

**Title: Wednesday, April 21, 2004 Public Accounts Committee**

Date: 04/04/21

[Mr. MacDonald in the chair]

**The Chair:** Good morning, everyone. I would like to welcome everyone, please, to the Public Accounts Committee this morning. I would like to call this meeting to order and at this time ask for approval of the agenda that was circulated.

**Mr. Marz:** I would so move.

**The Chair:** Thank you, Mr. Marz. There are no objections? Seeing none, does anyone have any other business that they would like to bring up later on the agenda? At this time no.

May I please have approval of the minutes of the meeting that were also circulated. This is going back to the 31st of March. Thank you.

**Mrs. Sawchuk:** Objections?

**The Chair:** There are no objections. There are never any objections in this committee.

We are meeting with this morning and it is my pleasure to introduce the Hon. Lyle Oberg, Minister of Learning, and his staff – you are most welcome – and Mr. Dunn. Perhaps we should start, for the benefit of the minister's staff, with a brief introduction of those at the table.

[The following members introduced themselves: Ms Blakeman, Mr. Broda, Mr. Cenaiko, Ms DeLong, Mr. Lukaszuk, Mr. MacDonald, and Mr. Marz]

**Mrs. Sawchuk:** Karen Sawchuk, committee clerk.

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

[The following departmental support staff introduced themselves: Mr. Clark, Ms David-Evans, Dr. Dueck, Mr. Ghazouly, and Mr. Olson]

**Dr. Oberg:** Lyle Oberg, Minister of Learning.

**The Chair:** Thank you.

Dr. Oberg, if there are other members of your staff or your department that would like to join us at the table, they would be quite welcome if they wish.

**Dr. Oberg:** They're probably fine.

**The Chair:** Okay. Thank you. If you could now proceed and give us a brief overview of the annual report for 2002-03, we would be grateful.

**Dr. Oberg:** Thank you very much, Hugh. This is going to be an interesting couple of days because there is Public Accounts today and the estimates are tomorrow, so you will have a lot of opportunity to question me in the next two days about what Alberta Learning is doing.

Alberta Learning is the custodian of Alberta's world-class learning system. At the ministry it is our responsibility to maintain and improve this system every day. The most fundamental goals for Learning are to ensure that Albertans have a solid basic education,

to ensure that they have opportunities for quality postsecondary education, and to foster lifelong learning.

The ministry's annual report is a detailed record of how we are progressing on this mandate and on the specific goals of our business plan. In reviewing the year's activities, we've based our assessments on three important considerations. One is what initiatives we undertook to achieve our mandate, another is how we performed according to our measures, and the third is how well we addressed the issues identified by the Auditor General.

In successfully fulfilling our mandate, we face a variety of complex challenges. Many of these challenges are common to jurisdictions across the country and across the globe, yet however common these challenges may be, Alberta has not been complacent. We continue to have a well-educated society and a well-trained workforce, and all Albertans should be very proud of our success, which is evident in all sectors of our learning community. We strive to ensure that learning opportunities at every level are meaningful and effective.

In recognition of the fact that we all learn differently, the ministry offers a wide range of innovative programs, and the result has been an impressive record of student achievement. At the kindergarten to grade 12 level we have a high-quality centralized curriculum that is designed to help students achieve their individual potential. In fact, Alberta's learning system continues to garner national and international attention for what has been accomplished. International jurisdictions including China, Hong Kong, the Republic of Ireland, and Thailand have expressed an interest in Alberta's curriculum.

Working from this solid foundation, we continue to build on the previous successes we've had, and in '02-03 Learning undertook many initiatives to strengthen the learning system. In basic learning a new and revised curriculum and related resources were implemented in many subjects, including science and mathematics, career and life management, kindergarten to grade 9 health and life skills, communication technology and information processing, aboriginal studies, and languages including Spanish, German, Italian, and Ukrainian.

It is not only what students are taught that is important; how teaching is delivered also has impact. To that end, the Learning ministry works to support the sharing of best practices. In '02-03 Learning developed an on-line library of effective practices, funded through the Alberta initiative for school improvement, to be shared among educators. This has fostered information-sharing between the ministry and school jurisdictions and among school jurisdictions themselves.

Information-sharing takes other forms as well. For example, we also developed a technology standards and solutions policy framework for stakeholder consultation that will increase access to learning opportunities across the province.

In adult learning continued efforts were made to support affordable learning opportunities. The ministry processed over 128,000 applications for scholarships, student loans, and loan relief completion payments from over 83,000 clients, an increase of 3.9 per cent over last year.

**8:40**

In additional efforts to enhance postsecondary learning, the ministry also participated in the Council of Ministers of Education initiative focused on pan-Canadian postsecondary priorities. Work was initiated to develop a framework to guide the evolution of improvements to student financial assistance. Alberta played a leadership role in this initiative in partnership with the federal government. This was just one of several SEAMEC initiatives in which Alberta played a leadership role. Development of the on-line

portal of resources for SEAMEC members was a number – and this is a work in progress which is due to be finished probably in two or three years.

Collaboration is an important value of government. This is evident in our work to create adult learning opportunities in the area of apprenticeship and industry training. Alberta's apprenticeship and industry training program continues to thrive and grow. In response to industry demand we provided funding through the apprenticeship access fund for an additional 5,175 apprenticeship technical training seats.

Apprenticeship, adult and basic learning are the major sectors of the learning system, but their interests are not exclusive of one another. At Alberta Learning we undertake initiatives and programs that focus on system-wide interests and learner transitions to make the learning system more seamless. For example, we awarded \$50,000 in scholarships to 50 high school graduates participating in the registered apprenticeship program. This program allows students in high school to get a head start on apprenticeship accreditation by earning credit for high school and an apprenticeship program at the same time.

Another effort to expand learning opportunities at all education levels is the ministry and stakeholder work to embrace and benefit from global opportunities. In '02-03 Alberta Learning led a mission to Asia, accompanied by representative school jurisdictions, postsecondary institutions, and key stakeholder groups, to promote Alberta's learning system. The mission led to nine new co-operative agreements that expand Alberta's international educational opportunities.

While work to expand opportunities continues, we are also focused on strengthening our learning system through improvement of existing programs and operational efficiencies. We continue to evaluate our funding support to identify opportunities for improvement in every area of the ministry. To make the most of our significant investment in learning, we redesigned the kindergarten to grade 12 funding allocation model in '02-03. This will ensure an equitable distribution of funds to school boards while enhancing flexibility for jurisdictions to use funds in meeting the needs of all students based on local needs and priorities and enhancing accountability for achieving positive outcomes for all students.

On the adult learning side we conducted the postsecondary funding review, which is helping to make educational opportunities more accessible, affordable, and responsive through the adoption of new funding arrangements to institutions. The value and quality of this work was recognized with a Premier's award of excellence. The provincial government also responded to an increase in academic excellence by raising the maximum amount of funding available for heritage scholarships from \$20 million to \$22 million. There was an increase of 9 per cent in the number of recipients of the Alexander Rutherford scholarships awarded to high school students with high academic achievement who are pursuing postsecondary studies. Excellent achievement in apprenticeship programs was also recognized. The first 165 scholarships, each valued at \$1,000, were awarded from the new \$3.3 million apprenticeship and industry training scholarship program established in 2001.

