oh, I think that question I found the answer for. It's somewhere else actually. It's my understanding that that's not a decision actually made by this committee, that traditionally the chairperson, the vice-chair, and a staff member go. So it isn't really a decision that's made by this committee.

THE CHAIRMAN: That's been the tradition, and for as long as I've been on the committee, it hasn't been discussed. If you're satisfied with that and no others . . .

MS BLAKEMAN: Yeah.

THE CHAIRMAN: Yes, Mr. Sapers.

MR. SAPERS: Yes, thanks. I'm just wondering. Obviously the travel is something we'd have to look at carefully and make sure we get good value for those dollars spent. It's basically a budget consideration and, of course, we inherit a budget more than we develop one. If there is a feeling that there could be benefit to this committee by having greater representation at either this annual gathering or other meetings, I'm wondering whether or not the committee might spend some time canvassing what opportunities there would be for members of the committee, not even necessarily thinking of travel, but of attending other functions perhaps even within the province or the city -- if we could canvass that, list it, and then discuss what would be priorities for the committee and make a submission to the budget process that would reflect those priorities.

THE CHAIRMAN: That sounds reasonable. Others on the matter?

That is food for thought. I understand that the vice-chair was off to an international meeting, and I suspect he'll be filing a one- or two-pager when he has time to gather his thoughts, being back in harness here, and that will be filed. That sounds to me to be quite reasonable. On the basis of that, we might evaluate further moves.

Yes, Mr. Yankowsky.

MR. YANKOWSKY: I would just like to say that if we do decide that somebody's going to travel, could that person be chosen by a draw of names from a hat so that more of us get a chance to travel?

THE CHAIRMAN: Other than that which has been traditional. That sounds reasonable to me. I mean, we can discuss that at the time, but it certainly won't be in this budget year. It may be in subsequent budget years that that may occur.

Further discussion on the matter? There being none, we shall move on.

You'll notice in the minutes of the last meeting, page 6.99, that Mr. Sapers brought before us a notice of motion. If the member wishes to move that motion now, we'll deal with it. The motion as presented is enough. You have to officially move the motion, though.

MR. SAPERS: All right, Mr. Chairman. Last week, of course, I put the motion on notice. It reads as follows: that

the Standing Committee on Public Accounts be given the authority to conduct a follow-up review of the Auditor General's investigation of the government's involvement in Alberta Treasury Branch's refinancing of West Edmonton Mall, including the ability to call witnesses and subpoena relevant documents.

That's the motion as submitted on notice.

Speaking to the motion, I'll make the following quick observations. The Standing Committee on Public Accounts is not restricted by a standing order in terms of following up on a special duty audit of the Auditor General. The West Edmonton Mall scandal continues to generate questions.

9:50

THE CHAIRMAN: Mr. Sapers, in order to discuss the matter we really need a motion. Did you move that motion? If you moved that motion, then it's the chair's opinion that the motion is out of order as presented. Two items. Most particularly, as a matter of fact, under very special conditions I understand that the Legislature itself has subpoena powers, but this committee does not. There are other motions that would be in order, but this particular motion is not in order for that reason.

Also, "be given the authority to conduct." Well, the member putting forward the motion either believes the committee does have the authority to do this or does not have the authority to do this, but you can't have it be given to. Be given by whom? The committee has to assume that. So as it stands, it's out of order. Now that's up for some advice and debate if you want to debate the intended ruling, but as it stands, that's the intention.

Now, Mr. Sapers, on the ruling.

MR. SAPERS: Thanks, Mr. Chairman, and a very insightful ruling.

THE CHAIRMAN: The ruling has been made, then, that this particular motion is out of order.

MR. SAPERS: Absolutely. I guess I had anticipated that that ruling would have come after notice instead of moving it. But now that we've gone that route, if the motion is out of order, I don't have to

withdraw it, but I would like to propose another motion for the committee's consideration.

THE CHAIRMAN: That's certainly in order.

MR. SAPERS: Unfortunately I don't have that in writing, so I'll say it slowly. I move that

the Standing Committee on Public Accounts conduct a follow-up review of the Auditor General's investigation of the government's involvement in Alberta Treasury Branches refinancing of West Edmonton Mall.

That's my motion. You'll notice, Mr. Chairman and committee, that there are significant differences between the motion that was just ruled out of order and this motion. I fully acknowledge that in my zeal to pursue the truth in this matter, I ascribed something to the committee that it may not have the power to do, and that is to call witnesses and subpoena powers. Also, I take as instructive the difficulty with the phrase "be given the authority."

So those two offensive clauses are removed from the motion. I believe that the motion is now valid, and I would like to proceed with speaking to my motion, Mr. Chairman.

THE CHAIRMAN: Please proceed.

A point of order? Okay.

MR. SHARIFF: Mr. Chairman, I still would like to have a ruling from you with regards to the way the motion is presented. Looking at the Standing Orders, section 50 basically states: "Public accounts, when tabled, stand referred to the Public Accounts Committee." I'm not sure -- and maybe we should get some advice on this -- whether that Auditor General's report is public accounts or not. If it isn't, then I don't believe it's in order for us to be even entertaining a debate on this.

