

STANDING COMMITTEE ON PUBLIC ACCOUNTS

June 26, 1986

Mr. Chairman: — Now that we have a quorum, I'll call it to order.

Before we get into Social Services, and we also have a handout here that I will give members of the committee a chance to ask questions on, if they have any, but before we do that, let me remind committee members about the 8th annual meeting which is on July 6th to 9th here in Regina.

There is a fairly extensive agenda that's been prepared. I think Craig now has it all finalized, and I am going to, before I let him proceed, urge all members to try to attend this. There will be people here from all over Canada, across all the legislatures and the House of Commons, and it's a chance for us to let them know that we do a pretty good job down here of entertaining and whatever else we do. So if you can at all make it, I would urge you to try to attend. It's rather an important function.

Craig has some information which I think will be of use to you. I'll let him report, and then we'll take some time in case you have any questions.

Mr. Katzman: — I just want to make one comment. It is going to be very difficult for us to use the Chamber if the House is still sitting, so remember that in your position in the opposition.

Mr. Chairman: — Carry on.

Mr. James: — Mr. Chairman, and members of the committee, to date we have Mr. Klein, Mr. Katzman, Mr. Tchorzewski, Mr. Shillington, Mr. Sveinson, who are attending this annual meeting as delegates from Saskatchewan and from this committee. And I just wanted to briefly explain for those members who . . .

Mr. Katzman: — . . . (inaudible) . . . Sveinson.

Mr. James: — He's indicated he will want to be here.

For those members who will be here, there is a bit of a quirk in the payment to members for intersessional meetings, and I refer members to section 67(1) of The Legislative Assembly and Executive Council Act — payments to members of intersessional committees.

Now we can pay according to what we budgeted for each member attending this committee, but we will not be able to reimburse members until 30 days has elapsed from the end of the session. If the House is still sitting and we hold our meetings over at the Centre of the Arts, I think payments are going to be dramatically reduced. But I'll work on that.

I've got the . . .

Mr. Katzman: — . . . basic . . .

Mr. Chairman: — Just let him finish here.

Mr. James: — I've got the final draft of the agenda being typeset today, and I will have it ready for members on their desks tomorrow to have a look at.

And I just want to remind members too that the Provincial Auditor's Office has gone to great lengths to accommodate our group this year and has planned entirely the spouse's program and is hosting a western evening out at Sherwood Forest, which the members of the council will be attending.

And the Premier is now hosting a dinner out of Wascana Country Club, buffet style, with entertainment and speeches and a walkabout, I guess, and that sort of thing.

And we also have a tour down to the Big Muddy. I visited with a farmer yesterday morning in the Big Muddy, down near Coronach, Richard Volke, and a beautiful model farm, I'm told, is what it is. And we'll be having the dinner after the Big Muddy tour there. The Big Muddy tour itself, the trail is fine. I met with the fellow yesterday, Ed Burgess, of the "Circle Y Ranch" down near Big Beaver, and everything's go on that.

And the business sessions: to date Saskatchewan's presentation is going to be a panel discussion between Mr. Shillington and Mr. Bob Andrew on the role and effectiveness of our Saskatchewan Public Accounts Committee and the need for reform. And that basically kicks off the conference, the conference business sessions, from Saskatchewan's perspective.

Mr. Chairman: — Thank you, Craig. Mr. Katzman, I think, had . . .

Mr. Katzman: — Can I be first speaker now at that conference after they get done and tell the truth after Ned is finished misleading?

Mr. Shillington: — Nothing but the absolute truth, Ralph.

Mr. Katzman: — Two things. The 30-day rule is known. I assumed that we'd get stuck with that one, which is your . . . But there is a funny old quirk in that one, Craig, and I'm not just sure how it works in the legislation, and I'm totally confused by it because there is a way that you can actually make a double payment, which is not what we want to get into. So be careful we don't . . . there's some funny, old rule about that, that you can be paid . . . if the House did not sit for 30 days after the conference, that you can pay it; there's no problem there. But there is . . .

Mr. Shillington: — You won't be paid for 30 days.

Mr. James: — That's right. We just hold the pay cheques.

Mr. Katzman: — That's right. We'd have to not be sitting for a period of 30 days before there's any payment — no problem. But the part that becomes interesting is the expense portion if you're starting to sit, if we're sitting, because then we should be paid by the House, not by the committee.

Mr. James: — If the House is sitting.

Mr. Katzman: — If the House is sitting, and the committee as a sitting of the House, as far as the green sheets are concerned, but if you don't appear in the

House, you don't get your expense money. That's where the quirk is that you got to watch. So the members have to appear in the House or they won't get the expense money, and I don't think you can pay the expense money, like the hotel rooms. And I think the auditor would probably . . . might overlook it.

Mr. James: — So the only thing we can do is pay for it on Sunday, when the House is not sitting.

Mr. Katzman: — No, just as long as you realize that the members that are here will have to appear in the House for 30 seconds just so that they can get the hotel room under the other system.

Mr. Chairman: — Craig is already checking into all this. He will have it looked into. You had another point though, Mr. Katzman.

Mr. Katzman: — Yes. The other one is: I gather we . . . are there wives coming? Because, as I was going to say, Mr. Tchorzewski and Mr. Klein, wives are very handy to make sure if we have to have host wives for things. I was talking to Jack the other day and he said if anyone wants to slip out for morning golf or something, he'd arrange that for them. So I'm concerned about the wife situation because . . . I don't know about yours, Ned, how easy she is to, you know, break free for a day if a time is needed.

Mr. Shillington: — . . . (inaudible) . . . here and down at the office. She's busier than . . . (inaudible) . . . right now.

Mr. Katzman: — Okay, and Ed, how about your wife?

Mr. Chairman: — She can't be here all the time. It's her only week of vacation, but she will be here for some of it.

Mr. James: — I should mention again that there is a separate spouses' program, which is fairly extensive . . . (inaudible) . . .

Mr. Katzman: — Except you'd want some Saskatchewan spouses here, I assume, if possible, to be with the tour. Oh, boy. So all we have so far is Mrs. Klein that we could sort of count on for the MLA side, to host. Am I correct on that, Ed, the way I read it?

Mr. Chairman: — So far, I don't know. I don't think . . . Have you done any checking on that?

Mr. James: — We have. From Saskatchewan's point of view, I think probably that's correct, yes.

Mr. Katzman: — I'd better talk to Momma.

Mr. Chairman: — If anybody else's wife would like to come — just check on that. Shirley will be here for some of it and will be involved.

Mr. James: — One further point I'd like to elaborate on, and that is the joint business session between the conference of legislative auditors and our council, which is occurring on Tuesday afternoon in the Hotel Saskatchewan. We're going to have sort of a two-part business session. The session will consist of a presentation, I gather, from the public sector auditing and

accounting standards group, and followed by, I believe, a round-table discussion on the expectation gap between the auditors and public accounts committee members, which I think is going to be very worthwhile. So I mention that now, and it will be included in the agenda for people to be aware of.

Mr. Shillington: — Do you have some sort of an alternate location in case the Legislative Assembly is still sitting?

Mr. James: — Yes, we do. We've got the Jubilee Room out at the Centre of the Arts booked. And we can also . . . we won't be able to video-tape, obviously, but we certainly have facilities to record and publish our verbatim of the conference.

Mr. Katzman: — Without being facetious, what about Government House? Did you look into that one?

Mr. James: — We have. We can't use Government House. They've got "The Trial of Louis Riel" and the Friday . . . (inaudible) . . .

Mr. Katzman: — Oh, that's right. We're into that period already. That's correct.

Mr. James: — That's an annual event that they have. It's not available.

Mr. Katzman: — Yes, I forgot about that.

Mr. Chairman: — Okay, just for the sake of time, is there anything else or can we move on?

Mr. Katzman: — Yes, one of the . . .

Mr. Chairman: — Hearing no other comments, we were handed out, members will note, a report on the electronic banking services, and I was wondering if anyone had any questions.

Mr. Shillington: — Question to the comptroller: was the Royal Bank the lowest in terms of cost?

Mr. Kraus: — Yes. On the cost criteria, it was, yes.

Mr. Shillington: — Okay. How many tenders did you get?

Mr. Kraus: — There were five chartered banks and the Credit Union Central that responded, so that would be six in total.

Mr. Shillington: — So you got the big five and . . . Okay, that's the only questions I have.

Mr. Chairman: — I have one question. Has this resulted in the closure of many accounts, small accounts around Saskatchewan, and were they predominantly in the credit unions?

Mr. Kraus: — I'm not working with it specifically, so maybe I'll let Mr. Benson speak to that.

Mr. Benson: — We're, I would say, half-way through the implementation right now. Yes, a lot of the smaller accounts are being closed, but they're not grouped within

any one particular bank. There's a lot of Bank of Montreal, Bank of Commerce, credit unions, whatever, but they're the small, low-volume accounts that are being added onto this system.

Mr. Shillington: — What is the difference in cost? How much are we saving with this system? I gather we're closing accounts in other institutions, which is not always a wise public policy. How much are we saving by it, do you know, over the old system? Have you ever done a cost analysis of what you're doing?

Mr. Kraus: — Well again, I can't speak to that because the banking policy per se is with the Department of Finance, and they're the people that have determined whether or not this was the right way or the wrong way to go.

