



Legislative Assembly of Alberta

The 27th Legislature  
First Session

Standing Committee  
on  
Public Accounts

Education

Wednesday, May 28, 2008  
8:30 a.m.

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**Legislative Assembly of Alberta**  
**The 27th Legislature**  
**First Session**

**Standing Committee on Public Accounts**

MacDonald, Hugh, Edmonton-Gold Bar (L), Chair  
Lund, Ty, Rocky Mountain House (PC), Deputy Chair

Benito, Carl, Edmonton-Mill Woods (PC)  
Bhardwaj, Naresh, Edmonton-Ellerslie (PC)  
Chase, Harry B., Calgary-Varsity (L)  
Dallas, Cal, Red Deer-South (PC)  
Denis, Jonathan, Calgary-Egmont (PC)  
Drysdale, Wayne, Grande Prairie-Wapiti (PC)  
Fawcett, Kyle, Calgary-North Hill (PC)  
Griffiths, Doug, Battle River-Wainwright (PC)  
Jacobs, Broyce, Cardston-Taber-Warner (PC)  
Johnson, Jeff, Athabasca-Redwater (PC)  
Kang, Darshan S., Calgary-McCall (L)  
Mason, Brian, Edmonton-Highlands-Norwood (NDP)  
Quest, Dave, Strathcona (PC)  
Vandermeer, Tony, Edmonton-Beverly-Clareview (PC)  
Woo-Paw, Teresa, Calgary-Mackay (PC)

**Also in Attendance**

Pastoor, Bridget Brennan, Lethbridge-East (L)

**Department of Education Participants**

Keray Henke	Deputy Minister
Jim Dueck	Assistant Deputy Minister, Accountability and Reporting
Ellen Hambrook	Assistant Deputy Minister, Program Development and Standards
Dick Meanwell	Director, Financial Reporting and Accountability
Nancy Stewart	Acting Assistant Deputy Minister, Strategic Services

**Auditor General's Office Participants**

Fred Dunn	Auditor General
Al Neid	Principal
Merwan Saher	Assistant Auditor General

**Support Staff**

W.J. David McNeil	Clerk
Louise J. Kamuchik	Clerk Assistant/Director of House Services
Micheline S. Gravel	Clerk of <i>Journals</i> /Table Research
Robert H. Reynolds, QC	Senior Parliamentary Counsel
Shannon Dean	Senior Parliamentary Counsel
Corinne Dacyshyn	Committee Clerk
Jody Rempel	Committee Clerk
Karen Sawchuk	Committee Clerk
Philip Massolin	Committee Research Co-ordinator
Liz Sim	Managing Editor of <i>Alberta Hansard</i>

8:30 a.m.

Wednesday, May 28, 2008

[Mr. MacDonald in the chair]

**The Chair:** Good morning, everyone. I would like to please call the Standing Committee on Public Accounts to order, and I would like to welcome on behalf of all members of the committee everyone in attendance this morning. Perhaps we can quickly go around the table, starting with the Member for Rocky Mountain House, and introduce ourselves.

**Mr. Lund:** Good morning. Ty Lund from Rocky Mountain House.

**Dr. Massolin:** Good morning. I'm Philip Massolin. I'm the committee research co-ordinator from the Legislative Assembly Office.

**Mr. Bhardwaj:** Naresh Bhardwaj, Edmonton-Ellerslie.

**Mr. Jacobs:** Broyce Jacobs, Cardston-Taber-Warner.

**Mr. Dallas:** Good morning, everyone. Cal Dallas, Red Deer-South.

**Mr. Vandermeer:** Good morning, everyone. Tony Vandermeer from Edmonton-Beverly-Clareview.

**Mr. Denis:** Good morning as well. Jonathan Denis from Calgary-Egmont.

**Ms Pastoor:** Good morning. Bridget Pastoor, Lethbridge-East.

**Mr. Kang:** Good morning, ladies and gentlemen. Darshan Kang, Calgary-McCall.

**Mr. Benito:** Carl Benito, Edmonton-Mill Woods.

**Dr. Dueck:** Jim Dueck, Alberta Education.

**Mr. Henke:** Keray Henke, Alberta Education.

**Mr. Meanwell:** Dick Meanwell, Alberta Education.

**Ms Stewart:** Nancy Stewart, Alberta Education.

**Ms Hambrook:** Ellen Hambrook, Alberta Education.

**Mr. Neid:** Al Neid, office of the Auditor General.

**Mr. Saher:** Merwan Saher, office of the Auditor General.

**Mr. Dunn:** Fred Dunn, Auditor General.

**Mr. Drysdale:** Wayne Drysdale, Grande Prairie-Wapiti.

**Mr. Quest:** Dave Quest, Strathcona.

**Ms Woo-Paw:** Good morning. Teresa Woo-Paw, Calgary-Mackay.

**Mr. Johnson:** Good morning. Jeff Johnson, Athabasca-Redwater.

**Mr. Griffiths:** Doug Griffiths, Battle River-Wainwright.

**Mrs. Dacyshyn:** Corinne Dacyshyn, committee clerk.

**The Chair:** Hugh MacDonald, Edmonton-Gold Bar.

I would like to note that any MLAs in attendance this morning who are not committee members are certainly entitled and welcome to participate, but they do not vote in any of our proceedings according to the standing orders. I would like to advise that the briefing materials were posted for viewing and printing last week.

With that, can I please have approval of the agenda that was circulated? Yes, Mr. Drysdale. Thank you. Moved by Mr. Drysdale that the agenda for the May 28, 2008, meeting be approved as distributed. All in favour? Opposed? None. Thank you very much.

May I also please have approval of the minutes for the May 21, 2008, meeting? Mr. Griffiths. Moved by Mr. Griffiths that the minutes for the May 21, 2008, meeting be approved as distributed. All in favour? No questions? No one opposed? Thank you very much.

This brings us to item 4 on our agenda, the meeting with the Ministry of Education. The reports we will be dealing with this morning are the annual report for 2006-07 for the Department of Education; the annual report of the Auditor General for 2006-07, volume 2; the report of the Auditor General from April 2008; and, of course, the annual report of the government of Alberta for 2006-07, volumes 1 and 2. I would like to remind everyone of the research material provided through the legislative office research co-ordinator and that this material is available to the public from the committee clerk.

If we could please proceed now. Mr. Henke, if you have a brief overview of the department's activities in the 2006-07 year, we would be anxious to hear that overview.

**Mr. Henke:** Thank you, Mr. Chairman. We're certainly pleased to be here today to answer your questions and deal with your issues on the Department of Education. In addition to the staff that you met at the table, we also have with us Mr. Michael Walter, the executive director of field services and capital planning. We have Ms Debby Johnston, who is the executive director for program development and standards; Ms Carol McLean, who is the executive director of people resources; Kathy Telfer, who is the director of communications; Sharon Campbell, the executive director of performance measurement and reporting; and George Lee, who is the director of budget and fiscal analysis.

As the chairman has indicated, you will recall that the annual report that we're addressing this morning was prepared under the former minister. Some of the highlights from our annual report for that period are that we continue to meet or exceed our performance targets for goal 1, the high-quality learning opportunities for all. We met most of our targets for goal 2, excellence in student learning outcomes, but I would point out that our overall results in the provincial achievement tests did not meet our targets at the acceptable level. We met our targets for goal 3, a highly responsive and responsible education system. The Premier's mandate memorandum for the minister at that time also outlined a number of priorities, including high school completion, early learning opportunities for students, addressing the teachers' unfunded pension liability, and schools where students live and learn.

Speaking to those points, our high school completion rates continue to improve: 78.6 per cent of students completed high school within five years of entering grade 10, and it increased again to 79.5 per cent this past year. That wouldn't suggest, necessarily, that we're satisfied with that rate. That is the rate that is consistent with the objectives we've put into our business plan, but we continue to improve those rates.

Participation in our early childhood services program continues at

a very high level, over 95 per cent, and we have expanded our English as a Second Language funding to include preschool children to support their language development and ensure that they're ready to start school.

We were able to complete negotiations of a memorandum of agreement with the Alberta Teachers' Association to deal with the long outstanding issue of the unfunded pension liability. In the past year we've increased our funding for school facilities by 60 per cent over the previous year to \$984 million in 2006-2007, providing funding for 15 new school projects, six major preservation and modernization projects. In addition, we've provided 130 steel-frame modular classrooms to school jurisdictions both to address their needs for new classrooms and to evergreen some of the existing classrooms that were there.

Those are just a few highlights from our department. We all know that there's much debate and discussion about education in the province. Everyone has been to school, and everyone is familiar with this. We regularly survey the opinions of parents, students, teachers, and the public to determine their level of satisfaction with their school system. As for the overall satisfaction rating of the education system, it is meeting the needs of all kindergarten to grade 12 students, society, and the economy. We continue to sustain the rate of just under 85 per cent satisfaction. The annual report provides a number of examples of other results from our surveys on leadership of schools, providing safe and caring environments for students, for example.

