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# **Standing Committee on Government Operations and Estimates**

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**EVIDENCE**

**Thursday, July 28, 2016**

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**Chair**

**Mr. Tom Lukiwski**



## Standing Committee on Government Operations and Estimates

Thursday, July 28, 2016

• (1400)

[English]

**The Chair (Mr. Tom Lukiwski (Moose Jaw—Lake Centre—Lanigan, CPC)):** I call the meeting to order. It's 2 p.m., and I believe we have everyone from the committee here.

Mr. McCauley, excuse me, if I could just make some opening remarks first, I'll get back to you, if that's all right, and then to Madam Ratansi.

First, welcome to everyone. I'm glad to see you back here. It's good to see you.

I was hoping we wouldn't see each other until September, but obviously this is a very important day for us. I want to remind all members that this is a special meeting, requested through Standing Order 106(4), and that it is also televised.

I would like to spend a couple of moments going over some procedural aspects of the meeting and how it will be conducted, and then we'll get into the meeting itself. Unlike our regular committee meetings, which are structured for two hours and only two hours, this special meeting has no predetermined adjournment time. Therefore, we will be sitting for as long as members around this table have questions or comments to make. We will adjourn only when all members have exhausted all of their questions, comments, or observations.

Our first order of business is that we need to agree as a committee that we wish to examine the Phoenix pay system. That was included in the letter of request under Standing Order 106(4). We have to agree at this table that we want to go forward and examine the Phoenix pay system. Then, and only then, will this meeting continue.

We all know that Mr. Weir, for example, has a motion on notice that discusses potential witnesses. I suspect, although I do not know, that there will be other motions from the floor. You can make a motion from the floor—that is admissible—if there are motions pertaining to witnesses to come forward.

We have a number of officials in the gallery today. For the benefit of committee members, and perhaps for the members of the media who are in attendance, I want to let you know who will be in the gallery and will be available, if requested, to come forward to speak to this committee.

We have Donna Lackie, the national president of the Government Services Union; Marie Lemay, deputy minister, Public Services and Procurement; Rosanna Di Paola, associate assistant deputy minister

of accounting, banking, and compensation; Gavin Liddy, associate deputy minister; and also Debi Daviau, president of the Professional Institute of the Public Service of Canada. These officials are in the audience. If any of them are requested to come forward, they will be available if the committee so agrees.

Ladies and gentlemen, if a motion is presented, debate will begin on that motion. The normal rules of procedure will take place, that is to say that there is no time limit for debates, and speakers can speak more than once.

However, as chair, I would encourage you to please make your comments as succinct as possible. The longer we are debating motions, the longer it will take to potentially have witnesses before us. In the cases of motions that are requesting certain witnesses to appear, I think the witnesses will probably be fairly self-apparent as to why they are being asked to appear. I don't believe we need to spend an awful lot of time on debate, but that is strictly up to the members around this committee.

Also, I would strongly encourage members to try to avoid the blame game if possible, and I say this with all sincerity. We're all partisan animals around here. We can all go out and do our partisan hits with the media, but the reality is that this is a very serious problem. The aggrieved parties are the employees of the federal government. I think it serves no useful purpose for members of this committee to start blaming one another as to who did what and when did they do it.

I hope that we are of one mind. The purpose of this meeting is to certainly determine what went wrong, but more importantly the remedies to fix the problems. If we can focus on that, then hopefully we can all be part of the solution.

Finally, ladies and gentlemen, on a separate matter, after we conclude the special meeting, I would ask concurrence of the members around this table for an in camera five-minute meeting so our clerk can update us on future committee business.

That concludes my opening remarks.

Mr. McCauley, and Mr. Weir, you're on the list of speakers. I had recognized you first.

• (1405)

**Mr. Kelly McCauley (Edmonton West, CPC):** Thank you, Mr. Chair. I appreciate your comments.

I'd like to put forward a motion:

That the Minister of Public Services and Procurement Canada appear before the Standing Committee on Government Operations and Estimates no later than Friday, August 5, 2016, on the issue of the government's failure to adequately implement the Phoenix payroll system; and that the meeting be televised.

**The Chair:** That concludes your motion?

**Mr. Kelly McCauley:** Yes.

**The Chair:** The motion is now up for debate. I will assemble a speakers list.

Mr. McCauley, you made the motion, so I'll ask you to speak to it, if you could, briefly, please.

**Mr. Kelly McCauley:** Very briefly, the Minister of Public Services and Procurement is responsible for the Phoenix pay system. It is her department that is responsible for rolling out and looking after it. I think it's imperative that we have her here to discuss it with us, explain her plans on fixing the system, and how we're going to go forward with that.

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

Madam Ratansi.

**Ms. Yasmin Ratansi (Don Valley East, Lib.):** Thank you, Mr. Chair.

Mr. McCauley's motion is not unreasonable, but we have to be mindful that we have the deputy minister here today. In our motion in the July 25 letter that we sent, we asked the deputy minister to come. We need to hear first from the deputy minister as to what solutions have been.... We know the problems. Plenty of people have not been paid. We can hear from the people who are working, the bureaucrats who are working, and then we can hear from the minister later on, in September, because we need to figure out, as a committee, the time frame. We have other issues we are working on. We need to work with the deputy minister first, figure out what it is, and then as a committee come up with a solid plan.

I do not dispute that the minister has to come, but the minister coming will give the same answers as the deputy minister, will not help our case. I think it is important that if we want to solve this problem and not play political games, then we should get to listen to the deputy minister and then move forward.

Thank you.

**The Chair:** Madam Ratansi, before I go to Mr. Weir, you mentioned the motion that you had contained in your letter. As I'm sure you're aware, the motion will have to be presented today.

**Ms. Yasmin Ratansi:** Do you wish me to present the motion now?

**The Chair:** No, we're dealing with Mr. McCauley's motion. But before we can deal with what you would like to see, we would have to have that motion presented.

**Ms. Yasmin Ratansi:** Fair enough.

**The Chair:** Mr. Weir.

**Mr. Erin Weir (Regina—Lewvan, NDP):** I would speak in favour of the motion. I think it's self-evident that we need to hear from the minister on the Phoenix pay system. I would note that the reason we're here today is that we recognize that this is an urgent crisis. I would disagree with Madam Ratansi that it would be reasonable to wait until September to hear from the minister.

In fact, Mr. Chair, I would note that the minister is in Ottawa today. I wonder if we might be able to ask her to testify to our committee this afternoon. I think if you were to canvass my Conservative colleagues, they would agree that if it's possible, it would be quite desirable.

**The Chair:** Mr. Weir, in response to your request, we're dealing with Mr. McCauley's motion, which I believe has a deadline of August 5. That is the motion we are debating and will ultimately vote upon. It is out of order to actually ask the minister to appear this afternoon. We'll deal with the motion as it was read.

Madam Ratansi.

**Ms. Yasmin Ratansi:** Just as a procedural matter, does the motion that I presented for July 25 come before Mr. McCauley's motion? I just want to clerk to clarify it.

**The Chair:** I'll speak to that and ask the clerk to verify.

My understanding procedurally is that the motions at this meeting will be in the order that you were recognized by the chair. Mr. McCauley had his hand up first. I recognized him. If there are no more comments, we will vote on his motion.

You are the next individual, Madam Ratansi, whom I recognized. If you have a motion at that time, you can present it. We will proceed from there.

Are there further comments or questions on Mr. McCauley's motion?

Seeing none, I will call the question.

(Motion negated)

**The Chair:** Madam Ratansi, you now have the floor.

**Ms. Yasmin Ratansi:** In my letter to you, signed by four of the committee members, we asked that the committee hold a briefing with the Deputy Minister of Public Services and Procurement Canada on the issues surrounding the Phoenix payroll system.

The motion is as follows:

That the committee hold a briefing with the Deputy Minister of Public Services and Procurement Canada, on the issues surrounding the Phoenix payroll system.

● (1410)

**The Chair:** That is the motion.

You certainly can to speak to it, if you want to elaborate.

**Ms. Yasmin Ratansi:** Well, I think we have a system that has its challenges. The deputy minister has been giving a weekly brief on what is happening with the system. Since the deputy minister and her assistants are very engaged with the system, they would be the right people to be able to give us an update on the resolution to the problems—whether things are moving the way they are, what resources they need, etc.—so they will be the right people to have as our witnesses.

**The Chair:** Are there comments?

Mr. Weir.

**Mr. Erin Weir:** Mr. Chair, I think all members of this committee would certainly be keen to have an opportunity to ask questions and a discussion with the deputy minister, but I also think the reason we've convened this meeting is to hear from a broader range of voices. As the chair mentioned at the outset, in addition to the deputy minister, there are other officials present. There are the presidents of the two largest federal public service unions in the room prepared to testify. So I would think that all members of the committee would want to hear from these witnesses and I would propose what I hope is a friendly amendment to include all of those witnesses named by the chair in this motion.

**The Chair:** We are now debating the amendment.

Madame Ratansi.

**Ms. Yasmin Ratansi:** Mr. Chair, I'm happy with the amendment and I'd be happy to entertain the amendment, and if we could combine the two, that would be fine with me.

**The Chair:** All right.

Mr. McCauley.

**Mr. Kelly McCauley:** Ms. Ratansi took the words out of my mouth.

**The Chair:** Thank you.

Now, procedurally, unless there are further comments, we will vote on the amendment.

Mr. Weir, I'll try to summarize. If I'm off base here, please correct me.

The amendment is to include in addition to the deputy minister of Public Services and Procurement all the public officials whom I had identified in my opening remarks, including the leaders of the two public service unions as well as two associate deputy ministers.

**Ms. Yasmin Ratansi:** You've given an amendment. I am fine with it, but in terms of managing the way in which we are going to call the witnesses forward, I'd appreciate it if we could go with the deputy minister first and then we can go with the public service unions and other members who are there. That would be fine by us.

**The Chair:** Mr. Weir.

**Mr. Erin Weir:** Just to clarify, is the proposal to have an hour with the deputy minister and her officials, and then an hour with representatives of the two federal public service unions?

**Ms. Yasmin Ratansi:** I think that would be ideal.

**The Chair:** If I can interject again, if you don't mind, since we have no pre-determined adjournment, it would be an hour. It could be less, it could be more. It depends on how many questions come from this committee. So when witnesses approach the table—and I'll have to deal with that in a moment, how we get them here—you can ask questions until the sun goes down.

They are not here restricted to one hour. They're not here for a full hour. It all depends on the committee members and their questions.

Are we in agreement then that if the amendment passes, we will request the deputy minister plus the associate and assistant deputy ministers to approach the table? We will need agreement from this

entire committee for that, if the motion passes, followed by the two leaders of the public service unions.

Are we all clear on that?

Then on the amendment, all in favour? All opposed?

(Amendment agreed to [See *Minutes of Proceedings*])

**The Chair:** The main motion, all in favour?

(Motion as amended agreed to [See *Minutes of Proceedings*])

**The Chair:** Now we will deal with this immediately, but we will need agreement. Even though the motion has passed, we have not actually made a formal request for those officials to come forward.

Madam Ratansi, committee members, will you all agree to my calling the senior officials from the public service forward?

**Some hon. members:** Agreed.

**The Chair:** We then ask Madame Lemay, Madame Di Paola, and Mr. Liddy to approach the table.

Thank you all for being here.

Madame Lemay, I understand you have some opening remarks. Please proceed, and if you wouldn't mind, even though I've called you all forward, please introduce your colleagues for the benefit of the committee.

• (1415)

**Ms. Marie Lemay (Deputy Minister, Department of Public Works and Government Services):** Thank you very much.

Good afternoon. I appreciate the opportunity to appear before this committee to discuss the Government of Canada's new pay system, Phoenix, and our plan to address some of the issues that we're facing.

I can certainly appreciate your interest in understanding the challenges that we're facing.

Accompanying me today are associate deputy minister Gavin Liddy; and Ms. Rosanna Di Paola, the associate assistant deputy minister for accounting, banking, and compensation.

I'll begin with a little background on the Phoenix system and we'll then provide you with an overview of the challenges we faced, and where we are today, before discussing our plan to resolve these issues, if that's okay with you.

Before going further, I want to emphasize that it is unacceptable for any Government of Canada employee to go unpaid or to be incorrectly paid for the work performed. Employees are coming to work every day, they're putting in the hours required of them and sometimes more, delivering the services that Canadians require, and they're keeping our country safe and secure. In exchange, they're owed timely compensation to pay their mortgages, to feed their families, and we definitely understand that.

[*Translation*]

Now I'd like to provide a bit of context for the serious need underlying the Government of Canada's decision to adopt a new pay system and the challenges associated with such a complex undertaking.

Public Services and Procurement Canada is responsible for administering the pay of more than 290,000 federal employees, in other words, everyone working in the more than 100 departments, agencies and organizations that make up the federal public service, in addition to MPs, senators, and their staff.

Administering pay for the Government of Canada is complex, given that some 27 collective agreements setting out more than 80,000 pay rules had to be programmed into the system. A number of years ago, it became very clear that the federal government's pay system had become inefficient and was at risk of failing.

The regional pay system, as it was called, was more than 40 years old. Over 1,000 workarounds and temporary patches had been deployed over the years. It had become increasingly difficult to maintain, and it relied on outdated technology that put the sustainability of the administration of pay at risk.

At the same time, the pool of specialized employees with knowledge of the outdated technology was fast disappearing. A major outage would have put pay service operations at risk for weeks, even months. In fact, a major system failure in 2003 affected the pay of 4,000 public servants.

[English]

The Government of Canada initiated plans for transforming the administration of pay services through two related projects. The first project was to replace the outdated pay system through the purchase of a new off-the-shelf commercial system that would be integrated with government human resources applications. As part of the procurement process, the government acquired the PeopleSoft-based system, a reputable and well known payroll software. Working with the vendor, IBM, the department configured it and called it Phoenix.

The other project was to consolidate front line pay services administration from across government to a new public service pay centre in Miramichi, New Brunswick. The Miramichi pay centre was staffed with 550 employees, who were hired in three waves, the last of which was completed in December 2014.

A report by the government operations committee in 2008 recommended support for pay modernization and for potentially redistributing activities to the regions. The goal was, and remains, to attain a modern, responsive, and flexible pay system that is also cost-effective and sustainable.

[Translation]

Deployment of the Phoenix pay system required six years of preparation by our and other departments, as well as IBM, the supplier responsible for Phoenix's design and implementation. More than 16,000 different pay scenarios were tested to make sure the software ran smoothly.

At IBM's recommendation, the original deployment schedule was delayed to allow for further testing and ensure due diligence. The scheduled October 2015 rollout was pushed back to February 2016, and the December 2015 rollout was postponed to April 2016.

In December, positive test results and a third-party review confirmed the decision to go ahead with system implementation. In addition, in January, consultations with deputy ministers from all the departments involved resulted in support for system deployment.

Therefore, on February 24 of this year, Phoenix was rolled out for 120,000 employees across 34 departments. On March 9, the first batch of Phoenix-issued paycheques were generated. On April 21, another 67 departments were integrated as part of the second rollout, representing a total of nearly 170,000 public servants.

• (1420)

[English]

When Phoenix went live in February, the pay centre had a backlog of 20,000 employee cases that should have been cleared prior to implementation but weren't completed on time. This was exacerbated by backlogs in departments. For example, after going live with Phoenix we received 20,000 employee extra-duty pay requests. As well, there was a steep learning curve associated with the new system within departments and the pay centre. Therefore, despite the significant planning and preparation, we have faced critical problems affecting a considerable number of employees who have experienced a pay issue of one kind or another.

I'll give you a sense of the different categories that we're addressing in priority sequence, the numbers associated with each, and our plan to address the situation.

[Translation]

Our top priority is employees who are not being paid. As I already mentioned, that is completely unacceptable. Those affected are mainly new hires, students, and employees who are returning to work after being on unpaid leave and whose pay has not been restored.

At our technical briefing last week, I indicated that 720 employees had reported not receiving any pay. We committed to making sure 486 of them received a payment on the next payday, so July 27. I can tell you that all of those employees received their pay yesterday. We expect 139 of the remaining employees to be paid on August 10, since we now have the information we need to proceed. We are still waiting for information on 35 employees, and after a thorough check, we determined that 60 individuals did not appear in our system.

Since last week, another 589 employees have reported problems tied to missing pay. We are addressing 210 of those cases, with the objective of paying them on August 10. Like last week, we are working with departments to resolve cases where we are lacking employee information.

[English]

The second priority is employees whose pay may be affected by their going on leave or exiting the public service. Last week I reported that about 1,100 employees had brought these issues to our attention. Since July 18, we've addressed 74 cases, and we're processing the remainder as quickly as possible. Employees reporting these types of issues can expect to have their case addressed within six weeks.

The third priority is those who are receiving regular pay, but missing supplementary pay, such as acting or extra duty pay and salary increment adjustments. This group consists of about 80,000 employees. Without diminishing the importance of this, these are employees who are receiving their regular paycheque, but are missing amounts. Since July 18, approximately 1,100 employee cases out of the 80,000 backlog have been resolved, and those employees will see the adjustments on their August 10 paycheques if they haven't already seen them.

[*Translation*]

We are not finished, but we are making progress. We are also taking steps to make sure all cases are processed.

First, we have hired more people and are creating temporary pay offices all over the country.

We increased the number of staff at the pay centre in Miramichi, adding 40 employees at the beginning of the year. We are currently taking steps to manage the workload of employees at the centre, who have been dealing with excessive workloads in recent months.

Yesterday, Minister Foote and I had the opportunity to meet with employees at the Miramichi pay centre. We thanked them for their hard work and repeated the message that they were not to blame for this situation.

We created a temporary pay unit in Gatineau with 57 employees so far. We expect that number to rise to 115 in the coming weeks. I want to say how grateful we are for the support of our union partners, who are helping us find ways to encourage employees and rehire former compensation advisers on a temporary basis.

We are also creating temporary regional hubs in Winnipeg, Montreal, and Shawinigan. The Winnipeg office, which has 20 compensation advisers, will start processing cases in mid-August, and we expect the number of staff to rise to 50. The hubs in Montreal and Shawinigan should be up and running in the coming weeks, with 20 compensation advisers at each location.

In addition, we have set up a national call centre in Toronto. This is not a compensation centre but, rather, a call centre. Yesterday, the centre received 2,500 calls. None were dropped, and the average wait time was under four minutes. Callers with missing pay issues are referred to the pay centre using an electronic form that the call centre agent fills out.