But I know one of their concerns has been this tremendous build-up of cash and just hundreds of accounts around the province. The departments are somewhat tardy — not always tardy — but somewhat tardy in getting the moneys into an account where finally the government gets some recognition for those balances and begins to earn interest on them. I think there is a lot of money in there, and they could give you numbers. I assume we're talking hundreds of thousands of dollars per annum.

Mr. Shillington: — In terms of money in deposit — or are you talking about hundreds of thousands of dollars . . . (inaudible) . . .

Mr. Kraus: — Well I guess I shouldn't use numbers because I'm not sure what the numbers were. But I believe they're talking about fairly significant amounts of interest that they can gain, or it reduces the amount of money that they have to borrow on short term, so it's . . .

Mr. Shillington: — You meet yourself coming around the corner.

Mr. Kraus: — Yes.

Mr. Shillington: — But the sums are significant.

Mr. Kraus: — I believe they're very significant, yes.

Mr. Katzman: — I understand — this is strictly from past years here, Ned, and some things I've learned in other ways — that what happens is, and I'll use the Friday period for lack of a better explanation. If on Friday these funds are able to be transferred in some manner to the central investing agency or whatever they call it, they invest it on Friday till Monday and gain interest, or however you call it, because that's when their accounts are . . . there's no money going out of their accounts. And that's substantial.

I have a friend who buys treasury bills and those kinds of things. He buys them . . . the date is always the Monday, and on the Friday he goes in and writes a cheque and buys other T-bills the Friday before. He does it after four o'clock; his cheque doesn't clear his bank; and he gains interest over the weekend on both accounts and basically makes a good dollar doing it because he's investing with enough money.

And basically I understand from this that the government is using that money, where it would normally sit idle, to invest. I also understand, if I'm correct, that they're now doing it overnight investments as well, which is something the banks have done for years and years and years — funds that you put in at four o'clock, they will invest them overnight till the next morning. I don't know how the system works, but they make money doing it.

That's something I was . . . There's a lot of dollars — I know this one fellow is playing with over a million dollars and doing very well doing it.

Mr. Chairman: — One more question. Can you give a rough estimate of the numbers of accounts involved here that are being closed? I do not think you would know the exact amount. Can you give me a ballpark figure? Is it several hundred?

Mr. Benson: — I would say probably in the order of six to seven hundred accounts could end up being closed. But I think it's important as well, Mr. Chairman, to point out that in remote locations practicality of access is still a criterion in the implementation, so we aren't sort of indiscriminately closing down bank accounts and adding them onto the Royal Bank.

Mr. Katzman: — Are you saying there isn't all those other problems?

Mr. Benson: — Well there's a lot of administrative savings as well.

Mr. Chairman: — Okay. Any other questions? If not, we will call the officials from the Department of Social Services.

Mr. Katzman: — Well before we do, I would like a couple of questions of the Provincial Auditor. On page 45, Social Services, 46, 47, 48 . . . no, 45, 46, 47, could you indicate if any of these have been cured, between you and the comptroller, before we call them in — any of the things you have mentioned . . .

Mr. Lutz: — Subsequent to this report, do you mean, Mr. Katzman?

Mr. Katzman: — Yes.

Mr. Lutz: — I'm not aware of any material changes in the system since this report was prepared, but then neither maybe have we done any audit work over there since. So we don't really know.

Mr. Katzman: — Is the comptroller's office aware, you know, if they've cured any of these problems that . . .

Mr. Kraus: — Mr. Katzman, they are working on these problems, as they have been for several years, and it's fair to say that their plan is solid. It's fair to say that they've made some improvements, but it's also fair to say that they have some way to go. I think that's the fairest way I can put it. It still looks . . . We're still optimistic, but there is considerable improvement that they have to make, and I don't think they deny that.

Mr. Lutz: — I meant to ask you, Gerry; they have in the past put up an internal audit section and a verification section and they've done things, but they've never tested their system with any kind of a proper systematic approach whereat you could depend upon their results of any particular study. Now have they consulted with people in your shop to make sure they're doing this right?

Mr. Kraus: — We have worked with them for some length of time, and there is still some difficulty in ensuring that they're sampling in a method that results in statistics that you can rely on. I think it came up at the meeting before, two weeks ago, where they were saying they couldn't rely on the results and it would be misleading to use them. And that's our concern as well, that they have to adopt the sampling methods that are statistically sound. They admit to it, but they haven't reached that stage yet.

Mr. Lutz: — I think they also changed the error factor with which they were prepared to live when we heard them at the last meeting too, did they not?

Mr. Kraus: — I don't recall on that . . .

Mr. Lutz: — I think they were talking a something per cent at one time, and last meeting it was changed to something else, as I remember what they said.

Mr. Benson: — The target that's on record is 4 per cent.

Mr. Lutz: — 4 per cent now?

Mr. Benson: — Well, that was announced . . .

Mr. Lutz: — Within the 4 per cent error rate, they're prepared to live with it. Okay, fine.

Mr. Katzman: — Well, that's under item (c), I guess, that 4 per cent.

Mr. Chairman: — Question. Is the problem only the system's that they have, or is part of the problem that . . . Or have you any way of knowing that there may be not adequate people around to do all this?

Mr. Kraus: — I believe it's not a matter of the people so much as coming to grips with the fact that there's certain things that have to be done and ensuring that they are done. And we're talking here now from a perspective of reviewing the administrative processes by some group of people, of sampling the files and so on, to make sure that there is some verification of people's needs or circumstances throughout time, and that there's a proper report to someone relatively senior in the organization on the results that they find, and that there's proper corrective action taken. That's what we think has to be addressed.

Mr. Chairman: — Thank you. Mr. Katzman.

Mr. Katzman: — Let me try to put it in the simplest form. Is it something like having an employee who drives a truck, and every morning you tell him, you've got to check the oil. And some days he doesn't and some days he does, and that's sort of why we have problems with the system?

Mr. Kraus: — That's part of it, yes.

Mr. Katzman: — Mr. Chairman, that's what I've heard, that it's not as much the people, as you say, but it's more that the checks that are not always gone through.

Mr. Kraus: — I would say, I would qualify that just to this extent, that I think there could be a little more expertise in the area that Mr. Lutz and myself have . . . or people, Mr. Lutz, perhaps would be a better way of putting it. But as far as statistical sampling goes, and so on, I think they need a little more strength in that area.

Mr. Chairman: — Thank you, Mr. Kraus.

Public Hearing: Department of Social Services (continued)

Mr. Chairman: — Good morning, gentlemen. We began two weeks ago, so I don't think we need to go through any more introductions unless someone does not remember someone else.

Mr. Cunningham: — My deputy minister has to attend a federal-provincial meeting in Ontario this week, so he was unable to attend.

Mr. Katzman: — That's acceptable.

Mr. Chairman: — We will begin with the report of the Provincial Auditor, dealing with page 45 where the report under the Department of Social Services begins. And if I may initiate some questions under item 1. I would recommend we deal by numbered items here, I think has been the practice of the committee.

Mr. Katzman: — Mr. Chairman, items, and then the (a), (b), (c), or just items?

Mr. Chairman: — Yes. Well let's do it with (a), (b), (c). There is some concern expressed about management control systems which has:

. . . resulted in more than a relatively low risk that errors or fraud in amounts that would be material in relation to the Department . . .

My question is: have you been able to address this in a substantive way? If so, in what way?

Mr. Cunningham: — I think we can say we've made significant advances in putting in place management controls, or controls to reduce the number of overpayments. From our perspective, an effective management control system, or expenditure control system, requires a number of components. The first would be a very good eligibility determination process, a good application process wherein a client's circumstances are verified as much as possible.

For example, in our application process we ask for clients to verify that they are indeed married, that they do have so many dependants, that they are paying so much in terms of rent, that they have so much in terms of bank accounts, that sort of thing. So the eligibility determination process

is the first component.

Another component would be the capacity to audit on a prepayment basis those cases where one feels that there may be a risk of an overpayment occurring. Another component would be the capacity to audit those cases where an outside source, or indeed a departmental source, indicates that there may be an overpayment occurring after eligibility has been determined.

Another component of a good system would be the capacity to collect overpayments once they have occurred. And as at April 1, 1986, I think we can say with some conviction that we have all those components in place in the department in regards to the Saskatchewan assistance plan program.

Mr. Chairman: — I suppose that one of the key ingredients would be adequate numbers of social workers. As case-loads get higher, as I understand they have, the ability to be able to monitor and do whatever, all the things that social workers do, will obviously become less effective. Have you experienced that to be part of the problem?

Mr. Cunningham: — Well I don't think anyone can deny that the case-loads haven't grown. But I think what we have to realize here is that prior to 1983 the eligibility determination process was the sole responsibility of the SAP worker. Combined with that process was — his responsibility was also to audit a client's circumstances; his responsibility was also to determine and collect any overpayments if they were identified.

Since that time, and since the case-loads have grown, we have established two different units within the department to take away some of those responsibilities from the worker. We now have an entitlement control unit in the department whose responsibility is to do those audits on certain clients where we feel there's a risk of an overpayment. That responsibility previously had rested with the worker.

The entitlement control unit also has the responsibility of auditing, if you will, those cases where we've been notified that there may be some discrepancies in circumstances. Again, that responsibility was taken from the worker.