In our department we're working to expand the discussion about public education in Alberta from that of simply funding and facilities to a discussion of the many benefits of our education system: benefits to our students, benefits to our communities, and benefits to our society. We continue to demonstrate national and international leadership in education. In the 2006 program for international student assessment tests Alberta 15-year-olds scored second highest in the world in science, behind only Finland. Alberta students tied for third in reading and tied for fifth in mathematics on an international level. In the 2007 pan-Canadian assessment program tests Alberta 13-year-olds achieved the highest marks in the country in science and ranked third in reading and second in mathematics.

Our responsibility, therefore, is to ensure that all of our students continue to experience those high-quality learning opportunities. To do that, we need to sustain the quality of our curriculum. To do that, we engage experts in the field, particularly teachers in the classroom. In 2006-2007 we completed development of the new K to 9 mathematics program, we implemented student resources and teacher guides for chemistry, biology, and physics, we initiated work on the revisions to the fine arts curriculum, and we have students in grades 4 and 7 experiencing a new social studies curriculum that puts an even greater focus on citizenship and identity and has increased the content in Canadian and Alberta history.

We also know that language development is a cornerstone to learning, and recognizing that earlier is better, we provide programs to support English as a second language development for children three and a half years of age and older. Young children gain experience with English as a second language. They focus on communication, and they focus on improving their literacy skills. This prepares them to enter the world of school on a level playing field with those of us who have English as our first language.

We recognize also that technology offers opportunities to assist in student learning. Technology is a part of every student's basic education in Alberta, from correspondence courses to lessons through computer networks and collaborating on the Internet. We have provided over 2,200 online resources in the LearnAlberta.ca portal for use by teachers in our Alberta classrooms, and we

encourage the use of current and emerging technologies to enable online learning and the connection of classrooms through video conferencing. Students at 10 Alberta schools connected directly to visitors at the Alberta and Washington events at the Smithsonian Folklife Festival, June 30 to July 11, in Washington, DC. The minister hosted some of those interactive conferences, and they were linked by Alberta SuperNet, a solid demonstration of how the SuperNet is being used by schools for innovative education projects.

#### 8:40

We also brought students closer to the Legislature through our Virtual Visit: Step Inside the Legislature. This engaging three-dimensional online experience features online characters, interactive educational activities, and guided online tours of the building. Staff from the department worked closely with the Speaker's office in developing that interactive opportunity.

Our bullying prevention strategy was introduced in 2005-2006 and received the Premier's award of excellence and was recognized by the Canadian public forum as a best practice in public policy.

We also partnered with Work Safe Alberta to assist teachers who are teaching students how to work safely before they enter the workforce. Students receive a Work Safe passport, in which teachers and employers can record the health and safety training that students have completed.

We introduced a number of changes to our knowledge and employability courses for students. These students typically require enhanced academic and occupational skills in order to enter the employment world or to make the transition to postsecondary training.

In terms of focusing on our outcomes, which has certainly been a feature of our Education department over the last number of years, we continue to work with school jurisdictions on the implementation of a comprehensive accountability framework. This framework shows school jurisdiction achievement and improvement on a variety of measures, including safety, the breadth of program of studies that are offered by jurisdictions, the educational quality that is provided by jurisdictions, dropout rates of students in our schools, high school completion rates, the achievement on provincial achievement tests, diploma exam results and participation rates, the extent to which our students qualify for Rutherford scholarships, transition rates to postsecondary schooling, work preparation, citizenship, parental involvement, and school improvements.

Finally, there are a number of provincial initiatives that support continued excellence in our school system. Under the class size initiative, which most of you will be familiar with, that we established pursuant to the Commission on Learning, class sizes have been reduced at all levels, and the ministry guidelines for class sizes have been met at all levels in all jurisdictions except at the K to 3 level. We still have some jurisdictions that haven't met the Commission on Learning guidelines. Our Alberta initiative for school improvement also allows teachers, parents, and the community to work collaboratively on innovative approaches in the classroom. We hosted the sixth annual conference to put the spotlight on effective school practices.

To conclude, I'd like to talk about one of the most successful initiatives that we have sponsored in collaboration with our stakeholders, the excellence in teaching awards program. We know in our department and certainly in this government that none of the work that we do makes any difference to the students in our classrooms without the excellent teachers that we have in our classrooms. Annually we recognize Alberta teachers and celebrate their outstanding creativity and innovation in our classrooms. We've celebrated the excellence in teaching awards since 1989, with

over 7,900 teachers nominated and more than 400 recipients provided with those awards. We encourage you and your constituents to continue to honour those teachers and principals in our communities and to celebrate the members of our education community who make such a significant difference in the lives of our students.

Thank you.

**The Chair:** Thank you very much.

Mr. Saher, do you have any remarks regarding the AG's report?

**Mr. Saher:** Yes, we do. Thank you, Mr. Chairman. Some brief comments on our work in the last year.

Mr. Chairman, in our October 2007 public report the results of our audit work at the Ministry of Education start on page 43 in volume 2. We made one new recommendation to the department: to establish a policy for developing business cases. We also repeated a 2005 recommendation that the department periodically evaluate the savings generated by the Learning Resources Centre. We issued an unqualified audit opinion on the ministry's financial statements, and we found no exceptions in the ministry's performance measures.

In our audit of assessing and prioritizing Alberta's infrastructure needs, we identified an estimate of \$2.8 billion for the deferred maintenance backlog in schools. That estimate can be found on page 53 in volume 1 of the October 2007 report. This estimate makes recommendation 2 in that report key, in our opinion, for the Department of Education. The recommendation is that "the Department of Treasury Board, in consultation with departments, develop objectives, timelines, and targets for reducing deferred maintenance."

The school board auditors continue to report areas for boards to improve on. In our April 2008 report at page 216 we've grouped these items for the school year ended August 31, 2007, into the following three categories: financial reporting and governance, internal control weaknesses, and information technology management. We used our April report to report sooner than we had done traditionally on the work of the school board auditors. This is why under consideration today are two years of reports by school board auditors. A summary of their findings for the year ended August 31, 2006, can be found on page 49 of volume 2 of the October 2007 report.

Finally, on page 223 of our April report we've identified the recommendations made to the department in previous years that are still outstanding. These recommendations relate to risk management, school board budgeting processes, and standards for interim financial reporting at school boards.

Thank you.

**The Chair:** Thank you very much. I appreciate that.

We will now proceed to questions. There is already a long list of members who have indicated that they have many questions. If I could ask for your co-operation. If we could be direct in our questions and concise in our answers, the chair would appreciate that.

We will proceed with Mr. Kang, followed by Mr. Benito.

**Mr. Kang:** Thanks, Mr. Chair. What is the minister doing to improve high school completion rates? Partly you answered that question, but on page 4 of the 2006-2007 report in the minister's message the most recent numbers show that only 78 per cent of students complete high school within five years. What is the minister doing to improve the high school completion rates?

**Mr. Henke:** Well, certainly, that's correct. The number is 78 per cent. The number is improving year over year, and this is part of a long-term strategy that we have to improve high school completion rates. We have initiated a number of programs in terms of ensuring that we are providing a curriculum that is responsive to student needs, that we have things like trades and career training programs that will continue to engage students. We also engage students in terms of fine arts curriculum in various programs that are offered to students. The issue for us is engaging students. Some people would certainly observe and argue that our robust economy is distracting students from our schools. Our statistics would suggest that that's not the case. Students continue to stay in school. Our dropout rate continues to go down. The dropout rate going down suggests that our high school completion rate will continue to improve. What we have found, in fact, is that students engage in the economy in more hours of part-time work, but they are completing their school.

**Mr. Kang:** Thank you. The progress has been slow in reaching the target of a 90 per cent completion rate. What is the timeline for meeting that goal?

**Mr. Henke:** Well, that's a very ambitious target, and I'm not sure that I could give you a very satisfactory response in terms of 90 per cent. There is no jurisdiction in Canada that I'm aware of that has a high school completion rate of 90 per cent. It also depends on whether you're measuring in terms of the number of years from the point that the student enters grade 10. So there are different rates depending on whether you're using the four-year, the five-year, or the six-year rate.

What we do find in terms of students who leave school even with their high school incomplete is that by the time they reach age 25, we're close to 85 per cent who either report that they've gone back and completed high school or they've engaged in some postsecondary activity, which we would consider to be the equivalent of high school.

8:50

**The Chair:** Mr. Benito, please, followed by Ms Pastoor.

**Mr. Benito:** Thank you very much, Mr. Chairman. Dropout rates mirror high school completion rates. Alberta's dropout rate has similarly declined, and relative to the decline, basically, you know, it is improving. That's what you said. My question is this: do you reward the school financially if a school is successful in improving completion rates?

**Mr. Henke:** Well, we don't directly reward them because our funding framework is based on a per student allocation. However, when you get into the high school situation, we in fact base our funding on the credit enrolment units that the students are engaged in. So the more credits that the students in fact sign up for, the more money the school gets. Some schools have used that funding framework very creatively to substantially increase their high school completion.