To foster this level of achievement, it is vital that the students receive an excellent basic education. In '02-03 the ministry took steps to strengthen the basic education system by establishing the Commission on Learning. The commission conducted a comprehensive review of the K to grade 12 system and delivered their findings in October of 2003. The commission's report, *Every Child Learns; Every Child Succeeds*, makes 95 recommendations to improve the learning system. Learning supports the vast majority of the 95 recommendations, including class size guidelines, increased focus on

supporting students with special needs, greater emphasis on fine arts and second language learning, and providing improved support to aboriginal students. Work is already underway to implement these recommendations over the next few years.

Initiatives, undertakings, and improvements made in 2002-2003 are only valuable if their outcomes are enriching the learning system. So when we see Albertans reaping the rewards of a learner-centred system, we know that our success is a reflection of these and other recent initiatives. Be it basic or adult learning, Albertans are achieving success locally and internationally. In the most recent international assessment, made in 2000, Alberta students scored the highest marks in the world in reading and were among the top three in science and mathematics in the program for international student assessment tests, or PISA exams. Alberta's 13 and 16 year olds ranked among the top three jurisdictions in Canada on the school achievement indicator program writing assessment. This high level of achievement is consistent with the most recent international assessments.

Beyond these results are performance measures which are tied to our business plan goals. They also provide indicators of how we're doing, and we are doing extremely well. In '02-03 we progressed or maintained high performance on 17 of 20 performance measures. The measures cover the five major goals of Alberta Learning. I will go through each of the five goals and highlight a few successes we've had in each.

The first goal is to provide "high quality learning opportunities." Measuring learners and the public's satisfaction with the learning system is a large part of determining the success of this goal. A large majority of postsecondary graduates, 81 per cent, are satisfied with the overall quality of their education. Apprenticeship programs enjoy even higher satisfaction, with 93 per cent of graduates satisfied with their on-the-job training and 95 per cent satisfied with their technical training. Public satisfaction with the accessibility of postsecondary programs is also on the rise; 73 per cent of the public continues to agree that adult learners have access to the education and training they want, an increase over the previous years.

Our second goal is "excellence in learner achievement." In addition to the excellent national and international results I have already highlighted, Alberta students also did well on the provincial achievement tests and diploma examinations. Overall, results for students writing provincial achievement tests have improved since 1998-99 at both the acceptable and the excellence levels. Furthermore, Alberta's grade 12 students met or exceeded provincial expectations at the acceptable standard and at the standard of excellence in more diploma exams than ever before. Another interesting point is that the message about the importance of learning is becoming clear. Within five years of entering grade 10, 74 per cent of students are earning their high school diploma, a steady increase since '95-96. Finally, as a measure of learner achievement the targets for apprenticeship and postsecondary completion of Albertans aged 25 to 34 were met.

The third goal is to have "well prepared learners for lifelong learning, world of work and citizenship." A broad range of measures is used to determine progress on this goal. One of these is the rate of participation of our youngest pupils in programs that prepare them for lifelong learning. The percentage of students who participated in an early childhood services program prior to grade 1 increased to 96 per cent. Another consideration of how well the learning system prepares learners is the employment rate of postsecondary graduates. This remains very high, at over 93 per cent. I will say that I was in British Columbia on Monday, and their rate was 67 per cent. Public satisfaction that students are well prepared for citizenship also met targets and is rising. Sixty-nine per cent of the public surveyed

believe that adult learners are ready for citizenship, and 59 per cent agree that high school students are ready for citizenship, an increase of 18 per cent since the first time this measure was published, in '99-2000.

The fourth goal of the ministry is to have "effective working relationships" with partners and stakeholders. The ministry continued to be recognized for its commitments to common goals. The percentage of partners and stakeholders who agree that Alberta Learning staff is flexible increased substantially to 81 per cent, 89 per cent continue to find Alberta Learning's staff responsive, and 83 per cent find Alberta Learning's staff collaborative.

The final of the five goals is to be a "highly responsive and responsible ministry." This category includes operational efficiency and effectiveness, and one way to measure that is through the eyes of people who work in Alberta Learning. The ministry participates in the annual provincial survey to gauge employee satisfaction and view of the ministry. Seventy-eight per cent of staff members surveyed agree that the organization provides expected outcomes for their work, indicating that they have a clear understanding of how the individual work fits into the ministry as a whole. The administration arm of the ministry is also looking towards the future. Anticipating the need for long-term human resources planning, Alberta Learning implemented leadership development and succession planning activities, including the participation of 103 staff members in programs to develop the ministry's future leadership capacity, which is close to 10 per cent of the ministry.

#### 8:50

Continuing with the idea of operational efficiency, I would like now to touch on a few financial highlights from the year. The learning system was a major government priority again in '02-03 with spending reaching over \$4.8 billion, an increase over the prior year of \$298 million. Of the \$4.8 billion 95 per cent was provided directly to the school jurisdictions, postsecondary institutions, adult learners, and other agencies in the form of grants, including almost \$3 billion in operating support to school boards. Another \$1 billion was to postsecondary institutions, including increased funds to improve access to programs by increasing the number of seats available in regular, postsecondary, and apprenticeship programs. There was \$116 million in scholarships, loan relief and loan remissions, interest and guarantees to support adult learners. A grant funding increase of 3 per cent to over 150 community-based learning providers was made to support a variety of programs and courses, including adult basic literacy, English as a Second Language, and settlement services for new immigrants.

At the same time, to ensure that Alberta learners get the largest benefit possible for each dollar paid into the system, the cost of running the ministry was kept to a minimum. Ministry support costs amounted to .57 per cent of total costs, significantly less than one penny per dollar. In fact, in '02-03 ministry support costs were over \$2 million less than in '01-02.

As I mentioned earlier, another important part of the guardianship of Alberta's learning system is responding to recommendations from the Auditor General. The Auditor General provides recommendations every year through his annual audits. Alberta Learning takes these recommendations seriously and strives to improve areas where issues have been identified. According to the Auditor General's annual report there are several areas where Learning has either made satisfactory progress or fully implemented recommendations from prior years. For example, the ministry worked with charter schools to improve their compliance with accountability reporting standards.

The Auditor General had also raised concerns in prior years in the area of risk management at Alberta Learning. A risk management

framework is now being developed to identify and design risk mitigation strategies, with which the Auditor General has acknowledged satisfactory progress. In the area of long-term capital planning, which was identified as an issue in the Auditor's prior years' annual reports, the ministry has implemented systems to ensure that capital plans and educational plans are consistent for school jurisdictions. Also, Learning is consulting with the ministries of Infrastructure and Innovation and Science to provide an updated capital assets policy statement for public postsecondary institutions.

