

Title: Wednesday, April 12, 2006 Public Accounts Committee

Date: 06/04/12

Time: 8:30 a.m.

[Mr. MacDonald in the chair]

The Chair: Good morning, everyone. I would like to call this meeting of the Standing Committee on Public Accounts to order. I would like to welcome everyone in attendance. I would note that there was a motion passed last night in the Legislative Assembly. We now have two new committee members: Mr. Groeneveld and Dr. Neil Brown. I would like to note at this time that orientation packages will be provided to them. Mr. Doug Griffiths is now the deputy chair. On behalf of the entire committee I think it's appropriate that we wish all the best to Mr. George VanderBurg with his Government Services cabinet post as well as to Mr. Oberle, who has left the committee.

Now, I think we should quickly invite the members and the Auditor General's staff to introduce themselves, and perhaps we could start with Mr. Johnston this morning.

[The following members introduced themselves: Ms Blakeman, Mr. Bonko, Mr. Chase, Mr. Danyluk, Mr. Johnston, Mr. MacDonald, Dr. Morton, Mr. Rogers, and Mr. Webber]

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

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

Mr. Flaherty: Jack Flaherty, MLA, St. Albert.

Mr. Zwozdesky: Gene Zwozdesky, MLA, Edmonton-Mill Creek, Minister of Education.

Mrs. Dacyshyn: Corinne Dacyshyn, committee clerk.

The Chair: I would also like to advise the members that the agenda packages were sent out on Monday. Could I now have approval of that agenda, please? Thank you. Moved by Mr. Bonko that the agenda for the April 12, 2006, meeting be approved as distributed. All in favour? Opposed? Seeing none, carried. Thank you.

May I also have, please, approval of the committee meeting minutes of the April 5, 2006, meeting?

Mr. Rogers: So moved, Mr. Chairman.

The Chair: Thank you, Mr. Rogers. Moved by Mr. Rogers that the minutes for the April 5, 2006, committee meeting be adopted as circulated.

This comes now to our meeting with the Hon. Mr. Gene Zwozdesky, Minister of Education. At this time I would invite the minister to give a brief opening comment on his department for the fiscal year 2004-2005.

I would at this time advise members of the committee and visiting members from the Legislative Assembly that we're dealing specifically with the Department of Education for the year 2004-05, the Auditor General's report from the respective year, and also the government of Alberta annual report for 2004-05. This is not a policy committee. It is a committee to delve into the details of the expenditures, how money was spent in this department for the fiscal year 2004-05.

Now, my comments were probably longer than the hon. minister's. So, Mr. Zwozdesky, if you could please proceed.

Mr. Zwozdesky: Thank you very much, Mr. Chairman, and good morning and welcome, colleagues and supporters and workers and friends. A number of our staff, Chair, have been introduced, but I would like to just introduce two or three others who are seated immediately behind me. Rick Morrow, if you would just raise your hand, is the assistant deputy minister for basic education, and Lois Hawkins is the assistant deputy minister of information and strategic services, and Jim Dueck is the assistant deputy minister of system improvement and reporting, and Jeff Olson is our executive director of finance and strategic services for Alberta Education, and Kathy Telfer is the communications director, and most of you will know my executive assistant, Pam Boutilier.

So thank you again for this opportunity to come and chat with you a little bit about the 2004-05 accounts as they relate to what was then Alberta learning and today is known as Alberta Education, of course, for the period 2004-2005 as noted. I think everyone here would know that the government ministries were realigned after the November election, and Alberta Education was at that time created rather exclusively to cater to the kindergarten to grade 12 education system.

At the same time, beginning on September 1 of the '04 school year, Alberta changed its funding framework for its financial support to school jurisdictions to a renewed funding framework. In fact, Alberta Education's funding structure is different than many other ministries, and it's important to note that difference because Alberta Education by and large is a flow-through ministry. In other words, we receive monies from a couple of different sources, and we flow those monies by way of grants to school jurisdictions based on student demographics, profiles, and sometimes other factors. That being said, Mr. Chair, we also provide funding for specific initiatives or targeted initiatives, such as the class size reduction initiatives, the student health initiation partnership, and the AISI, or Alberta initiative for school improvement.

The funding formula I'm talking about also takes into account specific circumstances and cost pressures beyond the control of individual jurisdictions, such as significant enrolment changes, students with special needs, and the added or differential costs of doing business in remote and rural areas and so on. In fact, 98 per cent of a typical year's budget for Alberta Education, or in this case its predecessor, Alberta learning, flows right out directly to school boards. This means that only 2 or 3 per cent of all that money allocated to Alberta Education stays within the ministry itself to help support the K to 12 system through programs and activities such as development and updating of curriculum and learning resources, development and administration of provincial achievement tests and diploma exams, program evaluation, performance measurement and teacher certification.

The move to the renewed funding framework that I mentioned, came at the beginning of the 2004 school year, September 1, and it was largely in response to locally elected school boards wanting more flexibility to meet the unique needs of their students and to respond to locally developed priorities. At the same time that renewed funding framework placed greater decision-making capabilities and greater responsibilities onto locally elected trustees. I should also say that it required school jurisdictions to be more accountable for spending decisions to their local electors. Of course, trustees have to be knowledgeable in a number of areas: they have to be well informed of the board's financial situation on a timely basis, they have to be accountable for the budget dollars allocated to them, and they have to promptly address any weaknesses that are discovered in their management processes.

The School Act, as we all know, requires school boards to appoint qualified external auditors to audit their financial statements and to

provide recommendations to improve boards' internal controls and management processes. Additionally, Alberta Education extensively monitors jurisdictions' success in implementing their external auditors' recommendations and critically evaluates each jurisdiction's audited financial statements. So, for example, any school board reporting an accumulated operating deficit must develop a plan to eliminate that deficit, and it has to be a plan that is acceptable to the minister. Then compliance with that approved plan is closely monitored by Education department staff.

In any case, Mr. Chairman, funding, flexibility, and accountability are the three main pillars of the framework, and all of these three were successfully implemented as part of the introduction of this renewed funding framework during the '04-05 school year. Also, in 2004-05, government's fiscal year, over \$4.2 billion was provided by Alberta Education to support K to 12 student learning. That included \$169 million in education property tax that was provided to opted-out school boards. Over \$3.4 billion in the '04-05 government budget year supported our first core business: "support high quality learning opportunities" and education. This was highlighted by providing operating grants to school boards, to private schools, and private kindergarten operators, which totalled \$2.86 billion and, secondly, by providing increased funding to hire new teachers to help reduce class sizes as recommended by the Alberta Commission on Learning. That was about \$52.3 million.

Our core business 2, "support learners to achieve excellent learning outcomes," was supported by \$588 million and was highlighted by increased funding for special needs students – that was \$204.4 million – and by increased dollars for the Alberta initiative for school improvement, or AISI, which was about \$68 million. That helped fund very important locally developed innovative projects.

The third core business for '04-05 for Alberta Education's business plan is "support the continuous improvement of the ministry and education system." In fact, Alberta Education spent about \$16 million in fiscal '04-05 in support of this third goal. This includes staff and resources to support the work of the department as well as cross-ministry initiatives such as Alberta child and youth initiative; First Nations, Métis, Inuit initiative; our health and wellness framework, and so on.

8:40

Mr. Chairman, in 2004-05 government responded to recommendations from the Alberta Commission on Learning, whose report was received in October 2003. Among those was recommendation 14, in which it was indicated that government should establish and implement province-wide guidelines for average class size across the province and that it be done on a jurisdictional basis. In '04-05 government provided school boards with \$52.3 million in funding to hire about 1,250 new or additional teachers starting September 1. As a result, average class sizes in all grades for the core subjects were reduced across the province on average by up to two students per class.