In addition to that we have created an accounts receivable unit whose responsibility is to record and collect overpayments on inactive files. Again, that responsibility used to rest with the worker.

In addition to that, in 1984-85, in the fall of '83 but going on since then, we have increased the number of workers in the SAP program.

Mr. Chairman: — Who initiates these audits — the worker?

Mr. Cunningham: — The audits can be initiated in a number of ways. The worker can initiate an audit if he feels that there's something that's not quite clear in terms of the application. The audit could be initiated by an anonymous call saying that this person, the client, the

applicant, may be telling us something that isn't exactly the truth. Pre-audits are conducted on a regular basis of those clients whose circumstances are such that we feel there may be a risk of an overpayment occurring.

Mr. Chairman: — Is the experience . . . Because there are apparently three different, as I heard you describe it, three different places that some work may be initiated, have you experienced any things being lost because there's not adequate communication between the three, and so some payments may be made before information is received by the people who are doing the audit? Or is that working well?

Mr. Cunningham: — There may be circumstances where the lines of communication aren't immediate enough to stop an overpayment or a potential overpayment. That may indeed be occurring. But once the overpayment is identified, the means are in place now to collect on that overpayment.

Mr. Chairman: — What's the system of collection? Do you collect a lump sum off the top, or is there a procedure where . . .

Mr. Cunningham: — There's an overpayment collection policy that's in place that's been approved by the government. For those clients who are still on assistance, a deduction is made from their future entitlements, and that's based on a schedule. And for those clients who are no longer on assistance, contact is made with those clients and attempts are made to set up a repayment schedule of those overpayments.

Mr. Chairman: — I've experienced cases where a client having been told that there would have to be a repayment because of overpayments — not because of anybody's fault; there were changes of income or some other factors — and then the repayments on the schedule that was said to be the schedule were not taking place for a period of three months, and then in the fourth month a lump sum was deducted. Why would that happen?

Mr. Cunningham: — I'm told by Mr. Uhren that that shouldn't be happening. So the point would be just, if there is a specific case, we'd want to know about it so that we can . . .

Mr. Chairman: — I've referred . . . I don't want to deal into the case, but I've referred it. Indeed it does happen, and it's been referred and I'm sure it will get to somebody. I referred it through the minister. But that does create quite a difficulty.

Mr. Cunningham: — Understandably that would create a difficulty.

Mr. Chairman: — That's why I asked the initial question, whether there is enough of a tie-in with your three different functionaries in this operation so that you can prevent this kind of thing from happening, because sometimes the burdens of it are not something you want to ignore.

I notice here that on the declaration of circumstances in the auditor's report it is stated that about 2,800 recipients

have not filed this declaration of March 31, 1985. Has that changed, or is that still the norm?

Mr. Cunningham: — I don't know what the outstanding annual reviews were as at the end of '85-86. However we have, as you know, developed an automated SAP system. And one of the components of that system is an element that ensures that those annual reviews will be conducted. That is, the worker would not be able to, without some significant work, make the payment unless an annual review had been conducted. And we expect that while we are converting to the automated system that most of those annual reviews will be conducted.

Mr. Katzman: — Well I guess the part that bothers me on this one is, they don't want to make an inference that shouldn't be misread. The amount of games being played by those who know the system to collect — example: one reported to you by an individual who I know, and I suggested he report it to the department, is a case of a lady with several children and her husband. Her husband worked for a northern firm where he was away for two weeks and back for a week or two, or whatever it is, and then goes back up North.

She came to you claiming her husband had left her and she had no funds. You then started to issue, what should be normal, a cheque for her to sustain her family on. In checking, the person that checked on her was a private citizen, discovered her husband came home every two weeks and then stayed with her for the period. He was receiving an excellent cheque from his employment, giving nothing towards her and her family keep officially, as her report indicated, yet we were paying out from the provincial treasury to support the family.

I'm concerned how much of this goes on that we never find out about unless some citizen tells us about it. And is there any way to verify these things? They're very, very difficult, I assume, to verify unless somebody phones you. I'm concerned we're seeing more of that and more of that. Eleven years ago when I became an MLA, I saw very little of it. The last three, four, five years, I've saw more of it openly, but I've seen it steadily grow.

It's like the story of the senior citizen who now separates so they both can get a cheque, a bigger-sized cheque, rather than the . . . or two seniors who live together unmarried because of the size of the cheque they receive, rather than staying as a married couple.

I'm scared it's getting out of hand, and I don't know what you can do. I don't know if your system here will catch it, or if your investigation branch catches it, but there's got to be a way to stop it because these people in most cases are intentionally going out to beat the system. I mean, that gets me annoyed.

Mr. Cunningham: — I think in regards to that sort of specific case, Mr. Katzman, I can say that one of the biggest areas for potential abuse is in a common-law arrangement. I guess one has to weigh off the cost of doing the audits with the cost, if you will, or the potential cost savings of deferring cases where there is intentional fraud. It's the same in any system, I suppose, where an audit process is set up.

Mr. Katzman: — The understanding I have, in doing some checking, is there is nowhere on the form . . . does it say, are you living in common-law with somebody? Therefore, if they had to fill that in the line, you might get . . . (inaudible interjection) . . . Well, no. You may be correct, but there's no way for them . . . In other words, they're not lying when they fill out the form. They're not breaching the form unless you have some way — are you living with somebody who's paying the bill, you know? I don't know if there's a way to do it or not.

Mr. Cunningham: — I believe our new application form does ask the applicant whether they are living in a common-law relationship. The application form has a section in it which the applicant must sign, stating that the facts . . . the statements in the application form are correct and that we have the authority to go in and verify those.

Mr. Katzman: — In speaking to one of your investigators on this topic, he informed me . . . This must be new on the form, I assume.

Mr. Cunningham: — This is a new application form that was designed in '85-86, early '85-86.

Mr. Katzman: — Okay, that fits, because when he spoke to me he said they're not lying on the form because the question isn't asked. So I assume now what you're saying is: it is now asked, so they either have to knowledgeably cheat, or they tell the truth and they don't qualify; where before they weren't required to answer the question, therefore they qualified because there was no way to say it differently. Am I reading right?

Mr. Cunningham: — I really don't know what the question was on the previous application form, whether the marital status was listed as married, common-law, single, divorced, widow, whatever. But I know under the current application form it's in place now.

Mr. Katzman: — The reason I go through was the court case — and Ned you may have to help who the people were — where the lady lived common-law for many years with the individual and the court decided that she had rights as a wife would have had; and that's when it all came to light to me. So there is some legal argument. Do you remember the case, Ned?

Mr. Shillington: — No, I don't remember the name, but there have been a number of cases.

Mr. Katzman: — . . . (inaudible) . . . that have been said that that's the rule. That's why I thought now it was legal. Thank you, Mr. Chairman.

Mr. Meagher: — To follow along with Ralph's questions there for a moment. What is the question at the moment? Do you have the form with you? How is it worded?

Mr. Uhren: — We don't have one. We'll make sure we send you out one.

Mr. Meagher: — Okay. You suggested earlier too as well that, if there's a case of an overpayment to a recipient, you then deduct from future payments, assuming that the

recipient is an ongoing welfare recipient. If the amount of assistance is calculated to meet the basic needs of the recipient, how do you then extract these overpayments from the recipient if they are not receiving any additional moneys than the money that they require to survive? Where does it come from? If their schedule of payments are already designed to be minimum amounts that they need to live, where does this overpayment money come from?

Mr. Cunningham: — The overpayments are minimal amounts. For example, for a single fully employable person where the overpayment, it has been detected, is \$1,000 or less, the monthly deduction would be \$5.

A Member: — So essentially that would be pocket money or . . .

Mr. Cunningham: — So it may take 200 months to recover that.

Mr. Meagher: — Okay, you suggested earlier as well that you created these two units, an entitlement control unit and an accounts receivable unit. Is this entitlement control unit as well operated as a bit of a fraud squad or unit that investigates the kinds of situations that were referred to by my colleague a moment ago?

Mr. Cunningham: — We've heard that the entitlement control unit has been referred to by that name by some clients and other people. It does investigations where fraud is alleged.

Mr. Meagher: — Okay. That's what I'm getting at. It's that unit that does the investigations of potential frauds?

Mr. Cunningham: — That's right. Once the investigation is completed and it has been determined that fraud may have occurred, the case is turned over to the police.

Mr. Meagher: — Okay. You're suggesting that previous to the establishment of these two units the caseworker themselves did all of this themselves. Each individual worker would be essentially responsible for detecting fraud in the system and collecting overpayments and that sort of thing. And now you have these units set aside from the caseworkers to do that — am I correct in that? Have you identified any efficiencies that have come about as a result of that? Is this system more efficient than the caseworker themselves — individual caseworker detecting that? And if so, how was it accomplished?

Mr. Cunningham: — With the entitlement control unit we've been able to do more in-depth investigations than a worker would have been able to do. In addition to that, we've been able to do more — since '85-86, I believe more kinds of activities in terms of audits.

For example, we have conducted some projects where we ask employable recipients to come and pick up their cheques rather than having them mailed to them. The entitlement control units have been managing that process for us. We find that that process tends to reduce the number of overpayments also. So there are definitely efficiencies with doing it that way, yes.

Mr. Meagher: — You have identified some efficiencies that have come out of this exercise. You have some evidence of that in your statistics. Okay, that's all I wish to ask.