As you can tell from all that I have highlighted today, there are many challenges in maintaining and improving a world-class education system. However, it is also clear that Alberta Learning continues to work to overcome these challenges every day, with many successes to show for it. As we celebrate our successes, we are also always looking for new ways to provide learners with the skills and knowledge they need to realize their own individual potential. With increasing demands and expectations we will continue to work with stakeholders to ensure the sustainability of our high-quality learning system to ensure that it will benefit all Albertans and generations yet to come.

Thank you.

**The Chair:** Thank you very much, Dr. Oberg.

Mr. Dunn.

**Mr. Dunn:** Thank you, Mr. Chairman and committee members. Our comments on this ministry are located on pages 219 to 244 of our current annual report. This is a comprehensive section of our annual report and includes the results of our work at the ministry and its departments plus the four public universities, 18 public colleges and technical institutes and related organizations plus our comments from our review of the work of the auditors of the 72 school jurisdictions and charter schools.

In this section we make six numbered and five unnumbered recommendations. Of the six numbered recommendations three of them, 32, 34, and 35, are included in our 14 key recommendations, which we reviewed with this committee previously.

The first three numbered recommendations, 31, 32, and 33, relate to the affordability of the learning system and the postsecondary tuition fee policy. Recommendation 31 recommends improvements in one of the core performance measures, concerning public satisfaction with the affordability of the learning system. Recommendation 32 recommends that the department measure whether the tuition policy is effective in making postsecondary education affordable. Recommendation 33 recommends that the department require public postsecondary institutions to comply with the tuition fee policy.

Our unnumbered recommendation on page 232, regarding the amount of net assets in the Alberta school foundation fund, received a lot of media attention. We reported that the fund's net assets at March 31, 2003, were approximately \$65 million. This fund allows the ministry to manage short-term fluctuations in tax revenues without adversely impacting school jurisdictions' allocations. We understand that the net assets of this fund will be reduced to \$30 million by March 31, 2005.

We note on pages 233 and 234 of our annual report the results from our review of the school jurisdictions' August 31, 2002, audited financial statements and the management letters issued by the auditors of the various school jurisdictions. Significant problems identified in the school jurisdictions are followed up by the department with the appropriate school jurisdictions.

We've made a number of significant recommendations to both the University of Alberta and the University of Calgary for a number of

years. The current numbered recommendations, 34 for the U of A and 35 for the U of C, are highly summarized recommendations covering a number of matters that we have reported separately to the universities and are briefly commented on in the findings section under each of these respective recommendations. We also comment on a number of instances of fraud noted at the University of Alberta.

We reported two recommendations concerning SAIT. The more critical recommendation concerns the improvements required in the business case analysis for major capital projects at that institute.

As just mentioned by the minister, throughout this section we also comment on the status of previous recommendations and note whether those recommendations have either been fully implemented or that satisfactory progress is being made toward their full implementation.

We are satisfied with the department's progress on prior year recommendations dealing with a capital asset policy statement for public postsecondary institutions, with the systems to ensure that school jurisdictions are complying with the requirements of the career and technology studies program, with the systems to ensure that the long-term capital planning for school facilities is consistent with the plans for the delivery of education, with the development of a risk management framework to identify and design risk mitigation strategies, and with the improvement by the charter schools in their reporting of results on the achievement of charter goals in the annual education results report.

In our auditor's report on the financial statements of the ministry we comment that the results of the school jurisdictions and the public postsecondary institutions are not included, which is not in accordance with generally accepted accounting principles. This matter is being addressed by Finance, as we have previously mentioned to this committee. Our recommendation on corporate government accounting policies has been accepted in principle, and we expect that this matter will be addressed to our satisfaction in the budget year 2006; that is, the fiscal year ending March 31, 2007. In addition, we also reserved our opinion on the financial statements because we believe that the liability for student loans issued was overstated by \$35 million.

Those are my opening comments. I and my staff, Mr. Hoffman and Ms Mary-Jane Dawson, will be pleased to answer any questions that the committee may direct to us. Thank you.

**The Chair:** Thank you, Mr. Dunn.

We will proceed with questioning now from the committee. We will start with . . .

**Dr. Oberg:** Excuse me, Mr. Chair. May I just add a comment, please? I believe the Auditor General said six cases of fraud. I believe it is six allegations of fraud.

**Mr. Dunn:** Six cases of alleged fraud; that's right.

**Dr. Oberg:** But there was no "alleged" in your comments.

**Mr. Dunn:** No. Thank you.

**The Chair:** Thank you.

Ms Blakeman, followed by Richard Marz, please.

**Ms Blakeman:** Thank you very much. This was a year of intense scrutiny of the Department of Learning, with 11 recommendations, three key recommendations which are significant, coming from the Auditor General.

I'd like to discuss the first key recommendation that's been

identified. That is recommendation 32, appearing on page 224. The discussion which follows takes us to page 226, and it's also referenced on page 21 of your annual report. This recommendation is questioning whether the measurement of the tuition fee policy is effective in making postsecondary education affordable. There are a number of points that are raised that have not been taken into consideration, like changes have occurred since this study happened. They're listed on page 225.

Given where you started, a number of changes had occurred from when your study was performed. In addition, the basis for the selected income levels is not clear, what determines that high level or low level. They're just stated as being high or low levels but not what determines that. The participation rates were not measured for students in a non-university, so in technical colleges and in the college system, and the impact of fee increases, particularly in specific courses like medicine and law, were also not taken into consideration. So my first question to you is: how exactly is the information that the department currently collects used in designing and modifying the tuition fee policy?

9:00

**Dr. Oberg:** There are a couple of things, if I can. With regard to recommendation 32 we feel that this recommendation is very much on the policy side of recommendations from the Auditor General. We feel that the tuition fee policy and how it is affecting postsecondary education is on the policy side. In stating that, we accepted this recommendation in principle for that reason. When it comes to the tuition fee policy, as you recognize, there has been a tuition fee policy in place for what at that time would have been about six or seven years. In this case the 30 per cent amount of expenses was the maximum amount that tuition fees can rise, recognizing that at this particular point in time, in '02-03, the average tuition fee at the universities was sitting at around 23 to 24 per cent of the actual expenses.

This is the system that was in place in '02-03. That has subsequently changed, but it was the system that was in place in '02-03 on the tuition fee side. I will give you the idea that the tuition fees were based on an input formula, in which case they have gone up according to what they were the year before as opposed to not necessarily what the students had in mind. In saying that, though, I will continue to say that they were 23 to 24 per cent at the University of Alberta with regard to the amount of expenses that was made available.

**Ms Blakeman:** Well, I'll note that the recommendation is essentially saying that the department needs to periodically measure here. I would say that that means adjust it or review your policy more often, and I've already listed a number of things that aren't included in the context of your review of that policy. So if you're supposed to be periodically reviewing this policy – you've said that you've accepted it – how often are you now going to look at reviewing your policy for measuring whether your tuition policy is effective?

**Dr. Oberg:** We just actually finished a review following this year. We finished it in '03, and we subsequently put the tuition fee policy in Bill 43. The tuition fee policy was a result of about eight months of work.