• (1425)

[*English*]

Secondly, we are ensuring that there's flexibility in the system to address the very real financial needs of every affected employee. We've encouraged managers to take advantage of the existing processes through which they can issue emergency payments to employees. The Treasury Board Secretariat is exploring options to reimburse employees for the out-of-pocket expenses they have incurred as a result of inaccurate or missing pay.

We have encouraged employees to report their pay problems as quickly as possible through our website and to speak to their manager if they have a pay problem, to discuss the next steps and the resources available to them.

[*Translation*]

Thirdly, additional resources are being developed to ensure all Phoenix users fully understand the roles they play to keep pay requests moving quickly and accurately.

This issue is at the heart of the problems we've faced. While we provided training to employees and met with every department on a weekly basis prior to implementation, it's clear that we underestimated the amount of time it would take for all users to become trained and familiar with the system. This has created extra stress for the employees at the Public Service Pay Centre.

Enhanced tools and additional training are being developed and will be offered to both employees and managers in our department and other departments.

The first set of tools will include job aids, tutorials and webcasted events and will be made broadly available across the public service in the coming weeks.

In addition, our department and the Canada School of Public Service are working together to develop additional mandatory training to help employees and managers. We will also be developing a tool kit for managers with reference materials such as checklists and tips for helping employees who are having pay issues.

[*English*]

We've already completed enhancements that are speeding up transactions. For example, the pay system now recognizes automatically adjust level for acting to ensure compensation is paid at a correct rate.

Fourth and most importantly, we're working on the system itself. We continue to make adjustments and move forward with plans offering enhancements that are increasing automation and shortening timelines. We've started sending managers emails notifying them that they need to approve a transaction in the system. We expect this will have a substantial impact.

While I can tell you that these actions are proving effective, they do not for one minute negate the fact that every employee deserves to be paid for the hours they put in. Anything else is unacceptable.

Last week I reported that two privacy breaches related to the Phoenix pay system have been fixed. On July 26, I was made aware of a further privacy breach allowing four employees to access names and identification numbers of employees from other departments. We have informed the Office of the Privacy Commissioner. Our special investigation unit has assessed and reported that these breaches are deemed very low risk. I have instructed my department to conduct additional testing to identify additional potential vulnerabilities.

The road to pay transformation has not been smooth, but we are committed to learning from this process. We are committed to independent assessments that would provide valuable insight into the planning and implementation of major projects and that would benefit our department and other government organizations.

Minister Foote has asked the Auditor General of Canada to review the implementation of the Phoenix system. If there is an audit, we will, of course, fully support the Auditor General and his staff in their work.

[Translation]

In closing, I want to acknowledge the hard work of the Phoenix project team and the employees at the Public Service Pay Centre. I also want to thank the other departments for their support.

I look forward to helping the committee with its work.

I want to reiterate to the committee members that we are in the process of fixing the problems and that getting employees paid remains our most urgent priority.

[English]

I was asked yesterday by someone, "Did employees get paid today?" The answer to that question is that over 294,000 got paid their regular pay yesterday and, in addition, close to 35,000 of other types of payments, such as extra-duty pay, were received.

• (1430)

Thank you. I look forward to your questions. My colleagues and I are here to answer any questions you may have.

**The Chair:** Thank you, Madame Lemay.

For the benefit of the committee, even though this is a special meeting, I'm going to recommend to the committee that we follow the normal rotation of slots that we have in our regular committee meetings. As a refresher, that means the first round will be seven minutes for questions and answers. That will include two Liberal speakers, one Conservative, and one New Democrat. The second round will be four speakers for five minutes, with two Conservatives and two Liberals. The third round will be one three-minute intervention by Mr. Weir. We will then go back to the start with seven, five, and three, and continue questioning until all questions have been posed and answered.

With that we will start our seven-minute round with Madam Ratansi.

**Ms. Yasmin Ratansi:** Thank you, Chair, and thank you, Madame Lemay and your colleagues, for being here.

We're all here today because, as you mentioned, it is unacceptable that a single person who has worked and put in the hours is not paid. My colleagues and I have seen or heard from lots of our constituents constantly that these people have not received their pay. There is dire hardship and we would like to resolve the problems. We don't want to put blinkers on. We're not in the habit of putting blinkers on, so we would like to resolve the issue.

You have just made a presentation that you ran in parallel 16,000 test cases before you made the system go live. Is that correct? Yes.

Was there a parallel system running and, if there was, were there kinks in the system brought to your knowledge?

**Ms. Marie Lemay:** I'm sorry, I just want to make sure that I understood the question.

You're wondering if we saw some of the challenges before launching the system.

**Ms. Yasmin Ratansi:** Yes. Did you run a parallel system while you were doing...?

**Ms. Marie Lemay:** We did.

**Ms. Yasmin Ratansi:** Okay.

When you were testing the system, were there issues you encountered that brought some concerns to you?

**Ms. Marie Lemay:** There were, and that's why the actual launch was delayed. There was a third-party evaluation. The whole launch was delayed until everybody felt that...first of all, the vendor, the departments.... We had a third-party evaluation. There was a state of readiness that was established to be a good state to move forward with the launch.

**Ms. Yasmin Ratansi:** Was the problem with Phoenix a technical problem or a human resources problem? What was it? Was it a combination of both? Because these problems, whether it's 750 people not getting paid or one person not getting paid, are really unacceptable. People have faced a lot of hardships, as you know.

What was the reason there were issues? Were there technical problems with the system?

**Ms. Marie Lemay:** To me, when we talk about the system, it is from the moment somebody works until that person get a paycheque in his or her bank account. There are many parts in this system. There is obviously the user, who has to put information in, and managers, who have to approve. There is the software that is in-between, and there is the pay centre, where compensation advisers have to work. So there are different elements in that system.

We knew, and I think it was a recognized fact, that when you launch a system and a transformation of the magnitude of this one—remember that we're talking about close to 300,000 employees and over 100 departments.... Remember the rule we talked about, the 80,000. This is a massive undertaking.

There was a recognition that there were things that you would not know until you actually turned the system and that there would be a learning curve for people in getting used to the system.

In my assessment, when you look back, I would say there were two things we did not see coming. The first thing was that we did not expect to have a backlog when we transferred. So at the end, before the transfer to Phoenix, a number of transactions were there, at the very end, as we were about to change to Phoenix. There were about 20,000 transactions that arrived at the tail end that we didn't have time to process. So we started with a backlog.

On top of that, about 20,000 extra-duty pay transactions were transferred to us, once the system was launched, that were actually pre-Phoenix. So we started with a backlog of 40,000 transactions right there. That part we had not evaluated properly.

The other thing we underestimated, I believe, was the time and effort we would need to make sure that the users understood the new system, because it's a different system in terms of use.

I'll give you a short example: overtime. It used to be that you would fill out your form for overtime, and then it would take eight to 12 weeks to get paid, because it was paper and it would go through the system. Today if you work overtime, you enter it, your manager approves it, and it's paid on the next paycheque.

If you enter your overtime... Maybe overtime is not a good example. I'll give you the example of acting pay. Acting pay is the same thing. If you enter the acting pay when a person is acting in a position, it will be done automatically. But if you decide to wait, and a month or three months later, you say, "Oh, I have to make sure that this person gets the acting pay", and it is then processed, it becomes a manual transaction. It's not automated, because it's outside the current system.

It's a system that is made to be used live. There are a lot of things I think we underestimated that we needed to make sure employees understood: how to use the system, what to do. That's what we're working on very hard.

•(1435)

**Ms. Yasmin Ratansi:** Going forward, with the solutions you have shown us, or the actions you have taken, are you satisfied that this system will go forward without a glitch or that people will be paid and we won't hear any more complaints about it?

You say there are 234 people who have still not been paid. They'll be paid August 10.

Is that acceptable?

**Ms. Marie Lemay:** I would say in response that we expect there to be a transition period. There is a transition period where we will face issues that we have to correct, whether it's how we program the system, make adjustments to some of the rules, whether it's making sure people understand how it's used, making sure that managers understand that they need to do some of the paperwork, whether it's onboarding or others right away.

These things will keep happening for a bit as we are transitioning. There is a learning curve. To say to you that we're done and we're not going to have any more issues...we fully expect that we will keep seeing some issues. The key thing is that we now understand where the backlog is and the composition of how we got here. But more importantly, we have a process for people who do not get paid. If somebody doesn't get paid, we absolutely need to know about it because if we don't know, we can't address it. If we know, we're able to go to the root cause and find out why they're not getting paid. So far, we've been able to address many of them. If we find another reason we will address it. It's really important for employees to tell us when they have pay issues so that we can adjust the system.

The good news is that because we have the temporary centres—and we have, as I've told you, several of those now—we can deal with the backlog that was created and monitor how we're doing at the Miramichi pay centre, where there is still a learning curve. Indeed, it's a new system there too. They're doing much better in terms of the system. Yesterday, employees were saying that it's been a huge difference from day one to now in terms of their use of the

system. We'll monitor that very closely. We will keep the temporary units until we've reached a steady state. We have them for the transition period. Once we've reached a steady state, and Miramichi is processing and the system is functioning how it should, then we'll be in a position to remove them.

**The Chair:** For the benefit of the committee members, just because of the subject material here, I'm going to give a little latitude on the length of questions and answers. That was a fair bit over seven minutes, but, again, I think it's important that everyone gets a full understanding of what's going on within Phoenix.

We'll turn now to Mr. McCauley for seven minutes, please.

•(1440)

**Mr. Kelly McCauley:** Ms. Lemay, it's known that executives of the public service are eligible to receive performance bonuses. Have any current or former executives from the Department of Public Works received bonuses in 2015?

**Ms. Marie Lemay:** In 2015, I would have to look. I'm sorry, I wasn't there in 2015. In 2016 I can tell you, no.

**Mr. Kelly McCauley:** Well, the year is not over yet, so...

**Ms. Marie Lemay:** Sorry, you mean for the year 2015?

Absolutely, I can answer your question. I apologize. No, nobody has, and it's not a priority. We're really focused on getting people paid. That's what we're focused on. That will be the last priority for us.

**Mr. Kelly McCauley:** So no ADMs or DMs, etc., received bonuses?

**Ms. Marie Lemay:** No.

**Mr. Kelly McCauley:** Perfect.

The media obviously has been reporting very widely—we see them here today—on the personal stories of civil servants not being paid. A pregnant mother had to quit her job because she couldn't pay for her daughter's day care, etc. There are thousands of stories.

This mismanagement by big government has real life, day-to-day consequences. I have a very simple and blunt question. Who is taking responsibility for this personally, and in the real world who is going to get fired for this?

**Ms. Marie Lemay:** The answer to your question is that right now we're taking it collectively, because we're absolutely focused on fixing it. We are spending very long days—a number of us—in making sure that we get people paid. After that we're committed to doing an evaluation, we're committed to looking at lessons learned. There's going to be the Auditor General, there are going to be a number of processes, and we will be able to answer your question at that point more substantially. At this point our efforts are solely focused on getting people paid.

**Mr. Kelly McCauley:** I'll ask at another committee meeting then.

We've heard before that it was ultimately Minister Foote's decision to implement the Phoenix pay system. Ministers do receive technical advice from civil servants obviously. What was your advice to the minister on going live with Phoenix?

**Ms. Marie Lemay:** I was not in the position personally, but I can tell you that Minister Foote did receive the advice to roll out Phoenix for the February launch.

**Mr. Kelly McCauley:** Okay, and the next launch after that, the two?

**Ms. Marie Lemay:** Oh yes, I was there, and the advice was to do the second phase.

**Mr. Kelly McCauley:** Was that from you?

**Ms. Marie Lemay:** I'm trying to remember if it was prior to when I arrived. When I arrived, actually, the data had already been converted, because the 21st—

**Mr. Kelly McCauley:** There were two portions. There was the February and the April...and we heard in committee from the President of the Treasury Board that unless we're 99% sure it's working, we're not going to go ahead. Which of the civil servants—and I assume it was you—advised Minister Foote that “We're ready, let's go”?

**Ms. Marie Lemay:** I understand your question, but I want to clarify one thing. The date of the 21st is the date when the system was on, but the data conversion started way before that. The data conversion actually started at the beginning of April. But with the information that we had in April, I would have recommended to her to go to the second phase. I actually had conversations with the unions about this. We were at a stage where we had implemented the first wave.

The number of complaints we were getting—and we were monitoring this—was actually very low. I remember that even in May, when we were at this committee, I believe Minister Foote talked about the number of complaints we were getting. I think at the time we had only 77 that were unresolved, so that is what we were seeing at the time. As I said earlier, we expected to see some and that we'd be able to address them. If I had been asked to make an official recommendation to her, I would have said, yes, the same way, but I did talk to the unions about our moving in that direction. Yes, I was really supportive of it.

**Mr. Kelly McCauley:** Okay. Did you flag with the minister the possibilities of things like this occurring: “Here's a risk, do we go forward?” Or was it an unequivocal “Let's go”?

**Ms. Marie Lemay:** Maybe I should turn to my colleague who was there during that whole transition step, because, unfortunately, as I said, I only came in at the tail end of that portion of it.

**Mr. Kelly McCauley:** I realize that, but I would expect someone in your position would have done the look-back and asked people before.

**Ms. Marie Lemay:** The reality is that we all expected there to be some transition period. Whether it was me, or the private sector, I think everybody expected that this would not happen without a single.... There was a transition planned, so yes, the recommendation

to the minister was clearly, “Go ahead”. That's the advice she got from officials, clearly.

• (1445)

**Mr. Kelly McCauley:** Okay.

You mentioned that you had discussions with the union, but we've heard from them that they were advising as early as January not to proceed, but you're saying their advice to you was to proceed.

**Ms. Marie Lemay:** No. What I'm saying—

**Mr. Kelly McCauley:** Did I mishear?

**Ms. Marie Lemay:** Sorry, I may have misspoken.

I joined on April 11, and I believe I met with our representative, Ms. Lackie, probably on the Wednesday of my first week, and we had conversations about Miramichi at the time and the folks there. The meeting I had with the heads of the union was on April 25. Prior to that they had already started raising their request to not go to phase two.

At that time, once you'd launched the first wave, I think it would have been really difficult not to go to the second wave. You're managing two systems. People are working with two different systems, trying to understand and learn one while they're dealing with the other one. There's crossover from departments that are on the old system to a new system. It was really felt, and I think if you validate with industry they would say that with a move like that, you're better to move all the pieces—

**Mr. Kelly McCauley:** I have a couple of quick questions because I'm running out of time.

**Ms. Marie Lemay:** Sorry.

**Mr. Kelly McCauley:** I think I know the answer. Looking back, would you have advised, “Let's run with the two systems for a bit longer”? Did you or anyone else in your department, the ADMs, suggest that maybe you should run a bit longer with them both to smooth out everything before proceeding fully?

**Ms. Marie Lemay:** I think I would have made another type of recommendation. I think I would have looked at making sure that the employees and all the departments really understood the magnitude of the change in terms of the change management associated with that. I would have made sure that we did have additional compensation advisers, just in case we were going to transition. But I would have said that it was necessary to move to the second phase.

**The Chair:** Thank you.

Mr. Weir, for seven minutes, please.

**Mr. Erin Weir:** I think what we've heard so far really underscores the need for this committee to hear directly from the minister. I would note again that she is in Ottawa today, so it's quite unfortunate that she has not made herself available for this meeting.

I would like to start where your statement concluded, by mentioning that a large number of federal employees have been paid correctly. To me, that's a little bit like saying that two out of three isn't bad. But I really don't think that is very much consolation to the third of the federal employees who have not been paid correctly.

Deputy Minister Lemay, you've suggested that based on what was known at the time, the decision to implement Phoenix was defensible. I would ask, knowing what you know now, do you still think it was the right decision?

**Ms. Marie Lemay:** I will answer in the same way I just did. I think we could have taken additional measures, but the move to the second wave and the move to Phoenix is the right decision. But I would have done it a little differently, and I would have taken additional measures knowing what I know today.

**Mr. Erin Weir:** Okay. I think you said that the implementation of phase two was somehow inevitable or sensible based on phase one already being in place. Do you regret, though, the implementation of phase one? Do you think Phoenix was the right way to go from the beginning?

**Ms. Marie Lemay:** Phase one had a lot of planning and a lot of testing, and as I said in my presentation—and maybe we can expand I on this if you wish—there were a number of steps taken before launching it. There was testing. The launch was actually delayed. It was originally planned in three, got moved to two, it was delayed, and there was a third-party assessment. And again, I remember even the Secretary of the Treasury Board checking with all departments as to the readiness of everyone for the change to Phoenix. At the time, it was definitely felt that we were ready, as ready as we could be.

In terms of the system and the data, again, I think that the change management portion is something we underestimated, and maybe having a few additional people to help us to the transition would have been better.

**Mr. Erin Weir:** You've also said that you can't address what you don't know, and you referenced the fact that when the minister was in this very chair on May 17, and I asked her about Phoenix, she indicated that there were only 77 unresolved cases. We now know that there are 80,000 federal employees who have not been paid correctly. I'm wondering how the number went from less than 80 to 80,000. How was your department and the minister not aware of the gravity of this problem sooner?

• (1450)

**Ms. Marie Lemay:** A couple of things. Maybe I should first clarify that the 80,000 are not people going without pay. These are different things. These issues concern acting promotions, transfers, extra duty pay, and things like that.

As for the number that the minister gave, it's the number that we were tracking. It is the number that we were tracking at Miramichi when we were getting complaints. This was from our intake and our tracking of complaints in cases resolved and left to resolve. Those are the numbers we had.

Following my meeting with the unions on April 25, I believe, one of the decisions was that we would have regular meetings to make sure that we heard all of the issues, because the biggest challenge in the implementation at first was that we were hearing things, but we didn't have the data. We were asking to have all the information from every channel that we could, so we could address some of the issues. The unions worked really closely with us to try to get us everything that they heard from their members, and then they sent another series directly through Minister Foote's office. At that point, we realized we were at capacity with the phone lines, and it was when we decided to

put our web form up so that we could ask people to go to the website and fill in the forms and make sure we had all the information. That attracted and got us the real information and data, because a number of employees have told us about their issues through that web form. The numbers grew substantially from that point.

**Mr. Erin Weir:** I have another question about the transmission of information within your department. It's been reported that it was known back in January that Phoenix had breached the personal information of federal employees, yet the minister indicates that she was not aware of this privacy breach until last week. I'm wondering how that happened.

**Ms. Marie Lemay:** I think we have to remember that there are processes that we follow in the event of privacy breach. I don't want to diminish in any way the importance of this, but the fact that the breaches are about information, employee names, and employee numbers, there's not a lot that you can do with that. You can't go into the systems; you need other things like codes and other sorts of codes. So the evaluation that was done and is still the one that remains today from our investigation section is that the risk is actually very low. In very low-risk cases, there's no need in the process to advise the employees because there's really no risk to their personal information. The process was not to immediately inform the minister.