Mr. Chairman: — Just before I let you go, I want to follow up on that. This investigation unit, does the unit and staff of the unit do all the investigations, or do you from time to time contract investigators from . . .

Mr. Cunningham: — We have not contracted any outside workers to do investigating.

Mr. Chairman: — So there's no outside people that you utilize. Thank you. Mr. Katzman.

Mr. Katzman: — Just something hit my funny-bone. If I remember correctly, a short while ago in the fall — Mr. Meagher may have to help me on this one — there was a case in the Prince Albert newspaper of a lady taking a vacation and complaining about welfare money and so forth.

A Member: — Venezuela.

Mr. Katzman: — Venezuela, thank you. I was trying to remember where she went. Do you want to, without giving us names — I assume a private citizen once again told you something was happening and then you investigated?

Mr. Cunningham: — The case has been investigated by our entitlement control unit and the case is now with the police.

Mr. Katzman: — Okay. The part I wanted to get to is, there seems to be an allegation . . . and I will be very careful; and if you cannot answer, I understand because it may be in court, so I accept that. There has been allegations in the past and accusations that in some cases — and if I remember correctly, Ontario had one that had a lot of publicity around it years ago — here a social worker may have been involved in part of the fraud, for lack of a better word, might have known it was going on, didn't say anything; or might have been the person who received two cheques or three cheques under a phoney name. Have we had that problem in Saskatchewan?

Mr. Cunningham: — Over the years there have been a minimal number of cases.

Mr. Katzman: — You have nothing else to add?

Mr. Cunningham: — No.

Mr. Katzman: — Were there charges laid?

Mr. Cunningham: — In both cases . . . we're aware of two cases in the past. In both cases charges were laid and in both cases the workers were found guilty. Those are going back a number of years.

Mr. Katzman: — I realize the one. We're not talking about the Venezuela case now, because that's before the court. Fair game. I don't believe, and it's a personal opinion, that we will ever 100 per cent be able to stop any

abuse — all abuses, because a lot of abuses are honest abuses.

For an example, the lady may do some babysitting, and many of the people on . . . unless they're asked the question — did you earn \$20 babysitting, or something? — they don't report it until they come back in and their worker asks them the question. And they say, yes I earned \$20. Oh, you should have told us about that two weeks ago, because that meant you would have got \$5 or \$7 less on your cheque. Therefore, there's an overpayment and we'll have to adjust it over the next three or four weeks.

A lot of your things must be the simple things like that for overpayments — am I correct? — that they catch them on the next report and they're not intentionally trying to fraud you, because a lot of people don't understand what they should report or not report.

Mr. Cunningham: — A number of the overpayments would occur as a result of that. But in that specific case, if it was something like \$20 in babysitting that a person earned, there would not be an overpayment because there is a basic exemption for income.

Mr. Katzman: — Well the four that I've had to do with, that was basically what happened, because they fill it out at the start of the year. Now these would be more on the family assistance side than on this side. And all of a sudden the husband got a raise or a bonus or something, and it wasn't reported until the end of the year, and then of course they had to pay back. They weren't annoyed by it; they just didn't realize to report it fast enough.

Mr. Cunningham: — That's a different program that we'd be talking about there. That would be the family income plan in which case a person's eligibility or amount of assistance is based on the previous year's income . . . I'm sorry, based on the current estimated income. Then adjustments are made at the end of the year.

Mr. Katzman: — I think that's probably your biggest collection area.

Mr. Cunningham: — No, FIP (family income plan) is very small in terms of overpayments.

Mr. Katzman: — Oh, I'm surprised.

Mr. Chairman: — One more question. This new management control system that you described initially — when we began to look at this, has it been reported to and has it been . . . have you had comment on it from either the comptroller or the Provincial Auditor, or how do you work this? What steps have been taken to assure these people that your system now is operative?

Mr. Cunningham: — Certainly we have been working with the comptroller's office all along in designing the automated system. And the comptroller's office has also helped us in terms of the verification process, if you will, in terms of telling us what a representative sample of a file should be. I don't think the Provincial Auditor's office has really had an opportunity to audit the new system.

Mr. Chairman: — Can I ask the comptroller's

representatives, are you satisfied that the new systems are adequate?

Mr. Kraus: — I think the situation is, is that we'd like to see the error rate established sort of beyond a shadow of a doubt, or at least with more certainty. Then one can evaluate whether or not these new systems are having some impact on the errors that occur. I think until that occurs, it's kind of difficult to know whether things are getting better or not. Things may seem to be better, and you can sort of intuitively say that you've got more control on what have you, but unless you have some numbers to work with, it's difficult to prove conclusively whether or not your efforts have borne any fruit.

So if you've taken a sample that you can rely on, and let's just say that — and I'm going to use a number that's completely hypothetical — but let's say you find you have a 10 per cent error rate. If you apply certain solutions, make certain changes, and you find that you're still at a 10 per cent error rate, then you have to question whether, one, you're doing the right thing, or whether in fact there's anything you can do to get your error rate below 10.

And I think that's perhaps what we're most concerned about is that the department spend a little more time, and they have worked with us — we don't deny that, and that's a fact. But we do want a little more effort put into this business of establishing an error rate that everyone can rely on because it's only then that you can begin to evaluate whether these moneys that you're spending on new systems and verification units and entitlement controls are really worthwhile, whether you're on the right track or the wrong track.

So I guess that's really a concern of ours with the department, and that's where we are at this point. We certainly support what they've done to date, but we would just like to see a little more movement in that area. I guess maybe I'm almost asking a question now myself, so perhaps . . .

Mr. Cunningham: — Well I think we can say that we share the comptroller's concern about establishing an error rate and ensuring that the program is operating to those sorts of standards, but I think it's also important for this committee to understand that Saskatchewan is the only province that is doing this sort of activity in terms of payments under the assistance plans. To the best of my knowledge, no other provinces have established an error rate for their plans, nor are they reviewing the error rates in their plans. We are the only province doing that.

Mr. Chairman: — I accept that, but that does not take away the argument that if there is a better way, then we certainly should make every effort to find the better way. If there's a target that needs to be established, I think what Mr. Kraus is saying has a lot of merit.

Mr. Meagher: — Just to follow along with Mr. Kraus's comments, I would like a little clarification. When you make reference to an error rate, would you be more specific. What do you mean by error rate?

Mr. Kraus: — What I mean by error rate, I mean

overpayments which might result from a number of things. There are always some errors made by employees when you are handling these many cases. There is always misinformation that you receive from your clients. It may be the result that the client doesn't fully understand the process. It may be that they are purposely misleading, but it's a variety of things that result in this overpayment. I guess I should have said that as opposed to an error rate, I mean an overpayment rate.

Mr. Meagher: — Okay. That's what I'm trying to find out — if you stick by error or overpayment. Can I just ask another question or two on that?

Mr. Chairman: — Sure.

Mr. Meagher: — On that point, if the department implemented some more efficient systems or different systems, would it not be reasonable to assume that there's a possibility that overpayments, or errors as you describe them, are identified that were previously unknown, so the rate of overpayment or error could be high but the efficiencies are still there because you're now finding overpayments that were not identified before. So what I'm getting at is how would you come to some kind of a concrete measure if the system of identifying overpayments may be improved as you're working along, which would identify cases that may in the past have fallen through the cracks anyway and not been reflected on the percentage.

Mr. Kraus: — Well we believe that you can statistically sample your case-load and determine what your overpayment rate is regardless of the system you're employing, whether it's some old-fashioned manual system or it's a more modern computerized system. And so you could have done that 10 years ago, or you could do that today, so you should be able to establish that rate.

I think what you're getting at — and that is the bit of the dilemmas — is that when you don't have that, okay, they very well may have made improvements and they may make some more with these automated systems they are employing, but one will really never know just how much effect they've had if you haven't got an overpayment rate that you can say we're pretty confident of and we've noticed it's dropped down by two full percentage points. But it isn't a matter of having a system in place that allows you to statistically sample it accurately. You can statistically sample what you've got now and you could have statistically sampled what you had six years ago, or whatever. Is that the . . .

Mr. Meagher: — Well, it's not quite. I'm not sure you completely understand, or that I'm making myself clear. If you had a more effective or efficient system being implemented that would identify overpayment cases that previously were unidentified, you could have, in fact, a rate of error, as you described it, or overpayment that's larger than it previously was, but it isn't really because you are now finding overpayments that were previously not detected. So I don't know how that could . . .

Mr. Kraus: — That's also the problem, that once you finally do establish with some accuracy what your rate is, you might have even implemented some improvements

but your error rate is higher than you ever thought it was.

Mr. Meagher: — Exactly.

Mr. Kraus: — And I know what you're saying. In fact, there were some jurisdiction — in other programs, not to do with Social Services at all — and I know this other jurisdiction doesn't seem to have an error rate. Well the point is they don't audit it, so of course they don't know if it's 25 per cent or zero.

Mr. Meagher: — That's the point I'm getting at. I mean they may have a relatively low overpayment or error rate because nobody was finding them.

Mr. Kraus: — That's right, but with these better systems and better detections, sometimes you just find a larger error rate, but all you're doing is a better form of detection.

Mr. Shillington: — I'm on a different subject, so Ralph.

Mr. Chairman: — Mr. Katzman, are you on this subject?