**The Chair:** Mr. Marz, followed by Mr. Mason.

**Mr. Marz:** Thank you, Mr. Chair, and good morning, Dr. Oberg. I'd like to start by offering my congratulations on receipt of your honorary degree from the world-famous Olds College on the

weekend. I say world famous because they do have agreements, I think 36 or 37 agreements world-wide with other learning institutions. It's unfortunate the weather didn't co-operate so that you would be able to be there physically.

My question relates to recommendation 31 on page 223 in the Auditor General's report. The recommendation is that the ministry improve its core performance measure for affordability of the learning system. Could you outline what actions the ministry has taken to address that recommendation?

**Dr. Oberg:** Thanks for that question. We certainly have accepted this recommendation, and we're currently in the process of looking at exactly how we can improve this and put it into our business plan. I agree with you and I agree with you, Auditor General, that the public's satisfaction with the affordability of the learning system is something that needs to be measured. I will add one other thing though. The information about the affordability of the system is something that's very important and that needs to be put out there.

One of the issues that we have in the postsecondary system is that recognition of the actual cost is not what people are seeing when they talk about the affordability of this system. We recently did a poll, I believe about two years ago, which stated that people thought the average cost, the average tuition fee, of universities was between \$6,000 and \$8,000 when in actual fact it was around \$4,000. So we certainly have some work to do in getting the message out as to exactly what the costs of going to postsecondary institutions are. Secondly, once that information is out there, absolutely we have to assess what the public's satisfaction is with the affordability of the learning system.

Mr. Marz, I will say, in keeping with that, that there also should be a comparison with other countries when it comes to the affordability of the learning system, other countries where tuition fees are in the \$10,000 to \$15,000 to \$20,000 range.

**Mr. Marz:** Okay. Thank you.

I had a concern about the percentages of the public who agree about the cost of the learning system, on page 21 of your report. In 2000 it was 75 per cent, declining to 63 per cent in '01-02 and 52 per cent in '02-03. The public certainly has a perception that the education system is becoming less affordable, so what specifically is your department doing to address those concerns?

**Dr. Oberg:** Again, as I say, I believe there are two issues here. Certainly, the learning system needs to be and has to be affordable. We cannot have a system that discourages people from going into the postsecondary system. I will say, in looking at the socioeconomic classes of people who have gone into postsecondary education, that what we've actually seen in Canada in general is something that is quite dramatic. Over the last 20 years, I believe it's been, what we've seen is the number of students from a high socioeconomic background actually drop, and the number of students from the lower socioeconomic and middle socioeconomic backgrounds have actually gone up significantly in the last 20 years when it comes to actual participation in the postsecondary system. I truly believe that this is something that we have to strive for.

The other point that I really want to make on this issue – and this is one that I have considerable concern with – is the point that I made in response to your first question, that the actual costs of the learning system do have to be made public, do have to be made more available to people. Unfortunately, too often the perception out there is significantly different than what the actual costs are. For example, to take a program at NAIT or SAIT we're looking at around \$2,500 for a two-semester program, which is about, obvi-

ously, an eight-month program. If you put that into consideration, that's about a quarter the price of a new skidoo. That's about a tenth the price of a moderately priced or a very low-end model new car. So these are some of the concepts that we have to get out there. The affordability of the learning system is one thing, but the investment in education of the learning system is something that is absolutely incredible and is certainly the best way that money can be spent in Alberta.

**Mr. Marz:** Thanks.

**The Chair:** Mr. Mason, followed by Ms DeLong.

**Mr. Mason:** Thank you, Mr. Chairman. Thank you, Mr. Minister, for the presentation and for being here today. My question has to do with the finding that the survey on the affordability of the system produced results that I would have to say – and I'm sure you agree with me – are concerning. That is that there's a decline in the number of Albertans who believe that the system is in fact affordable. It was 75 per cent in 2001, 63 per cent in 2002, and last year it was just 52 per cent. I wonder if that is a factor that you take into account when you consider your tuition policy. That's the question.

**9:10**

**Dr. Oberg:** Thanks, Brian. There are a couple of issues there, and I've already commented significantly on that. The one other point that I will make, though, is that there are differences between what is here and what is actual when it comes to the students taking postsecondary education.

Our surveys of the actual adults taking postsecondary education in '02-03 showed that 8 per cent cited cost as a reason, which was about fourth to sixth amongst the reasons given. The first one I think is probably pretty much common sense. The first one was actually not getting good enough marks in high school; that was the main reason that the students did not go on to postsecondary education.

You're right. This certainly is concerning, and we are attempting to address this, as I say, both on the perception side, which is critically important, and also just by the knowledge of what the actual costs are. In talking to people walking down the street and asking them what the tuition costs are, what their guess is is considerably higher than what the actual costs are. I do say that that is our fault – it's our institutions' fault; it is Alberta Learning's fault – as to why the actual costs of our postsecondary education system are not put out there.

The other component that I don't believe is measured in this particular factor is the whole idea of the student loan system. For example, when it comes to the remission program, how many Albertans out there realize that if you qualify – if you qualify – for the maximum student loan, as of '02-03 you would receive approximately \$6,000 free out of \$11,000? That's what the taxpayer gives to students to go to postsecondary education who can't afford it.

So do we have an issue on the perception of affordability? Yeah, I certainly think we do, and we are continuing to try and work on that. This is a measure that concerns me. It concerns me very much because I do feel that due to this perception there are students that are not going to postsecondary education, and I think that's wrong.

**Mr. Mason:** Just to follow up, Mr. Chairman. Mr. Minister, do you believe that it's entirely perception, or is there some reality to it? Is the actual cost of a postsecondary education out of reach even with the remission program and so on? It's of course coupled with other costs, living costs and so on. Are you at all concerned that in fact postsecondary education may actually be becoming too expensive?

**Dr. Oberg:** I do not feel that postsecondary education is becoming too expensive, and that's speaking in two ways. That's speaking, first of all, as the Minister of Learning and, second of all, as a father who has three children going into the postsecondary system effective this upcoming year.

My daughter, in going into education in this upcoming year, will be having 15 hours a week of classes. She will be working Monday, Wednesday, and Friday and going to university and will be having Tuesday, Thursday, Saturday, and Sunday completely free. It is imperative for my daughter – and I'm personally speaking only as a father – to have a job on top of that. I expect her to work more than the 15 hours a week. I expect her to study, obviously, but I also expect her to contribute to her own education. Those are my personal expectations of my children.

Is postsecondary education becoming out of reach? Again, I'll comment that a pack of cigarettes a day right now is worth about \$3,650, which is over the price of tuition for postsecondary education. The average skidoo is worth now around \$10,000, while the tuition at a technical school or postsecondary college of around \$2,500 is four times that. New cars, all of these things, the living expenses that are out there, expenses that we all take for granted, are considerably more. If I may rephrase that question, "Do I think that postsecondary education is a good investment and a good deal?" to me, Brian, it is the best way that anyone can put forward money, and as a parent that's why I'm encouraging my three kids to go into postsecondary education.