The commission also recommended better co-ordination of programs for children and for supports to develop and implement individual program plans for children with special needs. In response government provided over \$39 million for student health in 2004-2005 through the student health initiative partnerships and through integrated case management teams, who would co-ordinate supports for children and youth with complex needs.

I should also point out that as part of the renewed funding framework and as recommended by the Alberta Commission on Learning, Alberta Education provided additional grants totalling \$31 million in '04-05 school year – that is to say, beginning September

1 of that year – to help school boards provide supports to improve education attainment by aboriginal students. Additionally, Alberta Education custom developed a number of classroom resources to support recognition of aboriginal culture. For example, an additional \$250,000 was dedicated to develop new Cree and Blackfoot language and culture resources, and \$112,000 was dedicated to develop new textbook resources for the new aboriginal studies 10, 20, and 30 programs.

Alberta Education responded to other recommendations in cooperation with other ministries, such as Alberta Children's Services, to design and implement new parent link centres and to develop a provincial public awareness campaign about bullying.

An equally important part of our work, Mr. Chairman, is for us to learn from and to respond to recommendations from the Auditor General. According to the Auditor General's annual report, Education has made good progress in addressing the two recommendations from prior years, specifically with respect to risk management and also CTS programming. I'll briefly elaborate on both of these.

The Auditor General had recommended that Education establish a risk management process to improve the effectiveness of its control and monitoring activities. Alberta Education has now incorporated risk indicators as well as the monitoring of and reporting on risks into the operational planning process as evidenced by the divisional operational plans and mid- and end-of-year reports. As a result, the ministry is better prepared to respond quickly and appropriately to emerging risks on an ongoing basis. This in turn will help us ensure that, for example, the education system successfully implements significant change and that the expectations of stakeholders, including the public, are met. The Auditor General has acknowledged that we are making satisfactory progress with respect to this recommendation.

Now, with regard to the career technology studies program, or CTS, as we know it, the Auditor General recommended that the department improve its systems to ensure that school jurisdictions are complying with the requirements of the CTS program to ensure, for example, that student performance is being assessed appropriately and to ensure that required access to instruction has been provided. In fact, in his most recent report, '04-05, the Auditor General found that this recommendation had been implemented and that the department now has processes in place to detect any deficiencies noted.

I also want to comment that the Auditor General presented the ministry with one new recommendation in '04-05 as part of his annual report, recommending that we "implement a system to periodically evaluate the savings generated by the Learning Resources Centre and identify opportunities for additional savings" if possible. While the ministry completes individual initiative evaluations, and while we have implemented a number of additional savings measures in recent years – for example, by implementing an aggregate ordering incentive and by expanding business into British Columbia to reduce per unit overhead costs – we agree that an overall evaluation report could be completed to quantify all costs savings realized by the centre and to identify areas where even further savings might be made. Mr. Chair, we expect that the first such evaluation report will hopefully be completed by the fall of this year, 2006.

I'll just be wrapping up here in a couple of minutes, but I want to point out that as the '04-05 annual report indicates, our satisfaction survey amongst school boards, teachers, and most importantly the students themselves is really quite impressive. Eighty-four per cent expressed satisfaction with the overall quality of K to 12 education in Alberta, and 83 per cent were satisfied that students received a

solid grounding in the core subjects of language arts, math, science, and social studies.

Perhaps more importantly, Alberta students demonstrated their own competencies in a unique and special way and demonstrated the continuing excellence of our Alberta education system on national and international stages. We are quite justifiably proud of our students' accomplishments, and we know that we must continue to excel and improve wherever possible in order to create the best education system in the world.

Our ongoing development of timely, relevant world-class curriculum earned Alberta Education a Premier's award of excellence in '04-05. Also in '04-05 the Alberta SuperNet project provided the potential for new and exciting ways to deliver that curriculum. Accordingly, Alberta Education delivered tools that will help school jurisdictions to take full advantage of that SuperNet. We did that, Mr. Chair, by investing \$6 million in new video conferencing technology for Alberta classrooms and for research projects to support its effective expanded use and, secondly, by providing school boards with approximately \$5 million to begin planning for and connecting their schools to the Alberta SuperNet. We also invested \$6 million to create the LearnAlberta.ca content delivery network, giving schools, teachers, parents, and students everywhere in Alberta virtual or instant access to over 3,000 digital resources, including the ability to readily retrieve videos.

In closing, I want to indicate that this is just a brief overview of our work and of allocations of our resources during 2004-05. As members here will know, I took over the responsibility for this Ministry of Education at the end of November, 2004, which is about three-quarters of the way through the period up for discussion today. However, I'll do my best to answer whatever questions you might have. It will speed the process along, colleagues, if you begin your question or your comment by referencing a page number first so that we can turn to that particular spot in the report.

On that, I will close and invite your comments and questions. I thank you for your attention.

The Chair: Thank you very much, Mr. Zwozdesky.

Mr. Dunn, do you have anything to add in regard to your report, please?

Mr. Dunn: Thank you, Mr. Chair. Actually, the minister covered most of the comments I was going to make, and he covered them quite well. He did refer you to the one recommendation that we have on page 157 and provided you with an updated status as to the action that's going to be taken by the ministry on that recommendation on the Learning Resources Centre. He also did appropriately bring you up to date as to the satisfactory progress and implementation of the prior years' recommendations. However, we also report on page 160 on the results of our review of the audited financial statements and management letters that the minister referred to, issued to the school jurisdictions by their auditors for the year ended August 31, 2004. Included in our report is a summary of the audit findings and recommendations made by those school jurisdiction auditors.

Those will be my opening comments, Mr. Chairman. Thank you.

The Chair: Thank you very much, Mr. Dunn.

There are already 13 members that have indicated an interest in asking questions. We will proceed with Ms Blakeman, followed by Len Webber, please.

Ms Blakeman: Thank you very much and welcome to all of the minister's staff and, of course, the minister. I have a question about

risk and the school utilization policy and the lists that come forward prioritizing what buildings are going to get built. I notice that on page 158 and elsewhere in the AG's report it talks about the fact that the department has established a risk management process. I'm also referencing page 36 of the annual report: core business, support the continuous improvement of the ministry and the education system.

This particular issue about that utilization rate and the effect that it has on whether certain schools are going to get capital projects approved or not is a continuing problem. I understand that this ministry was not in charge of the capital dollars in this fiscal year. However, in questions flowing from question period, the minister was asked repeatedly, this minister and the previous one, about that utilization policy and its effect on that. I'm referring now to the school in Calgary that got closed because the roof was going to collapse. That's in this fiscal year, but it's part of this mix of risk that is happening. I'd like the minister to tell me what risks they've identified. Is there a risk management plan specific to the utilization rate and the capital projects?

8:50

Mr. Zwozdesky: Mr. Chair, the member has correctly pointed out that the utilization formula issues are not part of the '04-05 year. I could wind the clock forward and talk about what's going on now.

Ms Blakeman: No. Stay in the year.

Mr. Zwozdesky: Unfortunately, I don't have the jurisdictional responsibility in that particular year. That was entirely within the Ministry of Alberta Infrastructure and Transportation. You did make reference to stuff that's happened here in the last few months. How would you like me to proceed?

Ms Blakeman: Stay in the year. I was asking whether the department had developed a risk management plan around capital projects in relation to that utilization plan that exists. The ministry was questioned repeatedly in question period about that utilization plan. We were told that there was a new policy that was going to be implemented. That is under your jurisdiction.

Mr. Zwozdesky: Well, it is now.

Ms Blakeman: So how is the risk being managed?