THE CHAIRMAN: To the point of order?

MR. SAPERS: On the point of order. The document produced by the Auditor General is entitled report in part. It was delivered under section 17(2), I believe, of the Auditor General's Act. It was a special request report delivered to Executive Council. It pertains to past expenditure that is reflected in the consolidated financial statements of the province of Alberta or that has impact on those consolidated financial statements. There is nothing in our Standing Orders that limits the definition of report or public accounts when tabled. As a matter of fact, it is increasingly common practice to not take a strict constructionist view of administrative guidelines such as Standing Orders but instead embrace a very broad and enabling view of what is allowed and what is not allowed.

The government themselves probably most clearly articulated this principle when several years ago the Municipal Government Act was changed, and the whole notion of what was allowed or wasn't allowed was really stood on its head. Under the old legislation only those things that were specifically prescribed in law were considered to be allowable. The philosophy behind the MGA was to reduce the degree of control and to say that unless it was specifically not allowed in the legislation, then it was allowable. So I guess the common parlance would be: the tie always went to the runner. If it was something that they agreed they wanted to do and it wasn't prohibited in law, they could do it.

This principle of having least restrictive legislation and having the interpretation to enable activity as opposed to disable activity is one that I support. I believe it's one the government supports. I believe it operates in this Assembly and operates in other committees. It would be remedial and unwarranted of this committee to go back in time and say that because the Standing Order, which I believe was

rather cleverly constructed to allow the widest possible scope so that we can ensure accountability and transparency -- it would be wrong for us to go back and interpret that to mean that since it only is one short sentence long, that means we can only do what exactly is enumerated in those few words. It occurs to me that there is an obligation to reflect the public mood and the public will, and that, I believe, is one that demands full accounting for what transpired between the West Edmonton Mall, the Alberta Treasury Branches, and the government of Alberta.

This is not unique. This has been before this committee and before this Assembly before, primarily in regard to NovAtel, and at that time, of course, it was a motion of the Legislature that referred the NovAtel special audit report to this committee for review. I think this province has grown and matured some since then and we all understand the public mood for accountability. It would be unseemly for us now to have to go back and say that we didn't have the forethought to take the responsibility for ourselves, that we were somehow forced to live up to our responsibility by an act of the Assembly as opposed to by our own motion.

So because of the precedent, because of the growing practice of moving away from a strict constructionist view of administrative guidelines, and because of the significance of this issue, I'm quite confident that this motion not only is in order but is absolutely part and parcel of the mandate, responsibility, and in fact obligation of this committee.

THE CHAIRMAN: Further discussion?

MR. SHARIFF: Two points. First, as I say, we need to get some guidance on determining whether this is public accounts. I'm going back to how the report was prepared. It was at the request of the Executive Council. So I believe it is in order for us at least to get some guidance as to whether that fits within the scope or not. If it does fit within the scope, then we would have to look at the process of how we can bring it forward.

The hon. member made reference to NovAtel. My understanding is that that came about as a result of Standing Order 40 in the House, and there was a unanimous vote on it to direct that matter to Public Accounts. So I believe we need to kind of sit on this maybe until the next meeting in the morning to get some guidance on whether this matter is in order, and if it is in order, certainly we should entertain a debate on that at that point in time.

I look at the clock, and it's already 10 o'clock. So I suggest maybe next Wednesday at 8:30 we can begin with this matter.

THE CHAIRMAN: I have no difficulty with laying it over, although the chair and the vice-chair have sought and received advice in this matter, and this is not earth-shattering news. We may have more input between now and then perhaps, but the input that has to be given is from this committee. That's where the chair is at the will of the committee. There is advice from counsel, sought and given, at this point.

But the hour is such that we have completed. We have a suggestion that we recommence this discussion at 8:30 a week hence. That is a bit of a conflict in that we have a ministry before us, Family and Social Services, and the minister without portfolio with responsibility for children. We have those ones. My suggestion is that we again have that at 9:45. Is that reasonable?

10:00

MR. SHARIFF: I'd be agreeable to that.

MS OLSEN: That's not enough time for everybody who would want to speak to it.

THE CHAIRMAN: Not enough time? Well, the difficulty we have

is that we have prescheduled, as per our tradition, all of these members. Do you have another suggestion? Ms Olsen.

MS OLSEN: Yeah. I recognize and understand that, but this issue should be given the weight and the time it deserves. My recommendation would be to have the minister move up 30 minutes if that would give us enough time. I think 15 minutes near the end may not adequately do what we need to do. We deal with this issue from 8:30 to 9 and then from 9 to 10 deal with Family and Social Services' public accounts.

THE CHAIRMAN: That leaves an hour for that.

MR. AMERY: Mr. Chairman, I believe that what we will be discussing next Wednesday will just be the motion as presented. I don't think we will be going into the details of it. If we do agree on going into this matter, it will have to be scheduled at some point in time down the road.

THE CHAIRMAN: I don't understand why.

MR. SHARIFF: We will not be questioning the Auditor General next week. We're just going to be debating whether we want to entertain this motion or not.