**The Chair:** Thank you.

Alana DeLong, followed by Ms Blakeman, please.

**Ms DeLong:** Thanks very much. On page 219 of the Auditor's report – actually this is more a question of the Auditor – you've got a reservation there under financial statements, 2.1, in terms of how you're concerned that the ministry does not "consolidate the financial statements of school jurisdictions and the public post-secondary institutions." Now, I know that all these institutions are audited, so they are audited statements that are included. Why do you see it necessary that they all be consolidated?

**Mr. Dunn:** Thank you very much for the question. We're going to be dealing with this very same question – so I'm putting out a commercial here – next Monday, April 26, when we do that presentation to the Public Accounts Committee regarding the new public-sector reporting entity and reporting model accounting principles.

It's very important for the government of any jurisdiction to see the total, whether it be the whole of the government or the whole of a ministry or sector. Clearly, as you see through the departmental and the ministry statements, as explained, large grants are put out, approximately \$4 billion. What you don't see within these statements but which is within those subsidiary audited statements is where they spent it. You see the large \$4 billion cost go out. It's all of those organizations, entities which received the monies in the grant revenue end and then spent it. It's the consolidation of all the spend which will come together when you put it all into one reporting entity.

This is a challenge for all levels of government – the senior levels, the federal and the provincial levels – which will be dealing with this matter over the next couple of years. As I've mentioned, we've had lengthy discussions with the Department of Finance on how you're going to do this. We have been talking to the postsecondary education institutions: get prepared to do this; it's coming down the road. We're satisfied that the government of Alberta is addressing

this matter and will be prepared by the year 2006-2007 to make the full consolidation.

**Dr. Oberg:** If I may just add something to that, one of the issues that we have to overcome is that where we have semi or moderately independent boards such as universities, such as school jurisdictions, who have the ability in some circumstances to run deficits, these deficits would then subsequently, theoretically – but this is the issue – be played back onto the government and would be in effect brought into account by our own deficit elimination act and our own balancing of books. So that's the issue that the Auditor General and government are dealing with right now, exactly how to pursue this. I agree with the Auditor General on this one. I'm just saying that it's going to take some looking at in order to do.

**Ms DeLong:** Could you give me sort of a more concrete example of how we would have better controls if it was consolidated? I mean, how would we operate any differently if it was consolidated rather than having the separate audits?

**Mr. Dunn:** First of all, there will always be separate audits. Each of the universities today is audited by our office. Each of the postsecondary colleges and technical institutes is audited by our office. The 72 school jurisdictions are audited, but they're audited by private-sector firms. So those audits will continue to take place. What it will allow you as members of the Legislature to be able to see is the total of the spend all in one sector. You'll be able to see what has been spent on salaries, the various lines they go through. You'll also be able to see, to the extent that there are deficits out there, the aggregation of those deficits. They'll be combined with anybody else who has surpluses, but you'll be able to see what the total aggregate net position is. You can do that yourself today. If you put down the ministry statements and then you lined every other one up beside it, you could physically go through and come to the very same conclusion. This puts it all in one spot for you.

9:20

**Dr. Oberg:** Yeah. The other issue I would just add to that is that if we were in a year, for example, where we hit exactly what our budget was – we being government – exactly where we are, theoretically we would have fallen in line with all of our legislation. If, however, in the same year there were universities or postsecondaries or regional health authorities or some other designated bodies that ran deficits, in effect what would happen is that we would be running against the law that we had put in place.

On the other side of that, though, is the whole idea that because potentially a lot of their funding comes from the government, maybe we should look at it. The only point that I'm raising on this one is that it's going to take some time to look at, and there are a lot of details that have to be taken into consideration for this one.

**Ms DeLong:** Thanks very much.

**The Chair:** Thank you.

Ms Blakeman, followed by Cindy Ady, please.

**Ms Blakeman:** Thank you. I'm continuing to focus on the key recommendations that have been identified by the Auditor General. Those are the ones which have been flagged as most needing of consideration and potentially posing the greatest risk to taxpayer dollars. With recommendation 34 appearing on page 235 and recommendation 35 appearing on page 238, both of them are concerning internal control systems. One is at the University of

Alberta, and the second recommendation is on the internal control systems at the University of Calgary.

The risk of not having a strong system of internal control is that “the University increases the risks of unreliable financial information and inadequate safeguarding of assets.” For the University of Alberta there are concerns raised around overexpended accounts, credit card bank reconciliations, safeguarding of assets, administrative policies, IT processes, et cetera. Concerns raised around the University of Calgary are inappropriate access to systems, unauthorized payments, transactions not recorded. So my question to the minister is: what direction has the Minister of Learning given the University of Alberta and the University of Calgary to improve these internal control systems?

**Dr. Oberg:** First of all, when it comes to these recommendations, we entirely agree with the recommendations. What the Auditor General has identified is something that we have brought to the attention of the University of Alberta and the University of Calgary, and it’s my understanding that in working with Alberta Learning they have tightened up the controls in these particular areas significantly.

I will just add, though, that when you have institutions that are running on an extremely large amount of money, which these institutions are doing, they do not necessarily have the same safeguards in place, for example, that our departments do. It is very difficult. This is a little bit akin to the discussion that we just had on the whole consolidation of the books. What I don’t necessarily want to have happen is that when there is something that is controlled by the University of Alberta, for example a credit card of someone at the University of Alberta – I can control my department and I do control my department in how credit cards are used and credit card spending and whether or not there is potential fraud. Indeed, we have fired people in the last year who were not using their procurement cards properly. That has been done.

I have a problem, though, when you have a large institution like the University of Alberta, which receives about 40 or 45 per cent of its funding from the provincial government, with how they utilize this. But in saying that, Laurie, we have worked with both the University of Calgary and the University of Alberta on these recommendations, and they have agreed to put controls in place in an attempt to stop this from happening.

**Ms Blakeman:** My supplementary question is directed to the Auditor General. In the Auditor General’s opinion what is the greatest deficiency within the University of Alberta’s internal control system and the greatest deficiency you identified in the University of Calgary’s internal control system?

**Mr. Dunn:** Thank you very much for that question. First of all, to preface it, we’ve been reporting this for a number of years.

**Ms Blakeman:** Yes. I’m sorry. I forgot to note that.

**Mr. Dunn:** And I must admit that the auditor reports – we do these quite in detail – that we delivered to both the U of C and the U of A last year were the most comprehensive and probably the most damning that I’ve seen in my career, to the point that we were so frustrated that we were expressing quite openly that you must do something here because you run a risk. That’s why the allegations of wrongdoings were also being reported. They got the message. They have received the message. As you know, there is the provincial Audit Committee. We delivered this at the provincial Audit Committee. The Minister of Finance is the only elected official that sits on the provincial Audit Committee. It was received there with

such interest that the chair of the provincial Audit Committee did call the chair of each board and the chair of the audit committee of each of those institutions to say: you must get on and do something about this.