Mr. Zwozdesky: Mr. Chair, could you please clarify for the member that we're talking about '04-05 this morning and that Alberta Infrastructure and Transportation had responsibility for infrastructure, for capital for all school-related infrastructure issues? I can only comment on what I've inherited as of April 1.

The Chair: Mr. Zwozdesky, answer the question, please. The hon. member clearly referenced the Auditor General's report on page 158. Please proceed.

Mr. Zwozdesky: On page 158?

Ms Blakeman: It talks about a risk management plan. Also, the core business on page 36 of the annual report.

Mr. Zwozdesky: I think this is the one where the Auditor General had in fact indicated that some progress of a satisfactory nature had been made. Perhaps the Auditor General will comment. What I can tell you for that particular period in time, Mr. Chair and hon. member, is that we did include significant risk indicators as part of

our new planning process, and we also included some new monitorings and new reportings on risks into our operational planning and risk management processes, which the Auditor General also commented on. Some of this evaluation of the effectiveness of that risk management process and strategies can be seen in the divisional operational plans. I didn't bring all the details, but perhaps one of my staff did. I'd be happy to read it all to you.

Do we have one here?

All right. It'll take a little while, but if you don't mind, I'll just read it.

The Chair: Perhaps through the committee clerk, Mr. Zwozdesky, you could have that document photocopied, and we can circulate it to all members.

Mr. Zwozdesky: I just have some notes here, Mr. Chair. Would it be better to just respond in proper sentences in writing later?

The Chair: Yeah. Circulate that document through the committee clerk.

Mr. Zwozdesky: Okay. But does that help for now? I don't know. Mr. Auditor General, would you like to comment on that?

Mr. Dunn: Okay. Well, what we were commenting on was something which the department has been working on for many years, which is to develop a framework or a process to cover off its risk. What I expect that you're going to produce for the committee is what we saw last year about the development of the plan and how these risks, when identified, were going to be handled. What I expect committee members are going to be provided with is what we saw last year, and as we say, what we expect in order to have the recommendation implemented is that that plan will be executed, which unfortunately takes us into the next year. So what we'll be looking at this year is the implementation of that framework and that plan.

Mr. Zwozdesky: Thank you.

Perhaps I'll just add briefly, Mr. Chair, to clarify this a little bit further here, that as part of our so-called mitigation strategies we have assembled an interdivisional team that will work very closely with Infrastructure to review the current and future infrastructure needs of school boards going forward. This interdivisional team will ensure that Infrastructure is aware of Education's initiatives and our programs and considers them very closely when determining new construction or modernization projects or upgrades or preservation projects or rightsizings or consolidations, et cetera. As of April 1 we are beginning to now inherit all of those files, so we'll be looking after all three envelopes for capital and for capital-related issues. I'd be happy to elaborate further on that if it's the members' wishes to do so.

The Chair: No, not at this time, Mr. Zwozdesky.

Please, Ms Blakeman, proceed with your second question, and make it pointed because there's a long list, and it's not fair to the other members.

Ms Blakeman: Thank you. My supplemental question then: is the document that you are giving us the definition of your new plan, the definition of risk and a plan for managing the risk? Is that what you're holding? If it's not, could you tell us what your definition of risk and your plan for managing risk are as it appears at the bottom of 158?

Mr. Zwozdesky: Thank you. I think, Mr. Chair, it would be fair to say that recommendations were made arising out of the '04-05 year. Clearly, we can't turn the clock back, so all we can do is address them in the go-forward time frame, and that's what we'll be doing.

What I can tell you is that we have done a lot of work in this area with Infrastructure because the plan started to unfold last year, where we would see the transferral of those responsibilities over to Education. We actually have a capital planning unit – now I'm talking in the present tense – that's starting to look at these recommendations and the implementation of the mitigation strategies, one of which I just referenced. So going forward, yes, there will be more attention paid to this, and we will have greater responsibility for it, hon. members.

The Chair: Thank you.

Mr. Webber, followed by Mr. Flaherty.

Mr. Webber: Thank you, Mr. Chair. Hon. minister, on page 30 we have the performance measures on high school completion rates, and there's a lovely graph on that page also.

Mr. Zwozdesky: Page 30?

Mr. Webber: Page 30, right. Since 1997-1998 the three-year completion rate seems to be increasing by a couple of percentage points up to 2003-2004, which is 69 per cent, so the target was met. A recent StatsCan report, hon. minister, suggests that Alberta's dropout rate is the second highest among Canadian provinces. I would like to know if you're satisfied. Are you satisfied with the progress that's being made, and what is being done to increase our completion rates?

Mr. Zwozdesky: Well, the short answer is: I'm satisfied that for the past few years we've seen continuous improvement. I'll tell you what one of my frustrations is, that typically these statistics are gathered by StatsCan, and they are a little bit more focused on the labour side of the equation than on whether or not we're dealing with credentialed high school completion rates or noncredentialed. There's a big difference. When we report, we report it all. We report both streams, but the general public and I'm sure that even a lot of members here today may not know that there is a difference between the two streams.

Now, we are somewhere around 69 per cent in the three-year window and rising up to I think 75 per cent, as I recall, for the five-year window. It has to be recognized that a lot of students take a year off. Some take two years to complete their program, so they're in the four-year window. Let me just say that the general trend is positive. It's going the right direction. In fact, I expect that within a few days we might have new statistics on this. I'm not sure if we will or not, but we should have. I'm expecting that to show a continual improvement as well.

The final comment I would just make is that very early in my tenure in this ministry I indicated my concern with the overall high school completion rate. We did a couple of things. One, I immediately struck a high school completion task force. That task force came back with some suggestions and comments, and then we immediately set upon a high school completion rate symposium, which is being organized right now. There will be a number of round-tables occurring around the province, culminating with a symposium later this fall. That ties in with the Alberta Commission on Learning's recommendation that we should be targeting about a 90 per cent completion rate, which is pretty high, but we have to aim high in order to succeed.

Mr. Webber: Thank you, minister. That's all for me.

The Chair: Thank you.

Mr. Flaherty, followed by Ray Danyluk, please.

9:00

Mr. Flaherty: Thank you, Mr. Chair. On page 161 of the AG's report, school-generated funds, the AG notes that "22 school jurisdictions (17 in 2003) need to improve controls over the processes used to collect, record and report school-generated funds." The question to the minister is: what steps did the minister take in 2004-05 to address this problem?

Mr. Zwozdesky: Let me comment this way, if I could, Mr. Chairman. With respect to school-generated funds, five of the – was it nine or 10?

Mr. Henke: Nine.

Mr. Zwozdesky: Five of the nine performance measures for the period in question, as I recall, were met within the target, those being public satisfaction with the overall quality of basic education, employment rate for high school graduates, high school completion rate within the five-year window of entering grade 10, the percentage of Albertans aged 25 to 34 who have completed their high school, and the overall public satisfaction that high school graduates are well prepared for citizenship. That having been said, however, the member has flagged an important part because we obviously know that four of those measures were not met, and those included the results for all students within the standard of excellence, results for all students in the acceptable standard, and so on. So while we're pleased with having met or exceeded five, we're working on the other four measures.

For the period in question, for the first three-quarters of the year I wasn't in this position. Keray, would you like to just elaborate a little bit on that? I know that you weren't there either, but I think you've talked with staff about this a little bit more.

Mr. Henke: Well, just to respond to the member's question, these are summaries of problems that are identified by the auditors and reported to the boards and also are reported to us. We follow up with each of the jurisdictions to find out what the specific jurisdiction is doing to deal with the issue in question, and in this particular issue we're really dealing with generally accepted accounting principles and the application of those accounting principles. So we're following up to make sure that they appropriately apply and that we have a common interpretation and application of generally accepted accounting principles. We don't supplement, therefore, in the context of defining new rules. What we do is follow up to make sure that the existing rules are appropriately applied.