We have actually changed the process after this, because Phoenix being Phoenix, even if the risk is very low, the minister felt it is extremely important. We are all on the same page. So for any small Phoenix issue, we have now developed a process to make sure that we're all aware immediately.

**Mr. Erin Weir:** You mentioned that the federal payrolls are very complex and also that the concept of Phoenix was to run them using off-the-shelf software from IBM. Do you believe that it was realistic to think that off-the-shelf software could handle the federal payrolls?

**Ms. Marie Lemay:** It's an off-the-shelf software, but as we have said, we modified it to fit our needs, and there are 80,000 rules that we had to put in. It is a customized off-the-shelf software, let's put it that way. But it is a proven system. It's a system that has worked well, so that was the decision, and to my knowledge a good one.

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

Mr. Whalen.

**Mr. Nick Whalen (St. John's East, Lib.):** Thank you very much, Mr. Chair, and thank you all for coming here today.

In my riding of St. John's East, there happen to be, even though it's as far east as you can get from here, a number of people who work irregular hours who are having difficulty getting their rightful pay, especially ships' captains and whatnot.

From earlier testimony, my understanding is that it used to take eight to twelve weeks for regular pay to be paid, yet the time between phase one and phase two was only about eight weeks. I would thus not expect people to complain seriously during that type of window; they wouldn't even necessarily have noticed that there were glitches with the system in the timeline before the phase two decision was made.

What do you think about that?

• (1455)

**Ms. Marie Lemay:** We actually have a number of cases in the backlog that pre-date by quite a bit. You're right that, when you look at the past, there was a time between work done and work paid. The expectation with this system is that we'll be much better. The transition has made it such that we are seeing cases that are unacceptable and that we have to fix, but the hope is that once we're to our steady state, we will be much further ahead than before.

At this point, we're hearing a lot of things, which is good. I think it's really important to know that...we need this information, and some of it will be on things that we would have never heard before. The fact that we had this issue and that it has been so prominent is good, because we're going to get everything out, all of the issues that employees are having, and we'll be able to address them.

**Mr. Nick Whalen:** It sounds to me as if there will be a certain amount of continuous change management to be done. You talked about some enhancements, changes to manager processes that will be happening going forth. Are there extra non-budget expenditures going into the additional design work that's being done to customize Phoenix?

**Ms. Marie Lemay:** That's a good question. The plan was that there would be \$70 million in savings every year with the implementation of Phoenix. I think it's fair to say that this year we won't achieve that. We estimate the cost of the one-off—the temporary unit, the call centre, and all those initiatives—to be between \$15 million to \$20 million, and we are still evaluating the cost. We will be working on other ways, as you mentioned, to accelerate and enhance, so we're evaluating the cost of that.

I don't have a number for you today, but remember that there was a planned \$70 million a year in savings.

**Mr. Nick Whalen:** Maybe we won't worry too much about the timeline of how the backlog developed, but with respect to remedying the backlog, I'm looking at some of the numbers from your presentation earlier and then from your presentation today—your weekly update. It seems, with about 56 employees working on resolving backlog issues, that they got through 1,100 in one week. You extrapolate that out for the number of new independent centres and are saying that we should be through this at the end of October.

Will you be able to continually update us, week by week, as to whether or not this is still an achievable target?

**Ms. Marie Lemay:** Absolutely, and thank you for the question. It's on the website. I wanted to mention in my presentation that we actually have put a workflow timeline....

Maybe I can pass this around. I'm sorry; it's just off the press this morning, and we're putting it on our website. It gives employees the

possibility of looking at the types of issues and when we expect to have them resolved.

Yes, we will update this on a regular basis.

**Mr. Nick Whalen:** That's good. Managing expectations of employees is really a huge part of the battle here, because people are quite upset right across the country.

With respect to the issue you noted around automated retroactive pay adjustments not being provisioned in the system, will the enhancements that are being made to the system allow managers to do retroactive automated pay adjustments so that those will also be processed more efficiently?

**Ms. Marie Lemay:** Maybe I can let Rosanna give you a little bit of detail. I believe it's going to be in July.

**Ms. Rosanna Di Paola (Associate Assistant Deputy Minister, Accounting, Banking and Compensation, Department of Public Works and Government Services):** Yes. We have a few retroactive automations going in. We have one going in mid-August to allow the retroactivity calculations to be done automatically. Right now they all have to be done manually, so there has to be a compensation adviser who has to manually go in and intervene versus putting in the dates in the past and allowing Phoenix to automatically calculate. So those things are going in.

There is one other big “mass retroactivity”, which is what we call it. As collective agreements get signed, we have to then pay back. For PSAC, for example, I think, for the next collective agreement, whenever it gets signed, we have to go back a year or two. This will allow Phoenix to automatically calculate those.

• (1500)

**Mr. Nick Whalen:** Are you saying this functionality, which would be required or expected to be needed in the case of any type of union negotiation, did not exist in February? Or did it exist and people weren't properly trained on it? What was the status of the ability of the system to handle retroactive pay adjustments at the time of launch?

**Ms. Rosanna Di Paola:** It could handle it, but needed a manual intervention versus an automated process. What we're doing in mid-August and then in mid-September is allowing the system to automate that calculation.

**Mr. Nick Whalen:** I have one final question. Our committee is seeing a fair number of issues arising out of the change management process on the IT side in government. One of the things that I've noticed, and I'm hearing certain witnesses say that it's all of a piece and to do it all in one fell swoop, to just implement the system. But my experience in the private sector has been that you would pilot certain new initiatives. You'd do it with a small percentage of the number of people involved. You'd check to see how that affected the training times. You would measure the types of timelines that are required to resolve problems, maybe 5%, and then you would be able to multiply that by 20 and figure out how many additional resources you would need to roll out the full process. I'm wondering why pilots were not used.

**Ms. Rosanna Di Paola:** Our initial intent was to pilot, and then around May of last year, we decided we weren't quite ready to go ahead with the pilot. But what we did was to reconfigure the way we were going to go live. Rather than go live with a mishmash of departments, we took a grouping of 34 departments. They had two things in common. One, their pay was being administered at the pay centre, so there was a concentration of compensation advisers, the people who really know how to administer pay, in one location, targeted. We could go there, "SWAT-team" it, and everybody was there to gather around the people who were going to use it. That was one commonality.

The second commonality of these 34 departments was that they were all on the same PeopleSoft HR platform. Phoenix is based on a North American payroll with PeopleSoft, so the two integrate perfectly. You enter information into a chart; it flows into payroll. That integration was key. It eliminated the need to do duplicate key entry, which was the case before we went live with Phoenix. Before we went live with Phoenix, every time anybody did acting pay—the deputy mentioned acting, as an example—somebody had to put the information in a chart. They'd have to re-key it into payroll. The error rate was high. That was all fixed. The first grouping of "go-live" in February was very concentrated. It was the same types of departments. It was just the right approach in our view.

**The Chair:** For the benefit of the committee, I remind committee members that we will be here as long as it takes. If you have questions, we will remain here until your questions have been asked and answers have been proffered.

I know, Mr. Whalen, you wanted an additional question

Mr. Richards, welcome to our committee. You have five minutes, please.

**Mr. Blake Richards (Banff—Airdrie, CPC):** Thanks, Mr. Chair.

In response to some of the other questions you received today, you were fairly clear that the advice that had been given to the minister by officials had been to proceed. It sounds like that was unreserved advice. But I'm curious; I'm struggling to understand it. I know that the PSAC had expressed some reservations. I have a copy of a memo from their website, I believe it is, on my BlackBerry. I'll just read briefly from it. They indicate, and this was on from April 5:

For some time now, and since the new pay system Phoenix was launched at the Public Works Pay Centre, we have been hearing from our members of numerous problems and concerns.

They go on to indicate that they're

...taking [those] concerns seriously and [they're] following up with the employer to see if they can slow down the implementation of the new system until errors can be corrected to avoid future problems.

The PSAC has already communicated with management that they either need to add more staff at the pay centre or slow down the pace files are being transferred.

It sounds like there were certainly some concerns raised by PSAC. Were those concerns provided, in terms of advice to the minister that "We have received this from PSAC. There are some concerns here. Maybe this should be slowed down"? Was that ever communicated to the minister?

•(1505)

**Ms. Marie Lemay:** They were certainly received by staff. Maybe I'll turn to Gavin, who was there the whole time, but we certainly knew about these.

We assessed that with everything else that we had by way of complaints when we were looking at April, and our recommendation to the minister was to go ahead.

**Mr. Blake Richards:** Sure, but wouldn't it have been something that was fairly important to communicate to the minister, when there are concerns in the public service union, that they were recommending that this be slowed down? Would it not be something you'd think the minister should be aware of and that should be taken into consideration in the advice given to the minister?

I really would have to ask again: was this not provided to the minister?

**Ms. Marie Lemay:** Do you have an answer, Gavin?

**Mr. Gavin Liddy (Associate Deputy Minister, Department of Public Works and Government Services):** I don't recall, actually. I know we provided a briefing note to—

**Mr. Blake Richards:** Could we ask that you get back to this committee to indicate whether the minister was informed of those concerns, and were they taken into account in the advice that the minister received? I think that's an important point.

**Ms. Marie Lemay:** I can tell you that we took them into consideration, and our advice was clear: to move.

**Mr. Blake Richards:** Sure, but it's certainly something I think should have been communicated to the minister also, for her decision-making as well.

Did anyone ever flag to the minister the possibility that people could be in a situation of not getting paid? Was that ever brought to the minister's attention? Was it something that was given to her for consideration, that there was a possibility that people might not get paid?

**Ms. Marie Lemay:** There definitely was not, in those words, when I was there.

**Mr. Blake Richards:** No. I would wonder why not.

You were indicating earlier that there was a backlog that you said was unanticipated, but why would it have been unanticipated? Why would a large backlog like that not have been something that could have been anticipated, and why would that not have been communicated to the minister?

**Ms. Marie Lemay:** The backlog, again, are people who are getting paid, and these are adjustments and incrementals. In the past there were time delays between times of acting pay and overtime and payments. That is something that was in the system previously. If we're talking about those....

When I talk about not being paid, it's people in our category one, the 720 who came to us and said that they were not getting paid. Those are the ones who are very important to us and are a surprise that we really have to understand and get to the bottom of it. We have processes to make sure that we address and correct them so that they don't happen again.

**Mr. Blake Richards:** There's another area I want to ask about. On May 17 when the minister appeared before this committee, she indicated that there were only 77 outstanding files to resolve, and since then we've obviously heard that the number is far larger: about 80,000 affected cases. That was only a few weeks later, I guess; I would imagine that those 80,000 cases didn't just magically appear within those few weeks.

On top of that, even today we've heard that there are, I think, 500 more cases that have showed up.

Who told the minister that there were only 77 cases?

**Ms. Marie Lemay:** We did.

**Mr. Blake Richards:** Was that, then, just completely incorrect information that the minister received at that time, or was it just incomplete information, or...?

**Ms. Marie Lemay:** It was the information we had at the time.

Do you want to add something, Gavin?

**Mr. Gavin Liddy:** Yes. Those were the complaints we had received. In our case, and the deputy has given some examples, before Phoenix there were lengthy delays in receiving backlog—acting pay, extra-duty pay, transfers, those types of things—and they were measured in weeks and weeks.

When we went live with Phoenix, the goal was to clear those up—every single case—within 20 working days, or four weeks. The 81,000 public servants are those who have exceeded the four weeks. There weren't complaints on those; those were files that we were not able to close out within the four-week service standard. That's why there's a difference in the number.

As the deputy also said, we were hearing often—from the union, members of Parliament, through the minister's office, and from other deputies—that there were problems. That's why we went with the live web form, because these weren't getting to us. We were getting some complaints, but our phone system wasn't able to handle the volume, and you probably heard in the press about the numerous people who phoned hundreds of times and weren't able to get through.

We wanted therefore to establish a different methodology. Even today we're at about 10,000 complaints. There are lots of public servants who haven't complained, and that was the difference between the two numbers. Those are the complaints we had heard and those were the numbers that were unresolved at the time we provided the number to the minister.

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

Mr. Grewal, take five minutes, please.

• (1510)

**Mr. Raj Grewal (Brampton East, Lib.):** Thank you, Mr. Chair, and thank you, Ms. Lemay, for coming today.

A lot of the questions have focused on what went wrong. I think we can all agree that there was an issue with the rollout. That's a discussion for another time.

I think there are two discussions to be had here. The purpose of this committee meeting, for me, particularly, is to ensure that people

get paid, because it's not right that people are working and are not being paid, especially when you hear the heartbreaking stories in the news recently, especially about students.

Not too long ago, I was a summer student, and I can only imagine the stress of not being paid through the summer. So I'm very pleased to see that priority number one includes students and new hires who may have their first jobs out of university and have to pay student debt and are living off credit cards. It's unacceptable that anybody is working and is not being paid. It's very unacceptable, in my humble opinion, for people to be incurring additional expenses because they're not being paid on time, whether that's credit card interest, missing loan payments, or mortgage payments.

Can you please talk about some of the solutions we've implemented, particularly how many more people we have hired to solve this problem so we can get people the money they rightfully deserve?

**Ms. Marie Lemay:** In Miramichi we hired 40 additional staff at the beginning of the year. We expect to have more than 115 soon in Gatineau, 50 in Winnipeg, 20 in Shawinigan, and 20 in Montreal. That is a significant number of people who are going to be coming to the table to help us get through the backlog.

We're also doing an education component, which is going to be extremely important in the change management aspect of the system. We've also created internally what we call an operations centre to make sure that we can get all the information and that we have a process that flows.

Like you, when we hear cases of people not being paid, I don't want that. The important thing for people who are not getting paid is that they get in touch with us, because we have processes to get them paycheques in a fairly short time, and if they need an emergency salary payment, they can get it in days. Nobody should go without money if they need it and they've worked for it.

In terms of students, if I can just pause, the way the system works, and the way it worked before Phoenix, is that you have to work for two weeks before you're entered into the system and get paid. When you join the public service and are on-boarded—all your information is in and everything is settled—on day one, it will take, if you're lucky, three or probably four weeks to get paid, no matter what. This has nothing to do with Phoenix. It was like that before.

The challenge for a student who is with us for 10 weeks or 12 weeks is that you start with four weeks, assuming that the person who hired you and on-boarded you put everything in. If you wait one week or two to on-board your student, you're now at six weeks. We'll have to pay very special attention to students, because they are so important to us. For the next wave of students we are trying to find a process that will alleviate that, because we have to make sure that they get that earlier.

**Mr. Raj Grewal:** My second question is very much focused on the compensation mechanisms that will be implemented to help alleviate the pain that's been caused because of Phoenix, such as if somebody was late with a mortgage payment and there are interest charges, if somebody was late with a tuition payment, or if there are interest charges on credit card bills.

In my humble opinion, I think everybody should be in a neutral position, if not better. Nobody should be in a worse position because of a technicality or, in all honesty, a mistake. The blame game can go on for years, and there is a time and a place for that. I really am focused on the workers to ensure that they're put in a position that's equal to if not better than if this problem never occurred in the first place.

Can you please talk about what the department is looking into to ensure that people are compensated fairly?

**Ms. Marie Lemay:** I can tell you that we're very seized with these issues, and our colleagues at the Treasury Board are working with the unions and are developing a process. We don't have the details yet. As soon as we have them, we'll make them available. We're asking employees to keep whatever pieces of documentation they can and to keep track of what it is costing them.

There will be a process in place, and they will be made aware of how they can make a claim.

• (1515)

**Mr. Raj Grewal:** I'm very glad to hear that. Even though people are so frustrated with the system, it gives them some reassurance that at the end of the day they will be able to get to a neutral position, if not better.

My last question focuses on the fact that—

**The Chair:** Mr. Grewal, if may I interject, I'm sorry—

**Mr. Raj Grewal:** Mr. Chair is a fair guy, so I will defer to him.

**The Chair:** We will have an opportunity for your third question, but it will have to come in a subsequent round.

Mr. McCauley, for five minutes please.

**Mr. Kelly McCauley:** I want to go back to the implementation.

What would have been the risks of not pulling the trigger and going through with phase two despite the evidence or information at the time that we weren't ready for it? We've heard from the minister and yourself, "No, we couldn't have delayed it". What were the risks of delaying it?

**Ms. Marie Lemay:** We believed that the risk of delaying it was greater than not delaying it.

Do you want to speak to that?

**Mr. Kelly McCauley:** What were the risks? Not what you believe are the risks; what were the risks, please?

**Mr. Gavin Liddy:** Yes, the risks were running two systems. The risk of running two systems in parallel is that, for example, if someone transfers from one government department to another, then you have no ability to transfer their pay file. The longer we ran two systems the more of a problem that would have been.

Also, we didn't have the compensation staff to do it at the time, because all of them were fully employed on the new system, or were getting ready to transfer.

Those are the two most significant risks. Once we had pulled the trigger in January, unless there were a significant catastrophic problem with the software itself, we almost had to go ahead with the second wave.

**Mr. Kelly McCauley:** Okay.

One of my colleagues asked earlier if you had ever briefed the minister or the cabinet that we should not proceed with this system, and your comment was that you didn't recall and you didn't know.

How is it that on something this big—

**Mr. Gavin Liddy:** No, I said that I didn't recall whether or not we had specifically told the minister that the union had objected or had concerns, because we brief the minister sometimes two and three times a week on four or five different files. We do that week after week after week, so I don't recall every specific piece of advice I've ever given to the minister.

**Mr. Kelly McCauley:** Okay.

Did you ever advise her that this was going to be a big problem, or was it just the information you had, "Ah, it's going to be a pain but we can muddle through."?

**Mr. Gavin Liddy:** I don't think we used the words that we would "muddle through". We felt that—

**Mr. Kelly McCauley:** You know what I mean by that.

**Mr. Gavin Liddy:** —the considered risks were that, on balance, we should go forward. We did outline that this was not going to be, in all cases, a smooth process.

I'll go back to what the deputy said. Paying people relies on somebody getting a letter of offer, then signing the letter of offer. Then it relies on the HR professional to submit that to the Phoenix system, and then it relies on an individual pay person in the Phoenix system to enter it into the software, so there are lots of different players.

I think that of the 589 people who've indicated they weren't paid in the last pay period, only 210 are in the system, goes to the extent of the issue. It's a number of different steps that have to be taken to get somebody paid, so it's really about getting all of those pieces from end to end, as the deputy said, working efficiently. That's where our biggest challenges are today, getting it all working from end to end.