I'll reference Clearview, which is headquartered in Stettler. They had a very, very low, in fact, an unacceptably low high school completion rate, and over a period of years they've changed the way that they offer their programs. They've increased the number of credits that their students are enrolled in and are successful in. These are not credits that they don't succeed in; these are credits that they're successfully completing in the school. They've changed their high school completion rates to almost 90 per cent. It was a dramatic change for that particular school.

While we don't reward them directly in terms of the change in high school completion rates, they do benefit from the students staying in school and engaging in those credit enrolment units.

**Mr. Benito:** My supplemental question. Despite the strong economy and plentiful job opportunities, the continuing improvement in dropout rates reflects students' understanding of the importance of education to their future success. Is there any money spent in terms of advertising to encourage students to complete high school?

**Mr. Henke:** We have a number of initiatives that are directed at encouraging students to make appropriate school choices and appropriate course choices, and certainly the implicit message there is to complete high school. We have organizations that work with us, like Careers: the Next Generation, who work with students in our schools and work with employers to make sure that the students have exposure to the kinds of trade and job opportunities that they might have in their communities. Those kinds of initiatives are very helpful to make sure that the students understand the relevance of the curriculum and the relevance of their school experience to their future lives. So that, we feel, makes a significant difference.

We work in partnership with Employment and Immigration as well to make sure that we've got significant opportunities and information that students have available to them in terms of making appropriate course choices that will facilitate future career choices. Of course, we also provide information to guidance counsellors and school administrators, who work with the students in making those course choices and those career choices.

**Mr. Benito:** Yeah. My final question: what is being done to maintain a high level of student . . .

**The Chair:** Mr. Benito, we only have an opportunity for each member at this committee to ask two questions.

**Mr. Benito:** Thank you, Mr. Chairman.

**The Chair:** I'm sorry.

Bridget Pastoor, please, followed by Mr. Bhardwaj.

**Ms Pastoor:** Yes. Thank you, Mr. Chair. I actually had a question prepared, but something that I heard you speak of in your opening remarks I'd like to address, if I might. Basically, it's probably just a clarification on the thinking behind a couple of things that you said. The international stats you quoted: certainly, that's excellent and proves that we're global competitors in terms of the scholastic abilities. What kind of students write these exams? Are they mainly baccalaureate students? No? Okay. If you could answer that for me.

Why were the standards for the Rutherford scholarship lowered?

**Mr. Henke:** Well, to answer your first question, we ensure that our participation in international testing and the pan-Canadian testing is a representative sample of the student population.

**Ms Pastoor:** How are they chosen?

**Mr. Henke:** Jim, perhaps you can . . .

**Mr. Dueck:** Yes. When we receive word from the international community about our assessments, we're also provided with a sample of schools that must participate, and then those schools must

have a certain percentage of the students, like 90 per cent of all the students, within that selected school participate in the assessment.

**Mr. Henke:** Then just to speak on the standards for the Rutherford scholarships, I would argue that the standards weren't lowered. I would argue that we expanded the program. We still have the core academic standards at 80 per cent, and we have equating in our diploma exams, so we know that year over year the standards of the exams have not decreased. That is one of the significant factors in making sure that our universities haven't moved to an entrance exam kind of process because they have confidence in the continuing maintenance of the high school diplomas that we produce.

What we have done in conjunction with Advanced Education is expand the opportunities for students to qualify for a scholarship that enables them and encourages them to take part in postsecondary training.

**The Chair:** Thank you.

We're moving on now. Mr. Bhardwaj, followed by Mr. Mason, please.

**Mr. Bhardwaj:** Thank you, Mr. Chairman. Having worked in the profession for 18 years, I'm looking at an employer satisfaction survey on page 33 that 77 per cent of employers are satisfied with the graduates. My question is: are we not making curriculum compatible to industry needs?

**Mr. Henke:** We engage members of the various private or business sectors in advising us on the development of curriculum. So we certainly do work with industry and private-sector representatives to ensure that we've got curriculum that is relevant and responsive to emerging industry needs.

Having said that, we agree with you or with what I hear to be the implied problem that that level of satisfaction isn't a level of satisfaction that we would necessarily be comfortable with, and we are working to improve our engagement and the involvement of the private sector in those curriculum changes.

**Mr. Bhardwaj:** Thank you. The only supplementary question I have is: what kind of stakeholders are you currently involving in this decision process?

**Mr. Henke:** Well, as I said, I can't name the stakeholders; I don't have that information with me. We do make sure that we engage representatives from the sectors, particularly the trades and technology sectors. For instance, we work with organizations like Careers: the Next Generation, which has representation on their board from Syncrude, representation from the various industry sectors, and they work with us. We also work with Employment and Immigration to make sure that we've got representatives from the various sectors to advise us on curriculum development.

**The Chair:** Thank you.

Would you like the list of stakeholders provided, Mr. Bhardwaj?

**Mr. Bhardwaj:** If possible.

**The Chair:** Yes, please, Mr. Henke, through the committee clerk to all members. We'd be very grateful.

Mr. Mason, please, followed by Mr. Lund.

**Mr. Mason:** Thanks very much, Mr. Chairman. My question has to do with the issue of deferred maintenance. My part of Edmonton,

the constituency of Edmonton-Highlands-Norwood, has a number of older schools. It's not completely but generally a fairly low-income area, and there are issues around declining enrolment. I was quite shocked a few years ago during a school closure process to learn that the elementary school that my son had attended had \$3 million in deferred maintenance and needed a new roof among other things and that these priorities had been put forward a number of times.

Now, this becomes a factor in decisions on whether or not to keep schools open. It's not just the question of enrolment. It's enrolment plus the cost to bring the school back up. I'd be interested to know what the department's policy is with respect to that, how we can eliminate the deferred maintenance in older schools and how you make those decisions when school boards give you a wish list in their capital plan.

9:00

**Mr. Henke:** Well, I'm going to address that in a number of ways. First, we have a comprehensive program of evaluating all of the schools in the province in terms of their condition index, and we do a portion of all the schools every year. It's a five-year rolling program. We finished in the last five years all of the schools, and we will start over again. The condition index suggests that, in fact, most of the schools in this province are in very good condition. I'm certainly not arguing with the notion that there is some deferred maintenance – the Auditor General has pointed out that we have deferred maintenance – but the condition index for schools as an infrastructure system is a better condition index than we have for the postsecondaries, for our highways, and for our hospitals, so I don't apologize for the condition of the schools that we have in our province.

Having said that, we've also recognized that there are issues with deferred maintenance. We have produced two plans in the last five years in terms of addressing the capital needs in the education sector. We have increased the budget provided for infrastructure maintenance and renewal to school jurisdictions, and there was a one-time infusion of \$119 million during the year under question that allowed every jurisdiction to bring its worst facilities to a better condition. We also are respectful of the priorities and the decisions that school jurisdictions make. School jurisdictions will choose to maintain or sustain different schools depending on the enrolment patterns in the community and in the jurisdiction.

**Mr. Mason:** First of all, your suggestion that you're very proud of the condition of Alberta schools. I would invite you to accompany me to some schools in my constituency because as I tour these schools, I see very serious problems.

I guess the second question, then, to follow up from your last comment, that schools make decisions. I take that to mean that school boards will let schools that they have a long-term plan of closing run down. Is that correct?

**Mr. Henke:** I have not had that conversation with school jurisdictions. I'm simply saying that when school jurisdictions provide us with their capital plans and their priorities, we're respectful of those priorities. We have as part of the government policy committed ourselves to investing unanticipated surpluses in the sustenance and maintenance of the existing infrastructure. We have a program that specifically focuses on the modernization and the renewal of the existing infrastructure and the elimination of that deferred maintenance factor.

**The Chair:** We're moving on, please, to Mr. Lund, followed by Mr. Kang.

**Mr. Lund:** Thank you, Mr. Chairman. When I meet with the school boards in the constituency, one of the issues that often comes up is the whole issue about the textbooks, and I find it interesting that it's one of the comments that the Auditor General has made. But what twiggged me to looking for answers: on page 61 of your annual report the tables there are showing satisfaction. At the school level it looks not too bad, at the jurisdiction level it's not too bad, but we get into some real problems as soon as we get down to the provincial level. Now, the teacher satisfaction is headed in the right direction. But when you look at the school board members and the direction that's going, have you any idea what would cause that kind of a number to come out, 57 per cent satisfaction? What I find is that if the board is not cohesive and upbeat and all the rest of it, it sure rubs off on what happens at the schools, so that concerns me when I see a number like this. Have you any idea what would have driven a number like that, and what is it you've been doing to try to improve it?

**Mr. Henke:** Well, I don't know. I'm not going to pretend that I have a clear understanding of that. It is a concern for us. We have been working with school jurisdictions. I would observe that that measure was taken at the same time that we had considerable dissatisfaction expressed with our investment in the infrastructure, and certainly school boards were expressing their concerns about infrastructure. The government has responded to those concerns and has changed the infrastructure investment patterns.