Actually, just following this meeting I do meet with the audit committee of the University of Alberta. I’m now pleased to report that both oversight committees have got the message. Those are your audit committees for the University of Alberta and the University of Calgary. I’m pleased to also report that they now have very good people on there, very conscientious people, very senior retired individuals from private-sector auditing and also the private-sector business area. They’re taking this most seriously, and they’re giving direction to management.

One of the biggest challenges at the universities is that you have quite a fragmented or decentralized type of process, you know, academic freedom. Each faculty sees itself running its organization. So the faculty of medicine versus arts versus education sees those as separate organizations, and it was very hard for them to try to bring about controlled centralized oversight. They are now working at that much more seriously. They’re giving much greater direction to each of the deans of each of the faculties, and much more accountability is coming up through each of the deans so that they cannot just overrun their budgets and expect somebody else centrally, possibly coming back to the provincial government, in looking for additional funding. They must be much more conscientious in how they run their faculties. It has taken some years – and I guess, Mary-Jane, you’ve been at this a little longer – to finally get through what I’ll call their attitude and that they must do something about this, that it cannot just continue to slide.

So back to: what are the greatest deficiencies? They are exposed to external challenges by other organizations, whether it be the challenges for people to access their suppliers’ databases and commit inappropriate invoicing.

They’re also challenged just regarding control over their overriding costs, as the minister has mentioned. These are about \$700 million to \$800 million of spend a year. Hopefully, you’re not surprised at that. That’s \$700 million to \$800 million of spend a year, and they have very, very decentralized groups around research. A lot of money comes from external parties, both federal and external organizations, private organizations, providing research funding in the neighbourhood of \$200 million, \$300 million.

They have obligations to fulfill those research commitments and at the same time not to overspend the research dollars. Every dollar that comes in on research could cost them another 15 or 20 cents of overhead to administer, and they must make sure that they cannot override their research dollars. We were very concerned about that area, that they could have control over that, that they don’t just by way of their success in obtaining external funding run themselves into a serious financial difficulty, and they weren’t tracking that right.

So without going on too long, to pick on what was of most concern, it’s the future viability of those organizations to sustain the research that they were undertaking and not cause their overhead to explode out of control.

**Dr. Oberg:** If I can just make a couple of comments on that as well, first of all I don’t believe – and maybe the Auditor General can correct me – that this is a situation that is unique to the University of Calgary and the University of Alberta when it comes to universities across Canada. Very much this has to do with academic freedom. It has to do with academic cultures within the particular faculties of the universities, and this has been something that we have been attempting to work on, as the Auditor General has as well. Every

time we do – and I believe that I may have even received questions from you guys, from the Liberals or from the NDs, about academic freedom in the past couple of years. This is one of the issues. When we come in and attempt to talk about such financial controls, we immediately get hit with the academic freedom issue, and that's a very difficult one to overcome.

**9:30**

I will just put a plug in again. This is one of the issues on why we're having a tough time in consolidating books. There is \$700 million or \$800 million that is coming in through external funding factors that realistically we don't have control over. Can we get the control? The Auditor General is doing a very good job, as he stated, in going into the individual faculties in the individual universities to ensure that that control is there. But it's very difficult for us to be penalized in our books when there is \$700 million or \$800 million that is controlled by someone else that is affecting our books.

**The Chair:** Thank you.

Cindy Ady, followed by Mr. Mason, please.

**Mrs. Ady:** Thank you. So many questions; so little time. I had one question, but I want to return to something, actually, that was asked earlier on tuition policy. I agree with you: I think education is the very best investment you can make in your life. I would always encourage children and have encouraged my own four children to do anything they can to get an education.

In there you were talking about reasons and surveys and things that you'd been working on, according to this tuition policy, as to things that might prevent students from getting an education. You talked about how the costs actually were down the list a little ways, and at the top of the list was that they hadn't got high enough marks in high school. I guess that's what I'd like to bear down on. I wondered if your department has done any work around this idea that perhaps the bar has been rising as to what you have to have in high school in order to get into postsecondary education. If, in fact, it isn't money, if it's, you know – and I always say this: how many of us would have been able to take our wonderful high school grades and gotten into postsecondary today as opposed to the day that we went? [interjection] Well, congratulations, Mr. Learning Minister.

I can remember a day when a C average would let you into postsecondary education whereas today that is absolutely not necessarily true. So has your department done any work to bear down or is it doing any work to bear down on looking at things that hinder students in this area?

**Dr. Oberg:** Certainly. First of all, we are obviously concerned about the grade inflation, about the gradual creep in grades that is going on. I will say that that tends to be confined – I'll use that term, "tends to be confined," – to a lot of the specialty degrees; for example, engineering, pharmacy, pharmacology, things like that. So it does tend to be confined to that.

Again, my daughter – and I apologize for this, but sometimes anecdotal stories are very significant – is getting into the University of Lethbridge with about a 65 per cent average this upcoming year. She has been accepted, and that has nothing to do with her father being the Learning minister, I will say. Should students who have a 65 per cent average expect to get immediately into engineering? Probably not. However, should they expect to get into the postsecondary education system? I think yes.

There are a lot of opportunities in places such as the technical schools, in places like the colleges, the college system that is out there for these students to get into. I believe that they can upgrade

their marks at the particular universities and colleges that they choose to go into.

Certainly, this is a very large issue, and apart from affordability, which has been brought up – from my point of view this is a more serious issue than the affordability. There are very few people that I know of who have applied to medicine, for example, who once they get accepted say, "Well, I don't have the money to get in; therefore, I'm going to turn down my acceptance into medicine." Those are the types of things that just don't often occur.

So I believe that grade inflation is one of the most serious. I will say, again drawing on the conversations that we had on Monday in British Columbia, that their Premier has done some very interesting things. He has suggested that everyone with a B average will have the ability to get into postsecondary education, which will mean another 25,000 spots for their students. The unfortunate part, from their point of view, is that they're not sure how they're going to pay for it, because they have had zero per cent increase in their postsecondary system.

I think that as the grades keep going up, this is going to become a very significant issue, and it is something that we're going to have to address ultimately.

**Mrs. Ady:** Thank you.

My supplemental goes to the Auditor General. When I looked at the report on Learning, I noticed that the majority of the report is looking at the postsecondary world. I wondered if that was the focus of what you looked at this year or if the K to 12s are just doing so wonderfully that it didn't warrant many recommendations as compared to the postsecondary world this year.

**Mr. Dunn:** Well, first and foremost, to correct that, it's not something which was a redirection at all on our part. As I mentioned, there are four public universities, the two that we talked about and Lethbridge and Athabasca, and we also look at the 18 colleges. Those we physically do ourselves, and of course we must bring that to your attention. We do not physically do the 72 school jurisdictions but rather review the work of the 72 school jurisdictions and then pull forward those that we believe are meaningful recommendations from the auditors of those 72 school jurisdictions.