**Ms. Marie Lemay:** If I may, Mr. Chair, I just want to be absolutely clear on this.

We did recommend to the minister to go ahead. That's clear. I only want to make sure it's very clear. It was our recommendation.

**Mr. Kelly McCauley:** Okay, thank you.

We've heard today a lot of stuff coming out in the press—a gentleman not getting paid and that when he finally gets paid, he gets overpaid. Have there been any large inadvertent payments made, or caught just before they were issued? We heard rumours of huge amounts of possible overpayments.

**Ms. Marie Lemay:** Yes, there have been, and we have a process to get them back. So the answer is yes.

**Mr. Kelly McCauley:** How much is at risk here? I've heard figures in the millions.

**Ms. Rosanna Di Paola:** I don't recall every one, but we do have stop-gap measures in the systems that will not issue payments. Some could be...not \$1 million, but some could be legitimate with severance payments going into the tens of thousands of dollars. But we do have stop-gap measures in both Phoenix and in the standard payment system that will stop a large payment from going through. It gets withdrawn and we look to see if it's legitimate or not.

**Mr. Kelly McCauley:** What was the highest amount of an inadvertent payment?

**Ms. Rosanna Di Paola:** Sorry, I don't recall.

**Mr. Kelly McCauley:** No? Okay. Very good.

The Prime Minister said he's taking personal responsibility to ensure that the system gets fixed and he's tasked the Clerk of the Privy Council with fixing the issues—obviously working with you.

What is the Clerk of the Privy Council doing, and what role is the Prime Minister playing in that work?

• (1520)

**Ms. Marie Lemay:** We have been keeping the Privy Council Office aware of every step in the last month. We've been working together and they've been supporting us in many ways.

What you have to remember, I think, is that this is not a PSPC issue solely. It is an enterprise-wide transformation, a Government of Canada issue, and my colleagues are totally seized with that. It is their employees who are having issues, after all, so it's not just us. It's the collective of the Government of Canada who are concerned and acting at every step of the process.

**The Chair:** Mr. Ayoub, for five minutes, please.

[Translation]

**Mr. Ramez Ayoub (Thérèse-De Blainville, Lib.):** Thank you, Mr. Chair.

Welcome and thank you for being here today.

This is really about a crisis of confidence. As far as I'm concerned, the main goal of this meeting is to come up with solutions. We want reassurance that we will find concrete solutions to the problems affecting employees. That is my number one concern.

I'm sure we'll get a full review of what happened. You already touched on that. Pointing fingers will definitely not solve anything today. I agree with the committee chair's recommendation that we shouldn't politicize the evidence. Unfortunately, I see the members on the other side of the table playing politics with this instead of focusing on solutions and the positive side.

I'd like you to talk about short-term solutions. Some people have not been paid at all. You said that people need to report it if they haven't been paid, so that solutions can be found, because solutions do exist. The chart just passed around presents some priorities and solutions.

I want to explore the details of this. Some people have been waiting three months to be paid. I've heard that some people may have to wait up to nine months. Is that true, or are those just rumours? I see that some solutions do exist. I'd like you to elaborate on this and provide assurances that there will be no other problems in

the short term. Tell me a little more about the solutions to reassure me.

I will likely have more questions after that.

**Ms. Marie Lemay:** In early June, when we learned about the growing number of problems, we decided that we had to provide employees with a process by which they could contact us directly, and we would then forward their requests to the departments, or else we would find a way to accelerate the process in certain critical cases.

That is why we set priorities for our work. I hope you'll be reassured to hear that if someone hasn't been paid, he doesn't have to wait. Ideally, he would speak to his manager and his department. If there's a problem and nothing happens, he could then contact us directly and we would take the necessary steps. If we have the information, we will move forward; otherwise, we will get the information from his department. There's a way for people to contact us and get money quickly, in addition to salary advances, which are available. This goes for people in the first category, in other words, priority one.

We've also put a process in place for people in the second category, or priority two, and that list is a little longer. At the same time, what's interesting is that we've confirmed with our colleagues at Service Canada that people going on parental leave, for example, don't have to wait to get the document they usually receive when they start their leave, the Record of Employment. They can submit a request directly to get their employment insurance benefits. They can still move forward while we are fixing the problem.

The other positive aspect has to do with the backlog, which is outlined in the document we handed out earlier. People who submitted transactions before Phoenix or who've been in the system for some time can look at this and know that their transactions will be resolved within a certain timeframe—

**Mr. Ramez Ayoub:** I'd like to interject.

Have the cases reported had any follow-up? If someone hasn't been paid for two or three weeks, for example, have cases like that been monitored from the beginning, to ensure that they're getting their pay or emergency pay in the meantime? Is anyone doing this kind of follow-up, or would that file end up in the pile with all the others? Is a supervisor or someone examining these kinds of files individually?

• (1525)

**Ms. Marie Lemay:** Thank you for your question.

We have done something about that. Every week, actually, on a daily basis, Ms. Di Paola sends our colleagues in finance all requests for emergency pay that we receive. She forwards them directly to the departments so that they know, if they're not already aware, that some of their employees have asked for emergency pay. Those payments can be issued in just a few days. We aren't leaving people in the lurch.

**Mr. Ramez Ayoub:** So there's no reason for someone not to have any money or any pay at all and be forced to find another source of income. There shouldn't be any cases like that. That is my understanding.

**Ms. Marie Lemay:** Absolutely.

**Mr. Ramez Ayoub:** Thank you.

[English]

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

Mr. Weir, we're down to three minutes for you, sir, and then after that, we'll go back to taking questions.

**Mr. Erin Weir:** Thank you.

I think I would have to respectfully disagree with the notion that implementing phase two of Phoenix was the correct decision, especially given what we know now, that Phoenix has resulted in about a third of federal employees not being paid correctly.

Now Mr. Liddy made the argument that the risks of not implementing phase two outweighed the risks of implementing it.

Just to make that a bit concrete, are you saying that if phase two of Phoenix had not been implemented, more than a third of federal employees would not have been paid correctly?

**Mr. Gavin Liddy:** Possibly, and possibly not paid at all, if we were running two systems.

Again, we're talking about a third of the public servants that aren't being paid correctly. You're absolutely right. However, it's a delay in the payment that they're expected to receive. They are receiving their base pay. What they're not receiving is their acting pay or their transfer from one government department to another. These were problems we experienced before Phoenix was implemented as well, with weeks and weeks of delay.

The system was designed to fix those weeks of delays, and I'm confident that we'll get there once we've cleared the backlog.

**Mr. Erin Weir:** Surely you're not suggesting that the problems with the federal government's payrolls before Phoenix were worse than what we're seeing now.

**Mr. Gavin Liddy:** The delays in paying people acting pay, transferring from other government departments, and extra duty pays were certainly in the weeks and weeks of delay.

**Mr. Erin Weir:** What proportion of federal employees would that have been under the previous system?

**Mr. Gavin Liddy:** I don't have those figures.

I have figures for a number of departments, not by number of employee, but by the number of weeks delay. They're up to 24 weeks, depending on the category. These are 2009 figures, when the case was made to go forward with Phoenix.

**Mr. Erin Weir:** To ask a similar kind of question a different way, how much worse would things need to be for you to concede that it was a mistake to rush ahead with the implementation of Phoenix?

**Ms. Marie Lemay:** Can I just make sure that I didn't misspeak?

I believe I said that in my opinion I would have done things differently. There are things that we would have done differently. We're not saying this is a success, by a long shot. We realize there are real issues, there are real people involved, and we're really serious about solving it.

Please don't go away from here thinking that we think this is a great thing and that phase two is all good. That's not the case. What we're saying is that we could have done things differently and we're trying to address them now. We will learn a lot from this—a lot.

We will put in place and make sure that people get paid, and we will make the system better and make it what it's supposed to be. The transition is much more difficult and much longer than we thought. That's what I would like the committee to take away.

**The Chair:** We'll go back to the seven-minute rotation now.

Mr. Gerretsen, I have you on my list as the first speaker on the government side.

**Mr. Mark Gerretsen (Kingston and the Islands, Lib.):** Thank you very much, Mr. Chair,

Thank you for taking the time to come to speak to us and answer our questions.

My constituency office in Kingston and the Islands has been dealing with this since well before the beginning of April. Because we have a lot of government employees, but perhaps government employees in different departments, we've seen different phases of this.

It's taken me a while to wrap my head around this, and I wouldn't even say that I'm fully there yet. What I can say is that there seems to be very specific issues that are different throughout different departments in the government.

In particular, I'll give you one example. In the military, there are military and non-military personnel. The military personnel are fine. The non-military personnel need to use Phoenix to go into if they're doing shift work and log their hours. Their superior, who is a military personnel, then has to go into Phoenix and approve that. The problem is that the military personnel don't have PRI numbers, so they can't get into Phoenix. That's one problem.

There is another problem. We've talked a lot about underpayment, people who are owed money. How about people who have been overpaid? It seems simple enough because you have a device to take that money back, but what about their pension payments? Usually pension payments are just one direction. Their pension is based on what they're making, and if we've overpaid them and put more into their pension, how do we take that money back?

I'm not asking you to drill down into the details of answering these questions, but I want assurance that you understand and have a knowledge of all of these individual problems so that you can move forward.

Then the next question is what resources do you need, if any, to help improve and make it happen quicker than the timelines you've indicated in your chart here?

• (1530)

**Ms. Marie Lemay:** We are aware, definitely, of the military issue.

Maybe you want to speak to that quickly.

**Ms. Rosanna Di Paola:** You have that perfectly right: they don't have a PRI, so they can't go into Phoenix. We're going to fix that, so we have an October enhancement release with Phoenix to allow military in DND and officers in the RCMP the ability to approve transactions for their non-military, non-officer employees. That's a fix that will be coming in October.

**Mr. Mark Gerretsen:** Okay.

**Ms. Marie Lemay:** In answer to your question, then, we are aware of many issues, which we are addressing. That's why it's so important that employees reach out to us, if they are having a problem. I can't guarantee you today that we are aware of 100% of the issues. If we don't know about one... That's why it's so important. We think we know just about all of them, because we've been hearing a lot, we're logging them, we're processing them, and we're dealing with when to address them. But it is important that employees reach out and tell us. For one thing, it's so that we can solve their problem quickly; for another, if it's an issue we haven't encountered, we need to know, because we need to be able to fix it.

**Mr. Mark Gerretsen:** Do you have the resources you need to get to delivering on this, or do you need more resources?

**Ms. Marie Lemay:** Right now, with the centres and everything, we feel that we have the resources. But I can tell you that our minister has told us that she wants this fixed and that it's for us to come up with the solutions. We're not being held back as to resources to put this to bed.

Right now, the thing we'll be monitoring the most closely is our pay centre in Miramichi, and when we reach, I'll say, the steady state—when people are fully used to the system, when some of the automation comes in, when that flow is steady—that's when... If we see that it's not, the temporary units that we have are there to stay, and if we can get more compensation advisers, we have said that we would take as many as we can.

I know that the unions have put something on their website calling out to compensation advisers to reach out to us. That's been very helpful, and I hope we get more. If we get more, we'll bring them into the satellite units, and you'll see that timeline go down.

**Mr. Mark Gerretsen:** I have about two minutes left, and my last question might take some time to explain.

To me and I think to many people out there, in particular those who are affected by this, it seems a long period of time to be asking people to wait for a fix to what is perceived as a simple problem. Can you walk me through what happens from the moment that somebody calls and creates a complaint or does so online?

Why does it take so long to actually get things sorted out so that people start getting paid? Is it just a sheer matter of volume versus the number of people there to deal with the cases? What is making it take so long?

I have an employee in my Parliament Hill office who started working for me on April 18. I signed the contract with her at the beginning of April. She got her first pay yesterday. She was beyond the three months' probationary period before she even got paid once.

Why does it take so long for this stuff to become aligned properly?

**Ms. Marie Lemay:** I almost want to ask you who put her in the system, but I'm not going to go there.

• (1535)

**Mr. Mark Gerretsen:** I put it into the system, and it was done properly.

**Some hon. members:** Oh, oh!

**Ms. Marie Lemay:** In answer to your question, I really hope that as of last week, people who have pay issues are not waiting anymore. What you're referring to is that there was a period when we were assessing the size of the issues and the backlog and everything. That period was for us the time when we realized that it was outstripping our capacity.

We now have processes in place, so that if we have the information, somebody who's not getting paid will not wait more than three days and until the next paycheque, if we know.

If we don't have the information, if there are things missing, we have to go back to the department. The departments are very seized with this, and we will get the information so that it's on the next one.

The situation you described would not happen today. If the person reaches out to us—let's say, after four weeks—then it would be either at the following paycheque or, if we're missing information, after that.

**Mr. Mark Gerretsen:** What about shift work and people who are required to put hours into Phoenix and their manager has to approve it?

**Ms. Marie Lemay:** It's the same thing.

**Mr. Mark Gerretsen:** It's the same thing?

Thank you.

**The Chair:** Thank you, and my apologies, Mr. Gerretsen; I didn't welcome you to the committee, so welcome.

Mr. Richards, take seven minutes, please.

**Mr. Blake Richards:** I want to just return to something similar, because it's still quite unclear to me what is being done to fix this issue.

I was reading a CBC article that mentions a government call centre that's been set up in Toronto. I'm just going to quote from it:

...staffed by 100 temp-agency workers, to answer the phones from the thousands of panicked workers calling in looking for answers. These temps, who do not have security clearance, and are largely charged with reading from a script, are in place to reassure bureaucrats and provide updates on their file. They will not be able to resolve pay problems...

Then it goes on to say:

One of those scripts instructs them to tell public servants that if they informed the government of pay problems before June 1, there would be some sort of resolution by October.

It doesn't seem to line up with what we're hearing today, I guess. I'm not accusing anybody. We're hearing from people who are saying they haven't been paid in months. I've heard that from people in my riding, and I know it's being heard all across the country. You have call centres being set up just to tell people, "Well, gee, everything's going to be all right". I would suspect that for someone who has a mortgage payment to make and doesn't have the money to do so, or who maybe can't afford to feed their kids, or whatever it might be, that little bit of reassurance from someone in a call centre isn't really going to cut it.

We've been here for an hour and a half now, and I still don't have an understanding of what is being done to fix this issue. We're hearing that people are being paid and that there's no one who hasn't gone without pay, but that's not what I'm hearing out there. Something seems to be lost in translation, I guess.

I still don't really understand what's being done to fix this issue. When you're getting thousands of calls at a call centre, it sounds to me like there must be people who still aren't being paid, and it's been months. Can we get a better sense as to what is being done to fix this, because I still don't get it?

**Ms. Marie Lemay:** I wish I could give you a simple answer. Again, I go back to the fact that this is not a simple transformation, right?

**Mr. Blake Richards:** Understood.

**Ms. Marie Lemay:** It's a system that has many, many components. That's why we're touching all these different components at the same time to make sure that, at the end, all of them are functioning so that the system works perfectly.

That's why you're hearing different things, right? When we're talking about the temporary units, that's the capacity for the backlog, for the transition, and it could be for overflow if we need it a bit for Miramichi. When we talk about education and about a manager and an employee—I say education, but it is change management—it's about the tools that we're going to be producing very shortly for the users themselves to make the transaction easier, because if the transaction is not done properly, the system will reject it and create an issue that will then create a backlog. So getting the first step is actually very important.

On the software side, we're working very closely with IBM to make sure that a lot of the enhancements we're looking at are all done on time or faster. We're going to be looking at every little issue that's raised, because there are issues, and we're addressing them. On the programming, if we thought we should do something one way and now it's another way, we'll address that. So we're working on all fronts.

At Miramichi, we heard a lot of complaints that people weren't getting through. It was taking over 30 minutes at one point to get through.

• (1540)

**Mr. Gavin Liddy:** You wouldn't get in. The call would be dropped.

**Ms. Marie Lemay:** They couldn't reach the call centre. That's when we decided to create the web form and to push people to communicate with us through that form. It turned out that people

were still calling the call centre, and we didn't know how many calls were not actually getting through. So what we have done with the temporary call centre in Toronto is to enable people to go through a first screening and talk to the employee. If it is a category one or category two, or a case that needs to be transmitted to the pay centre, it's done through a form to the pay centre.

You might find this fact interesting. The first day, and we did this on Monday, so Monday there was—

**Mr. Blake Richards:** Can you tell me the date the web form was set up?

**Ms. Marie Lemay:** I think it was the beginning of June, but I'd have to come back to you.

**Mr. Blake Richards:** Okay. And then the call centre...?

**Ms. Marie Lemay:** The call centre was Monday.

**Mr. Gavin Liddy:** Tuesday.

**Ms. Marie Lemay:** Tuesday, sorry.

**Mr. Gavin Liddy:** Tuesday morning, 7 a.m.

**Mr. Blake Richards:** Can you give me a rough sense of when the web form was set up? Can you give me a rough idea? I know you can't give me an exact date.

**Ms. Rosanna Di Paola:** We've always had a form. The one we promoted was recent; it's been for about four weeks now. We had another form on the site but only for pay centre clients, employees who were administered out of the pay centre. We had that form there right from the outset.

**Ms. Marie Lemay:** This one was one that we promoted to employees to give us the information.

As for the call centre, the interesting fact to me is that the first day, they received 1,700 calls and only 1,000 needed to have cases transmitted to the Miramichi pay centre. That means, the way I interpret it, is that there were at least 700 people who didn't necessarily need to talk to a compensation adviser within the next 48 hours. That might be a really good thing because it means there's a triage there.

**Mr. Blake Richards:** Sorry, could I interrupt you there for a second?

Can you give me a sense as to some of the reasons for that? You're saying that 700 didn't need to talk to an adviser, but what criteria determine that they didn't need to call? Does it mean they were in fact paid? What does it mean?

**Ms. Rosanna Di Paola:** We encourage people to call the pay centre even if they are going on maternity leave and want to know what documentation they need to fill out. In that case, we take down their information, we send them their forms to fill out—

**Mr. Blake Richards:** You're saying that those 700 would all be people for whom this wasn't an issue. It wasn't this specific issue, but some other pay issue that they had, or questions.

**Ms. Rosanna Di Paola:** Or questions. It's not all pay issues—a lot of them are pay questions. They just don't know how to navigate the complexities of the collective agreement and we can point them to the website.

**Ms. Marie Lemay:** The good thing about that is it liberates the people at the Miramichi pay centre to actually get the cases that they need to work on and to go through. We're hoping that's going to be a great addition.