Mr. Flaherty: Thank you.

I have a supplemental if it's all right, Mr. Chair. Can I go ahead, please?

The Chair: Yes, please.

Mr. Flaherty: Did you consider capping or restricting school-generated funds in any way?

Mr. Zwozdesky: I'm just trying to remember: was it recommendations 78 and 93 of the Learning Commission that talked about fees and fundraising? The Alberta commission, in fact – we all remem-

ber this, I'm sure – recommended that we start by providing some definitions of what basic is and what extras are, or essentials versus nonessentials, because that in turn tends to dictate what can be fundraised for; in other words, what school-generated funds can be part of.

The nomenclature "school-generated funds" is an interesting one because it applies in a variety of ways, I have found in meeting with all the school boards. For some it seems to refer to school book fees and locker rentals and track uniforms and band-related matters, and for others it will refer to that plus fundraising done for perhaps additional computers, or perhaps it will refer in the very broad sense to stuff that a third party might be doing, but that money doesn't actually make its way into the school coffers. I'm thinking of Elks clubs and Lions clubs and so on, who help build playgrounds in some communities. But the funds don't necessarily flow into the school. Now, there might be exceptions to that, but we're finding a very, very wide array of processes out there, and I think that that might be the genesis, in fact, of what the Learning Commission wanted us to do: to try and clarify what it should be.

[Mr. Griffiths in the chair]

Now, I spent many, many hours working with folks at the Alberta School Boards Association, ASBA, because they have a policy that allows this kind of school-generated funding, if you will, to occur. I'm satisfied and I hope that the Auditor General is as well that what has been going on has been appropriate and has been an augmentation on the nonessential side. I've often asked people, if they know of any areas where schools are generating funds for so-called essentials, that they would let us know. Now, I haven't received any responses to that yet.

The Deputy Chair: Thank you very much.

Mr. Saher: I wonder if I could just provide the committee with some information. Back in November of last year one of the committee members asked about school-generated funds, and at that time the Auditor General's office prepared a response for the committee, and that's what I'm referring to at the moment. In that information we informed the committee that back in 1998 the rate of external auditors of school boards who had problems with school-generated funds was as high as 77 per cent. So I think one can see from this latest report that that problem rate has diminished. There still is a problem, but certainly there is an improvement.

The other piece of information is that we're talking about approximately \$50 million across the whole of the school jurisdiction sector.

The Deputy Chair: Thank you very much.

Ray Danyluk, followed by Bill Bonko.

Mr. Danyluk: Thank you very much. Mr. Minister, in the same direction, the school-generated funds, you talked very much about the criteria that you're setting up for categorization of the school-based funds. My question: are those same criteria there for accountability?

Mr. Zwozdesky: Well, yes, I suppose some of it would be for sure. Let me answer the question this way, Mr. Chair. We have a lot of emphasis being placed on accountability throughout the system at all levels, not only with locally elected trustees but also with superintendents, associate superintendents, secretary-treasurers, and so on. I am aware that several members here are former trustees, so you know a lot about what I'm talking about.

Superintendents, for example, as part of their accountability role have to ensure that schools are not raising funds at the school level to purchase instructional services or basic essential learning resources. They also have the responsibility to ensure that school boards have the appropriately developed local policies in place with respect to fundraising. I asked this question, you might be comforted to know, of all 62 school boards last fall, and they all had an acceptable answer. So they're all very cognizant of this, particularly in the last few years and since the Learning Commission's report.

Finally, the superintendents work very hard with their school boards in monitoring all the expenditures and all the compliances with the aforementioned policies. So I think we can conclude from that that the short answer is, yes, there is a compliance and there is a crossover between the two areas you've referenced.

Mr. Danyluk: Mr. Minister, a supplemental. One of the challenges, of course, from the reporting aspect was that the school councils took on the task instead of it going through the school's operating budget, so therefore it didn't need to be reported. Is that taken into your consideration of accountability?

Mr. Zwozdesky: That's an excellent point. In addition to the school council, not the locally elected but the local school/parent council, or the parent/school advisory council, whatever they happen to be called, we also have responsibilities of the principals, who, as far as I can remember anyway, obligatorily sit on those school councils. So it's their job to establish and maintain appropriate systems of internal control, and that would include helping and advising some of these parent councils.

9:10

The reason I say it that way is because you really have three sort of different scenarios out there. One of them might be an incorporated society, a fully incorporated society that has their own financial accounting, if you will, and they do whatever they do that's allowed within their mandate. Another one might just be a more loosely knit group; in other words, not a formal structure with its own incorporated documents and so on. They might be the one that is more commonly in place, and they generate funds in accordance with what the local principal's lead provides and what the local board policy allows. A third one would be third-party, or arm's-length, organizations, such as the Royal Purple or Kinsmen or whoever. So they all tend to work together, but there's a great array out there of different vehicles that help and assist schools.

We see the same thing with hot lunch programs, for example. Something like 68 per cent of the boards have one or another kind of hot lunch or breakfast program, and it's provided in tandem with a local not-for-profit society in most cases.

Mr. Danyluk: Thank you.

The Deputy Chair: Thank you very much.
Bill Bonko, followed by George Rogers.

Mr. Bonko: Thank you. The minister mentioned specifically high school completion rates, that he wished they were higher, and I think everyone does. When we talk about acceptable standards that the schools try and meet for the curriculum and those coming out with the basic at 85 per cent, I always wonder why we don't target the highest completion rate at 100 per cent because if you mark it any lower, then you're already saying that it's acceptable that some of these students just don't graduate.

The question goes to achievement tests. In the blue book, which

is on the desk by the chairman, on page 1097, Castle Rock Research Corp. Those are the ones that come up with the standardized tests that the schools use for the 3, 6, 9, and perhaps the 12. I'm not sure. There was a grant given to them for \$216,282. The question is: what services did the Education department receive for this particular grant?

Mr. Zwozdesky: I don't have the book that you're referring to at all, but I am familiar with Castle Rock, and I'm going to get Dr. Dueck to comment on this a little more elaborately. Castle Rock is an independent consulting firm that we have used for – is it CAA or GLA?

Dr. Dueck: CAA.

Mr. Zwozdesky: CAA, computer adaptive assessment. Now, computer adaptive assessments, as we would know today, are strictly an optional test that's being developed which would help teachers, if they wish to use it, and it's specific to catering, I think, in part to what's included in the Learning Commission by way of providing teachers with some additional methods of evaluating. Now, that's my recollection of Castle Rock in terms of the current year where I've had some involvement. But I'd get Dr. Dueck, if he could, to come to the microphone, please, and just elaborate briefly a little bit further.

Dr. Dueck: Yes. Castle Rock has been working with approximately 40 jurisdictions across the province who have indicated an interest in having an assessment tool available for teachers in the classroom. This would be sometimes at a jurisdictional level where many schools are involved, or in some cases just a single school would be involved. The Castle Rock organization was the successful applicant following an RFP process, and they have been now working with an advisory committee across the province looking after the development of the adaptive component of the CAA, which will then become available as an adaptive element next year for jurisdictions to use, as the minister has said, for teachers wanting to access the assessment program.

Mr. Zwozdesky: I just want to supplement in 10 seconds that I did an extensive article on this, and I referenced Castle Rock in one of the latest ATA magazines, a month or two ago, as I recall. You may want to just reference that for more information in general because time doesn't permit here to go into all the detail.

Mr. Bonko: Okay. My follow-up question. I believe that Castle Rock is an American company. We always talk about Alberta leading the world in education. Why would we not then find something that is Canadian content to be able to further that record or that account?