We also had a period of time, if you will recall, before the discussions on the memorandum of agreement with the ATA where we had considerable concerns expressed about the grant rates that we were providing and what they would have said was the question about whether that grant rate that we were providing was realistic in terms of their expected inflation rates and the robust economy. I think we have been able to allay some of those concerns with the five-year agreement, and I think that we are now working collaboratively with the school board association and with school jurisdictions to address their funding needs, their capital needs, and now we're working on their programming needs.

**Mr. Lund:** Well, if I might, of course when you look at the parents' satisfaction, that's troublesome as well. Like I said earlier, one of the things that they constantly talk about is the continual change in the curriculum. Now, it's really hard to argue that that's not a good thing to do when you look at the results that we're getting out the other end. Would that have anything to do with this parent satisfaction at 56 per cent?

**Mr. Henke:** Well, I guess the other thing that we would observe is that the parental satisfaction increases the closer you get to the school that they go to. So the parental satisfaction with the specific school that their children are enrolled in is very high. But then as soon as you move away from that immediate experience that they have, where the satisfaction rate is 86 per cent, and you start talking about a broader system that they are less engaged in, their level of satisfaction goes down. I don't necessarily understand why you'd be very satisfied with the school that your child goes to but totally dissatisfied with all of the other schools in the province. It's a phenomenon that we haven't yet understood.

**Mr. Lund:** Thank you.

**The Chair:** Thank you.

**Mr. Kang:** What is the total cost of infrastructure deficit and deferred maintenance for the 74 school jurisdictions, the total there?

**Mr. Henke:** Well, the Auditor General has certainly given a number in terms of the evaluation of the value of that deferred maintenance number. I think that it is a very subjective number because I think it depends on, as was alluded to by one of the other members, the plans the school jurisdictions have for the utilization of their school facilities over the longer term. We are investing, as you know, in a number of new schools, and some of those new schools are going to in fact take students out of existing schools and move them. So it isn't just a question of: do we have every school in a condition that will enable that school to provide services for the next 25 or 30 years? There is a lifespan to the schools. Some of the schools will be replaced, some of the schools will in fact be closed down because they have an enrolment issue, and some of the schools will be modernized.

**Mr. Kang:** So we don't have an up-to-date total.

**Mr. Henke:** But we have the information that was provided by the Auditor General; yes.

**Mr. Kang:** Okay. The next question: what are the timeline and specific initiatives that are being undertaken to address these deficits?

**Mr. Henke:** In the current minister's mandate and the current parliamentary assistant's mandate there is a requirement by the Premier that we in fact re-assess the planning paradigms that we use in planning for school infrastructure. That requires that we look not just to the school jurisdictions in terms of project lists – because certainly there is some concern about these being, as was alluded to earlier, wish lists – but, rather, look at area structure plans and look at regional plans where we can do a better job of forecasting both the student populations, the program needs in the schools, and then try and match the existing infrastructure with those needs and identify what the differences are. We are using those kinds of planning techniques, then, to identify what our future investments will be. We have announced a significant number of projects, both the traditionally funded projects for schools to modernize or improve what they are providing today but also the alternative school acquisition project, that will deliver a number of schools to jurisdictions that are in the highest need.

9:10

**Mr. Saher:** Just to supplement the deputy's comment there and bring us back to the comments we made in our October report on deferred maintenance because the member was asking: what is the amount of deferred maintenance? I think the point that we were making in our report last October was, first, that there were no specific objectives, timelines, or targets for reducing deferred maintenance. Another important point was that government information on deferred maintenance is incomplete. The number that I quoted earlier, \$2.8 billion, was given in the context of an observation from our part that it was the best information available but was not necessarily complete and that, finally, in fact there's little public information on deferred maintenance. Those were three main findings of the work we did on capital planning in the province.

**The Chair:** Thank you.

Ms Woo-Paw, please, followed by Ms Pastoor.

**Ms Woo-Paw:** Thank you, Mr. Chairman. First of all, I'd just like to say that I am a product of the public education system of the province, and my three children have benefited greatly from our wonderful system, but as a social worker my focus is on the more vulnerable populations within the system. My first question is around high school completion rates. My first question is to gain better understanding and clarification about this portion on high school completion rates within your annual report on page 79. I'm trying to have a better understanding of this chart. This is your accountability pillar evaluation.

When I look at the high school completion rate on this chart, am I correct to understand that 20 per cent of the jurisdiction within our province is put into the issue or area of concern in terms of their high school completion rate? Am I reading this correctly?

**Mr. Henke:** That is correct.

**Ms Woo-Paw:** Okay. So 20 per cent of our jurisdictions within the province are not doing very well in terms of addressing completion. Forty-seven per cent are under that category of having an issue and concern in terms of how they are performing in terms of the provincial achievement tests – right? – according to these charts.

**Mr. Henke:** That is correct. Yes.

**Ms Woo-Paw:** And 50.8 per cent are under that category in terms of addressing or meeting the performance measures and the diploma examinations at the acceptable level.

**Mr. Henke:** That is correct.

**Ms Woo-Paw:** Okay. That's good to know that I understand that correctly. On the other hand, I think it's a concern that 50 per cent of our jurisdictions are not doing very well in terms of ensuring that their students actually meet acceptable levels in terms of attaining the diploma examinations.

**Mr. Henke:** Well, if I might clarify. When we suggest that there's an issue, it's not because 50 per cent of the students are failing; it's because our rates of achievement have decreased. We identify it as an issue when we're focused on continuous improvement, and when the direction is going in the wrong way, we identify that as an issue. So for 50 per cent in the case of provincial achievement tests at the acceptable level, that would suggest that 46.8 per cent of our jurisdictions have achievement test results that have decreased or have not met our targets. That doesn't mean that the students aren't doing well. Students are still doing very well, but we're going in the wrong direction in terms of continuous improvement.

**Ms Woo-Paw:** Can you explain to me what that means, that we're going in the wrong direction?

**Mr. Henke:** Well, it simply means that where we have had in previous years a higher level of achievement on our provincial achievement test grades 3, 6, and 9, they're still high, but they're lower than they were the previous year. So in terms of continuous improvement we're going in the wrong direction. We agree with you that that is a concern for us, and we need to do further analysis.

Now, in order to understand better what that means, we provide on a school basis the information to the jurisdiction so that they can in fact do that analysis at the school level and be able to understand better what that means in terms of changing their programs, in terms of changing their instructional techniques, and in terms of changing the supports provided to students in those grades.



**The Chair:** Thank you.

**Ms Woo-Paw:** My supplemental?

**The Chair:** No. That's two questions, please. We're going to deal with Ms Pastoor. You're back on the list. You are next on the list after Ms Pastoor.

**Ms Pastoor:** Thank you very much, Mr. Chair. On page 128 of the '06-07 report why did the support to the accredited private schools exceed the authorized budget amount by \$8.5 million? Which schools received the bulk of this funding, and what specific needs were there that they required that extra funding?

**Mr. Henke:** The change in funding to private schools during that particular year reflected a change not in the funding formula that we provide but, in fact, a change in the way that we flow the funds. In the past we had done 50 per cent prior to March 31 and 50 per cent after March 31, and that doesn't match their expenditure patterns. Their expenditure patterns are seven-twelfths and five-twelfths. So we changed simply the cash flow as opposed to changing the funding support provided. The total funding provided on a school year basis for the private schools would have increased by the same proportionate amount as the amount of the funding changed for the public school system. It was the cash flow that we changed.

**Ms Pastoor:** Thank you.

**Ms Woo-Paw:** I'll go to a question on the dropout rate. My first question. According to the annual report on pages 35 to 36 the high school completion rate is 75 to 78 per cent, and the dropout rate is about 5 per cent, right? Could you please explain to me what the other 17 to 20 per cent is?

**Mr. Henke:** Well, the dropout rate is a rate that we calculate in terms of the students who start in grade 10 and don't come back to school the following year, but for the completion rate we start with the cohort in grade 10, and then we follow that cohort through to completion of school at grade 12, whether that takes them three years, four years, or whatever. The difference is that the dropout rate measures the number of students who leave school in a particular year whereas the completion rate is a longitudinal measure that measures the number of students where they started in grade 10 and finished within a three- or a four-year period. We also have in terms of completion rates students who return. In most cases what we find is that if you've got a student that drops out in grade 10 or grade 11, they may stay out of school for a year, but typically within the year many of them will come back in and re-engage.

**Ms Woo-Paw:** I appreciate that we're trying to find different ways to monitor completion rates and dropout rates. I find it problematic. I make an effort to read everything that I can put my hands on. I know that some of my statistics might be a little bit outdated, but from my experience when I was a school board trustee for the Calgary area, the dropout rate for our aboriginal students at that time – of course, I think the way we collect the data might have changed and improved – was 90 per cent, and the dropout rate for ESL students was 61 per cent.