**The Chair:** Mr. Weir, for seven minutes, please.

**Mr. Erin Weir:** When I asked about the advisability of using off-the-shelf IBM software to run federal payrolls, the answer was that this approach was a proven success; but aren't there many examples, both within Canada and around the world, of IBM encountering problems in trying to run public sector payrolls? I'm thinking of a lawsuit between the Australian state of Queensland and IBM over a somewhat similar boondoggle there.

**Mr. Gavin Liddy:** I'm not aware of IBM's experience in other jurisdictions. When the decision was made to go with different options for a pay system back in 2009, a number of options were examined and it was felt that a commercial off-the-shelf product would be the best route to go. A competitive process was run and IBM came to the table with PeopleSoft, which I believe is one of the largest HR management systems in the world. As well, the Government of Canada was going with the PeopleSoft HR system as well, so it was felt that the HR and the pay system would be best able to talk together if they were using the same software.

**Mr. Erin Weir:** When you say you're not familiar with the experience of IBM around the world doing public sector payrolls, presumably that's something the government looked at in making this decision.

**Mr. Gavin Liddy:** In 2009, I'm sure they did, but I don't know the specifics on that. I wasn't in the department then.

• (1545)

**Mr. Erin Weir:** If you could come back to the committee with a bit more information on those international comparisons, I would certainly welcome it.

I suppose now that we're into this mess I wonder what kind of liability or contractual obligations IBM might have to try to fix the problem?

**Mr. Gavin Liddy:** Again, I think I'll go back to the deputy's opening remarks. It's a system of systems. Our experience to date is that the software is functioning as we told IBM to program it. For example, we didn't tell IBM to make sure that military service numbers could be used, which is something that we should have done as a department. But the IBM software is working as it was supposed to. They have a contract. If there are warranty issues that are a result of their fault, they fix them at no charge to the Government of Canada. But, as I said, the software is working. It's really about when you combine all parts of the system, meaning managers, individuals, HR specialists. That's where we have to get the system working better together so that people understand exactly what has to be done to get a pay transaction going. There are a lot of examples of where we have room to improve that.

**Mr. Erin Weir:** Will the government be making public the terms and conditions of the contract with IBM that you mentioned?

**Mr. Gavin Liddy:** I'm not sure. I think there's commercial confidentiality with the firm and we'd have to get the firm's permission to do that.

**Mr. Erin Weir:** Okay, I ask because this seems like an aspect of the issue that maybe merits further exploration. However, I guess you're suggesting that the problem is not with the software, but with the utilization of the software. In that vein I guess I would ask whether Miramichi was the right place to locate the Phoenix pay centre?

**Mr. Gavin Liddy:** There were a number of options studied and a number of criteria: did they have enough people, what was the population base, bilingual capacity, that type of thing? A number of options were presented to the government at the time. Miramichi fit all the criteria of those options when that decision was made.

**Mr. Erin Weir:** It's been reported that a number of people who had expertise in federal payrolls were unable to relocate to Miramichi. Was that a problem in the implementation of Phoenix?

**Mr. Gavin Liddy:** I'll ask Rosanna to comment on that, but it was anticipated that not everyone would want to move from Winnipeg, Ottawa, or Edmonton to the pay centre. The training program was designed to take that into account and to train people from scratch—and it was a new system as well.

**Ms. Rosanna Di Paola:** We did put in place a professional development program, because we had estimated that very few people would actually move to the Miramichi. The training program was lengthy. It went on for two years. The movement of employee accounts to Miramichi was done very deliberately in small pieces to allow the compensation advisers to learn compensation. As the deputy mentioned, 27 collective agreements and 80,000 business rules are difficult to digest all at once, and it did take a two-year program. We brought 460 individuals through that program over a few years.

**Mr. Erin Weir:** Okay, but it seems not to have worked. I wonder if the current approach of setting up these supplementary pay centres in Gatineau and other parts of the country implicitly acknowledges that trying to centralize the whole payroll operation in Miramichi didn't make sense.

**Ms. Marie Lemay:** Our assessment is not that it has not worked. Our assessment is that the transition is where the issue is and learning curve of everyone involved in the transition to the Phoenix system. Whether it would be in Miramichi or Ottawa or Chibougamau, it would be the same issue that people would have to deal with. Also, the temporary units are temporary until we reach the steady state.

**Mr. Erin Weir:** Speaking of those temporary units, I just want to pick up on the CBC report that Mr. Richards also referenced about employees being hired at some of these temporary centres who do not necessarily have proper training with Phoenix or proper expertise. Do you have any response to that report?

**Ms. Marie Lemay:** I'm not sure which report you're referring to, but the compensation advisers have compensation adviser experience. They get training on Phoenix when we on-board them, so that's an onboarding thing. There's been confusion I think in the media between the Toronto call centre and the temporary units where we actually process cases with compensation advisers. As we discussed earlier, Toronto is a call centre, meaning that the people there don't have access to the information about employees and their data. They take the information and they transmit it to the pay centre. Those people don't need to have that same training.

• (1550)

**The Chair:** Monsieur Drouin, for seven minutes, please.

[Translation]

**Mr. Francis Drouin (Glengarry—Prescott—Russell, Lib.):** Thank you, Mr. Chair.

Ms. Lemay, thank you for accepting the committee's invitation. Some people would have preferred if the minister came, but I know ministers often rely on the people around them for their expertise. I also know that there is plenty of expertise here today.

You tested 16,000 pay scenarios, I think. Did all those scenarios work? What happened when the scenarios didn't work?

I see you've developed a plan. Had that plan already been developed a year ago or when the transition to the Phoenix pay system was being planned?

**Ms. Marie Lemay:** There are two aspects to that question. Gavin can start us off.

**Mr. Gavin Liddy:** I'll let Rosanna begin and then I'll take over.

**Ms. Rosanna Di Paola:** I'll talk about the testing we did on the Phoenix pay system and the 16,000 scenarios. We verified those scenarios, but we didn't apply them directly in July of last year because they had too many defects. There were too many major, critical defects for us to implement the Phoenix system. We therefore postponed the implementation date.

**Mr. Francis Drouin:** Last July, had you already established priorities one, two and three? Were you already anticipating these problems?

**Ms. Rosanna Di Paola:** No.

**Ms. Marie Lemay:** We established the categories and the timeline you see here relatively recently, actually, after analyzing the scope of the backlog and deciding to create temporary units to deal with the problem.

As I said earlier, we believe it is unacceptable that people aren't getting paid. We did not think this was even a possibility. We had to find a way to help people quickly, to make sure they would be paid and to understand the problem. That is what led us to establish the first and second categories. As for the third category, that timeline was set to complete all transactions submitted before June, in other words, the backlog.

**Mr. Francis Drouin:** You said it's unacceptable that people aren't getting paid, and you're absolutely right.

Would it be possible for an employee to be classified as priority one first, but later be classified as priority two, because of another problem?

This morning I spoke to someone who had accumulated 375 hours. She was paid this week. That problem was resolved, but she didn't get her bilingualism bonus.

Could that be considered priority three, where other allowances should be resolved?

**Ms. Marie Lemay:** Yes, that's possible.

**Mr. Gavin Liddy:** Normally, I think, if someone is classified as priority one and his or her file includes other requests, we would try to resolve everything at once.

**Ms. Marie Lemay:** That is our goal, but we probably weren't able to achieve it last week.

Our goal is to resolve everything when dealing with one file. The question is whether that's possible right now.

**Mr. Francis Drouin:** How many compensation advisors have you hired since the crisis?

**Ms. Marie Lemay:** We added 40 people in Miramichi in January. We now have 57 employees in Gatineau, but we are planning for another 115. They've been hired and will begin working in the coming weeks. The Winnipeg centre has 20 people, and that number could go up to 50. There are another 40 people. I'll let you do the math.

**Mr. Gavin Liddy:** That's about 240 people.

**Mr. Francis Drouin:** Let's look at priority three, as an example. If the committee were to meet in November, can we expect all those problems to be resolved?

How did you establish this timeline?

**Ms. Marie Lemay:** The people doing the work have been very diligent. The figures we have given you include our predictions and the number of people who will be in the various centres. We wanted to divide up the work to figure out how to get it all done. Each centre has been given specific transactions to address.

Of course, if there are 20 people instead of 40, production is not as high. Also, as we indicated earlier, we have to provide some training for the first few weeks, so those first few weeks are a little less productive. We took all that into account to ensure that our timeline is respected.

I'm very hopeful that we'll get this done quickly. It's important to remember that some problems are beginning to be resolved and that for some people, this has to happen tomorrow, not in October.

• (1555)

**Mr. Francis Drouin:** Would you say this timeline is “conservative”?

I'm sorry, Mr. Chair, but that will be the only partisan term I use today.

Are these figures “conservative”?

**Ms. Marie Lemay:** We believe these figures are realistic.

**Mr. Francis Drouin:** Okay.

What is the purpose of the call centre in Toronto? You said that it is filtering calls. Are you encouraging employees to call that centre?

**Ms. Marie Lemay:** First of all, we now know how many people need to speak with someone at the pay centre. As Mr. Liddy mentioned, before Tuesday, we didn't even know that some people were trying to call, because their calls weren't getting through. Going forward, everyone should be able to speak with someone.

This allows us to triage the issues. As I said earlier, as of Tuesday, we were able to see, with supporting stats, that not everyone needed to speak with a compensation advisor. This means that the compensation advisors in Miramichi can focus on the files they need to work on. We hope this will free them from having to deal with files that people with no experience in compensation can take care of instead. That could make things easier.

We have made the following commitment: if people call the pay centre in Miramichi and have a category one or category two problem, someone from the pay centre will call them back within 48 hours to follow up on their file.

**Mr. Francis Drouin:** There was no way to keep track of how many people called Miramichi and waited on hold for a while, only to hang up when they were fed up?

**Ms. Marie Lemay:** That's right.

**Mr. Francis Drouin:** Is there any way to keep track of those calls now?

**Ms. Marie Lemay:** Yes, we now know the exact number of calls and the wait times. As I said earlier, the response time is under four minutes. That is a considerable improvement.

[English]

**The Chair:** We're going to go into a five-minute round. I would just remind all members again that we will continue to ask questions as long as needed, but we do have Madame Lackie and Madame Daviau waiting to answer any questions you may have of them as well.

We will go now to Mr. Richards for five minutes.

**Mr. Blake Richards:** I just have one quick question, and I think my colleague might have one or two as well, so I'll pass my time to him if I have some left, and I expect I will.

I want to return to where I was at in my last intervention. I'm sure there are hundreds, if not thousands, of civil servants paying attention to what's occurring here today, those who have been left without pay, wanting to make sure they have answers. I think we'd be remiss if we didn't have the answer to this question for them. I know we touched around the edges of it earlier in a question that I think Mr. Grewal had asked.

I want to ask it directly and give you an opportunity to respond, because I think it's important that the public servants who are watching have the answer to this question. It's regarding the reimbursement of expenses. There are expenses people would have incurred as a result of not being paid, and I know you'd indicated that was going to be addressed and fixed, but I wonder if you can tell them when they can expect to see a reimbursement of those expenses resulting from this rushed implementation.

**Ms. Marie Lemay:** What I can tell you at this time is that discussions are ongoing, as we speak, between Treasury Board and the union. People are seized with this. There's a real desire to be able to share a process very quickly, but I don't have a date. I believe it will be imminent, because it is a real issue, as we all recognize.

**Mr. Blake Richards:** I appreciate the word "imminent". I hadn't really heard anything else that gave me any sense of this, and so I appreciate it. I hope that is accurate and that it's meant in the way that I would take it to be meant, because these are obviously real people with real lives. There are real consequences here and there are real expenses, and they need to be paid as quickly as possible.

I hope, if anything, we've left that impression today. I'm sure you're well aware of that, but I hope we've left the impression of how urgent and important it is that these people be treated fairly and expeditiously with what they need and what they require.

With that, I'll turn it over to my colleague Mr. McCauley.

• (1600)

**Mr. Kelly McCauley:** Great.

Following up on Mr. Richard's question, I think we heard earlier today that there are about \$15 million to \$20 million in added costs that we're looking at in addressing all of this. Are these various fees that we're going to cover for all of our civil servants in that \$15 million to \$20 million range, or are they on top of that?

**Ms. Marie Lemay:** Just to be precise, the \$15 million to \$20 million is for the one-off costs, like the satellite centre, the call centre

**Mr. Kelly McCauley:** Okay, so would this be on top of those?

**Ms. Marie Lemay:** This would be on top. Also, we're looking at how we can work differently, either with partner enhancements.... We might have additional costs there, remembering again that the savings that were supposed to occur this year were in the order of \$70 million, and in every year from now on.

**Mr. Kelly McCauley:** Right. I just wanted to see if it's in that total.

Maybe we can just walk back quickly. You mentioned that we did an earlier testing of 16,000 test cases. Did I hear right that before we went live, we did 16,000, but there were some issues involved so we pushed the implementation back? Was that correct?

**Ms. Marie Lemay:** Yes. Maybe I'll let Mr. Liddy walk you through it.

**Mr. Kelly McCauley:** If it's correct, then what was the date of the testing?

**Mr. Gavin Liddy:** On the testing, there was a May 2015 checkpoint, meaning that we would make a decision on whether we would go live in October and December, which were the first implementation dates. At that point in time, we'd been at it for about 70 months. It was a 79-month project.

At that point in time, we found too many critical defects in the system to risk going with either the pilot or going live. That is when we started to engage, at least at my level, with IBM to get through those defects. By September we felt we had cleared all of the defects that were critical. There were still a number of outstanding ones that we could have workarounds for, including having more people in the pay centre. We were actually using the pension centre to augment that as well.

The next effort was to try to get that number of people down and really hold IBM's feet to the fire to deliver the system without defects. By September we felt we had cleared those defects and that any of the remaining ones would not have an impact on the system, or that we had effective workarounds to deal with them. We worked all the way through until mid-January and cleared those defects progressively from September to mid-January.

**Mr. Kelly McCauley:** Was it at that point in mid-January? I ask because you commented earlier that all the ADMs across the spectrum said, "Yes, let's go", after you cleared all of those.

**Mr. Gavin Liddy:** Yes, we were really focused on cleaning the backlog. Part of the September discussion that we had with the deputies was whether we could clear the backlog and whether their people were ready. We had a lot of training packages. I think we now know that they were probably not adequate. We had a lot of change management that we were trying to get the departments to do as well, so that was it.

Then we went through the fall managing that in regular consultation. Rosanna was talking about weekly meetings. I had meetings with heads of HR and chief financial officers.

**Mr. Kelly McCauley:** I don't expect you to—

**The Chair:** Your time is up.

**Mr. Kelly McCauley:** That's five minutes?

**The Chair:** It's more than that, Mr. McCauley.

Mr. Grewal, for five minutes, please.

**Mr. Raj Grewal:** I have only one question, Deputy Minister Lemay. It's very much focused on my colleague's question on resources and resource allocation, to make sure that we can try to do better than we're doing right now. I know a lot of progress has been made and that the focus has always been on getting these people paid.

Is there anything else, from a resource perspective, that we could be doing to get these people their paycheques more quickly? As my colleague said, the average person affected by this will say, "Okay, I worked so I should get paid. Why can't they just cut me a cheque?" That's my rationale as well, because I'll give you a personal example.

When you become an elected member of Parliament and you're on-boarded—I wonder who signs our paperwork, by the way—your first paycheque comes in the mail, even if your information hasn't been sent in. So there is a process in the government already that has cheques printed somewhere in the government. Why isn't that process being used here in emergency situations?

**Ms. Marie Lemay:** I will say to you that the one part where I want us to focus more attention, or to drill down, is really on that portion of it—I'll call it the "onboarding". I talked about the students,

but it's not just the students—and really getting to the bottom of whether there are other things we can do. That will be a separate.... We'll put a little bit of a team on that because it seems to be an issue that is really there and that we really have to get resolved.

In the meantime, though, again—and this is fairly recent—the people who do not get paid now have a process to get to us and to get their paycheque fairly quickly, and if it's not fast enough there is the emergency salary advance.

In terms of adding resources, I would say that we are hoping to get more compensation advisers, because the call is out there. We will take as many as we can get. Also, in terms of resources, we're going to be really focusing on training, which is another set of resources.

We are going to be working differently with IBM, too. We've had serious conversations in the last few weeks about really partnering with them, and they have a real desire to see this succeed and absolutely want to help.

As I say, there are a number of things in terms of resources, whether they are human or financial, that we will be putting toward the project. That's why addressing the full amount of the cost will probably have to be for another committee meeting, but there are a number of pieces that we're looking at.

• (1605)

**Mr. Raj Grewal:** Mr. Chair, if it's okay I'll pass the remainder of my time to my good colleague, Mr. Whalen.

**The Chair:** Absolutely, you can cede your time to Mr. Whalen.

Mr. Whalen, you have a couple of minutes.

**Mr. Nick Whalen:** I want to follow up on some of the earlier questions and look back a little bit, because I want to make sure that we're appropriately staffed going forward.

I'm trying to wrap my head around the decision to delay implementation of Phoenix by four months and the termination notices sent out two days before the election on October 17—whether or not the decision to delay had become de-coupled from the staffing, and how that decision was made—because I want to make sure that we maintain staffing levels until this problem is resolved and people get paid. It seems to me that the decision on October 17 to terminate employees should have been tied more closely to when Phoenix was going to roll out.

Maybe Mr. Liddy can speak to that.

**Mr. Gavin Liddy:** It absolutely was tied to that, because those people—and Rosanna, you can correct me if I'm wrong—would have been laid off earlier. We actually delayed laying people off, because we made the decision in September to delay the rollout by four months, so the lay-off notices were delayed in that case.

**Mr. Nick Whalen:** Were they delayed by four months?

**Mr. Gavin Liddy:** I don't know the specifics.

Rosanna, do you know?

**Ms. Rosanna Di Paola:** It was department by department. Every department decided when the layoff notices would go out, so it was not a central decision.

**Mr. Nick Whalen:** So even though the decision on whether or not to roll out Phoenix was centralized at four months, it sounds like the notices went out quite a bit earlier than that.

**Mr. Gavin Liddy:** It depended on the department, though. If department *A* were going to roll out in October, they would have laid people off much earlier than October. Some departments decided to keep compensation advisers as a buffer, and others decided to keep 10%, 20%. So it depended on what the department thought the risks were and the complexity of their pay. I know that Health Canada kept on compensation advisers within the department because of the number of people on northern allowances, nurses, and that type of thing.