Mr. Zwozdesky: Yeah. I believe they have offices somewhere here locally. I don't know where they are, in Edmonton or Calgary. Typically what we do, hon. member, is send out a request for proposal, an RFP. We shop around for the best deal that we can get. We shop around for people with the expertise, the experience, the proven deliverability, the proven capabilities. In this particular case we're working with folks that, I understand, are domiciled in Alberta.

Mr. Dueck, do you have any more information on that?

Dr. Dueck: Yes, Minister. Castle Rock is an Edmonton-based company.

Mr. Zwozdesky: There you are.

Dr. Dueck: They are working to develop their program based on the Alberta curriculum.

The Deputy Chair: George Rogers, followed by Harry Chase.

Mr. Rogers: Thank you, Mr. Chairman. Mr. Minister, on page 138 of your report it shows the summary of the statement of financial position of the school boards across this province, and looking at the bottom line, it looks extremely healthy in terms of assets, some \$3.7 billion worth of assets. What can you tell us inside those numbers about the financial health of Alberta's school boards, school jurisdictions?

Mr. Zwozdesky: Sorry. Did you say 138?

Mr. Rogers: Page 138.

Mr. Zwozdesky: Thank you. You know, in a general sense, hon. member, I would say that our school boards are maintaining a very positive financial state of health, with total surplus and reserves somewhere around the \$239 million mark, and that's reasonably consistent over a period of time. In fact, this one for the year in question, if memory serves, could well be the highest one that we've seen. Now, there are many different types of reserve accounts that they have. Some are capital reserves. Some are restricted reserves. Some are administrative reserves. Some are AOS, accumulated operating surpluses of a different nomenclature perhaps. Suffice it to say that there are a variety of different types of pots, if you will, that they have developed in that frame.

We always encourage our boards to maintain a certain level of AOS. Typically, it's to sustain the system for a period of X number of days, and I can't remember offhand if it is eight or nine, but it is something in that neighbourhood. In other words, we like to make sure that they have reserves in hand that would cover a minimum number of days should they be suddenly and urgently required to draw on those funds.

Of the total provincial accumulated operating surplus of \$170.3 million at the end of August '05 we find that \$134.3 million, or 79 per cent, was in restricted operating reserves, and those funds, as I said earlier, have been earmarked by board motions, typically by board motions to address, perhaps, some important spending priorities that they have in the short-, middle-, and long-term ranges.

Mr. Rogers: Thank you, Mr. Minister. My only supplemental . . .

The Deputy Chair: That's because you only get one.

Mr. Rogers: Well, thank you, Mr. Chairman. I appreciate the reminder.

Again, based on this information that's available, we've certainly heard a lot about some of the challenges in terms of some boards even in a deficit situation. I'm just wondering: can you elaborate on any boards that were experiencing difficulty and any plans that your department has put in place to deal with some of these challenges?

Mr. Zwozdesky: Yes, I can briefly. I want to just go back to the opening comments I made when we first convened the meeting wherein I had said that if a school jurisdiction finds itself having to put forward a deficit scenario, then they have to have approval from the minister with respect to how they're going to address and retire that particular deficit. In fact, we're going through one of these

processes right now in the current picture, as members here would know. But in a general sense we had, I think, six or seven jurisdictions that reported operating deficits for the period in question.

The boards were, to my recollection, quite vigilant in providing the necessary information that allowed the minister of the time to approve a deficit elimination plan. As part of that elimination plan we do a lot of very careful monitoring, and in some cases we're asked to actually help them craft their deficit elimination plan. So I'm pretty satisfied that the processes are there, that they're being followed, and that there aren't any huge deficits to report for the period being questioned.

9:20

Mr. Rogers: Thank you.

The Deputy Chair: Mr. Chase, followed by Reverend Abbott.

Mr. Chase: Thank you. My reference is the Auditor General's report, page 161, school-generated funds. While I was teaching at F.E. Osborne junior high in Calgary from 1991 to 2003, cafeteria, coke and candy machines, school fees, and parent fundraising for essentials accounted for two-thirds of our school revenue. Were school-generated funds included as part of the ministry's budget declarations in 2004-2005? By that I mean: when the total amount of money expended on education is announced by the government, do those announcements include school-generated funds?

[Mr. MacDonald in the chair]

Mr. Zwozdesky: No. Our funds, hon. member, typically reflect what comes to us from the general revenue fund, the GRF, of the Alberta government, in other words taxpayer-provided dollars, as well as monies that flow to us from the ASFF, the Alberta school foundation fund, which is where education property tax dollars get paid by municipalities who collect it, and perhaps some lottery monies that augment things like SuperNet and so on. School-generated funds are strictly that: funds raised at the local level, and they account for them locally.

Mr. Chase: Thank you. My supplementary question: during the 2004-2005 year did the ministry consider levelling the playing field by providing special grants to schools in low socioeconomic areas where standardized test results are consistently low?

Mr. Zwozdesky: The short answer would be yes, and there are a variety of ways that we do some of that, hon. member. I don't know if you're familiar intimately with our new renewed funding framework booklet, but if you haven't got copies of it, just call my office. We'd be happy to send one over to you. It does a wonderful job, truly does, of just explaining how funding is rolled out.

I talked in my earlier opening comments about the renewed funding framework and the flexibility that school boards have asked for. Now, there are three broad categories in this booklet. One of them deals with base instruction funding, the per capita count, or the ECU, per credit enrolment unit completed. The second scenario is differential, or what we commonly refer to as additional funding, and the third one is dedicated, or targeted, monies for provincial initiatives, where you must spend it on this particular initiative, such as class size reduction. The second category is where all of this flexibility occurs, and there are about 20-some different categories, and within those categories are some of the flex formula funding that you're referring to; for example, northern allowance, relative cost of purchasing goods, accessing services, and so on. So we provide that

differential or additional funding exactly in the way that you mention it.

Do you want to elaborate on that at all, Keray?

Mr. Henke: Well, no, Minister. I think that you've outlined, certainly, that there is a basic student grant and there are differential categories established, as you've said, and that does address the socioeconomic status.

Mr. Zwozdesky: Thank you.

The Chair: Thank you.

Reverend Abbott, please.

Rev. Abbott: Thank you very much, Mr. Chairman, and thank you, Minister, and to your staff for being here. I guess I have a question that is somewhat similar to the Member for Lac la Biche-St. Paul's. However, I think that this one goes a little deeper than his. The question is around the accountability pillar. It's on page 6 of your report, Mr. Minister. Actually, I think the deputy chair would be interested in this one as well because it talks about outcomes. I guess that's the big question when we talk about value for taxpayers' dollars, as we talk about outcomes. I really like the name accountability pillar. It certainly sounds good. It sounds like I'm going to be getting value for my dollar. I guess what I would like to know is if you could explain that a little bit as to how you measure these outcomes. What is the accountability pillar going to give, you know, to the average citizen as they look at that?

Then I have a supplemental that I want to narrow in on, but if you could just answer that in a general sense, first of all.

Mr. Zwozdesky: Well, in a general sense, as I indicated in response to one hon. member's question, we put a lot of emphasis on the accountability pillar. We have a new accountability pillar right now. It has a common set of measures for all jurisdictions. In fact, in the current year we have some new methodology, which is not the subject of today's discussion, but I want you to know that we evaluate measures on achievement and on improvement. Those are the two central underpinnings, if you will: achievement and improvement.