Mr. Katzman: — Yes, just one comment. You said you did the "pick up your cheque" trick. I don't think you gave us numbers what it did do for you — is that you found a sizeable mistake.

Mr. Cunningham: — Most of the cheque pick-ups were conducted in the '85-86 fiscal year.

Mr. Katzman: — We are doing '84. Okay, I will put the question differently then. If you so feel you wish to give us those numbers, you may. You have no . . . there is no compelling . . . you brought the subject up so I thought it might be interesting to show.

A Member: — It's public knowledge.

Mr. Cunningham: — In 1985-86 we did cheque pick-ups, if you will, for employable clients only, and for only a sampling — a few employable clients only, in the months of June, July, August of '85, and January, February, March, and April of '86. Total number of cheques, where we asked clients to pick them up, was 8,663. The number of cheques that we held was 567. The total value, accumulative total of those cheques that were held, was \$234,000.

Mr. Katzman: — What I read you to say is that when you asked the employable people to come . . . and it was not all of the employables; it was a portion of them. What portion — 20 per cent, 10 per cent?

Mr. Cunningham: — It was a sampling in various district offices.

Mr. Chairman: — Can I just interject a minute. When you say cheques held, does that mean they were not picked up, or you did not issue them when the people arrived to pick them up?

Mr. Cunningham: — They were not picked up and they were not issued.

Mr. Chairman: — Okay. But mainly because people didn't show up?

Mr. Cunningham: — That's right.

Mr. Katzman: — So what I read to say, that for some reason, and here's what's bothering me, \$234,000 worth of cheques would have normally gone out in the mail to these individuals. Some of them may have found work or something and sent them back, because they didn't qualify, and another portion would have probably cashed them. And you would have only picked them up in an audit of some kind later on.

Mr. Cunningham: — That's correct.

Mr. Katzman: — And so what I am to believe from this, which would have been a very simple and cost effective, that you picked up some of the people and saved a quarter of million dollars. It might have cost you \$10,000 for the extra handling or something.

Mr. Cunningham: — I'm not exactly sure how much it cost us. Yes, but there was an approximate saving of a quarter of a million dollars.

Mr. Chairman: — Just before we get too carried away with the euphoria of that, I think it maybe needs to be kept in mind . . . I'm wondering whether the department has any way of knowing whether some of the cheques that are held because people didn't show up, and how many, were people who may have been handicapped, people who may have been old and uninformed, or people who had a language problem; there's all kinds of problems. Has the department any way of knowing whether some of those situations exist, and do you do any follow-up?

Mr. Cunningham: — None of these cheques that were held were intended for handicapped people or unemployable people. These were all for able-bodied people.

Mr. Chairman: — Just employable?

Mr. Cunningham: — Employable people, yes.

Mr. Lutz: — Did you then find in some cases, or did you investigate, on the day of the pick-up — and you say cheques held, which means cheques weren't picked up or called for — did you then go back through your system and find out if cheques had been issued to those same "didn't pick them up" people last month, the month before, and the month before. What kind of a follow-up and follow-back did your investigative unit do?

Mr. Cunningham: — We did a follow-up on each of these clients to determine what had happened to them in terms of their eligibility for assistance. And in some of those cases presumably overpayments would have been identified.

Mr. Lutz: — Okay. So what you're telling me then is the 500 or so out of the 8,000 who didn't come in to pick up their cheque had recognized the fact that their circumstances had changed, so they wouldn't be eligible, so they didn't bother?

Mr. Cunningham: — That may have been the case in certain circumstances, yes.

Mr. Lutz: — May have been the case in certain . . . All right, what about the 500; how were they disposed of? I'll get right down to it here.

Mr. Cunningham: — What do you mean, how were they disposed of?

Mr. Lutz: — Well you had 567 cheques left over at the end of the day. Nobody came to get them.

Mr. Cunningham: — The cheques were not issued. They were refunded.

Mr. Lutz: — Yes, but my question, or I guess anybody's question would be: why weren't they picked up? You must have had a registry of persons who looked to be eligible when you showed up with the cheque, and when the person didn't pick up the cheque from this dispensing place, what do you do besides cancelling the cheque? Do you worry about what he was getting last month or what he might have gotten next month?

Mr. Cunningham: — Okay. There may have been a number of circumstances why one of these clients did not pick up the cheque. It may have been that they had moved out of the province. It may have been that they had picked up a job since they had received their last cheque. It may have been that their circumstances changed in some other way. And we would have done follow-up to see why that person did not pick up the cheque.

Mr. Chairman: — You would have, or did you do the follow-up?

Mr. Cunningham: — Yes, we did.

Mr. Chairman: — And what did you find to be the predominant reasons?

Mr. Cunningham: — A number of the clients had left the address or had left the province . . .

Mr. Chairman: — You said, a number of the clients?

Mr. Cunningham: — I'm sorry, I don't think I have the full statistical report on what the reasons were here. A number of them had left the province; a number had picked up jobs. I don't know — I don't have the information with me here indicating what the percentages were. Or maybe I do.

Mr. Katzman: — Mr. Chairman, just before he answers. Remember we're on the next year in review, so if he doesn't have all the stuff, I can understand that.

Mr. Chairman: — I know. Okay.

Mr. Cunningham: — These are approximations only. In 70 percent of the cases, clients had left the area or left the province; and in 30 per cent, the remaining cases, the client had picked up a job or was living in a different set of circumstances — maybe had got married or something

and had a spouse who had sufficient income to support the family here.

Mr. Chairman: — So I guess this really goes back to what we're dealing with in the auditor's report about the potential of overpayments and fraud and so on. You have determined by your follow-up that in almost all cases, or in the majority of cases, there was no fraud involved; it's just people reached the point where they were not needing assistance any more so they didn't pick up the cheque. Am I correct in that?

Mr. Cunningham: — I'm not sure that we can categorically say that there wasn't an intent to defraud.

Mr. Chairman: — Well I'm sure you can't.

Mr. Cunningham: — But it didn't seem to be that there was a great number of people attempting to defraud the system.

Mr. Katzman: — I go back on that exact point. I'm assuming . . . You made a comment earlier — some of these people are now having to pay back some money. So I'm assuming what you are saying, that if the cheque had have been mailed out . . . sorry, I'll back up.

When you proceeded and looked at the previous cheque, the previous month when they actually got the cheque, you would have discovered some of them shouldn't have got it then as well, and are now being required to pay it back — maybe one, maybe two. What you're saying is, because they were required to come and pick it up, they got flagged and they got pulled out of the system; where if they hadn't have been required to pick up the cheque, your system at the time would not have flagged them. So the saving was because when they had to go down, then they knew they had changed and they had to fill out a form or something saying that things had changed; therefore they said, hold it, I'd better stop collecting because I have no right.

Mr. Cunningham: — In a lot of the cases that would have been true.

Mr. Katzman: — Or a cheque could have been forwarded on to Manitoba from a Saskatchewan resident because they moved; and if the cheque got forwarded to them, they'd probably cash it and we have no way of getting it back.

Mr. Cunningham: — I suppose that could have happened also.

Mr. Lutz: — Mr. Chairman, as a result of the 500-and-some that weren't picked up, did your investigative unit or your verification unit, or whatever unit might have handled these items, did it appear that any of these uncalled-for cheques in the names of whomever might have represented fictitious clients on the client list? It's a question I'd like to ask here because it can happen.

Mr. Cunningham: — Out of all these cases, I'm told that we weren't aware of any fictitious clients.

Mr. Lutz: — But you did investigate for that particular cause?

Mr. Cunningham: — Yes.

Mr. Lutz: — Okay, thank you.

Mr. Chairman: — Mr. Muller, sorry to keep you waiting.

Mr. Muller: — Well seeing that the Chair failed to recognize me earlier, most of my questions have been answered. But I was wondering if you're pursuing this any further and doing further checks on this at random, or why couldn't employable people always pick up their cheque? With the results of this, it certainly shows a saving to the department and to the taxpayers. Why couldn't all employable people just have it be a requirement that they pick up their cheque?

Mr. Cunningham: — That's certainly a possibility, But administratively it's very difficult to pull the cheques out of the system, hold them and then have the clients come in and pick them up and record who came in to pick up. It's a very labour-intensive process. However, we are continuing the cheque pick-up process on a random basis throughout the various district offices in the province. Once the automated system is up and fully operative throughout the province, that may facilitate cheque pick-ups for employable clients on a regular basis. But right now it's very difficult for us to conduct that with the staff.

Mr. Muller: — Okay. Thank you.

Mr. Meagher: — Just one quick question. You refer to recipients of social assistance as clients. What is your rationale for describing them as clients as opposed to recipients? Clients has a connotation of customer, something you're attempting to encourage. Where does that come from, calling them clients?

Mr. Cunningham: — I guess it's a traditional social service term. I'm not sure where it comes from. I guess there are a number of synonyms we could use for . . .

Mr. Shillington: — It goes back to the . . . (inaudible) . . . when the NDP were in power and they were trying to encourage people . . . (inaudible) . . .

Mr. Meagher: — It certainly has a connotation in the English language of something that you're attempting to reach and to encourage and to sell to, and I find that a little difficult to understand, I'm wondering where it comes from.

Mr. Cunningham: — I would think that the intent of the social assistance system is to provide basic needs to someone who cannot provide them, either for a long time or for a short term, to themselves. The intent of the program is very clearly to encourage independence of clients from the system. That is very clearly the intent.