**Mr. Nick Whalen:** I can sort of see where our 20,000 backlog might have come from.

I want return to the earlier questions to Ms. Di Paola. You were talking about the pilot period, the 34 departments. It seems to me that the departments chosen were the ones most closely aligned with Phoenix already and that it wouldn't have been a representative group by which to judge how the project would roll out across departments that weren't so closely aligned with Phoenix. Do you think using a pilot project on a more closely aligned subset of the departments actually created false expectations when they didn't show the same number of errors that we're seeing now?

**Ms. Rosanna Di Paola:** Although we went live with that first grouping to keep the rollout tight and we couldn't explore a variety of potential issues, all departments joined us during our testing phase. We had a 15-month testing phase and all 101 departments... We had a variation of departments that came in to test with us. The 34 departments did include the vast majority of the automated rules that we had in Phoenix. That was what made them so attractive to go live with. So the 80,000 business rules we programmed into the system were almost entirely used up during that rollout. Nothing new was added to Phoenix in the second rollout. It's the same software, only rolled out twice.

• (1610)

**The Chair:** Thank you. I have to interrupt there. Again, if you have subsequent or follow-up questions, we'll get to them.

I have Mr. Richards on my list, but seeing that Mr. Richards has departed, we'll go to Mr. McCauley.

**Mr. Kelly McCauley:** Back to the testing, Mr. Liddy, I realize that you can't recall every single one tested, but with the 16,000 test cases, can I assume that the major issues we're facing now did not come up during that testing period?

**Mr. Gavin Liddy:** That's correct, they did not.

**Mr. Kelly McCauley:** To me, the short-term pay grade changes, the fill-in, etc., are a huge part of day-to-day goings on in government. Did we just miss those, in testing something so common?

**Mr. Gavin Liddy:** No.

I'll give you an example. Today, if you're in an acting position, it's automatic. So that system works within Phoenix. We had about 42,000 actings that weren't part of the rollout, but sort of back actings from before Phoenix. So we didn't have a system, except manually, to enter those in, and that became part of the workload. So

the acting thing works. We simply didn't have an ability to take retroactive actings and do them in an automated fashion.

**Mr. Kelly McCauley:** We heard earlier that there was a backlog of 20,000, and then 20,000 added on. I may have misheard it, but I wrote down in my notes, "We didn't know there was backlog of 20,000." How could we not have known there was such a huge backlog? I'm sure there's not just one person hiding it in a closet somewhere to surprise us. I mean, that's a huge amount. Surely someone somewhere would have said, "Hey, we have to enter these things."

**Mr. Gavin Liddy:** When we talk to the heads of HR—and they know about the backlog, which they have been told about and are acting on—each individual manager may have appointed someone for three days to be an acting AS-2 to AS-3 and may not have put that in the system. It's the same with things like leave without pay. Somebody may have taken leave without pay, but that wasn't entered into the system. So even the heads of HR don't know each individual manager's decision and when they've taken a decision. And when you add that up across—

**Mr. Kelly McCauley:** If you look at 2014, we would probably have the same 20,000 backlog. I'm sure it's not just an overnight thing.

**Mr. Gavin Liddy:** Maybe.

**Mr. Kelly McCauley:** I assume this has been going on forever. How could we not have known this existed, because it wasn't something that happened overnight.

**Ms. Marie Lemay:** The difference here is that leading up to the Phoenix implementation, as we've heard, departments were getting ready, I'll say cleaning up and getting the information out, and that happened in a fairly short time. It wasn't an ongoing normal process. It just came in at the end.

**Mr. Kelly McCauley:** —between, say, January and February or March?

**Mr. Gavin Liddy:** No, no. When we consolidated into the pay centre, we asked departments to clean up the backlog, so that when the compensation function moved from the departments to Miramichi, even before Phoenix, they didn't inherit a large backlog. Then the same thing happened when we were going to wave 1 and wave 2 in Phoenix: we asked departments to clear out the backlog.

**Mr. Kelly McCauley:** But it wasn't cleared.

**Mr. Gavin Liddy:** I know departments put extraordinary efforts into doing it—

**Mr. Kelly McCauley:** But it wasn't cleared.

**Mr. Gavin Liddy:** —but it wasn't completely cleared. That's right.

**Mr. Kelly McCauley:** Okay. It sounds as though that snowballed into a lot of other issues.

**Mr. Gavin Liddy:** Yes, and then you take new compensation advisers...

**Mr. Kelly McCauley:** Looking back with common sense, to follow up we would have asked whether departments had cleared everything. Did we miss that?

**Mr. Gavin Liddy:** Well, we—

**Mr. Kelly McCauley:** Yes.

You mentioned earlier working with PSAC and the other union partners. Are you still continuing work with them? I'm reading Twitter feeds. I realize it's Twitter, but there are still comments coming saying "no, that's not correct; that's not correct".

What mechanism do we have to keep in very close contact? I realize there's a web page and that people can call in, but they're often the very first point of contact for a lot of our workers in the government. How are we communicating with them to make sure that we're not going down this path when we've overlooked something, as we overlooked the backlog?

**Ms. Marie Lemay:** There are several ways. As I think I said, when I first joined I met with the five heads of unions, and we decided that two of the representatives would meet with me on a regular basis. We did that with two of the union representatives for about four or five weeks. More recently, there have been discussions with the—

**Mr. Kelly McCauley:** I'm sorry. When did that start, in April?

**Ms. Marie Lemay:** Yes, it was in April. My first meeting with the five heads of unions was on April 25, I believe.

At that point, what I was looking for was to get the information they were hearing so that we could feed it into the system. That's why we were ready to establish some lines of communication, and actually a special email address, so that they could give us some of the information they were getting.

That worked well at the beginning, but at one point the backlog situation outstripping our capacity was such that even that wasn't a sufficient channel, and that's when we had to create the web form.

My colleague at Treasury Board is obviously very much involved, so between the two of us there are discussions. We are committed to meeting again and have just recently talked to the PSAC members' president to have a kind of ongoing committee so that we can share some of the ongoing changes and things that we're doing.

They've been very good with the compensation advisers, as you know. They've been helping; they have it on their website. So that conversation is happening. It's extremely important.

I'll be honest with you: we have been spending 18-hour days on this; we're running and are hoping we can get to a state in which we can get back to somewhat more formal discussions on this.

• (1615)

**Mr. Gavin Liddy:** I would also add that the union engagement started as soon as the consolidation decision was made, and the union was part of discussions—Rosanna has all the details—on a regular basis as we moved through the project.

**The Chair:** Monsieur Ayoub.

**Mr. Ramez Ayoub:** Mr. Chairman, I'm going to share my time with Madame Ratansi, if I may.

[Translation]

Earlier you mentioned a timeframe of four weeks for the first pay to be received through the Phoenix system, which sounds like a long time to me.

Will that timeframe be reduced?

**Ms. Marie Lemay:** I will share my opinion on that. Rosanna might want to add something after that.

Clearly, now it's immediate, although it was much longer before. It used to be six weeks, but now it's about three or four weeks.

I want to reiterate what I said earlier: implementing this system has highlighted defects that existed perhaps even before Phoenix. That is one such defect, in my opinion.

How can we make that period as short as possible? Even if it were reduced to two weeks, we'd have to be very careful. We need to take this opportunity to go even further with that information.

**Mr. Ramez Ayoub:** What does your work plan include in the way of compensation for employees who've suffered these delays?

**Ms. Marie Lemay:** This issue has been raised and it's very important. My Treasury Board colleagues are talking to the unions to establish a process in that regard. There will be something, but we don't have any details. As soon as it's announced, employees will know. We're asking them to keep all supporting documentation as much as possible. We'll soon be able to explain what process they need to follow.

**Mr. Ramez Ayoub:** Thank you.

I'd like to give the remainder of my time to Ms. Ratansi.

[English]

**Ms. Yasmin Ratansi:** I just have a couple of questions to clear my mind.

We have been hearing about the problems with Phoenix since the process was brought into play in 2009, under the Conservative government, and repeated suggestions and issues raised by the Public Service Commission and others about the system. Then the system did move forward, you tested it and the bugs, and \$310 million was sunk into it. When Minister Foote said she was assured that Phoenix had been rigorously tested and the staff were well trained, if you had advised the minister not to implement phase two what would have been the consequences, what would have happened?

**Ms. Marie Lemay:** It was strongly felt that the risk of people not getting paid or not properly paid outweighed the risk of actually moving to phase two. The risk was serious. The system was an old one. People were working on two systems. There was training and education needed and a learning curve was required for the new system. It's one of those processes wherein, once you have everybody on the same site and on the same system, you can actually reorganize the work, have it done by clusters, you can do the training in a different way. We were able to start doing that afterward. It was a big risk not to do it.

• (1620)

**Ms. Yasmin Ratansi:** In hindsight, with these problems of the 750 people not getting paid and 80,000 employees not getting that extra bit, would you have given different advice to the minister?

**Ms. Marie Lemay:** As I think I said earlier, I would have seen our moving to phase two, but I would have recommended that we prepare better the users of the system. I think the change management, and I'll say the educational component of the employees and managers...because it is a very different system to use. It changes your way of managing people, because you have to go in the system and do a click and an approve, and if you don't it sits there. It's not about a form that somebody else submits. There are a number of changes that are important that I think we underestimated. So I would have put more resources, more efforts, there. Also, I think I would have kept more compensation advisers for the transition to help until it stabilized, and then get back to the steady state.

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

For a three-minute round, we go to Mr. Weir.

**Mr. Erin Weir:** Deputy Minister Lemay, when you say that the problem was with the users of the system rather than the system itself, I wonder how much larger the problem would need to be for you to acknowledge that there was a problem with the actual system?

**Ms. Marie Lemay:** I don't believe I said the problem was with the users. If I did, what I meant was that the problem was with the users getting used to the system. I'm not blaming the users; I'm actually blaming us for not preparing properly the users of the system. I think we missed on this. That's not on the users; it's on us.

I have not said there are no problems with the software. I think there are issues on every component of the larger system. We the software issues come up, we have to address them. So all the components are....

**Mr. Erin Weir:** We've touched on the fact that the PSAC recommended a delay in the implementation of Phoenix. Did anyone else recommend a delay in the implementation?

**Mr. Gavin Liddy:** No. We had discussions with the Treasury Board Secretariat, all of those in the deputy community, and the Privy Council Office, the Department of Finance—

**Mr. Erin Weir:** So IBM didn't recommend a delay?

**Mr. Gavin Liddy:** IBM recommended a delay in May 2015.

**Ms. Marie Lemay:** And we did delay.

**Mr. Gavin Liddy:** And we did delay as a result of their recommendation. We didn't think they were ready, frankly, and we asked them, what do you recommend we do about that? Can you put more resources on to keep the schedule or do you recommend a delay? And they said, we recommend a delay.

**Mr. Erin Weir:** Okay, but not since then?

**Mr. Gavin Liddy:** No.

**Mr. Erin Weir:** Okay.

Now, we've talked about some of the costs of setting up these temporary pay centres. Mr. Grewal rightly pointed out that there will be costs of compensating employees who have incurred penalties as a result of not being paid.

Can you provide any kind of overall estimate of the total cost of this Phoenix boondoggle?

**Ms. Marie Lemay:** At this point, we cannot provide the cost of the compensation.

**Mr. Erin Weir:** Do you have any sense of the overall magnitude of what this is going to cost Canadian taxpayers, all told?

**Ms. Marie Lemay:** What we have right now are the measures that we've taken, meaning the satellites and call centres. The measures we've taken right now are costing \$15 to \$20 million. We're in the process of looking at other things, so we'll soon be able to provide the additional costs. As soon as we have the other process in place, we'll be able to also have a sense of the magnitude.

**Mr. Erin Weir:** If you could keep this committee up to date on those costs, I think we'd greatly appreciate it.

**Ms. Marie Lemay:** I will, with pleasure.

**The Chair:** Thank you.

That completes of the second round. My understanding is that Mr. Gerretsen from the government side has a question.

From the official opposition side, Mr. McCauley, you have two or three questions.

Mr. Weir, I'm not sure whether you have further questions.

I'm trying to get a sense for Madame Lackie and Madame Daviau of when they might be coming forward.

We have a question here that might take a few moments.

Mr. McCauley, do you think you need two or three minutes, or five minutes?

• (1625)

**Mr. Kelly McCauley:** It depends on the length of the answer.

**The Chair:** Sure.

Mr. Weir, are you done?

**Mr. Erin Weir:** I think so, unless something really compelling comes out of these final questions.

**The Chair:** All right. Let's see whether we can wrap this up and then go with two last speakers.

Mr. Gerretsen, please.

Oh, I'm sorry. Madam Ratansi?

**Ms. Yasmin Ratansi:** Mr. Chair, the witnesses have been here for two and a half hours. I think we should be mindful of that.

Thank you.

**The Chair:** That's another way of saying what I think I just said, but, yes, very much so.

**Some hon. members:** Oh, oh!

**The Chair:** Mr. Gerretsen, please.

**Mr. Mark Gerretsen:** Thank you very much, Mr. Chair.

This is a quick question that relates to the regional offices. One of the main complaints I've received over the last four months is that, with the move away from the regional offices to the centralized location in Miramichi, there no longer is that point of contact. Sometimes—quite often, I think—it was very beneficial. If you worked in corrections and your point of contact was in a region that understood how corrections employees were paid, it was a lot easier to help deal with the issues.

I want to hear from you that, when the rollout of Phoenix is complete and the issues have been resolved and we're moving forward, you are confident and you believe that Phoenix will still be able to deliver the same kind of quality of human-resource interaction with the employees that they were receiving with the regional offices.

**Ms. Marie Lemay:** Phoenix is not built the same way. It's very much a self-serve system, and that's the principle behind it, that you do a lot yourself. You have access to things, your manager goes in—it's not the same interaction that you used to have. To say that it will be the same thing I think would be wrong, but—

**Mr. Mark Gerretsen:** I'm sorry; I'm not asking whether it's the same thing but whether the employee will have the same access to the same types of resources.

**Ms. Marie Lemay:** Yes, they will in Miramichi.

**Ms. Rosanna Di Paola:** Yes. The model is different. It used to be that you'd go down the hall to visit your compensation adviser and chat about doing whatever you needed to do, such as going off on leave. That model has shifted to one of self-service and one whereby you put in a request and the pay centre in Miramichi provides you with the service. It's meant to be a lot quicker, a lot more efficient, a lot more consistent. That's the model of a centralized grouping of people.

There are experts on corrections. It's unique in that it has very specific rules, and they've been built into Phoenix as a technology, but the compensation advisers in Miramichi understand those collective agreements very well.

**The Chair:** Mr. McCauley, please.

**Mr. Kelly McCauley:** When we discovered the massive backlog, which we're hearing now is the cause of many of the problems in Phoenix with the pay and everything, what actions were taken in April, when it came up? It doesn't sound as though we informed the minister, because she was still advising us in the middle of May that everything was fine, apart from 77 isolated people.

**Ms. Marie Lemay:** We have to remember that the backlog.... We talked about two components. We talked about the transactions that were still in the system and not complete and we talked about the extra-duty pay that was forwarded after. But there's also the portion of the learning curve. We knew it would happen: a bit of a slowdown as the system is put in place. On that portion we expected some delay. That's why it took a bit of time to figure out—

**Mr. Kelly McCauley:** It sounds like this unknown backlog of 20,000 really threw a wrench into the plans.

**Ms. Marie Lemay:** Again, it's a series of things. It's not one issue, and I wish it were just one, but it's a number of things. That's why, at the beginning, we were expecting some slowdown in productivity,

and then we were looking at the complaints, and that's why we weren't able to....

**Mr. Kelly McCauley:** I may have misinterpreted. I thought it was bigger than it's sounding now, but it's just part of the overall problems. Okay.

Quickly, you mentioned that you had a first meeting with PSAC on April 25. I'm sorry, it's a long time ago now, but do you recall what issues were brought forward, because, again, all of us on this committee heard repeatedly that it's only 77, that it's a great program, that everything is good, not to worry, because it's being addressed? Then it blew up in June, and now it's blowing up more and more.

**Ms. Marie Lemay:** I can start by saying that the relationship with the unions, for us, is extremely important.

This was day 14 for me, and it was very important to meet with them because I wanted to have a conversation about what they were hearing. What I remember our conversation being was that they raised with me the issue of, could we not go to phase two?

Unfortunately, phase two was already done, but again, we go back to the recommendation. We were already in the system and going to phase two was, I believe, the right decision.

• (1630)

**Mr. Kelly McCauley:** I have just one last quick question after this, but just quickly on this one. Was the government aware of what PSAC was saying, or was it too late anyway and we just had to tackle these issues as they came up?

**Ms. Marie Lemay:** Was I aware, sorry?

**Mr. Kelly McCauley:** No, was Minister Foote aware? Because, again, one of our issues is that we heard for so long that it's only 77; don't worry, it's being tackled. It was a lot bigger.

I'm just wondering how we we thought for months that the issues involved just 77 people when in fact it was a lot more. How did we miss these other 80,000?

**Ms. Marie Lemay:** Again, I don't want to say that we're comparing apples and oranges, but the 77 were the complaints that we were tracking through the pay centre. If you remember what I said earlier about getting the information from the users as much as we could, the issues that were out there, we got some.... Actually the unions were very vocal in mid-June in passing on, through the minister and others, some of the issues they were hearing. That's when we decided to create and promote the form because we realized, my goodness, there is a lot of information.

**Mr. Kelly McCauley:** So the 77 were only what came through the pay centre?

**Ms. Marie Lemay:** Yes.

**Mr. Kelly McCauley:** I'm probably out of time, but how are you set up for income tax time if there are issues from 2015 that we're back-paying? Is issuing T4s going to be a mess?

**Ms. Marie Lemay:** Our colleagues from Finance are also involved in our discussions. Our objective is to clear everything that we can before the end of the year, because that obviously would be the ideal situation.

But we have—

**Mr. Kelly McCauley:** And that was more of a “good luck” with the question.

**Ms. Marie Lemay:** As I said, the finance department is involved also, so we have a whole-of-government approach on this one.

**The Chair:** Thank you.

Madame Lemay, Madame Di Paola, and Monsieur Liddy, thank you so much for coming.

I hesitate to say “good luck”, because that would imply that luck is required in your efforts to remedy the situation, but I know, on behalf of all of the committee members, and on behalf of every single government employee, we wish you the best of luck in getting this situation fixed.

I know you have expressed yourselves quite eloquently that you are seized with this. I assume that you, in your expertise, will do everything in your powers to get this quickly resolved.