9:20

I look forward to learning that there have been improvements in those two areas. I see that we continue to identify those areas of focus for the years to come. I'm just finding it very difficult to find

specific performance measures on, you know, areas where we really need to focus and do more work such as the aboriginal student dropout rate and the ESL student dropout rate. I cannot find it. To me there's a discrepancy, a gap between the completion rate and the dropout rate, and I cannot find the specific strategies, measurements, and information in the various reports.

**Mr. Henke:** Well, you're quite correct that our data collection capability in the past has been deficient in terms of identifying some of those subgroups in the student demographics. We have initiated a student identifier project with the aboriginal communities. They self-identify because we need to be respectful of their wishes in that sense. We have focused very hard on ensuring that they do not feel that they're being targeted in that self-identification process and ensuring that school jurisdictions and school administrators work with them in supporting that self-identification process. Once we've got the self-identifier, then we can use that data as a subgroup within the total population to identify specific differences. I agree with you. We know that the dropout rate is higher, that the completion rate is lower, and that the achievement rates are lower, but we need more data to do the analysis and to enable school jurisdictions and school boards to do that analysis.

Similarly, on the English as a second language issue we have two quite different groupings there. We have students who come to Canada with English as a second language where they come from structured backgrounds, where they have been engaged in structured activities in their home communities and their home countries, and those students typically do actually better than the provincial average. Those students do very well. The students who come from refugee backgrounds or from backgrounds where they have not been engaged in structured school activities and don't have the same relationship with the rule of law that we would experience here are a different demographic, and they don't do as well. We have specific programs and initiatives in our school system to assist them.

**The Chair:** Thank you.

We'll move on now, please, to Mr. Mason, followed by Mr. Quest.

**Mr. Mason:** Thanks very much. Mr. Chairman, I'd like a little bit more information, perhaps, from the Auditor General or his staff with respect to the table on page 53 dealing with deferred maintenance. I see that deferred maintenance on schools is by far the largest number, at \$2.8 billion. It doesn't say what the total value of the infrastructure is. That could be a small problem on a very large value of infrastructure, or it could be a more serious problem on a smaller total value of infrastructure. I wonder if the Auditor General can zero in a little bit on deferred maintenance with respect to schools and help us understand, you know, how serious a problem it is and whether or not the department is taking appropriate corrective action.

**Mr. Dunn:** Okay. Maybe I'll lead off. First, I'd like to refer everybody to the research document that was prepared by the research assistant, to page 11.

**Mr. Mason:** What document?

**Mr. Dunn:** That the committee research assistant has prepared.

**The Chair:** Yes. That was on the website.

**Mr. Dunn:** If you go to page 11, it quotes from different sources,

but it talks about the conditions of schools in the year 2000, and then for the year 2005 it talks about the age of schools. One of the critical points is that at the year 2005 80 per cent of the school buildings were 25 years of age or older. That's critical to understand. Generally what you're looking at is a 50-year life cycle. So when 80 per cent of your inventory is more than halfway through, you'll find that the actual volume of deferred maintenance will grow. As much as we and this research paper talk about that on average 2 per cent of the replacement value should be the amount that is paid into or contributed towards maintenance, it is not uniform over the 50 years.

Everybody would expect that a new school would require less maintenance than a very old school. In our work we note that in the first half of the year your maintenance might be around about half of 1 per cent, Mr. Mason, of the replacement value whereas in the second half of its life cycle it would be approximately 3 per cent of the replacement value. When we came to the \$2.8 billion, it reflected the fact that this thing is escalating because of the aging of all the schools. The vast majority are in the second half of the year.

The comment that we had made just underneath that table was that based upon current funding levels – and that included an additional \$350 million to fix and maintain schools, and of course we were looking at health facilities and postsecondaries – the deferred maintenance totals were still expected to grow. In trying to relate the \$2.8 billion to what the overall replacement value of the schools is, the best estimate I've got is, again, from Philip's research paper: that replacement value was about \$10 billion. So if that's where your question was going, Mr. Mason, what the replacement value was, it's approximately \$10 billion, of which you're getting close now to \$3 billion for deferred maintenance. Does that help?

**Mr. Mason:** Yes. Thanks very much.

My next question is to the department, Mr. Chairman. I referred earlier to the great surprise that people in the community had that this particular elementary school had \$3 million of repairs that were required that hadn't been funded for an extended period of time, leading to it being put higher on the list for closure priority. The Auditor General's report on page 53 talks about "little public information on deferred maintenance." I wonder what the department is doing to make sure that citizens have an idea and can access information with respect to deferred maintenance of public facilities, including schools in their community. This would be a way of holding school boards accountable, among other people. I'd appreciate it if you can talk about what the department can do to improve that.

**Mr. Henke:** Well, certainly, we continue to provide the information that we have about the condition index and about the condition of the schools to the school jurisdictions. I would advance that the school jurisdictions are also responsible for ensuring that they provide information to their own constituents in their own communities about their plans for their school infrastructure and how to sustain that school infrastructure over its life cycle.

**Mr. Mason:** What's your role in making sure they do?

**The Chair:** We're going to move on, please. We have a long list, Mr. Mason, of members interested in addressing questions to the department.

Mr. Quest, please.

**Mr. Quest:** Thanks, Mr. Chairman. It's a financial statement

question, so it would be for Mr. Meanwell, I would think. On page 110 of the annual report, the statement of operations, in looking at budget and actual for 2007, most of the expenditures seem to line up fairly well with the budget with the exception of school facilities. This may be related to deferred maintenance, so maybe it's just a clarification, but I see that the budget amount for 2007 over the actual for 2006 is up \$118 million, and the actual for 2007 over the actual for 2006 is up \$368 million if I'm reading this correctly. What's in that number?

**Mr. Meanwell:** I believe that if you turn to page 66 of the annual report, we've explained the variance between the current years and the previous years and against budget as well. You'll see \$170.9 million with school infrastructure renewal project and \$165 million for the steel-framed modular classrooms.

**Mr. Quest:** Okay. So when the budget was prepared, that couldn't have been foreseen?

9:30

**Mr. Meanwell:** That's the comparison with the previous year. The budget difference was \$240 million, of which \$139 million was for what we just talked about and \$101 million were the steel-frame modulars. Those are the amounts that weren't anticipated.

**Mr. Quest:** All right. Okay. A supplemental. This has come up quite a bit. Just on our high school completion rate, 78.6 per cent – I don't think it's come up – how would that compare to the rest of the country?

**Mr. Henke:** I don't have those numbers in front of me. I know that in terms of the way that Stats Canada calculates high school completion rates, we probably have one of the lowest high school completion rates in the country. We use a different methodology than Stats Canada. Stats Canada counts all students. We count only the students who commence in grade 10 and finish in Alberta. We don't include students who transfer in or transfer out.

We're not suggesting that our high school completion rate compares favourably with the rest of the country, and we are taking steps to try and change that.

**The Chair:** Thank you.

**Mr. Kang:** Coming back to P3 contracts, how many contracts have been signed for infrastructure and maintenance projects within those 74 school jurisdictions?

**Mr. Henke:** Infrastructure and maintenance? The modernization?

**Mr. Kang:** P3.

**Mr. Henke:** Well, for P3 contracts, private-public partnerships, we don't have any outstanding signed contracts. We have an announced initiative with 18 schools, nine in Calgary and nine in Edmonton. That initiative is at the request for proposal stage. The requests for proposal have been given to three qualified bidders. We expect to get those bids back shortly, but we don't have contracts for that P3 initiative signed yet.

**Mr. Kang:** So there's no cost assessment on these P3 contracts? What standards are in place to ensure that the use of the P3 model is the most cost-effective means of building school infrastructure?

**Mr. Henke:** Well, there is an evaluation process that we will put in place where we will compare whatever bids we receive – and we haven't received them yet – with an alternative standard, if you will, that contemplates our estimate of both the standard or the normal funding process and the 30 years of maintenance that are built into that P3 contract. There is certainly going to be an evaluation of the bids against alternative funding mechanisms.

**The Chair:** Thank you.

Mr. Johnson, please, followed by Ms Pastoor.

**Mr. Johnson:** Thank you, Mr. Chair, and thank you, Mr. Henke, for being here today with your staff. I have a quick comment first, and then I've got a couple of questions on technology, as you mentioned before.

My comments on deferred maintenance since it's been a topic here. I suspect, especially in the rural areas, that some of our schools that may have the most deferred maintenance or need the most work are not schools that are even going to be in existence in 10, 15, 20 years. I can probably point to about 10, 15 per cent of the schools in my constituency alone that we might look at on the books and say that they need a lot of work, but in reality they won't exist, so we don't have to do that work. I'd be quite interested to see some adjusted figures or items on taking those schools out of the deferred maintenance numbers because we never will have to do that work. Just a comment.