Mr. Chairman: — I think, if I may offer my own opinion, obviously no one would disagree that there has to be the appropriate mechanisms to prevent people from abusing the system. There always will be, but at the same time

there has to be a balance on the other side that we don't stigmatize, in the negative sense. And I know we'd all recognize that.

Mr. Meagher: — It seems to me that a recipient is not a negative connotation but a far more accurate description of what you refer to as clients.

Mr. Katzman: — The numbers look like it's 6.5 per cent of those receiving those cheques shouldn't have received them, if your numbers are correct. The Clerk did a tabulation for me with your numbers. That's a pretty responsible number.

Mr. Shillington: — There were some significant underexpenditures in your department. One was on Social Services training where 62 per cent of the funds were vired out, and therefore not spent. What's the explanation for that? And am I correct in assuming that this is training for staff in the department, or is it training for something else?

Mr. Cunningham: — The subvote to which you are referring is to provide training for staff of the department, and the estimate of course was \$270,000, and we spent \$88,000. And the underexpenditure was essentially due to the fact that we conducted more in-house sessions within the department in terms of training rather than sending staff on educational leave. There were some staff who went on educational leave in '84-85, but not as many as had been planned. Instead, we conducted these in-house training sessions.

Mr. Shillington: — Do you believe that one is a substitute for the other?

Mr. Cunningham: — It depends on what training has to be provided; what the departmental priorities are at the time in terms of the training required for staff; what the priorities of the programs are at the time.

Mr. Shillington: — To cut out largely — because 62 per cent of those funds were not spent — to cut out training of staff outside the department seems to me to be penny wise and pound foolish. It seems to me that serves a useful purpose in that the staff acquire new skills and sometimes just get a fresh perspective, and it's been a part of the department's budgets for Heaven knows how long. This is not particularly under the year under review. Is this a permanent change that you've made? You've largely cut out this item. You only spent 40 per cent of the budget.

Mr. Cunningham: — In the year under review you're correct in saying that we only spent 40 per cent of the budget. The only change that I would say has occurred in regards to the training program in the Department of Social Services is that we have taken an approach now where the training is initiated by the department — not so much by the employee.

In the past, employees used to be able to apply for educational leave, and if there was some merit to the employee and some merit to the department, educational leave would be granted. What we are trying to do now is to identify the department's needs in terms of qualifications for staff and initiating training on that basis.

Mr. Shillington: — I'll leave the subject by saying I think there'll be a great deal of the skills and training that your department can't provide that will be lost with the loss of this item.

Child care and grants to day care both were underexpended. Child care was underexpended by 8.3 percent; grants to child care by 9.6 percent. How did that come about?

Mr. Katzman: — Mr. Chairman, I'd like to interrupt.

Mr. Chairman: — Mr. Katzman.

Mr. Katzman: — I am not sure and I . . . Don't misread me, Ned. I thought we were going to finish this and then go to the rest of that.

Mr. Chairman: — The thought was just crossing my mind.

Mr. Shillington: — Oh, I see. I thought we were finished that.

Mr. Chairman: — We're still on the auditor's report.

Mr. Katzman: — We were going to do the full auditor's report and then go to the other items.

Mr. Shillington: — Okay, I'll save the questions.

Mr. Chairman: — We'll try to see if we can wrap the auditor's report up and then we'll go back to you, Mr. Shillington.

Can I turn to page 46. I think we've disposed of item (a). I have a question on item (b) where it indicates that there had not been implemented adequate collection procedures to recover overpayments, and that as of March 31, 1985 the balance of the overpayments was \$10 million. What progress has been made to either recover some of that or to assure that somehow this can be stemmed in the future?

Mr. Cunningham: — As I mentioned earlier, we have created an accounts receivable unit whose responsibility is to record those overpayments and collect overpayments from clients who are no longer receiving assistance. In the course of the last year I believe we also approached the board of revenue commissioners to write off a number of overpayments that had occurred prior to 1977 or 1978 — essentially those overpayments where collection would be statute-barred.

So we now have in place a unit, a specific unit, to collect on overpayments on inactive cases. Overpayments on active cases are still collected in the regular manner from future entitlements, and we've written off a number of the statute-barred overpayments.

Mr. Chairman: — Let me begin with this question: what success have you had since the establishment of this unit in recovery? Are you able to give us that information?

Mr. Cunningham: — I'm sorry, I don't have the

information in regards to the 1985-86 fiscal year of the accounts receivable unit, but I think it's fair to say that there will not be great gobs of money flowing to the provincial treasury as a result of these collection procedures because the people who are going off social assistance, for the most part, are not going into high paid jobs.

So they're not in a financial position when they are off social assistance to repay significant amounts of overpayments in short periods of time. As I say, I don't have the statistics on hand, but it will not be significant amounts of money.

Mr. Chairman: — Okay. You have written off some. Do you have the information on how much you have written off? If you don't have it with you, we'll be here again.

Mr. Cunningham: — The overpayments that I'm talking about were written off in September of 1985.

Mr. Chairman: — Right.

Mr. Cunningham: — The numbers were approximately 2.9 million.

Mr. Chairman: — Okay. When we meet again, you can confirm that for us. You can bring it. Or whatever. You can find . . .

Mr. Cunningham: — In reviewing 1985-86?

Mr. Chairman: — Yes. Or, better yet, send a copy of the response to the Clerk, and he can distribute it to us. How's that?

Mr. Cunningham: — We could probably . . .

Mr. Muller: — . . . (inaudible) . . . the year under the review, '85-86 is . . .

Mr. Chairman: — Well I guess maybe . . . Oh I'm asking about the \$10 million which is noted here in the year under review in the Provincial Auditor's, and whether any progress has been made on that.

Mr. Cunningham: — And progress has been made since the year under review, in terms of collecting on overpayments. But since the year under review, approximately 2.9 was written off.

Mr. Chairman: — Okay.

Mr. Cunningham: — I can provide a copy of the board's approval to write those off.

Mr. Chairman: — That's fine. Anybody else on item (b), or can I go to the next one?

Mr. Katzman: — I assume, by reading item (b), that what is now in place in changes is the 10 million, and it says six. I assume . . . Could you tell us how much you wrote off with that revenue, wherever you said it was? How much was written off prior to 1978 or whatever it was?

Mr. Cunningham: — Of accounts that had accrued since

. . . or prior to 1978, it was approximately \$2.9 million.

Mr. Katzman: — . . . 2.9 million. So then if this two — \$10 million . . . we have 7 million or something still active or collectable or whatever word you want to use.

Mr. Lutz: — No. That means that it used to be 12.7. They wrote off 2.7. There's still 10 million out there, I think.

A Member: — No.

Mr. Lutz: — No?

Mr. Chairman: — Just check it.

A Member: — Let's get to the bottom of this.

Mr. Chairman: — Go ahead.

Mr. Cunningham: — As at April . . . or at March 31, 1985, there was approximately \$10 million identified in overpayments. Six million of that was for clients who were no longer clients. Of that 6 million, 2.9 has been written off.

Mr. Lutz: — Since?

Mr. Cunningham: — Since March 31, 1985.

Mr. Katzman: — So we're down to about 3 million . . .

Mr. Cunningham: — On inactive cases.

Mr. Katzman: — On inactive. And then we have about 4 million active, if I read you correct.

Mr. Cunningham: — I don't know what the current numbers would be.

Mr. Katzman: — But by the active?

Mr. Cunningham: — Yes. Approximately 4 million, based on those . . . on that year.

Mr. Katzman: — Okay. Now when we say active, I assume they're paying \$5 a month or something like that. There's some agreement of some kind.

A Member: — That's right.

Mr. Katzman: — Now I assume you say prior to '78 they were written off because of some legal . . . seven years, no payment; or somebody who dies on us.

Mr. Cunningham: — The statute of limitations Act requires it.

Mr. Katzman: — Only one other question. If I understand this properly . . . And once again I'll tell Ned to listen because we might need legal advice; I'm not sure if it will be worth much, but we may need it. As long as the client is being discussed with, or talked to, or worked with, a file, even if it's over seven years, he's still considered active by law. Am I correct?

Mr. Shillington: — Could we discuss the arrangements

first, Ralph? Ask your question again.

Mr. Katzman: — What I understand is — I don't know, I'm just making sure what we have legal authorization to do. If it's seven years old and you've not talked to them, you can't go after it; but if they've made some agreement to pay and it's over seven years old, it's still collectible. I'm trying to understand what the rules are here. Maybe you can answer.

Mr. Shillington: — It's much more complex than that. It's not seven in any case, it's six. But it's much more complex than that, Ralph.

Mr. Chairman: — Did the officials want to comment at all? Then I would like to move on to another item so we can get this . . .

Mr. Cunningham: — I think, as Mr. Shillington says, it's a very complex arrangement.

Mr. Chairman: — Good. If there are no other questions.

Mr. Meagher: — Just a point, if I may. You refer to a portion of this amount as inactive. Would you define that for me a little more precisely, what you mean by inactive.

Mr. Cunningham: — That is the overpayments of people who are no longer receiving social assistance.

Mr. Meagher: — And you are not actively attempting to collect this overpayment; is that what you're saying?