**Ms. Marie Lemay:** That's the commitment that we're making to you.

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

We will suspend for just a couple of moments and then ask Madame Lackie and Madame Daviau to please approach the table.

• (1630) \_\_\_\_\_ (Pause) \_\_\_\_\_

• (1640)

**Ms. Yasmin Ratansi:** Mr. Chair, before we end the public meeting go into the private section of the meeting, I would like to propose something. I would like to propose that when they sit down, we change the interventions from seven to five minutes. Everybody has to catch a flight.

**The Chair:** I'll leave it at seven minutes, but if you only want to take five minutes, that will expedite things.

**Ms. Yasmin Ratansi:** Okay, fine, that's perfect.

**The Chair:** Ladies and gentlemen, we'll reconvene now.

Thank you very much. We have before us, Donna Lackie, national president of the Government Services Union; and Debi Daviau, president, Professional Institute of the Public Service of Canada.

We'll start with Madame Lackie.

If you have opening comments, please go ahead.

**Ms. Donna Lackie (National President, Government Services Union):** First, I would like to thank you for inviting us here today to speak. I am the president of the Government Services Union, one of the components within the Public Service Alliance of Canada. We represent the pay administration, and certainly the Miramichi pay transformation that's embedded within Miramichi and the compensation advisers.

We're working very closely, and have for the last five years, with the former PWGSC, now PSPC, in the rollout of the pay transformation. We support pay transformation and we see the value of it.

Five years ago we struck a committee with the employer, with the PSPC, called the Transformation of Pay Modernization Union/Management Consultation Committee, and we meet on a quarterly basis. For the last five years, I and Chris Aylward, the national executive vice-president of the PSAC, have attended those meetings to talk about issues relating to the transformation.

As we went through each wave of transformation, and through the training with the newly hired consultants and the compensation advisers, we became very close to this new community of compensation advisers. There are between 400 and 420 compensation advisers at any one time in Miramichi administering pay.

I will tell you that it is one of the most complicated jobs one could possibly imagine. The majority of the people who work in Miramichi are recent hires. They're new to government, and they're certainly new to the pay community. Learning 27 collective agreements, administering federal government pay with 27 different bargaining agents, is a phenomenal task. I have almost 30 years in government and I can imagine what it must be like to be hired off the street to learn this task.

The pressure of the rollout, knowing when the program of Phoenix was to roll out, the transfer and the wave of files that would come through, was extremely strenuous. People couldn't keep up with it. From my perspective, the biggest struggle that we suffered was trying to get the employer to slow down. We met numerous times and asked them to do that.

We said, we see the value and understand the intent of the outcome of this project, but we're getting calls on a daily basis from broken compensation advisers in Miramichi. We have people emotionally upset. We have people crying coming to work, crying going home at night, and they fear losing their jobs. They value the jobs they've received in the Miramichi. They're very proud to be working for the Government of Canada, and the pressure they take home every night must be very burdensome to their families as well.

We approached the department and asked them to ease up on that last rollout of files, that last transfer of 130,000 files. We asked them to please ease up and let them get caught up, because they don't understand. They're struggling to deliver pay. But the rollout went ahead.

I understand there's an obligation on the party of the government to issue pay on a timely basis, so not only do I represent the pay community, but I also sit here for the PSAC representing over 130,000 people who deserve to be paid every two weeks for services provided. That's a basic employment standard rule. We work very closely with our pay and compensation community and they tell us what the problems are and we appreciate that support.

We have developed a very good working relationship with Madame Lemay and her staff. We take issues to her, including crisis issues, and we get calls every day. I know Debi will speak to her issues. I hear from people who are going to food banks, who've extended their credit cards, who can't pay their rent and who can't pay their child care providers. So we are absolutely in a crisis situation here from the human factor perspective.

Our members at the pay centre are under immense pressure, because not only do they process pay, but sometimes on a daily basis they also have to tell people, "I'm not paying you this week. This is a pay week, but you're not scheduled to be paid. We don't have it. We haven't been able to process your pay." That is a terrible situation to put a new compensation adviser in to have to tell somebody there's no pay this week.

We repeatedly brought it to the employer's attention that we were concerned. We were concerned from what our members were telling us in Miramichi, that they were not going to be able to deliver pay. When you go from 2,700 compensation advisers who have more than 10 and 20 years experience and you drop that to 400 new hires, a lot of them new to government, that's an unrealistic expectation for something as complicated as pay.

The training needs were never met. Initially, a new hire in Miramichi was given an 18-month learning plan. After two years, it was dropped to 12 months. That's too short a window, because they would be training in the morning and be online and on the phones in the afternoon. It wasn't consistent training.

• (1645)

We were concerned about pilot testing. I've heard this today. We were very concerned that pilot testing wasn't done on a cross-section of risk pays. Thirty per cent of the pay administration is complicated. Whether it's for ships' crews, high-voltage workers, or students in Parks Canada, pay administration is complicated.

We asked for that second rollout to slow down and reported the problems, but we weren't listened to and the problems escalated. We now know, through all the lessons learned, that through the training and through the testing we couldn't rely on the technology. The technology was failing. We had pay administrators in Miramichi who couldn't get answers. They had no one to get answers from when they were trying to input pay and nobody could tell them. They were so creative that they were creating their own cheat sheets. A pay administrator would figure out how to solve a problem. They would huddle. They would bring everybody over to the desk and they would write little cheat cards and they would share them with each other and say, "Here's how you solve this pay problem." They became very self-sufficient.

I don't believe that was the intent.

We're always open to discussion and we've proposed many recommendations going forward. The bottom line is that it has to be fixed. People have to be paid. There's no question about it. That's a reasonable expectation.

The adverse effects on these new compensation communities has just been overwhelming. There are 40 new people who were hired in January in Miramichi, but they're 40 new people off the street who do not have compensation experience. You need to have experience

to do compensation. We have reached out to the retired community. We supported the department to try to encourage these people to come back, but there are people who are offended and felt they were dismissed rather quickly and rather cursorily, and don't feel the commitment. So we've reached out and pleaded with them as well, that there are 300,000 people who need to be paid and we're begging for their support. We understand their disappointment and frustration with their former employer, but we're asking for their support.

My expertise is not technology. I'll let Debi speak to that area from a Shared Services perspective, but we did not feel that the appropriate project management of the technology and the rollout at Miramichi was there. It takes experts and takes years to manage this kind of project and we were very concerned about it. We voiced our concern at every turn. So we find ourselves here today. It was a very exciting experience for us to sit and listen to the proceedings. I know Debi and I both share our concerns. The bottom line is that we will do whatever is necessary to ensure that our members get paid and that the Miramichi people, who have worked so very very hard, are respected.

Thank you.

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

Madame Daviau, please.

**Ms. Debi Daviau (President, Professional Institute of the Public Service of Canada):** I'd like to begin by also thanking the committee for the opportunity to testify today on what has probably become the single most important and pressing issue facing our members today, and I don't take that lightly given that we are also in a crucial round of collective bargaining as we speak.

I'm here representing the Professional Institute of the Public Service of Canada. We have over 50,000 public service professionals working in departments and agencies across the public service. These are doctors, nurses, scientists, researchers, and those in informatics, etc.

As you are all aware, serious problems persist within the government's Phoenix pay system, and many PIPSC members continue to go without pay or are missing significant parts of their pay. Despite recognition of the problem by senior officials and an apology from the government, we remain without a solution and with no clear timeline for individual and collective remedies.

PIPSC has been sounding the alarm. You asked that question earlier. PIPSC has been sounding the alarm since early in April, which is some months after PSAC started sounding the alarm. We met with Ms. Lemay prior to the second wave, and we did also request that this transformation be delayed until at least, at a minimum, the problems that arose out of the first wave were rectified. We were told at that time that this was not in the cards. They were unwilling not to flip the switch on the second wave, and it was imminent. They had assured us that they had gone through the problems that were raised in wave one, and almost all of those had been resolved. That, unfortunately, was not the case.

We have some 400 cases that are formal cases. That means people who contacted their union to file a complaint because they no longer took it on good will that they were going to be paid. Many of those are still from phase one, that is, dating from February. We are now seeing in the last couple of weeks new pay issues arising, which is of particular concern. Now we're not just talking about the ones that existed when we first implemented the system, but as we are fixing the system in some areas, it is creating new problems in other areas.

The problems continue to add up. We've had northern nurses, where recruitment and retention is already an issue, quit over their pay problems. They're a particularly hard-hit group because they work their regular hour shift work and rely on overtime for a significant portion of their pay. This is in an area already suffering from lack of good health care services in the north.

We've heard many stories of new parents returning to work and going without pay for months as they struggle to cover child care and housing costs; and students so hard hit that managers are pooling money together to help them with their groceries.

I was at a meeting recently in Alberta, and a spouse of one of my members asked why employees were still going to work without pay. He noted that as a small business owner, his employees would not show up if they weren't paid. With passion, another one of my members, a nurse practitioner, got up and explained that they continued to do their work regardless of the pay because they believed in the work and were loyal to Canadians and to the service they provided to them.

The federal government shouldn't be taking advantage of the dedication and the hard work of federal public servants. We need to fix this problem.

For members who have contacted our national union, we currently have 360 cases, 138 of which are critical. What's a critical case? It's a person who receives zero pay or doesn't receive enough pay to make ends meet. This doesn't always capture all the individuals who are facing this problem. This is just the number of people we know about. And we know from the government's own numbers that tens of thousands are affected.

As a first step, we need to see immediate action to get emergency pay directly from departments and agencies. If this is the only way to help those employees who are going for multiple pay periods without pay, then departments really have to get better and quicker at it. It seems to be a workable solution except, it's not working.

Because of the continued problems with Phoenix and our desire to do something to help our members, the PIPSC board of directors has instituted a loans program for our hardest hit members. We are offering loans to our members, which is way outside of our mandate, to ensure that they can make ends meet. We hope this will alleviate some of the genuine stress and harm being done to our members by this poorly executed transition to the new pay system.

• (1650)

We've also written to the President of the Treasury Board and to the Minister of Public Services and Procurement. So when you asked did she know about this, well, she ought to have known about it. My union and the other 17 federal public sector unions have been very

vocal about describing not just that there are issues but also what those issues are, and even offering up solutions.

We're now working with the Treasury Board to establish concrete steps to ensure that our members are paid and are compensated for additional financial penalties; and yet people from February are still not being paid. We're sending these urgent cases directly to the Treasury Board Secretariat, but we have yet to see very many of them resolved—and certainly not in the timely and effective way that Ms. Lemay seemed to characterize as the way they would now be taken care of.

Many questions need to be asked and answered, when it comes to solving this mess. My top questions, for starters, which I'd like to put to the committee, because I believe my role here is more to ask questions than to answer them for you, are the following.

A commercial product, a so-called off-the-shelf product, appears not to have been adequately tested. I understand from reports that perhaps up to 16,000 records were tested. This is more than likely way too low a number for a system that has been said in the past to have more than 70,000 rules it may need to apply.

What were the testing protocols and timelines? Can we see reports and evidence of the testing processes? Clearly, the results are not reflective of what's actually going on. Is it possible to test 70,000 rules with only 16,000 records? Wouldn't it be difficult to test the interaction of all of those rules with each other with only 16,000 records?

Was there a contingency in place, if Phoenix failed? I think we could say that it's failing.

It seems doubtful right now, but can we go back to the old system, or are there other answers that we need, to ensure that going forward we have a system that works?

Our union has been raising concerns with outsourcing and contracting out as well of many public services. We've seen the use of outside contractors balloon, especially in the IT sector. We have evidence of other projects that are over budget and late, such as the government's email transformation, which was outsourced to Bell and CGI. To what extent was the testing and implementation of this transition outsourced to IBM or other companies, when our members stand ready to do it?

We would like to see this committee look seriously at these questions and to continue to strive to find a solution, so that our trusted, hardworking public servants can be paid. I'm sure you can all agree that public servants should not be paying the price for the failures of the pay system.

We at PIPSC remain at your disposal—both the government's and this committee's—to help in identifying the issues and the accompanying solutions. Anything we can do to get money into our members' pockets for their loyal service is not too much work for us, including bringing me off my vacation to come to report to this committee. I remain available to you.

Thank you so much for this opportunity.

•(1655)

**The Chair:** Thank you both for your statements.

We'll start with Madam Ratansi.

**Ms. Yasmin Ratansi:** Thank you both for being here. We appreciate your presence here.

I have a question for you, because all of us, as we have been discussing, find it unacceptable that any person is not paid.

What is the morale of the staff in Miramichi? They must be facing a lot of negative press.

**Ms. Donna Lackie:** I will tell you that the morale in Miramichi is at its absolute lowest. Last night I received an email from one of our members in Miramichi who is so depressed that in her email she told me they had found an employee in the bathroom crying the other day. I shared that email last night at 10 o'clock with the deputy minister and have asked that on-site mental health experts be brought in to support the workers in Miramichi—not a 24-hour EAP officer on a phone. We need on-site mental health to support these people. They're carrying the weight of the entire federal public service on their shoulders.

So to your point, yes.

**Ms. Yasmin Ratansi:** Thank you very much. We were quite worried about this. We know that this is not only a financial issue, but also an emotional issue for people.

In the July 14, 2016, CBC article, the associate assistant deputy minister, Ms. Rosanna Di Paola, who testified today before the committee, said that the system is functioning as designed and that they had tested the system inside out.

Do you agree with that?

**Ms. Debi Daviau:** If the question is to me, absolutely not.

I happen to come from an informatics background and, as I mentioned, you can't test over 70,000 rules on an off-the-shelf product that you configured for... You can't even find a comparison for this kind of project. But a system that has to manage over 300,000 pay files definitely needed more than a little bit of testing. When they came to the conclusion based on the 16,000 they tested that they weren't ready, they should never have moved forward.

In my view, this was about saving money and not necessarily about modernizing or improving the pay system.

I have to admit that I got irritated when I heard from the deputy minister—who, by the way, we are working very well with, and I want to be clear here that departmental officials have worked openly with us to try to resolve this—that the whole justification or goal behind the modernization of the pay system was to ensure its sustainability. From my perspective, you had 300,000 public

servants who were being paid correctly before the transformation, and now you have 80,000 of those public servants who are not being paid correctly. Clearly, the solution did not meet the needs of the project.

•(1700)

**Ms. Yasmin Ratansi:** I appreciate your input, and I appreciate why the deputy minister does what the deputy minister does, because as career public servants they have to go with what the previous government said. They are at a loss themselves. The previous government did not listen to any input from you guys. The system has come into place. When you have sunk costs of \$310 million and a system that is said to be ready, what is one supposed to do? I appreciate that.

I understand that the deputy minister and the minister visited the Miramichi pay centre yesterday. What sort of feedback do you have?

**Ms. Donna Lackie:** I was very interested in that feedback. They staff there were very encouraged and very appreciative of the minister and deputy minister's appearance. The minister was very clear with them that she understands they're under immense pressure. She understands they have a very difficult job to do.

I don't believe there were any solutions provided to them. I know they were most anxious to have possible options presented to them, but they were not forthcoming. But they did appreciate the conversation and the fact that the minister and the deputy took the time to come and meet with them, so yes.

**Ms. Yasmin Ratansi:** I hope collectively we will find solutions, because we are here today and because we want to resolve the issue. The past is the past, and now we need to move forward.

**The Chair:** Mr. McCauley.

**Mr. Kelly McCauley:** Thanks for joining us today. I certainly appreciate your heartfelt comments. I can certainly see that you are feeling every bit of what your team is feeling in Miramichi and throughout, so thank you very much.

I have some very quick questions for you.

You sat in and heard the earlier testimony today, so how comfortable are you with what has been proposed, what has been discussed today, going forward, knowing that we're not going to go back to the old system? The old system could have died any second, in which case there would be no pay for months.

**Ms. Debi Daviau:** Leaving aside the original decision to go with the system in the first place, because what's done is done and though it has created a disaster, I don't think anyone wants to focus on the past.

**Mr. Kelly McCauley:** So how comfortable are you?

**Ms. Debi Daviau:** Leaving that aside, we feel as though the government has been taking progressive steps toward fixing this issue. Nonetheless, with all of those steps—the addition of resources in Miramichi, the creation of the temporary pay centres and the call centre, the additional training, the bringing in of the Phoenix people on the ground, the deputy minister and the minister visiting the Miramichi pay centre, the web form—all that's great, it all sounds great, but at the end of the day, people are still not getting paid. What I have to say to that is it's obviously not enough or they're not the right solutions, because it has not produced pay for public servants.

**Mr. Kelly McCauley:** Okay, I'll take that as a low level of competence.

Ms. Lackie.

**Ms. Donna Lackie:** Further to that point, yes, absolutely. I've spoken to members from the former compensation community to ask them to give some consideration to coming back in support. They are angry and irritated. They feel they were disregarded. They gave plenty of warning to the departments that this was not going to be a success. We've seen that demonstrated now. Bringing in new people off the street and introducing a very complicated and untested software program positioned for failure, or definitely for struggles, has meant that the people who are now administering pay are dealing on the front lines with having to deliver a product that's not appropriate.

**Mr. Kelly McCauley:** I can't recall, but one of you mentioned 400 or 440 outstanding grievances, I think, that—

**Ms. Debi Daviau:** That's just from my membership, yes.

**Mr. Kelly McCauley:** You've said that a lot were from wave one. Were those formalized as grievances back then?

I ask because part of the issue that we're struggling with is that for so long we've heard that it was just 77 issues, and then we heard today from the deputy minister that while those 77 came through, those were only the ones that came through this one area.

Did no one communicate all these others?

**Ms. Debi Daviau:** Honestly, when that figure came out—that 77—we had already filed more than 77 formal grievances just from PIPSC. So I was astounded. I couldn't figure out where that number came from. It just seemed—

• (1705)

**Mr. Kelly McCauley:** We found out today those were only the ones reported through a certain area and not through all the others. That's what we've been trying to get at for quite a while.

**Ms. Debi Daviau:** At that point we had over 150 critical cases and over 300 total cases.

**Mr. Kelly McCauley:** Ms. Lackie, you mentioned that you had met with the government several times, starting in early April, I think. Was that the same timeline when you started meeting, expressing some of your worries about the way the implementation was proceeding?

**Ms. Donna Lackie:** Well, actually no. Since 2011 we've been meeting with the department and holding discussions. We've been part of a union consultation committee going forward as each wave progressed—one, two, and three—and as people were hired and

going through their training process. So we've been involved since 2011 in a consultative relationship.

But then when we got to wave two and wave three, in particular, when files started to be transferred, our members were calling us and saying, "We're not ready. We're forced to work overtime. We have to do mandatory overtime. We simply are not ready."