My questions are on technology. One is on the trend to document electronic records, information management, specifically with school divisions because of FOIP, that came in many years ago. It's been a big trend from school divisions, especially showing leadership in Alberta, to get into document records, student records management. Probably between 20 and 25 school divisions in Alberta have invested in these strategies in the last five years and quite heavily; I'm going to say at least hundreds of thousands per school division, especially if you consider soft costs and people costs. We don't want to get into a situation where these solutions and these strategies are siloed and all these school divisions are reinventing the wheel and we don't have any kind of standardized solutions. A good example is health care right now, where we have three separate electronic health record systems: one in Edmonton, one in Calgary, and one in the rural areas. My question: what is the department doing to take a leadership role in that and to make sure that those investments are efficient, effective, and that we're standardizing and taking a leadership role with those school divisions on the information management systems?

**Mr. Henke:** Well, we have engaged all of the school jurisdictions in addressing that very question. We've got what we call our provincial approach to student information because much of that student information, in fact, exists in a repository in the department, so we collect much of that information. We collect it from the jurisdictions. The jurisdictions, as you've correctly pointed out, have their own means of assembling that information and providing it to us.

We're clarifying the interface standards. We're clarifying the standards for collection, maintenance, and management of that information. We have embarked on an investment program in collaboration with the jurisdictions to make sure that as we move forward and build better collection systems, better management systems, we're both respecting the privacy, respecting the security requirements and that we have standards that will ensure that we don't have a disconnect between ourselves and jurisdictions.

**Mr. Johnson:** Just on that point, just for clarification, they're not just student records. These are repositories and document management systems and all kinds of information and knowledge, including curriculum development, test banks, HR records, financial documents, budgeting information. There certainly are getting to be siloed solutions out there, which could be potentially a problem, and I don't think we're seeing the best return on that investment.

Secondly, on technology. I'm curious about what we're investing in, what we're doing in terms of e-learning, distance learning, mobile learning, even mobile learning devices. There are countries around the world that are moving to more and more of this. Kids are learning on these things. As our kids get out of K to 12 and go into postsecondary or into the workforce, they're going to see more and more distance learning, whether they're taking webinars, whether it's training at work, whether they have to take distance learning to keep their education up. What are we doing to position kids so that they are comfortable with this stuff, so that we're integrating this into our school systems? Are we investing in this? I know video conferencing is one thing that we're doing a certain amount of. Maybe you can elaborate on that and tell me what else we're doing.

**Mr. Henke:** Well, that will, I guess, stray from our public accounts discussion into the budget for this year, but I will give you a little bit of information.

**Mr. Johnson:** Well, then, tell me what we did last year, I guess.

**Mr. Henke:** Well, I'd much rather talk about what we're going to do. This year we're going to spend \$5 million in terms of distributed learning courseware. That isn't the hardware that you're talking about. That's, in fact, making sure that we've got content to put on that hardware. We're also going to spend I think it's \$18.5 million in terms of making sure that we've got every school and every classroom in every school prepared so that teachers can walk into that classroom and have the technology available to use that content and to use the SuperNet effectively.

We're working in video conferencing. In video conferencing we have a variety of configurations. Our initial assumption was that video conferencing was going to be more relevant to the rural and remote schools because they would need to connect their students. In fact, we find that that's not exactly the case. Everybody is interested in video conferencing, and everybody is using it. Different jurisdictions are using it in different ways, but even the metros, where you have the class sizes, are still using video conferencing to enrich the student experience. There are jurisdictions, like Grande Yellowhead, that are leaders in terms of the deployment of video conferencing. They've been very helpful to us in the department by providing some of that information and advice, but they've also worked with their neighbouring jurisdictions to make sure that the advances that they've made in the use and the deployment of video conferencing are replicated across the province.

**The Chair:** Thank you.

We're going to move on now, please. Ms Pastoor, followed by Mr. Fawcett.

9:40

**Ms Pastoor:** Thank you. Of the five public school boards and the six Catholic school boards and one charter school authority that reported year-end deficits as of August '06 how many had surpluses from the previous years to cover their deficits, and what steps does the ministry have to ensure that the deficits are covered and to help these school districts get back on a balanced budget?

In '08 the Auditor General reported that it shows that the Holy Spirit Roman Catholic separate regional division had a \$718,000 deficit at the end of August '07, but they also had a \$353,000 deficit in '06. Could you detail what action is being taken to address the accumulated deficit in this particular school jurisdiction? I know that, in particular, in some of the schools in this district they have a great number of high-risk behavioural students. I think that part of their dollars are certainly spent on this type of student. They require a lot more one-to-one and those sorts of things. I'm not sure how that exactly fits in with the deficits. What's being done to help them?

**Mr. Henke:** Well, just to provide some context, annual deficits are, as you've pointed out, often matched by existing surpluses, and therefore they don't result in an accumulated operating deficit. Where we in the department get concerned is when there is, in fact, an accumulated operating deficit, as you've pointed out with Holy Spirit. Holy Spirit had an accumulated operating deficit. They were required by our policy and by our regulation to file a plan to eliminate that. They filed that plan, the minister approved that plan, and they are working that accumulated operating deficit down.

In terms of whether or not that accumulated operating deficit would be contributed to by a particular student behavioural aspect, we do in our funding formula provide funding for those students who are coded, if you will, as severely disabled. We have at the request of jurisdictions reviewed that coding profile, and we adjust. It is a profile based on 2002 figures, but we adjust that profile based on a request from the jurisdiction. If they had students who met our policy criteria, they would have received the funding for those students.

**The Chair:** Thank you.

We'll move on now, please, to Mr. Fawcett, followed by Mr. Mason.

**Mr. Fawcett:** Yes. Thank you, Mr. Chairman. Thank you all for being here today. Certainly, there's a lot of good work going on within the public education system of this province. I want to echo my colleague: I am a product of the public education system here in this province and had the fortunate experience of sitting on a public school board for the last three years before my election this spring. One of the concerns that I've seen in my experience is that we have a number of jurisdictions or school boards of various sizes right across the school system. The last question was about operating deficits. What about operating surpluses? Can the ministry give us a number on what might be the total accumulated operating surplus out there amongst school boards?

**Mr. Henke:** The accumulated operating surplus at August 31, '07, was \$323 million for all of the jurisdictions. I just want to clarify and qualify that an operating surplus and an accumulated operating surplus doesn't necessarily mean that it's free money sitting in the bank. It may well be that it's in conjunction with a plan that that school jurisdiction has to finance buses or finance some kind of investment in their long-term infrastructure. Therefore, they purposely set aside money in order to operate in a responsible fashion and be able to then invest in an appropriate way in the long-term maintenance of their infrastructure.

**Mr. Fawcett:** My supplemental is along those lines. What does the ministry have in place, knowing that this type of strategy of accumulating some surplus for strategic investments is sound fiscal

management? Also, if the renewed funding framework is giving a school board a certain amount of money to spend on the students' education for that year, what assurances are there that that money is being spent for that particular year with the right balance?

**Mr. Henke:** Well, you will know from your background that that is a judgmental question, and it's a policy question. But, certainly, we review with school jurisdictions their annual audited financial statements to make sure that the reporting that they're doing to us and to the community is in accordance with generally accepted accounting principles. We review with the jurisdictions their annual education results reports to make sure that the outcomes that they are achieving for their student body are in accordance with both government policy and with the expectations and the standards that the government sets. We also have worked at the behest of and at the request of the Auditor General with the School Boards Association to make sure that we have a clearer understanding of appropriate budgeting systems, appropriate reporting systems, and appropriate accountability systems, to make sure that boards receive information on a timely basis to make good policy decisions and make good strategy decisions. Boards then report to the minister but also to their community.

**The Chair:** Thank you.

Mr. Mason, please, followed by Mr. Griffiths.

**Mr. Mason:** Thank you very much. I'm looking at the research paper, on page 10. I don't know if you have it.

**Mr. Henke:** I don't have it.

**Mr. Mason:** You don't have it. Okay. Well, it talks about the hollowing out effect. It talks about underutilized schools in rural areas and inner-city communities. I'd like to know if the department has any policies in place which encourage the retention of existing schools as an alternative to building newer ones. The issue that I think school boards, at least in the larger centres, have been dealing with is a policy that requires them to close schools that might be underutilized before they get funding to build new schools in high-demand suburban areas. I wonder if you could address that for us. Is that the department's policy?

**Mr. Henke:** Well, certainly, that's not a policy that we have either spoken about to jurisdictions or implemented or emphasized in my tenure in the Department of Education. We have, obviously, considered utilization as a factor, but we have consistently deferred to the jurisdictions in terms of setting the priorities for either new or modernization projects. It is part of the parliamentary assistant's mandate to look at the planning process for school facilities. We've certainly heard from jurisdictions that there are issues with the planning process for school facilities, and we will be examining that. How we have that community discussion is to be determined.

**Mr. Mason:** Thank you very much. I wonder if you could elaborate on that. You mentioned the parliamentary assistant. Can you elaborate on that process?

**Mr. Henke:** Only that it's in the mandate letter that was written to her by the minister. I can't elaborate beyond that.