I will be addressing the ASBOA, the Association of School Business Officials of Alberta, which is the administrative officers for the school jurisdictions, at a conference. I will be talking to them about the roles and responsibilities of auditors to bring forward recommendations. We're going to be looking in the future for the auditors of those school jurisdictions to get into certain of their policies that are not policies of the government but practices of those organizations to ensure that they are making comments on those organizations and not limiting their thought process merely to the financial statement. We'd like to see a slightly wider scope by the auditors in those jurisdictions.

The fact that our report doesn't have as much regarding those is because we ourselves are not physically doing it and bringing it forward to your attention.

**Dr. Oberg:** If I may just add on that one. The Auditor General's recommendations on charter schools that occurred a couple of years ago were extremely important and led to basically the solving of a very significant issue with the charter schools. So, very briefly, I'll just say that I welcome this type of venture into the K to 12 system by the Auditor General.

**The Chair:** Thank you.

Mr. Mason, followed by Mr. Cao.



**Mr. Mason:** Thank you very much, Mr. Chairman. Well, just following up again on the tuition question, the Auditor General's report on page 225 states that "the Department should make sure the process to measure the effectiveness of these programs takes into account the following," and there are three bullets.

- The income level at which financial need is a barrier to participation in learning opportunities.
- The effect of rising tuition fees on the participation in post-secondary education of eligible students at different income levels.
- The effect of rising tuition fees on student participation in post-secondary programs with significant tuition fee increases.

What this section says to me, Mr. Minister, is that there is no objective data upon which to base public policy in this area.

I want to focus in on the last bullet, dealing with significant increases in certain faculties like medicine and law. It said that "the Department should measure the impact of fee increases on participation" and so on. I'm wondering what you're planning to do about these recommendations, particularly the last one.

**Dr. Oberg:** Certainly. First of all, Brian, I entirely agree with you on the objective data. It's very difficult to obtain objective data that states that this person cannot afford to go to postsecondary education for this reason, this reason, or this reason. It's very difficult. Unfortunately, when it comes to the affordability concept of going to postsecondary, the majority of the data is very subjective. For example, if there is someone whose parents make \$30,000 or \$35,000 a year, they do qualify for the full student loan, which is \$11,400 this year. If, for example, they go into dentistry or medicine or any of the other faculties that have higher tuition rates, the amount that they qualify for on the student loan goes up proportionately, so those amounts are there.

With regard to the participation rates in those faculties who have increased their tuition at a higher rate than other faculties – specifically, we're talking about three at the University of Alberta, which are medicine, law, and business – we are taking a look at that. Again I will say this: it's all subjective data, so I do apologize for that. But to date, in talking to those institutions, there have been very few people that have been accepted that have turned down their acceptance because of affordability reasons.

9:40

**Mr. Mason:** Thank you.

My supplemental, Mr. Chairman, is to the Auditor General. I'd ask the Auditor General perhaps to elaborate on this section. What is it specifically that the department needs to do in order to obtain objective data to measure the effectiveness of the programs which are designed to ensure accessibility to postsecondary education?

**Mr. Dunn:** This is talking about affordability, and I'll turn that over to Ken and Mary-Jane, who have looked at this.

**Mr. Hoffman:** Mr. Chair, I'd like to start off by pointing out that what we're trying to do with this recommendation is suggest to the department that they not necessarily – the conversation is around changing policy. What we're talking about is determining whether the policy is measuring effectiveness as opposed to changing policy. If the department chooses to do that as a consequence of information, that's their prerogative. We don't get into the policy game.

What we have tried to do with this point is we noted that in the year 2000, I think it was, they did in fact gather some data, and we quoted some of it in here. We say, for example – and I thought this was a bit of a good-news story in that we indicated that the . . .

**Mr. Mason:** Mr. Chairman, I guess I just want to repeat the question: what does the department need to do?

**Mr. Hoffman:** I was working my way to that. Sorry about taking too long. I wanted to get out that we weren't talking about policy. That's the important part I wanted to get out.

We've listed areas that we thought they should try to capture. How they actually select and assess, how they actually gather the data – quite frankly, I don't think we have any magic solutions there. They've got some very skilled people in the department in terms of looking at different programs, whether it be surveys or whether it be data gathering, and what we've tried to do is highlight areas that we thought they should look at in terms of collecting that data. It will probably be predominately through a survey mechanism is what I would assume. But I think that I would hesitate to provide advice to their skilled people on specifically how to do their surveying.

**Dr. Oberg:** If I may add just one other point, one of the sources that we're looking at with regard to this in an attempt to get the more objective data is actually StatsCan. StatsCan has done some wonderful work on this, and the only problem with StatsCan is that it tends to be about three or four years old by the time we get it. We are looking at how we can use StatsCan data in conjunction with our surveys, but realistically our surveys will always be subjective. It's very, very difficult to get the objectivity that is needed in a survey. There's always an element of subjectivity in them.

**The Chair:** Thank you.

Mr. Cao, followed by Ms Blakeman.

**Mr. Cao:** Well, thank you very much, Mr. Chair. Mr. Minister and department staff, I want, representing my constituents, to say thank you for the good work that yourself and your staff have done in our area, at least for my constituents. And to the Auditor General, I also thank you and your staff for the report about the improvements to be made.

My question probably just focuses on a specific interest, English as a Second Language. I want to just ask a general question. There's money spent on it, and what are the improvements that you can tell us about?

**Dr. Oberg:** First of all, when it comes to English as a Second Language, if I may, Wayne, I want to split it in two. First of all, is the provincial responsibility, which is up until age 20, which is exclusively provincial responsibility for these students. What we have done this year and did last year as well is that we have increased the amount of dollars that are given out in the funding formula for English as a Second Language quite disproportionately to other dollars that have gone out. We recognize this as a very important element of what is needed, especially in areas like Calgary. So there have been more monies that have come out.

From the field they are telling me that English as a Second Language is more effective. There are more students. There are more students that are getting the ability to learn ESL.

I will say that in the Learning Commission there was a very important recommendation that was made, as I'm sure you know, Wayne. Quite simply, that recommendation is that rather than limiting the amount of funding for a student to three years, what should occur is that the dollars should be according to how well they do. If someone learns English in the first year and is then capable of participating fully in the education system, they should do that without ESL funding in the second year. As well, if someone takes five years, then the funding should follow that student for five years.

I believe that English as a Second Language is going to continue to be a significant issue within our department. It is something that we are addressing, and it is something that we are getting very good results for.

The second split of that is something that I feel equally as strongly about with ESL, and that's the adults, the adult immigrants who have come over to Canada. This is a federal responsibility, and the unfortunate part about the settlement services and the immigration policies of the federal government is that the dollars do not follow where the immigrants go.

There are two reasons for this. First of all, on the overall funding in Alberta, right now we receive about 6 per cent of the immigrants to Canada and we receive 4 per cent of the immigration dollars. The rationale and reason for this is because there were contracts signed with other provinces that supersede the amount of dollars that go to us and numerous other provinces. So that is a significant issue.

As well, one of the policy issues that is very detrimental to Alberta when it comes to immigration, ESL, and settlement services is the whole landing points policy which determines that where an immigrant lands is where the dollars follow that immigrant. So if an immigrant lands in Toronto today and moves to Edmonton tomorrow, unfortunately the federal dollars stay in Toronto. So that is a very significant issue for us, and it is one that we are grappling with.