That, having been said, we are putting more emphasis now on the outcomes, if you will, whereas before more emphasis might have been put on the inputs. Now, there's nothing wrong with putting some emphasis on inputs, but in our experience our public is telling us that they want a little more emphasis on the outcome side. So we did establish a review committee on outcomes, an RCO, which had nine different stakeholders on it. That included Alberta Home and School Councils' Association; ASBA, the Alberta School Boards Association; the ATA, Alberta Teachers' Association; chambers of commerce. I can't remember all of them, but you get the picture. Their purpose was to do exactly what your question is driving at, and that was to look at what the outcome measures could be more carefully and closely with respect to improvement and achievement. I'm satisfied that that has happened quite effectively.

I'll just conclude by saying that there's more of it coming because this is the kind of accountability that was referenced in the Commission on Learning report, and it's certainly what parents are writing to me about.

Rev. Abbott: Thank you. That's excellent.

Taking it a step further, I do get this a lot from constituents. If I were a parent who would like to know: for example, in the area of, say, special needs how do I know that those dollars are going to my

special-needs child? How do I know that the dollars are actually getting to the student? How could I use this accountability pillar, I guess, to trace that or to track that or to find out that information? Or is that too detailed for this?

Mr. Zwozdesky: Well, I don't know that it's too detailed. Mr. Chairman, if you'll allow me, I'm going to talk about January '06 just for a brief second here. We held a major workshop. In fact, we had a few workshops on this very issue of accountability pillars. Jim Dueck can comment on this at a little more length, if you like, Mr. Chair. We had some of the same questions provided to us.

Of course, we have locally elected trustees, as you would know, and they are responsible for those local accountabilities. You can't ask for flexibility with one hand and not accept the accountability for it on the other, so they've got them both. I am satisfied that the feedback we've received for the most part has been very positive by the way that principals and superintendents and locally elected trustees are responding to these issues.

Now, that having been said, I'm also acutely aware that there are a few instances where some parents are not satisfied. They want, specifically, to see every cent that's referenced in this renewed funding framework being part of their classroom-spent dollars. As you will know, we have a formula of jurisdiction profile funding, and that particular document and that particular funding is under review right now.

Ms Blakeman: The question I wanted to ask referred to computer security, page 161. It notes that nine jurisdictions needed to improve this security, including – and there are a number of issues that are raised. What problems have been reported to the department around computer security issues in this fiscal year?

Mr. Zwozdesky: Frankly, hon. member, I'm not aware of any, but I'm just going to ask if some of my staff who were there at the time might be.

Lois, are you familiar with this issue?

Mrs. Hawkins: Yes. We work with the school jurisdictions and their representatives to talk about common standards for security, to talk to them about opportunities to work together on, for instance, firewall security, security policy for personnel in terms, of course, of their responsibilities under the Freedom of Information and Protection of Privacy Act. So we work through those measures. They, in turn, in terms of the audit functions in their own jurisdictions would also be dealing with those issues.

Ms Blakeman: Okay. Thank you. What risk has been identified for personal and confidential information being stolen then?

9:30

Mrs. Hawkins: Under the legislation the school jurisdictions are a public body that must adhere to the legislation. So in terms of our own people in our department who are responsible for freedom of information we will have information sessions, and we will look to them to provide training to their staff. Again, just as any other public body is responsible under the act, they are as well.

The Chair: Thank you.

Mr. Johnston, followed by Mr. Flaherty.

Mr. Johnston: Thank you, Mr. Chair. My two questions will take us to page 72 of the Education annual report. The teachers' retirement fund had a deficiency of approximately \$6.7 billion

according to note 13 on the top of page 72. The unfunded liability has been financed in part since September of 1992 from contributions from Alberta Education. How feasible is it to continue paying this contribution until the year 2060?

Mr. Zwozdesky: Good question. Mr. Chairman, the issue of the unfunded pension liability has been around for some time, and I think most members here would remember that a verbal offer was initiated by my predecessor with one or two representatives from ASBA and from ATA a couple of years ago. At that time I recall having been reminded that going back to '92-93 a deal had been made that saw government take two-thirds of the responsibility, about \$4 billion, for the unfunded pension liability, and the teachers of the day taking on responsibility for the remaining one-third, or \$2 billion.

Now, the deal said that we would contribute our portion and the teachers would contribute theirs over a period of time. It has a sunset, I believe, of 2060, and there will be considerable billions of dollars that will have been expended by both government and by the teachers to retire that full amount by that time. So a number of individuals have written and contacted me over the past year and a half asking if there is any ability to accelerate it, to pay it out, do what Newfoundland just did, or whatever. We haven't come to a resolution on that yet, but I have indicated very publicly that I am continuing to work on this matter. It is complicated because the teachers' unfunded pension liability is one of, I think, four or five unfunded pension liabilities that continue to grow, so we would have to look at some of the others as well.

That having been said, Mr. Chairman, our current contribution would be about \$152 million from the government of Alberta per year, and it grows every year by a little bit. So I would be supportive of looking at doing something sooner than later, but we haven't had that formal discussion yet, nor do I have the authority to venture into that area too far yet.

Mr. Johnston: Thank you, Mr. Minister.

My only supplemental question. On page 62 of the same report the province's share of the unfunded liability has increased, of course, from \$4.09 billion to \$4.26 billion, so that's about 4 per cent, if I'm right, in one year. My question is: what can be done to address that?

Mr. Zwozdesky: Well, one short answer might be to look at what was done in '02-03, and that was when government put something like \$60 or \$63 million to help buy out the entire teachers' portion, and I suppose something similar could be considered. I'm not going to speculate right now if it will or not, but it could be considered with respect to the government's share.

You know, we typically get an actuarial assessment or an evaluation – I think it's in August, isn't it? – every year. As part of that actuarial assessment we look at what the trends are, and they tell us whether we're ahead or behind and so on. So the liability tends to grow because of natural forces if you will. I think one of our challenges as a government, and hopefully with support from opposition members at some point, will be to take a look and see if there are some possibilities for addressing this, but I'm not in a position to, you know, venture forward any further than that at this point.

I just think it's a significant issue because it affects things like teacher retention, which I've mentioned in the House. It affects things like teacher recruitment. At some point we're going to have to come to grips with how many teachers are pre-1992 hires and how many are post 1992-93 hires. Teachers are a very, very

valuable commodity because they are communicators, and we sometimes see some alarming statistics about how many teachers are being taken out of the profession in their first few years of joining it for attractions in private industry as communicators. That's a truism. So we have a concern.

The Chair: Mr. Dunn, do you have something to add to that?

Mr. Dunn: Just very briefly. In the back of the annual report is the ATRF pension fund, and if you'll just turn to pages 177 and 178, it'll help you understand the full scope of the ATRF. That's the full deficit there, the deficiency. You'll see on page 178 the allocation the minister was just referring to. It's the pre-September '92, which is the \$6 billion, and the post '92 is just now going into a deficiency. This liability grows at the rate of the actuarial assumption – and the actuarial assumption is noted on page 176 – of 7.25 per cent per year. This will get larger every year probably until the year 2045, and then it will start to decline. So we've looked at this, obviously, with the management and the trustees of the ATRF. This is not going down. This is going up continuously.

The rate of returns is given to you on page 179. The rate of returns over the '04-05 year to August 31, '04, which is here – and I have the August 31, '05 – have been very good, but over a number of years they've aggregated only 5.4 per cent. That's because we had some poor performance back in the '01-02 years. But there should be no doubt in your mind: this is going up, not down.

The Chair: Thank you.

Mr. Zwozdesky: Precisely. Thank you for that clarification. That's very helpful.

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

Mr. Flaherty: Thank you, Mr. Chair. On page 24 of the annual report, preparation for citizenship. This question is to the minister. How do you respond, sir, to the finding that only 60 per cent of respondents "were satisfied that high school students are well prepared for citizenship"?