Mr. Cunningham: — We are actively attempting to collect those overpayments. However, of that 6 million there was approximately 2.9 million that was statute-barred, where the statute of limitations said we could no longer collect those overpayments. On the other cases we are actively trying to collect those overpayments.

Mr. Meagher: — When you say inactive, do you just mean that they are no longer recipients of assistance?

Mr. Cunningham: — That's correct.

Mr. Meagher: — But you are actively attempting to collect the funds, though.

Mr. Chairman: — Okay. Item (c). Does anyone have any questions? The questions I would ask I have already asked under the other items. Okay, we'll agree with item (c).

(d), page 46. There's a comment here:

Officials in the regional offices do not conduct adequate follow-up of recipient files.

The explanation you gave earlier, does that apply in this case as well? Or has something else changed?

Mr. Cunningham: — I'm advised that the criticism cited here was based on two cases in which our verification unit had noticed a discrepancy in the client's file, had notified the worker or the district office that the discrepancy was there, had advised the district office to

follow upon it, and the district office had not done so. We have since put in place procedures to ensure that that will not happen in future.

Mr. Chairman: — Okay. Anyone else?

Mr. Katzman: — Mr. Meagher made a side comment to me. He noticed the word "recipient" is used here.

Mr. Chairman: — Well you have to be fair. Item (e), any questions?

Mr. Katzman: — That's the senior citizens' special care facilities program. Which one is that? I've got some problems.

Mr. Cunningham: — That's the Saskatchewan income plan.

Mr. Katzman: — That's the seniors who receive extra money, based to them getting the federal money? I read, and correct me if I'm wrong, that if you are in a nursing home, it's a different situation than if you're in your own home.

Mr. Cunningham: — That's correct.

Mr. Katzman: — Because in a nursing home, I gather, Health picks it up, the extra cost; therefore you don't get the extra money from us? Or how does that work?

Mr. Cunningham: — The differentiation is based on the premise that a person's disposable income should be at a certain level. And given that the Department of Health or the Government of Saskatchewan picks up a significant portion of a person's living expenses when they are living in a continuing care facility, it's deemed desirable that those clients should not be eligible for the full SIP (Saskatchewan income plan) benefit.

Mr. Katzman: — Okay, I'm not sure if this is the right spot, Mr. Chairman, so I'm going to take a little . . . ask for a little leniency on confusion.

When either a senior citizen or a mentally handicapped person is on assistance — be it social assistance of the first type we talked about or the assistance here — and there is a decease, a member of the family dies, and there is a will leaving them money; or we get to the point where they, for some reason, have over \$2,500 in their bank account for some reason, how do they cut in and out of the system? Because I know it gets very confusing when somebody gets . . . when we have more and more people leaving things to people, because of the age and so forth of the province, and a lot of MLAs get a lot of confusion on this one.

Mr. Cunningham: — Essentially we're talking about two different programs. Under the Saskatchewan income plan, which is the program providing supplementary benefits to seniors, the level of benefit is based on the income received by that senior, as is a person's guaranteed income supplement that is received from the federal government. Under the Saskatchewan assistance plan, which is the general assistance program, there are levels placed on the amount of cash assets that a person

can have before he or she is eligible for assistance.

Mr. Katzman: — Okay. Let me give you . . . A senior citizen receives the pension benefits from the federal government, has an investment which is — and I don't quite know what you call them — that's in a company of some kind, let's call it Intercontinental Packers, for example, if they're on the trading commodity — I don't know if they are or not.

But those dividends that they get, by income tax are written up 50 per cent. In other words, they receive \$1, but by the tax laws they're charged \$1.50 on their income tax. And that extra 50 cents, which they really don't have in cash, knocks them off our program. I'm confused why that should happen.

It's a dividend; that's what it's called. That's right, that's what they call it.

Mr. Cunningham: — Under the guaranteed income supplement plan, which is the federal program, dividends are considered as income. And under that plan the amount of income that you receive reduces . . . or determines your eligibility for GIS and, consequently, for the Saskatchewan income plan. So if they receive \$1.50 in dividends, for example, their eligibility for GIS would be reduced by 75 cents, I think — 50 per cent tax . . . (inaudible) . . .

Mr. Katzman: — Except they receive \$1. They are credited as receiving \$1.50 because of the law, because it's a dividend, and therefore they only get 75 cents taken off instead of 50 cents. That's the problem. We cause a lot of ineligibility because of some funny tax rule. They use last year's tax form, and last year's tax form jumps them 50 per cent because of how dividends come into your taxation.

Mr. Cunningham: — GIS, as I said, is a federal program. I'm not 100 per cent certain of the rules and regulations under that program, but we can certainly check up on . . .

Mr. Katzman: — . . . (inaudible) . . . mention it to the feds that we have some concern, that we shouldn't be penalizing them under some tax rule rather than real income.

Mr. Cunningham: — We'll follow that case up.

Mr. Lutz: — I think what Mr. Katzman is asking is: do you people calculate this person's other income at \$1 or \$1.50, depending on the fact that he only got \$1, but his information slip for tax purposes will say \$1.50?

Mr. Cunningham: — The SIP benefit is based on the OAS/GIS application process.

Mr. Lutz: — What's an OAS/GIS?

Mr. Cunningham: — That's the federal program. The old age security program.

Mr. Lutz: — So you would use the \$1.50?

Mr. Cunningham: — Yes, we would.

Mr. Lutz: — And he never saw \$1.50?

Mr. Katzman: — That's exactly the problem.

Mr. Lutz: — Ah, but you see, it is highly unlikely that this person that Mr. Katzman is discussing will ever receive that dividend tax credit because he will never be taxable, in all probability. But still, if what Mr. Cunningham is telling me is true, he gets pounded for \$1.50 income on his otherwise eligibility level because somebody is going to bill back into the system the dividend tax credit which will likely never apply to him.

A Member: — He's got it.

Mr. Cunningham: — I'm not exactly sure what happens under those circumstances. As I say, it's a federal program. But we will follow up on that with the federal people.

Mr. Chairman: — Okay. Let's agree that you will follow up and provide us with further information through the Clerk.

Mr. Katzman: — The second part of my question, and I'll try to be quick, Mr. Chairman, is when a person comes off the family income plan, and I'm talking about people in . . . mentally retarded, handicapped, sheltered workshops — all those type of people again. And the income they are paid, working in a sheltered workshop, and what they are charged to live in the group home and charged to ride the bus and everything else, is very complex. And I'm concerned that somewhere along the line we should clean the system up and treat them different than the people who are on the normal, who live in their own home, because it's quite confusing and it really isn't . . . It's once again like the dollar and a half dollar. There's some very unfair equities involved, built into that system as well, and I suggest we have a good look at it.

Mr. Chairman: — Okay. That's noted. I think we were on items (d), (e). Any questions? I think we've pretty well covered any questions that may apply here.

Number (2), page 47? Hearing no indication of further questions, we have disposed of the auditor's report, and my next list . . . Mr. Shillington was on my speaking list here, so I will ask him to proceed.

Mr. Shillington: — Okay. I asked a question about a half an hour ago. Day care was underexpended by 8.3 per cent with respect to the administrative items, and 9.6 per cent with respect to the grants. Why was that?

Mr. Cunningham: — Under the grant subvote, the underexpenditure was primarily due to the fact that there was a delay in setting up day care centres for which we had provided in the budget start-up and equipment grants. So there was a delay in starting up some of those. And under the allowances subvote, which is subsidies to parents, the number of subsidies that were paid were just less than what we had planned.

Mr. Shillington: — Does that suggest there's something wrong with the formula on which you're paying them out,

when you're only paying out 90 per cent of what the legislature voted you?

Mr. Cunningham: — I don't think it suggests anything wrong with the formula. It just depends on the income level of the person applying for the subsidy and, as you can well imagine, that's very difficult to project what the income levels of the applicants will be in the next year.

Mr. Shillington: — The formulas are relatively low in a way, though. Secretaries . . . a friend of my wife's is a secretary who's on and off the formula, depending on whether or not she gets a raise. It strikes me, if the legislature voted you this money, if it's not being spent . . . Is this an ongoing problem, that you're only spending a portion of this moneys, or is this unique to this year?

Mr. Cunningham: — In other years we have overspent the allowance . . .

Mr. Shillington: — So this is a unique situation this year. The other item which was underexpended was the Saskatchewan employment development program, by about 10 per cent. I'm surprised to see that happening in a year in which unemployment is as high as it was.

Mr. Cunningham: — The issue with the SEDP in '84-85 was that a number of projects were carried over from that fiscal year to the next fiscal year, so that the payments were not paid in '84-85. In addition, we had recovered some funds from projects that might have not proceeded to their full planned level, that's all.

Mr. Shillington: — Okay. A couple of questions with respect to the schedule of payments — salary, services, gratuities. I notice both Mr. Birkbeck and Mr. Dirks in for a couple of thousand dollars each. They're relatively modest sums. I'm wondering how they come to be paid out of Social Services estimate subvote.

Mr. Cunningham: — Why were they paid for from . . .

Mr. Shillington: — Yes. What was that . . .

Mr. Cunningham: — For Mr. Dirks it was his CVA vehicle primarily; and for Mr. Birkbeck it was his expenses as Legislative Secretary to the Minister of Social Services.

Mr. Shillington: — That would have been mileage, would it?

Mr. Cunningham: — I believe so, yes.

Mr. Shillington: — The Renaissance hotel got \$3,400. What was that for?