THE CHAIRMAN: But first of all we have to pass the motion.

MR. SHARIFF: Right.

THE CHAIRMAN: Then there's a schedule to be made sometime in the future.

Sorry. Mr. Amery had something to say.

MR. AMERY: Thank you. Just for clarification before we vote on passing the motion, I would like to ask the hon. member -- can I ask him a question to clarify something for me?

THE CHAIRMAN: Well, actually what we're doing here -- first of all, there's been a . . .

MR. SHARIFF: It's about the motion.

THE CHAIRMAN: Yes, but it's whether in fact the motion is in order. There is some discussion. The chairman hasn't ruled on that yet because we're out of time, and the vice-chairman has asked that further advice be sought. That's what will happen next week. Whenever we deal with it, first of all we'll deal with whether it's in order. The chairman will indicate a ruling. We'll have maybe one speaker each and then a ruling will be done. If in fact it's in order, the motion will then be put, there will be discussion on the motion, and it will be voted on.

MR. AMERY: Thank you, Mr. Chairman. Then I'll defer my question until next week.

MS OLSEN: Maybe I can take another approach and suggest that we start at 8:15, move our discussion on this by starting earlier, as opposed to going from 8:30 to 9:30, that we start at 8:15 to 8:45 and then deal with this issue.

THE CHAIRMAN: And take a half an hour for the matter?

MS OLSEN: Yeah.

THE CHAIRMAN: Do any others have any input into that matter?

MR. SHARIFF: Mr. Chairman, there are members who would have prearranged meetings prior to 8:30, and it may be difficult to impose that additional time. So I think we'll have to stick with our time of 8:30 to 10. It would be difficult to ask people to come at 8:15, especially since they would have made other arrangements.

THE CHAIRMAN: Do you want to deal with the matter right at 8:30, or do you want to deal with the matter at quarter to . . .

MS OLSEN: At 8:30.

THE CHAIRMAN: Eight-thirty? Agreed. We'll start off with the matter and deal with it as expeditiously as possible, and we'll schedule -- should we leave half an hour or 15 minutes for this one?

MR. SAPERS: Sir, I have a question about the adjournment hour. As I understand it, the 10 o'clock adjournment is tradition; it's not prescribed by Standing Orders. So if we're concerned about the minister's schedule and people that may have scheduled something at 5:30 a.m. before the meeting starts, why don't we continue our business? At 8:30 we'll deal with the minister, and when we're finished with the minister, we'll proceed to this. If it takes us till question period starts, I guess that's just what we'll have to do.

THE CHAIRMAN: It shouldn't take that long. Certainly this is not earth-shattering, folks. We dealt with it a year ago fairly expeditiously. But we do have some challenges.

The member is actually correct. There is no prescribed time for this meeting to end. We do as tradition end as close as we possibly can to 10, and we tell the ministers or our guests that that's what's expected so they can make other arrangements. So perhaps that's the best suggestion if we can deal with it as expeditiously as possible thereafter.

MR. SHARIFF: It would require at least a vote of the committee to go beyond 10 o'clock, and we can certainly entertain that. [interjections]

THE CHAIRMAN: Order please. What it takes is a motion to adjourn. A motion to adjourn is always in order, and traditionally it's after 10 o'clock. So if someone at this point made a motion to adjourn, then the chair would have to accept that motion and it would be voted upon. There isn't any set time, but I'd prefer that not to happen until at least we figure out how we're going to conduct this piece of business.

We have a suggestion that we deal with it at 10 o'clock next week. And it won't take that long. Please, it's not like we're talking about changing the world here. We have a general idea as to the outcome, assuming the government members are more in number than they are at present -- oh, no; exactly the number they are at present.

So is it the committee's view that at 10 next week we commence discussion on this matter, or is it at 9:45?

Mr. Amery has a suggestion?

MR. AMERY: At 9:45.

THE CHAIRMAN: At 9:45.

DR. PANNU: Ten o'clock will be fine with me.

THE CHAIRMAN: Well, let's have a motion, then, to that effect. Mr. Amery has moved . . .

MR. AMERY: That we start at 8:30.

THE CHAIRMAN: We start at 8:30. All those in favour of the

motion, raise your right hand. Yes, it is carried. We are now commencing that discussion at 8:30 on the 10th of March. We will so inform our invitee -- I guess he's not really a guest -- the minister to expect a 15-minute delay.

Do we have a motion to adjourn?

MR. LOUGHEED: So moved.

MS OLSEN: Your last statement about the minister was . . .

THE CHAIRMAN: We'll ask the minister to come 15 minutes later.

MS OLSEN: Well, I assume, then, that you expect the debate to take 15 minutes, and I wouldn't want to put those parameters on it.

THE CHAIRMAN: But if it takes longer than that, then it's up to the committee to decide whether we deal with the guests or we lay the matter over again. It's at the pleasure of the committee at that point, but to delay the business of a minister, two of them actually . . .

There's a motion to adjourn. Is it agreed?

HON. MEMBERS: Agreed.

THE CHAIRMAN: It's carried.

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