**Mr. Mason:** Okay. Thank you.

**The Chair:** Mr. Griffiths, please, followed by Mr. Kang.

**Mr. Griffiths:** Yes. My question is actually for the Auditor General. Deferred maintenance: I've heard that term used a lot over the years, but I'm wondering if there is a full definition of what deferred maintenance is. Quite frankly, in my house I've just had a window handle break. I thought I should fix it or replace it, but I'm going to replace the windows next year. I could probably replace them this year, but I'm budgeting to replace them next year. But it doesn't mean that my house is falling down or that everything is falling apart. Deferred maintenance has this incredibly negative connotation, like we're not doing work that has to critically be done now. Is there some definition that talks about a sense of urgency rather than just using "deferred maintenance"? It's part of the planning for infrastructure.

9:50

**Mr. Dunn:** I'd like the committee members to turn to page 49 of volume 1 of the 2007 report. We tried to address that, Mr. Griffiths, and it's in the background in the first three paragraphs. There's a very short sentence there: "If maintenance isn't done when it is necessary or scheduled, and instead is delayed, it is called deferred maintenance." Indeed, the province of Alberta has spent a lot of time and effort over, really, the last five or six years coming up with an acceptable and uniform definition of deferred maintenance across all the sectors, whether it be health, education, advanced education, trying to come to a uniform definition of deferred maintenance: the difference between what is absolutely necessary for the security and welfare of the occupants – teachers and students, this type of thing – and what might be seen to be a wish list, to just glamorize it.

I believe the province of Alberta through the Department of Infrastructure has a very good definition of deferred maintenance. It's what they would include to be primarily structural, safety, and the welfare of the occupants in there. It isn't just, "Let's put windows in a wall where we don't have windows right now," but it really is to maintain the security of the facility.

**Mr. Griffiths:** Okay. Thank you.

A question, I guess. I have lots for the department. On page 27 of your report you have provincial average class sizes comparing '04, '05, and '06, and I'm curious. It appears that the categories 4 to 6, 7 to 9, and 10 to 12 have been under the average class size guidelines for those three years and probably prior to it. The one that hasn't been below and doesn't seem to have been below, at least in those three years, is the K to 3 classification. I'm wondering. The numbers have dropped for the other categories, but they're already below the average class guidelines, so what's the challenge you have right now with the K to 3 situation and pulling it under?

**Mr. Henke:** Well, certainly, the jurisdictions have come back to us and given us a number of concerns that they have, and they're valid concerns. The infrastructure issue is one of them because if we're going to create more smaller class sizes for the K to 3, we also have to be able to provide appropriate classroom space for them. They've also indicated that they've got issues with the recruitment, attraction, and retention of elementary teachers, so we are going to have to concern ourselves with and we are addressing ourselves to a workforce strategy that addresses those kinds of things.

It is also true that the K to 3 enrolment is harder to predict and therefore harder to schedule in advance. With the rest of the classes, you can age your class by a year, and you know that the kids in grade 4 are going to be in grade 5 and then going to be in grade 6, but the K to 3 is where you've got an awful lot of movement in and movement out, so there is less predictability. Therefore, they have

to do more work in terms of responding to the immediate enrolment issues.

Finally, I think that they would certainly argue that classroom configuration is also an issue. So if you're trying to reach 17 as your guideline and you have 19, well, you don't want two classes of eight and nine, so there needs to be some flexibility, they would argue, in terms of configuring your classrooms.

**Mr. Griffiths:** Okay. Thank you.

**The Chair:** We still have 12 members who have indicated an interest to ask questions. We have less than 12 minutes, unfortunately, scheduled at this meeting, so we're going to, Mr. Henke, get the members, please, to read their questions into the record, and if your department could respond in writing through the clerk to all members straight away, we would be very grateful.

We're going to start with Mr. Denis, who has been more than patient.

**Mr. Denis:** Thank you very much, Mr. Chair. I just have one question. First of all, thank you again for attending today. On page 23 of the Alberta Education annual report for 2006-2007 the second paragraph on the bottom right-hand corner indicates that provincial initiatives, which provide funding to jurisdictions for specific purposes such as reducing class sizes, increased by \$59 million. I'd like to know if this is a one-time operational expense or if we can expect further expenses along this line in the future.

**The Chair:** Thank you.

**Ms Woo-Paw:** Can I read more than one question?

**The Chair:** No. We're just going to deal with one question. I'm sorry. We have a very long list this morning.

**Ms Woo-Paw:** Okay. The government has accepted the Commission on Learning's recommendation to set a goal of 90 per cent of students completing grade 12 within four years of entering high school. My question is on whether Alberta Education would be setting targets for and measuring progress with respect to grade 12 completion and whether you would actually set performance measures to track the completion rate in terms of gender; ethnicity, meaning place of birth and language fluency; and rural and urban residency.

**Mr. Kang:** My question is about when the school boards make their capital plans for the ministry. What is the process for determining which proposals are accepted, remanded, or rejected? Thank you.

**Mr. Benito:** Because of time constraints, I'll make my questions brief. I have two of them. The first question is: are Alberta students successful in school? My supplemental is: what is being done to maintain a high level of student achievement?

Thank you.

**The Chair:** Thank you.

Mr. Lund, please, followed by Mr. Dallas.

**Mr. Lund:** Thanks. I'm looking on pages 46 and 47 in your annual report. Is it possible to get a breakdown of these numbers for the separate, the public, the francophone, and the independent jurisdictions? I would appreciate that if we could.

Thank you.

**The Chair:** Thank you.

Mr. Dallas, please.

**Mr. Dallas:** Thank you, Mr. Chairman. My question relates to pages 49 through 51 of the Auditor General's report with respect to compliance to audit in a variety of areas. At the very end of that I note that the ministry makes contact with the jurisdictions and requests that they deal with shortcomings with respect to the audit. My question is: what supports or funding are provided in terms of training to improve compliance on this reporting?

**The Chair:** Thank you.

Mr. Griffiths, please, to conclude.

**Mr. Griffiths:** Thank you. On page 42 of your report there's a chart on overall results for provincial achievement tests. I'm wondering if the department has any explanation for the although mild but slow and slight decline in the number of students that are achieving acceptable standards on the tests but the increased number of students that are reaching excellence. It seems that maybe there's a gap that's widening. If the department has some explanation for the four-year trends, I'd be happy to hear it.

**The Chair:** Thank you very much. That concludes this portion of the meeting. On behalf of the committee I would like to thank the officials, all the officials from the Ministry of Education, for their time this morning and wish them the very best. We have other matters to discuss now. You're free to leave. Again, thank you very much.

Item number 5 on our agenda, Committee Schedule – Out-of-session Meetings. At the last meeting a motion was passed that the committee hold out-of-session meetings with government boards, agencies, and commissions. We all have received a listing of government agencies, boards, and commissions, and we held a preliminary discussion last week. Members were asked to provide the committee clerk with their priority lists. The priority list has been circulated.

Further, the committee clerk has checked – and I appreciate this – with the government whip's office, and it appears that the following dates would work for a total of four out-of-session meetings: Tuesday, October 7, from 10 a.m. until 12 noon and from 1 p.m. to 3 p.m. and the same schedule on Wednesday, October 8. If I could have direction, how would the committee like to proceed, please?

Yes, Mr. Mason.

**10:00**

**Mr. Mason:** You're asking which departments on those dates?

**The Chair:** Which agencies, boards, or commissions the committee wants to direct the chair and the clerk on?

**Mr. Mason:** Yes. Well, I would suggest that we deal with some school boards on one of those days.

**The Chair:** Yes. If I could just interject quickly. There seems to be quite an interest from members today on issues around education. It was the first time that I've chaired this meeting where we've gone on to a second page. The list was that long from people interested in asking questions, and there were some people who were gracious and took their names off the list just prior to 10 o'clock. So there's a lot of interest in this.

**Mr. Mason:** I don't know if we can deal with more than one school board, but if the committee agrees that we should talk to school boards, I'd suggest, if we can accommodate them, Edmonton public, Calgary separate, and a rural school board. That would be three whole meetings, wouldn't it?

**The Chair:** Yes. That would take up three to four meetings.

**Mr. Mason:** Well, I'd sure like to talk to Edmonton public.

**The Chair:** Okay. There was a suggestion earlier in our previous discussions on Calgary separate as well, I believe. I can't recall who made that suggestion. Do we have a motion to that effect from anyone?

**Mr. Kang:** If there is nobody who wants to talk to the separate board, then we can talk to the Calgary public school board. We can talk to Edmonton and Calgary school boards.

**Mr. Griffiths:** I would pick a public and a separate. I don't think anybody doesn't want to talk to them. It's just a question of how we utilize our meetings the best. I would like to talk to all three, too, but I would like to talk to AFSC and the Alberta Treasury Branches since their report is coming out and to AVAC. I mean, it's just a question of: how are we going to utilize our meetings best? I don't think it's a question of whether or not anyone wants to talk to a public or a private. It's just a question of time.