Mr. Cunningham: — Which subvote are we talking about?

Mr. Shillington: — The Ramada Renaissance hotel; I don't know what subvote it was. It's schedule of payments, services, gratuities, travel, sustenance, and vehicle expenses. I'd have to go to another table to see which subvote it was paid out of, but it was the Ramada Renaissance hotel in for \$3,400. What was that for?

Mr. Cunningham: — It could have been a number of things. It could have been payments for staff who were away from headquarters, staying at that hotel.

Mr. Shillington: — They stay in the Ramada; your staff stay in the Ramada hotel?

Mr. Cunningham: — There may have been instances, yes.

Mr. Shillington: — That's the most expensive hotel in Saskatoon.

Mr. Cunningham: — I'm sorry?

Mr. Shillington: — Is this the one in Saskatoon? It's the most expensive one in Saskatoon, if they're staying there.

Mr. Cunningham: — There are occasions when all the other hotels are full and an employee would have to stay at that one. But in most instances, if an employee is staying at a facility, the charges beyond what the government rate is, we would expect the employee to pick up the difference.

Mr. Shillington: — I was going to say, I don't think that information's accurate. I think, if your employee went to Saskatoon and stayed at a hotel, would that not appear as travel expense for the employee and not for the hotel itself? I don't think that information is accurate, actually?

Mr. Cunningham: — We're having some difficulty finding what the payment was made for to the Ramada hotel. Can you tell me what subvote or what schedule . . .

Mr. Shillington: — I'm looking at a different schedule . . . No, I can't. I don't think that appears in here.

A Member: — Have you got the page number there?

Mr. Shillington: — 458. Is it in there, Mr. Kraus? This is not quite in the same class, but there was \$7,000 paid to St. Peter's Abbey. This is not quite the Ramada Inn, but it's a large sum to be paid to an abbey, and I'm just curious.

Mr. Chairman: — Did you get that question about St. Peter's Abbey?

Mr. Cunningham: — No, I'm sorry I didn't, but the Ramada Renaissance Hotel, I believe that is a payment made on behalf of staff.

Mr. Shillington: — What was paid on behalf of staff?

Mr. Cunningham: — The \$3,400 to the Ramada Renaissance Hotel.

Mr. Shillington: — Under what circumstances was it paid on behalf . . . I assume it was your staff. Under what circumstances was it paid on behalf of staff?

Mr. Cunningham: — If they were staying at that hotel while on government business, and if there was no other facility that was . . .

Mr. Shillington: — Why is it the only hotel that's listed in

the schedule of payments. Is that the only hotel your staff can stay in?

Mr. Cunningham: — No, I'm sure it wouldn't be.

Mr. Shillington: — No, but there is just the one mentioned. I doubt the accuracy of the information I'm getting. I guess that's my problem.

A Member: — It's a nice place.

Mr. Shillington: — Darn right it's a nice place, but it's not one I think the taxpayers should be paying for. I think it's a conference. I don't think . . . (inaudible) . . .

Mr. Chairman: — Let's give the officials a chance to answer the question here.

Mr. Cunningham: — Can we have one of our officials try to follow that up?

Mr. Shillington: — All right.

Mr. Chairman: — Is that satisfactory, Ned?

Mr. Shillington: — I suspect the same answer applies to St. Peter's Abbey. I suspect there was a conference held there.

Mr. Katzman: — I've got an answer for you, Ned.

Mr. Chairman: — I think they have an answer.

Mr. Uhren: — St. Peter's Abbey was a workshop.

Mr. Shillington: — St. Peter's was a workshop. What was the Renaissance?

Mr. Cunningham: — We're just trying to find that.

Mr. Shillington: — Okay. While your official is looking for that, the clock is running; there were a number of law firms . . .

A Member: — Which you're not one of them.

Mr. Shillington: — Well, which I'm not one of them, and therefore I am very short-tempered with this process. What is your fee arrangement with law firms?

Mr. Cunningham: — First I'll answer the one on the Ramada Inn. That was a conference that was held for the Unified Family Court, and the cost was shared with the federal government. In regards to the fees paid to lawyers, those fees are negotiated by the Department of Justice.

Mr. Shillington: — With each law firm individually?

Mr. Cunningham: — Presumably with each law firm under some sort of standard schedule.

Mr. Shillington: — Okay, but anyway, you don't negotiate it?

Mr. Cunningham: — We don't negotiate it.

Mr. Shillington: — Okay. What services did you get from . . . With respect to the Renaissance Hotel, I'll leave it. It strikes me that since you're paying taxpayers' funds . . . using taxpayers' money, you might have found a cheaper place for the conference than the Ramada Renaissance.

Mr. Muller: — Seeing it was shared with the federal government, maybe they had some input.

Mr. Shillington: — Okay, it may not be. It struck me it was a bit pricey, but I will leave the subject.

Dome Advertising; what services was provided by Dome Advertising?

Mr. Cunningham: — I'm assuming that you're referring to the \$115,000 that was paid to Dome . . . (inaudible interjection) . . . \$179,000?

Mr. Shillington: — Right.

Mr. Cunningham: — It was a number of items. For example, we did some advertising in Saskatchewan newspapers in regards to the senior citizens' programming that cost about \$7,300, and there was also some TV ads on the same issue which was about \$12,000. There were some staffing ads that were placed through Dome Advertising. There were some radio-TV-newspaper ads in regards to seniors' week placed through Dome, and that was approximately \$48,000. There were some newspaper ads on ways of making social services better, which was about \$26,000, and a number of other miscellaneous sorts of advertising.

Mr. Chairman: — Can I just interrupt for a minute. I would like to have a list so that we can have it precisely. If you would undertake to send it to the Clerk, he can distribute to us, that information you provided, so that we have it all.

Mr. Cunningham: — Of the total amount?

Mr. Shillington: — Tanka Research. This is not an earth-shattering sum; it's only \$12,000, but I'm just curious as to what services were provided by Tanka Research?

Mr. Cunningham: — We paid \$12,000 to Tanka Research in 1984-85 to conduct the productivity public opinion survey that was conducted by the productivity secretariat that year.

Mr. Shillington: — What information was that survey intended to give you?

Mr. Cunningham: — Productivity secretariat was an agency reporting to the Minister of Social Services and at that time was . . .

Mr. Shillington: — . . . (inaudible) . . . capacity as minister in charge of the Public Service Commission, was it not? Am I wrong?

Mr. Cunningham: — I believe it was a separate secretariat.

Mr. Shillington: — Okay.

Mr. Cunningham: — It was a survey, and I'm sorry, I don't have the full details on it, but it was looking at how the public perceived government and its agencies in terms of productivity.

Mr. Shillington: — So it was a survey . . . (inaudible) . . .

Mr. Cunningham: — Yes, I believe so.

Mr. Katzman: — I understand it was part of that all-over thing they did within the government as well, where several departments looked at their own . . . How they deliver a program and they put that up and then asked the people if that was a good delivery system or if they preferred changes and so forth. If I'm correct, that was all part . . . Mr. Dirks chaired it. There was several deputy ministers and so forth involved in it.

Mr. Chairman: — You have the survey?

Mr. Cunningham: — I don't personally have it with me.

Mr. Chairman: — Not here, but the department would have it?

Mr. Cunningham: — It will be in the records, yes.

Mr. Shillington: — Those are all the questions I have, Mr. Chairman.

Mr. Chairman: — Being that it is now 11 o'clock, I'm asking the committee to indicate . . . I guess we're not finished with Social Services . . .

A Member: — We're done as far as I'm concerned.

A Member: — As far as I'm concerned, we're done, Mr. Chairman.

Mr. Chairman: — Are we? That's why I'm seeking your guidance.

Mr. Katzman: — Anybody else? We're done aren't we, Paul?

A Member: — Yes.

Mr. Chairman: — So we are completed with the Department of Social Services. Next week we will proceed with Agriculture, assuming certain things, of course. Do we need a stand-by for Agriculture, or should we just proceed with Agriculture?

Mr. Katzman: — May I suggest, Mr. Chairman, I will discuss stand-by after, when I have a look at the sheet.

Mr. Chairman: — Okay. Mr. Katzman . . . I had a discussion with him and he has indicated he will be the lead questioner on Agriculture when we begin it next Thursday. I have asked Craig James to prepare us a draft report on the progress of the committee that we can look at next Thursday, as well.

Mr. Shillington: — . . . (inaudible) . . . stand-by. How long

does he expect to be with Agriculture?

Mr. Katzman: — Well, if I'm correct, we'll probably be the full day. Mind you . . .

Mr. Shillington: — You're going to hound those poor devils over every grasshopper and . . .

Mr. Katzman: — I think Mr. Engel isn't here, so that may shorten it down a little. That's sort of what's been bothering me.

Mr. Chairman: — Well I'm not convinced of that, but . . .

Mr. Muller: — I took a drive out south last night, and that's one of the best crops I've seen south of Regina for a long, long time.

Mr. Chairman: — Except it's not in the bin.

Mr. Muller: — Well, mine isn't either.

Mr. Shillington: — The countryside looks the best it has in 10 years.

Mr. Katzman: — Okay. I would like to thank the officials on behalf of the committee for responding. There's some information I know you'll provide us as we have requested. I now declare this committee adjourned.

The committee adjourned at 11 a.m.