Mr. Zwozdesky: Yeah. I remember this one. The distinction, hon. member, should probably be made between 60 per cent of public respondents having been surveyed as being satisfied versus 83 per cent of parents and teachers and the students themselves being satisfied.

If I could again, I have to jump a little bit into the future here, and I'll do it briefly this time, hon. chair. You know, we completely revamped our social studies curriculum, which is where this issue of citizenship tends to emanate from more readily than perhaps other courses. We've implemented the K to 3 one, and we're working on the implementation of 4 and 7 and then 5 and 8 by way of grades. Central to that notion, perhaps as a stepping stone or a building block toward greater citizenship, is a greater emphasis on the child, the student in their own home surroundings. I don't necessarily physically mean their house, but I mean their local school, their local community, their town, their province, their country, their role as citizens of the world.

We're having some very early results that are really quite positive that talk about the citizenship skills being acquired because of the greater emphasis on local issues, local land sites, local contributions of local people that tend to build more self-esteem in the students. What it does is that it's fuelling greater interest and greater participation, and that is starting to turn itself into greater citizenry-type

skills. So I'm pretty satisfied that the results are coming up, but particularly encouraging is the fact that 83 per cent of the parents see active citizenship preparation being accomplished. We have some work to do, obviously, on the public's perception.

9:40

The Chair: Thank you.

Mr. Flaherty: Could I just ask: since the citizenship is not evaluated on standardized tests, how do you respond to the critics that say that citizenship isn't an important priority in primary learning, early learning?

Mr. Zwozdesky: Yeah. Well, it is now, hon. member, more so than it was perhaps before because of the new curriculum. That new curriculum was just implemented, I think, in September of last year.

Mr. Flaherty: But can you measure that, Mr. Minister, in the early grades?

Mr. Zwozdesky: You know, there would be some measurements. They would be value judgments more than measurements, perhaps, by the teachers. As former teachers we understand what that means, I'm sure. But these particular surveys are just that. They're question-and-answer types of surveys that ask the teachers, the students, the parents, the public at large what their impressions are, which is also a value judgment more so.

Is there anyone who has anything else by way of specific measurements in this area that could comment? Jim, do you want to just give a brief supplementary?

Dr. Dueck: Yes. I should also indicate that the trustees' association has made it a very primary element in their program across the province, so we have seen an increase in the public's satisfaction in this particular measure go from 40 per cent to 60 per cent over the course of the last few years.

I should also indicate that we recognize that whereas at one time we had only a series of measures on student achievement through testing programs as of, say, the year 2000, since that time with the accountability pillar we have greatly expanded what the measurement program is. One of the measures of the accountability pillar is the citizenship measure, and we are looking now to see how we can expand the measurement of that by going further than a survey process.

Mr. Zwozdesky: Thank you.

The Chair: Thank you.
Mr. Rodney, please.

Mr. Rodney: Thank you very much, Mr. Chair. I'd like to thank the hon. minister and his entire department not only for the annual report 2004-2005 but for today's report as well. Mr. Minister, I must commend you on the number of performance measures that I see, especially towards the front portion of the report. I encourage you to continue with those and add any others that you might want to add in the future as things continue to evolve in education. Actually, a number of colleagues have asked about certain performance measures, but I'm wondering if there are any performance measures in here that you might be able to comment upon, those targets that were not reached, and if you can tell us what direction you might be going with that to increase those targets, turning bad news into good news.

Mr. Zwozdesky: I'm just looking for the page where that's referenced. Is it page 7?

Mr. Rodney: Actually, it was any performance measure that was not met that you haven't already commented on that you care to.

Mr. Zwozdesky: Right. I mentioned that in response to some other questions.

Mr. Rodney: Yeah. If there's nothing further, that's fine.

Mr. Zwozdesky: No. I think I mentioned that there were four that weren't met, and I probably referenced the excellent standard and the acceptable standard levels. There were a couple of others. Results for students writing at the standard of excellence were not quite met, and results for students writing at the acceptable standard were not quite met. Now, it's important to differentiate between what I said earlier and what I just said now. In the first instance, several minutes ago, I was talking about results for all students at the standard of excellence. Now I'm talking about specifically the writing abilities of students performing at the standard of excellence. So it's this latter one that wasn't met.

There were also some results that remained stable, virtually no change, and those also pertained to standards of excellence and acceptable standards. A slight decline in one measure was commented on earlier. So I'll just leave it there unless there's more information required.

Mr. Rodney: No. That's fine.

My second question – and you may or may not have liberty to comment on this, Mr. Minister. I'm having trouble finding it in the report, and that's the number related to legal costs, if any, that your department would have incurred as a result of actions. I'm thinking that Calgary Catholic would be one. Perhaps it applied to your department; perhaps it did not. I'm just wondering what those might have been, especially the unexpected legal costs. I know that the degree of satisfaction with trustees in certain areas is up. In other areas it's down. That isn't a reflection on your department. I'm wondering, basically, the impact of legal cases on your department when it comes to money spent, if any. Maybe there's none. Again, through the chair, I'd add that if this is something they would need to look up in their records, you could get back to us later. We don't need an answer right here, right now.

Mr. Zwozdesky: Well, we can perhaps undertake to do that. I mean, we do have certain legal matters that come up from time to time. I'm not aware of any specific legal matters for the period in question, but I'm going to get my deputy to just comment a little bit further on any knowledge he might have.

Mr. Henke: We have legal staff on staff that deal with leg. planning and regulations and legislative matters, and we also refer to the Department of Justice those issues which require a more comprehensive analysis. We're not aware of any where there would have been an extraordinary cost. We'll certainly review our records and report back to the chair if we find anything, but I don't think that there was anything in the year in question that would have been unexpected or unanticipated.

Mr. Rodney: Thank you very much.

The Chair: Thank you. Just for the information of the member and the committee, if you check page 93 in the annual report, there is

note 9, which addresses contingent liabilities, and there's certainly no mention of anything occurring in Calgary. That's on page 93.

We'll proceed now with Harry Chase, please, followed by Dr. Morton.

Mr. Chase: Thank you very much. In the Legislature I have brought up the concerns of the two Calgary boards, whose infrastructure deficit is over a half billion dollars, and I'm referencing page 162 of the Auditor General's report with regard to school deficit. Was any thought or action given to reducing or forgiving deficits for school boards in the 2004-2005 year?

Mr. Zwozdesky: Earlier, Mr. Chairman, I think I indicated that there were about six or seven school boards for the year in question who had deficits. I don't know if you were in the room at that time, but they were there. I don't have them just at my . . .

Mr. Chase: I didn't hear whether they were forgiven.

Mr. Zwozdesky: Well, deficits aren't necessarily forgiven. What happens, hon. member, is that the school jurisdiction develops a deficit elimination plan. They submit it to the minister. Presumably they will have worked with my staff before they send it up, and our staff has to be satisfied that the deficit elimination plan will not negatively impact the classroom, that it will not negatively impact teachers or learning or whatever. Once they are satisfied with it, then they send it up, and then I review it with my executive team. If we're satisfied, we give them the okay to implement their deficit elimination plan. That's exactly what we're doing right now, I'll just tell you, with the Edmonton Catholic board. Everyone is well aware of their deficit scenario. There have been some larger ones, some in your area, hon. member. So that's how that process works.

Mr. Chase: Thank you. Trustees are desperate for money. I met with Drake Hammill, head of local 40 of CUPE, with regard to school infrastructure. As part of their desperation they're looking for alternate funding. Was there any discussion or conclusions reached in the year 2004-2005 about permitting school boards to borrow money?

Mr. Zwozdesky: Not that I can recall just off the top of my head. Do you remember any, Keray?