**Mr. Kang:** Well, in that case we should get our priorities straight and then follow those priorities.

**Mr. Mason:** Well, maybe a motion could test the desire of the committee. I would move that we meet with Edmonton public and Calgary separate.

**The Chair:** Would you be specific, please, as to whether it's Tuesday, October 7, or Wednesday, October 8.

**Mr. Mason:** It doesn't matter to me, Mr. Chair.

**The Chair:** It doesn't matter?

**Mr. Mason:** No.

**Mr. Griffiths:** Perhaps we'll just leave it flexible to work out between the chair and the boards.

**The Chair:** Okay. Cool.

**Mr. Lund:** Can I speak?

**The Chair:** Yes, please.

**Mr. Lund:** From my experience with meeting with all the various boards when I was Minister of Infrastructure, I think you're going to find that there are some interesting differences when you get into the rural as well. If I was still going to be here, I would be anxious that we would talk to one of the rural as well. I know it takes time, but you're going to find that the issues are not the same.

**Mr. Griffiths:** Being a rural MLA – perhaps we can amend the motion – I would propose that we meet with a rural school board as well so that we get the full flavour of all three areas. I haven't heard

any other suggestions, so I would suggest that the fourth meeting we have be with the Alberta Treasury Branches, and those would be the four meetings we would have on those two days.

**The Chair:** Okay. You're going to amend Mr. Mason's motion to read that we would meet on October 7 and 8 with the following four groups: three school boards – Edmonton public school board No. 7, Calgary separate, and which rural board? – plus the Treasury Branch.

**Mr. Griffiths:** That's a good question.

**An Hon. Member:** Pick yours.

**Mr. Griffiths:** Pick one? I've got seven of them.

**Mr. Denis:** Just a point of clarification, Mr. Chair. The committee clerk had circulated some suggestions that we may have as to boards we'd like to meet on. I provided one. Would this be held on this day as well, sir?

**The Chair:** Certainly, if you would like Justice and Attorney General when the fall session starts, we can make that a priority because they have not been before us for some time.

**Mr. Denis:** I would suggest so, sir.

**The Chair:** Okay. That'll be straight away. That'll be done.

**Mr. Johnson:** My suggestion would be that if we pick a rural school division, we might want to make sure that we have one that has some aboriginal content to it if we want to cover off those topics. A lot of the school divisions in the north certainly have that.

**Mr. Mason:** Well, I just wanted to suggest that we leave the rural school board to the discretion of the chair and the vice-chair working in consultation with members on the committee. I'm not sure we can just pick one right here.

**The Chair:** Certainly. We will report to you next week. We'll have a consultation within the next week.

Now it is clear that you want Edmonton public, Calgary separate, the Alberta Treasury Branches, and one rural school board.

**Mr. Saher:** Mr. Chairman, if I can just make an observation. I don't know if it will help. The Auditor General is the auditor of only one school board. That school board is the Northland school division, and that would certainly meet the criterion of a school board with aboriginal endeavour.

**The Chair:** That's a very good suggestion.

**Mr. Johnson:** Northland is pretty much strictly aboriginal, correct?

**Mr. Saher:** Yes.

**Mr. Johnson:** It spans all over the province; they've got schools everywhere. But we're not going to get a flavour of rural, agriculture. It's strictly aboriginal, correct?

**Mr. Saher:** It is unique.

**Mr. Johnson:** Yeah. So it might not give us the best cross-section.

**The Chair:** Okay. We'll work this out.

**Mr. Kang:** Could we fit in the Calgary public school board, too, maybe in later meetings?

**The Chair:** No, not really. There would be one agency, board, or commission from 10 o'clock until noon, and then in the afternoon on the 7th there would be another agency, board, or commission, and the routine would be the same on Wednesday.

**Mr. Kang:** I'm talking about maybe in November or after these dates.

**The Chair:** We can certainly have other meetings at that point, yes, but right now we have a motion from Mr. Mason. Does the committee accept those changes from Mr. Griffiths as a friendly amendment?

**Hon. Members:** Agreed.

**The Chair:** All those in favour? Opposed? Seeing none, the motion is carried.

We will work at this. We will report to you next week.

**Mr. Dallas:** I don't know if you would entertain this discussion now, or perhaps it could be an agenda item for next meeting. I wonder, given the circumstances around the questions today, if the chair would contemplate a change in the order of the questions in the sense that I believe that we all have the same mandate on the committee, that we're all doing approximately the same preparatory work. As opposed to a scenario where we have 10 members asking about half the questions and three members asking the other half of the questions, if we could perhaps change that up.

**The Chair:** Well, that's up to the committee. I can understand your frustration. You and several other members have been very patient waiting for your time. It has been set up and it is the tradition that it is an opposition member and a government member, and it rotates in that way until there's no interest by either side. It is a continuous list, whether it's government members or opposition members. That's how it's been set up. That's how the chair has been dealing with this. Other Public Accounts Committees have different ways of dealing with this. If the committee wants to discuss that, then the chair certainly has no problems with that.

*10:10*

**Mr. Mason:** Mr. Chairman, I wanted to raise another issue around information, but before I do, I want to say that it has been a long-standing tradition that we alternate between the opposition and the government. It is the one committee where the opposition is given an enhanced role, including the appointment of the chair, by long-standing Canadian parliamentary tradition, so I would be strongly opposed to changing that rule.

I wanted to ask about documentation that we can reference when we do meet with these bodies. I assume that all the school boards as well as the Treasury Branches produce annual reports. Would it be in order that we be provided with their annual reports and use them as a basis for our questions?

**The Chair:** Yes, certainly, and we did that last year. In fact, as the time progressed toward the meeting date, we got additional financial information from those health authorities. So that will be provided. Hopefully, we will also have an in camera briefing before the

meeting starts at 10 o'clock on Tuesday and again on Wednesday, if necessary, and if need be, we will get some research on these organizations. I thought the in camera briefing, when the Auditor General pointed out items in his report and we had our own research, worked quite well the last time.

We're sort of still inventing the wheel here because we've never had meetings outside session. Last year was the first time, so we're still working through this, and the chair would ask for the patience of the committee. But that information will be provided, yes.

**Dr. Massolin:** Just one quick thing, Mr. Chair, if I could. If we could get direction from the committee members in terms of providing research, we'd appreciate that. Through the research subcommittee, you know, prior to our breaking for the summer here, if we can get some questions posed to us so that we can provide research support for these October meetings, we'd appreciate that.

**The Chair:** Getting back to Mr. Dallas's point for a second. I hope we've settled the matter.

Now, I guess I don't have a life, but I'm admitting that I watch CPAC. There seems to be a time limit on each member at Public Accounts. Whether they want to make a speech for that period of time or whether they want to ask direct questions to whoever is before the committee, that's their option. I know that you're all busy, but if you could watch CPAC and see how other jurisdictions work this, we may be able to improve this.

I can certainly speed up the process. I hope I wasn't being rude today by cutting a lot of people off. The list was so long. If we can work this so that every member has an opportunity in the 90 minutes, please, let's work at this together.

**Mr. Griffiths:** If I could make a comment. I understand Mr. Dallas's point exactly. I don't know if nonpartisan is the right word or cross-partisan, but the fact is that everyone here has the same objectives: making sure that we hold the bureaucrats accountable for the spending of public dollars. I mean, I was very impressed today and in the last few weeks with how well the committee is working together. I understand exactly what he means. If we could move to a point where we wouldn't have to worry about which party the

members are from and we just all got to hammer the bureaucrats with tough questions about the spending of public dollars, it would be ideal.

Right now it has been the tradition for a long time, and I wouldn't want to do something that throws us too off-track or have the opposition members, that are outnumbered, feel like they're not getting adequate opportunity to ask questions. So those sorts of questions I think will come across in the natural evolution of this committee. It has evolved significantly in the last couple of years. I think we will at some point have a discussion about that and how we can continue to be effective, but for now I would support leaving the structure the same way it is as well.

**The Chair:** Okay. Thank you.

**Mr. Mason:** I just wanted to indicate that I wasn't on it during the last term of the Legislature, but I was the term before, and I've noticed a considerable evolution. When I first came to the committee after being elected in 2000, the opposition would ask very partisan questions, a lot like question period, and all the government members would ask questions to try and support the government. This is very different now, and I think it's a substantial improvement.

**The Chair:** Okay. Thank you.

We're going to move on now to item 6, which is the date of our next meeting. I would like to apologize to the committee. Last week I believe I stated that Luke Ouellette, the Minister of Transportation, was coming. In fact, he will be before us in two weeks' time, on Wednesday, June 11, 2008. I jumped the gun. Next meeting we will meet with the Minister of Service Alberta, the Hon. Heather Klimchuk, on Wednesday, June 4, between 8:30 and 10 a.m. I apologize for that if I misinformed anyone.

May I have a motion to adjourn, please? Ms Woo-Paw. Thank you. Moved by Ms Woo-Paw that the meeting be adjourned. All in favour? Opposed? Seeing none, thank you very much. Have a good week.

[The committee adjourned at 10:16 a.m.]