I will say that the biggest advantage that has happened when it comes to ESL is the recognition of the importance of ESL that has occurred in the last five years.

**Mr. Cao:** Well, thank you. In fact, I'll make the comment that instead of saying ESL we say EFL, English as a first language, but that's a comment.

My supplemental question. I know that last year we were talking about some funding, and then we had additional money put into it, so it's not just in your department but some other departments. I just want to ask the Auditor General and maybe the minister can help out too: is there any mechanism to track those additional dollars, proving that whatever you say these dollars should be to improve this – do we have some mechanism to track those dollars?

**Mr. Dunn:** You're looking at their financial reporting system, if dollars have been directed by the department down to the school boards and the school boards are to use it in accordance with the direction of the grant?

**Mr. Cao:** Yes. Basically, if I can just clarify my point. I remember that last year the Department of Learning had I think around an extra \$80 million; right? That sort of additional lump sum, and then you decide how to spend it. But I just want to know: how do we track that?

**Dr. Oberg:** I don't know where that came from, Wayne, an extra \$80 million. What do you mean?

**Mr. Cao:** Extra, like the supplement.

**Dr. Oberg:** Oh, you're talking about supplementary estimates?

**Mr. Cao:** Yeah. Yeah, the additional dollars.

**Dr. Oberg:** Those were all designated to particular areas, specific areas, Wayne.

9:50

**Mr. Cao:** But my question is: do we have a mechanism to track it? Let's say that we spend it for classroom improvement or whatever. Would there be an indication that those dollars do that improvement? Is there a mechanism that tracks this?

**Mr. Dunn:** Well, I'll start off, and then maybe the department can supplement here. At each of the school boards they do have fully integrated accounting systems. So with the dollars that go in there, whether they go to the grade 1 teachers or they go to capital improvements, each of the school jurisdictions do account for those in accordance with the direction that has been provided.

Now, reliance is placed upon those systems to accurately report the spending of the money. The school jurisdictions do report in a very comprehensive, detailed reporting package, I'll call it, as to how they have spent the money. Those detailed reporting packages come up to the department, and then I believe it's the department that takes over to look to see that it was spent in accordance with the direction that was provided.

**Dr. Oberg:** Yeah, absolutely. That's correct.

The one point that I will make on this, Wayne, is that, as I'm sure you know, with the advent of the new funding framework there is complete flexibility, with only three enveloped areas that are going to be going to school boards. What is contingent on that is that we have a very good accountability system in place to monitor the outcomes as opposed to the inputs. So we truly are going to an outcome-based accountability model as opposed to an input-based.

There's an inherent amount of risk in doing this in that we are dependent upon the school boards, on how they are reporting. So this is going to be a work in progress. We feel that we have it done correctly, but it is going to be a work in progress, and there is going to be a significant element of trust there.

I believe your question, though – and correct me if I'm wrong – is: how can you ensure that the \$500 for an ESL student actually gets down \$500 worth into the classroom? That's one of the very significant issues that we have, that it's very difficult to track that, and in essence we can't guarantee that.

**Mr. Cao:** Thank you.

**The Chair:** Thank you.

Ms Blakeman, there are two other members expressing an interest in asking questions this morning. They're on the list. If we could have the minister respond to your questions in writing through the clerk, we could have time to also hear from Mr. Cenaiko, who's been waiting patiently to ask a question.

**Ms Blakeman:** The pressure is on. He wants me to ask the question quickly and you to respond in writing.

**Dr. Oberg:** Okay.

**The Chair:** Exactly.

**Ms Blakeman:** I'm referencing again page 21 of your annual report and page 224, specifically recommendation 32. I've listened very carefully to the number of times we've discussed this particular recommendation today, and it strikes me that the very issue that's being raised; that is, the effectiveness of the tuition policy and

related programs – the department may not be achieving its outcome because the information is not reliable to you. This recommendation is that the department needs to measure the effectiveness of whether the system is affordable to students.

The minister has several times said: we don't have a problem with that in the surveys that are done; that's not listed as a problem. Yet when I look at what's on page 225, the survey was done before we had the increase in the medical, business, and law faculties. Right there we lose some objectivity in trying to determine that. So your comment in writing on that one.

The second part of that is the access. The minister talks about, "Well, if you can't get into engineering, then you can go to NAIT," but in the building construction technology courses, where you have construction people who are trying to upgrade good skills to become good foremen, for example, they can't get access into that course any more because it's being filled with people who want to take engineering but can't get into the U of A and are now going over to business construction technology and filling those courses. It creates a downward pressure on everybody else. So given that cycle, what's the minister looking at doing to assist NAIT and other colleges to open up their spaces to be able to accommodate those people who should naturally be able to go into those courses?

**The Chair:** Again, to the hon. minister, through the clerk in writing, please.

Mr. Cenaiko.

**Mr. Cenaiko:** Thank you very much for coming this morning. My question is similar to those that have been raised this morning, looking at access and long-term capital planning regarding postsecondary facilities and the plan or the vision for the future that we have in place regarding the ministry for that access to postsecondary students. That's it.

Thank you.

**The Chair:** Thank you.

**Mr. Cenaiko:** In writing.

**The Chair:** In writing. Again through the clerk to the committee, please.

On behalf of the Public Accounts Committee, Dr. Oberg, I would

like to thank you and your staff for your time this morning, and I wish you on behalf of the committee the very best in the future. I would also like to thank the Auditor General, Mr. Dunn, and his staff this morning as well.

Seeing that there is no other business on the agenda, I would remind members that the next meeting is Wednesday, April 28, with the Minister of Gaming.

I would also at this time like to remind the members again of the informal meeting we're having with the Auditor General, Mr. Fred Dunn, and his staff on Monday, April 26, between 12 noon and 1 p.m. – a light lunch will be provided – here in room A at the Legislature Annex. So if you can mark that on your calendars, we would be very grateful if you could attend.

Now I would ask for a motion to adjourn, please.

**Mr. Dunn:** May I just supplement that?

**The Chair:** Yes. Certainly.

**Mr. Dunn:** Just to remind the committee that I'll answer questions that you've asked a number of times regarding the accounting and where it is going in our country and where it will position Alberta vis-à-vis other jurisdictions and especially the federal government.

In addition, I want to bring two other topics: best practices at the Public Accounts Committee and also questions we've noticed in the *Hansard* of the House regarding the mandates of auditor generals and the types of reports.

So I'll deal with all three subjects if I can briefly at that meeting and ask that you do get your colleagues to attend too.

**The Chair:** Yes. Thank you.

**Ms Blakeman:** My understanding is that for those of us like myself who can't attend that meeting, there is an alternate date that will be arranged after session. [interjection] She's working on it. Thank you very much.

**The Chair:** Okay. May I please have a motion to adjourn. Mr. Broda. Thank you very much. All in favour? Opposed? Thank you.

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