9:50

Mr. Henke: Well, there are very limited conditions under which school boards are enabled to borrow money, and some of those are under regulation, but there were not any changes to those regulations in 2004-2005, if that's the question.

Ms Blakeman: Studies?

Mr. Henke: Well, there's continuing analysis in terms of what risk profile that would entertain and what the alternative funding sources are and the reliability of those funding sources. There's always an analysis, but there weren't specific contracted studies with the terms of reference, if that's the question.

Mr. Chase: Thank you.

The Chair: Thank you.
Dr. Morton, please.

Dr. Morton: Thank you, Chair. My questions, Minister, have to do

with performance measures, starting on pages 30 and 31 of the annual report. My first question is just a clarification. How is it that our high school completion rates were in sort of the 60 to 75 per cent range in the graphs on page 30, but on page 31 90 per cent of younger Albertans have graduated from high school? I'm sure there's an explanation.

Mr. Zwozdesky: I'm sorry. What was the last part of your question?

Dr. Morton: The graph on page 31 shows that 90 per cent of young Albertans have graduated from high school, but the graph on page 30 shows that we've only been graduating 65 to 75 per cent over the last decade.

Mr. Zwozdesky: Yeah. I think that reflects a difference between Alberta's specific target and the one evaluated by StatsCan in their labour force survey. But I want to come back to this distinction, hon. member, which might help all of us to understand that Statistics Canada's method considers only those with a high school diploma as having completed high school – in other words, the fully credentialed route – while we in Alberta Education also consider students who qualify for and enter postsecondary institutions and/or apprenticeship without a high school diploma as completers. So there's a bit of a difference between how we report and how they report, and that might help us to understand. That's what I meant earlier in the day when I commented on some of my frustration – I think that is the word I used – because Statistics Canada doesn't give us any credit, if you will, for the noncredentialed high school completer having completed high school, albeit without a diploma. But they did complete high school.

Dr. Morton: So which of the two graphs is using StatsCan data, then, do you think?

Mr. Zwozdesky: Well, I'll just get the deputy to comment first in supplement to my earlier answer.

Mr. Henke: If I could just draw your attention to page 30, the first bullet under Discussion talks about completion "within five years of entering Grade 10." That's what's depicted in that graph. If you go to page 31, the first bullet under Discussion, it's the percentage of Albertans aged 25 to 34. These are typically people who will have left the school system and will have come back into a postsecondary situation. They may have come back and finished high school at one of the adult institutions, or they will have come back into NAIT, SAIT, university, whatever. So it results in a difference in measure because we're looking at different-aged people. In the first measure we're looking at people within five years of entering high school. In the second sense we're looking at people who will have had the opportunity to go out and be in the workforce but then have come back to an educational institution of some form. Then we assess that they have in fact completed their high school requirements.

Dr. Morton: So the graph on page 31, that shows the 90 per cent, reflects more the sort of real-world experience that the minister was referring to.

Mr. Henke: This is the older student profile. That's right.

Mr. Zwozdesky: In fact, Alberta has a very high completion rate in that respect for that age group. There was a period where I thought we were actually leading the nation, but I can't remember if that's correct anymore.

Dr. Morton: Thank you. Then my second question has to do with the graph on page 33 and the issue of high school to postsecondary transition rates. Again, I think it's quite useful that you've added that new dimension that looks at it not just immediately but several years out. Having taught at university for a number of years, I think there are a lot of first-year students that probably would have benefited from taking a year off in the real world. They might have been more serious in their first or second year if they'd had that real-world experience under their belts. So that's a good addition. My question still is on those figures: 30 per cent for people going on to postsecondary immediately and maybe up to 50 per cent in a few years out. Given the importance that the government has placed on education and human capital in ensuring Alberta's future prosperity, are there going to be some target measures developed in this area, or are there policies under development?

Mr. Zwozdesky: That's a great question. We do have that under way right now, or at least we're looking at that scenario. But one of the other measurements that I wish we could add that is extremely difficult, obviously, is the number of students who leave the province for studying elsewhere after their high school completion, and I don't know that we are able to track that with any great degree of proficiency. The short answer is that, yes, we work very closely with Advanced Ed. You will know that we've worked with them and supported their cause over the last couple of years to increase the number of spaces.

We've also worked with Advanced Ed to increase the enticements, if you will, for students to go on to the trades area or into the arts area. It seems that in the late '60s and throughout the '70s there was quite a bit more emphasis on going on into the trades as opposed to just dropping out and not continuing with anything at the postsecondary level, and then in the '80s for whatever reason there seemed to be a little bit of a demographical thinking shift, and more emphasis seemed to be put on the academic side. So you saw a lot of students feeling that they couldn't compete on the academic side and tending to want to leave and not pursue any postsecondary. Now we're seeing a reversal of that, fortunately.

So we continue to work with Advanced Education on doing whatever we can to encourage and entice. One area, obviously, that would help would be the area of guidance and work/career type counsellors.

The Chair: Thank you.

Dr. Morton: Just for clarification?

The Chair: No. That's fine, Dr. Morton.

That concludes this portion of our agenda. I would like to thank the minister and his staff and the Auditor General for their time and their attention again this morning. I wish them the very best as they prepare their annual report for this year. Again, thank you.

Mr. Zwozdesky: Thank you. Thank you, members.

The Chair: We have another item on the agenda to deal with, so please feel free to leave at your convenience.

Now item 5, hon. members, under Other Business. There has been some discussion in the past of attendance at the 2006 Summit on Results Based Management: Taking It to the Next Level, in

Victoria. I would like to advise you that I received a memo from the Speaker dated April 6, which was copied to all committee members, advising that the Speaker was prepared to review the request to send members to the conference in Victoria on May 8 and 9. I would advise you at this time that the Speaker is prepared to send two members and the chair, and I advise you that I do not plan to attend. I appreciate the Speaker's invitation – I really do – and I appreciate his guidance.

If the committee wishes, we can proceed by choosing two members to attend. Now, initially five members indicated their interest in attending. The following members, that I'm aware of, are still available and interested: Mr. Rodney, Mr. Griffiths, and Mr. Johnston. Are there any other members that are interested? Mr. Rogers? Yes. Okay. Anyone else? We have to do this today because travel arrangements have to be made by the clerk. This is less than a month away. Corinne will send the names to the Speaker. The four names are in the basket.

Mr. Griffiths: As of this morning I understand that my calendar has changed, and I won't be able to attend regardless. So can we remove my name from there?

The Chair: Mr. Rogers is going.

Mrs. Dacyshyn: And Dave Rodney.

The Chair: Should we have an alternate?

Mr. Rodney: Who else is left in the basket?

Mrs. Dacyshyn: Art Johnston.

Mr. Rodney: I think Art should go. I just had a change in my calendar as well, so I'm happy to give it to Mr. Johnston.

10:00

The Chair: Perhaps we should put an alternate in. We can put Mr. Rodney's name forward as an alternate. Would that be okay?

Mr. Rodney: Sure. I have an event on Sunday that I have to do, so I'd have to leave very late Sunday if there's a flight. I could do it. It's just that it depends on if we can get flights.

The Chair: It's great that we have two members. Corinne will arrange all this with the Speaker and the Speaker's office. Okay? Thank you.

Item 6, the date of our next meeting, which is not until two weeks from now, Wednesday, April 26. It will be with the Hon. Mr. Mike Cardinal, Human Resources and Employment minister.

If there are no other matters, could I have a motion to adjourn, please?

Rev. Abbott: So moved.

The Chair: Moved by Reverend Abbott that the meeting be adjourned. All in favour? Opposed?

Happy Easter. Thank you very much, everyone.

[The committee adjourned at 10:01 a.m.]