**Mr. Kelly McCauley:** And those concerns were communicated?

**Ms. Donna Lackie:** That's correct. Absolutely.

**Ms. Debi Daviau:** Yes, the April meeting that Ms. Lemay referred to was a meeting between the president of the PSAC and me and the national executive vice-president of PSAC. We were there representing all of the unions with these issues. We presented issues, they presented solutions, but those solutions are still not producing pay today.

**Mr. Kelly McCauley:** We heard today about the priority one, two, and threes. I agree that the priority ones have to be the ones that we haven't paid, period.... Are you comfortable with how we, the government, have priorities one, two, and three set up, such that within  $x$  number of hours this person will be contacted, etc., or...?

**Ms. Debi Daviau:** I don't think it's fast enough, by the way, and we don't see those timelines being respected.

**Mr. Kelly McCauley:** It's never going to be fast enough.

**Ms. Debi Daviau:** But for sure, priority one is people who aren't being paid.

Let me give you an example of somebody who might fall into priority three but is critical: a nurse working part-time in the north, where they have troubles recruiting and retaining. They have a part-time nurse whom they rely on to work overtime, for example, and that nurse relies on her overtime pay in order to pay her mortgage, or whatever the case may be. That person would not necessarily be considered a priority in that system but is definitely a priority because we're now going to lose that critical public servant in that area because he or she is not being paid.

**Mr. Kelly McCauley:** Have you had a chance to share that information?

**Ms. Debi Daviau:** Yes.

**Mr. Kelly McCauley:** You've answered my question perfectly, by the way.

**Ms. Debi Daviau:** We have put all of our critical cases forward, yes.

**Mr. Kelly McCauley:** Thanks.

**The Chair:** Mr. Weir.

**Mr. Erin Weir:** I really want to express my appreciation to our two witnesses for appearing before this committee on short notice.

I first found out about problems with the Phoenix pay system when employees of the RCMP Depot in Regina contacted my constituency office about not being paid properly. It's extremely important that we're hearing from representatives of the Canadians who are delivering different types of public services all across the country, so thanks for coming out.

Someone else who is in Ottawa, but not appearing today, is the Minister of Public Services and Procurement herself, and while it's certainly a good thing that she went to meet with employees at the Miramichi pay centre, presumably it would also be important for her to address the 80,000 federal employees who have not been paid correctly.

I wonder if you have any comment on that.

**Ms. Debi Daviau:** I have written to Minister Foote on a number of occasions now, not just about pay, but at least two times specifically related to pay, and that has produced meetings with other officials, including Minister Brison, the President of the Treasury Board. But I've yet to have an opportunity to meet directly with Minister Foote about these issues.

**Ms. Donna Lackie:** I have the same situation. I have written to the minister and have been forced to meet with other departmental heads as well, but we would like an opportunity to speak with her, to talk about those 80,000 people and the reasons and the explanations we can possibly give these people for not being paid. I agree with you.

**Mr. Erin Weir:** Okay, it sounds like we're not alone in having difficulty meeting with the minister, then.

I wonder if you could comment, perhaps, on the argument that we heard from the deputy minister that it made sense to go ahead with phase two of Phoenix and that the risks of doing it were less than the risks of not doing it.

**Ms. Debi Daviau:** I don't know if you heard me. I very impolitely snickered out loud when they said that, because I couldn't understand how.... There we were saying that we know today of  $x$  number of problems that exist as a result of wave one. Can we get a commitment from you to at least correct those  $x$  number of problems before you put another 170,000 people back into the system? And they said no. They just were unwilling to slow down or take their time, or rethink it, and that's unfortunate because we thought there was a perfect opportunity there to take a step back and to make sure it was being done right. I just think it's ridiculous to say that you're doing it in order to ensure the sustainability of people's pay when in fact the problem they created through this transformation was the very problem they claimed to want correct.

To be frank, the old pay system was not perfect. That's for sure. That's why we were working to try to modernize it, but people were being paid. Most people were being paid regularly and could expect the right amount of pay and could access that information through their pay stubs and would have all the appropriate employment information they needed at their fingertips, and that's not the case today.

• (1710)

**Ms. Donna Lackie:** I met with the deputy minister about the last wave of transfers, 170,000 files, and I asked her to ease up. We weren't asking them to stop the process but just to extend it another

six months to allow our compensation advisers and the new ones who were hired in January an opportunity to become much better versed in the system to be able to address the pay anomalies and allow Phoenix and IBM an opportunity to fix the system.

**Mr. Erin Weir:** You mentioned that your members are still working, despite not being paid for months in some cases. I think all members of this committee would really salute the dedication of public servants to continue delivering these important services despite not being paid, but I did want to ask whether in your judgment the Phoenix boondoggle has negatively affected the delivery of public services.

**Ms. Debi Daviau:** How could it not have an impact on employees' morale? Really, I mentioned at the outset of my testimony that we're also in the middle of a difficult round of collective bargaining, but we were ready to sit with this government and work our way through it. But now you have this large number of people who feel so disrespected that nobody even cares if they get paid, and yet, as I say, they go to work every day. I don't know of a single person who doesn't show up to work as a result of this problem, except for the two I know of who have resigned from their jobs in the public service because they could no longer afford to keep those jobs.

**Ms. Donna Lackie:** I'm not aware of any members who have resigned either, and who would blame them, but there are other things tied to this. Their pensions are tied to this. Their health care benefits are tied to this. So this isn't just about a paycheque. It's not as simple as walking away and going down the street and getting another job. They have invested a lot of their career and their time, and they're also very proud to be working for the Government of Canada. So every day they hope they're going to go to work or they're going to log into their bank account and find a cheque there. So they're optimistic, and I respect them for what they've done.

**Mr. Erin Weir:** Ms. Daviau, you asked some very pertinent questions about the lack of testing of the Phoenix system. I wonder, though, if you have any more general observations about the advisability of trying to use off-the-shelf software as a replacement for what is a very complex set of federal payroll systems.

**Ms. Debi Daviau:** I'm not opposed to the choice to use an off-the-shelf product. I'm definitely opposed to the lack of time and planning and appropriate consideration that went into whether or not it was actually a value-for-money exercise, whether or not it was actually going to fix the problems that they were hoping to fix. And, most specifically, if they came to the conclusion that it was, they needed to ensure that that system was going to work, or at the very least, that as new issues arose they would be in a position to triage and correct them overnight, so you wouldn't have people in this predicament.

But, as I say, I now have members who have gone about six months without pay, and of course nobody can survive six months without pay. They're passing the hat at the office. As Donna said, they're at the food bank. They're maxing out their lines of credit, they're taking second mortgages, and all of these things are going to have an impact on their future ability to access credit.

So this is a problem that's going to keep compounding itself the longer it goes on. Quite frankly, I'm just hoping that the Prime Minister pulls out his chequebook and starts paying these people so that we can get on with the work we need to do for the Canadian public.

**The Chair:** Mr. Whalen.

**Mr. Nick Whalen:** Thank you both for coming. This situation is completely unacceptable. I agree with my colleagues on the other side that some of the information surrounding the rollout seems to be conflicting. I have received almost 70 complaints in my office. They weren't formal complaints through some formal system, but were by union members reaching out to try to get help with back pay—back pay that was substantial.

I think I have a better understanding today what the plan is to try to resolve some of the issues. We have three working days for people who aren't receiving any pay. We'll see whether that pans out at the next pay period, on the 10th. We have priority two, meaning employees with pay at risk of disruption because of maternity leave; that's four to six weeks.

I'm not sure how that compares with what the timelines were under the prior system. We were hearing that it was eight to twelve weeks for those types of extraneous pay, so this seems to be a slight improvement.

Then I look at the priority three, and this is where I perhaps share some of Mr. McCauley's and Ms. Daviau's concerns. Many of the people on this list, it seems to me, would be perhaps in the same precarious situation as the people who are in priority one.

Is there a working group that you're part of regarding the management of the system that could help identify some of these?

• (1715)

**Ms. Debi Daviau:** I think we're all hoping that the government stands up a committee of sorts so that there is an opportunity for us to work together to both identify and resolve the problems. So far, other than a few meetings between the PSAC and Marie Lemay, we're really not doing that.

**Mr. Nick Whalen:** I think that would be a helpful suggestion, that union and management sit down at the table and work more proactively. Maybe others will have questions on that.

I want to get back to one of the mechanisms that the minister announced that didn't get a lot of time in the discussion today, that being the appropriate process for emergency pay. Right at the outset of this crisis, the minister announced that departments should cut cheques for emergency pay to employees, and that they could then sort out the back pay or too much pay or not enough pay later, as the system was fixed.

What has happened with what was meant to be the immediate fix? It was announced back in April. Has it not worked? Have you tried

to use it? You talked about loans, and I'm saying no, if somebody doesn't get their pay, this idea was to go to their department—not to Treasury Board, not to PSC, but to their department—and say, give me my emergency pay. The minister told you to do it.

What happened there?

**Ms. Debi Daviau:** There are mechanisms for giving emergency pay. There's both emergency pay and priority pay, both of which should produce a paycheque within 48 hours. Your guess is as good as mine as to why exactly that system doesn't work, but what we saw was people jumping through all the fiery hoops and filling out the forms and talking to their management, right up to their director. Then this would be sent off to the Treasury Board and the whole thing would be approved, and they would get cut an emergency paycheque. And in the very next pay cycle, Phoenix would take it back from them, and now the person would owe the government that emergency paycheque—

**An hon. member:** How did they manage?

**Ms. Debi Daviau:** —so they didn't find themselves any better off.

In some cases we also heard that departments such as Health Canada had widespread issues. We heard cases in which the bureaucracy was telling us they just didn't have the resources to process emergency and priority pays anymore; that they didn't have enough people to determine who was missing what and therefore could not remedy the problem.

**Mr. Nick Whalen:** Maybe this is a bit of a leading question, but based on the feedback you're hearing from your members, is it clear to them what they need to do when they're not being paid, or is there a communications problem here as well?

**Ms. Donna Lackie:** There's a communications problem. You also have to remember that there are many people who won't surface. There are people who are concerned about their jobs and traditionally keep quiet and will endure the situation, so the number of could in fact be higher than 80,000.

What's happening is that people are cautious and concerned and are embarrassed to go to their manager or supervisor to ask for a salary advance. Many times, when they get these salary advances—going to what Debi is saying—two or three days later Phoenix pays them and they are then in an overpaid status, and at the next pay cycle Phoenix takes 100% recovery off their pay, so they get no pay on the next pay. Paying them actually creates a new problem.

**Ms. Debi Daviau:** They really needed a way to triage the new issues as they arose and to be able to get pay into people's pockets faster. We asked for that notice to go out. Marie respected that and sent it out because we, the unions, asked for it.

But again, the notices that go out to employees are long, convoluted, and complex, with a number of links to a number of different sites, so you have to fill out this form and you have to contact that person and then you have to be in contact with Miramichi.

In all of that, nowhere does it say that you might want to contact your union rep, who can help walk you through this. Nonetheless, as people realize that they've been waiting patiently and that now we're this many months into it and they're still not being paid, we are starting to see a big influx of people filing formal cases because they don't see any other solution.

• (1720)

**Mr. Nick Whalen:** Well, we can fix the problems we learn about, hopefully.

I'll share the rest of my time with Mr. Gerretsen.

**Mr. Mark Gerretsen:** How much time do I have, Mr. Chair?

**The Chair:** About two minutes.

**Mr. Mark Gerretsen:** There's one thing I wanted to clarify. When the departmental officials were here my interpretation of what they said is that you sounded the alarm, but by that point it was too late, that too much had already been rolled out. Is that fair? You said something different. You said you told them not to, but then they still went ahead with it.

**Ms. Debi Daviau:** I'm going to refer to Donna on this, because the PSAC was in this much earlier than we were, back in 2011, as we were starting to move over, saying, "Whoa, whoa, wait a minute." Certainly, after wave one happened, that was the point at which we realized everything they'd been telling us up to that point was untrue.

**Mr. Mark Gerretsen:** Are you saying that what they said is inaccurate, that there was time to turn it around?

**Ms. Donna Lackie:** I'm not going to say whether they had time to turn it around, but they had time to slow it down and be much more respectful on their timelines and much more reasonable in their rollout of the training programs. The problem was we didn't have the human resources to support what they were trying to do, so we were just asking for time.

**Mr. Mark Gerretsen:** Okay, thank you.

**Ms. Debi Daviau:** The same with us: fix the problems first, then go to wave two.

**Mr. Mark Gerretsen:** My other question has to do with what we do moving forward. We've had a lot of discussion about why the program was broken, and this and that. I asked the officials a question. I said, do you need more resources? What resources do you need? That was followed up by some of my colleagues. We were told that the minister had already said "Use all the resources you need in order to get this problem fixed as quickly as possible."

Can you offer a suggestion as to what more, on top of that statement—which seems *carte blanche* to do anything you want—can be done?

**Ms. Debi Daviau:** After the fact? I mean, they needed to plan better and to do better training, and all of these things, and I think they still need to do those things, but—

**Mr. Mark Gerretsen:** My question is, how do we get the money into the bank accounts of the people who deserve it faster than what they're proposing?

**Ms. Debi Daviau:** I know it sounds ridiculous, but seriously, somebody has to have the authority to whip out a chequebook and cut cheques manually. Clearly, the system isn't working. If I'm a

manager and I have employee A, and I know employee A isn't being paid, and I know approximately what employee A gets paid, I should have the authority to get them a cheque, and I don't. So that's the problem.

**Mr. Mark Gerretsen:** That's a good answer. Thank you.

**Ms. Donna Lackie:** May I add to that? I think there needs to be a national apology to those 2,700 people out there who have 30-plus years' experience as compensation advisers, who can walk in tomorrow, some 2,700 people, and help solve this problem from a resource perspective, for their dismissals.

**Mr. Mark Gerretsen:** Fair enough, but you did say that you'd been begging them to come back, and they're reluctant to do that.

**Ms. Donna Lackie:** But it shouldn't come from me.

**Mr. Mark Gerretsen:** I know. Okay, fair enough. Thank you.

**The Chair:** I only have two others on my list for questions, although I suspect that Mr. Weir may want to have ask another question.

I have Mr. Shields on my list, but Mr. McCauley, do I understand you're taking the question?

**Mr. Kelly McCauley:** Sorry, I don't have a question, but I do have a motion that I would like to put forward.

As Mr. Whalen says, given the conflicting information being presented to the Standing Committee on Government Operations and Estimates:

That the Committee shall conduct a full study of the Phoenix payroll system; that the Minister of Public Services and Procurement Canada appear before the committee no later than Friday, August 5, 2016; and that the meeting be televised.

**The Chair:** From a procedural standpoint, Mr. McCauley, I'm going to have to rule that out of order. I'll tell you why, and I'll tell you what needs to be done.

We had already defeated a motion calling for the minister to come on August 5. If your motion merely said to rescind the earlier decision, that would be ruled in order, but your motion now is substantively the same as the original motion that was defeated. From a procedural standpoint, that is out of order.

If you wish to reword your motion to rescind the earlier vote, we can vote on that and see how the committee deals with it. But simply to bring forward the motion as you've worded makes it out of order, in my opinion.

Mr. Weir.

**Mr. Erin Weir:** Perhaps to expedite things, it strikes me that we do have a motion on the Order Paper that I presented but have not yet discussed, which does not tie the minister's appearance to a deadline of August 5. I wonder if we could perhaps consider that motion.

**The Chair:** Well, Mr. McCauley has the floor right now, so the motion—

**An hon. member:** [*Inaudible*]

**The Chair:** I'll certainly take it under advisement. However, your motion dealt with the minister appearing, representatives from the union appearing, which we have now, and also I believe employees. Again, I'm strictly talking from a procedural perspective.

Mr. Ayoub first, then we'll go back to Mr. McCauley.

• (1725)

**Mr. Ramez Ayoub:** I don't know every single rule that we need to follow, but we have two witnesses here to answer questions. I think these kinds of things are procedural and maybe we deal with them afterwards, in camera or whatever, and go back to the witnesses now.

**The Chair:** Well, Mr. McCauley is well within his right to bring forward a motion when he has been recognized, when he has the floor. He has done that. I'm ruling that the wording of the motion is out of order.

**Mr. Kelly McCauley:** But this is substantially different, because this is asking for not just the minister to appear, but to conduct the full study of the pay system and for the minister to appear. The previous one was not that.

**Ms. Yasmin Ratansi:** Mr. Chair, I think the government is already conducting the study, and therefore Mr. McCauley's motion is really out of order. It's my understanding that the government is conducting the study.

**The Chair:** To my knowledge, I don't know who is conducting that study. This committee is not; this is just an examination.

I will have to consult with my clerk, but the point is that if your motion were simply to rescind the vote of the earlier motion, it would be completely in order. If that is the only point you have, now that I've recognized you, let me take some time to consult with my clerk for about two or three minutes—hopefully no more than that.

• (1725)

\_\_\_\_\_ (Pause) \_\_\_\_\_

• (1725)

**The Chair:** I apologize to our two witnesses, who have been sitting very patiently for close to two hours before appearing at the table, while we deal with this procedural matter.

Mr. McCauley, I believe you have a revision of the wording of your motion.

**Mr. Kelly McCauley:** Thank you for your patience.

I'm moving, in revising it, that the Standing Committee on Government Operations and Estimates conduct a full study of the Phoenix payroll system.

**The Chair:** All right; we have a motion.

Does anyone wish to speak to the motion?

**Mr. Nick Whalen:** That sounds pretty similar to the motion that Mr. Weir had on notice, subject to a slightly different wording.

**The Chair:** Well, Mr. Weir's motion is on notice, but he hasn't spoken to it and hasn't introduced it, which has to be done, from a procedural standpoint. The only time you can introduce it is when you have the floor. Mr. McCauley has the floor now. At least he has been recognized; that's why he's introducing this motion.

These are all the arcane procedural sorts of things that we live by here.

So we have a motion. Do we have another speaker?

**Ms. Yasmin Ratansi:** No, I just need clarification.

Are you just presenting that motion and then letting the subcommittee decide the dates of the study? We are in the middle of—

**Mr. Kelly McCauley:** If we're agreeing on the study, then yes, I am.

**Ms. Yasmin Ratansi:** Okay, but we will be in the middle of Canada Post and everything else.

**The Chair:** The motion, for committee members, is simply whether we agree as a committee to conduct a study.

What we've done today is an examination or a briefing, however you wish to call it. A study, of course, is far more extensive than that. It can entail several other meetings delving into many other areas. That is the essence of the motion put forward by Mr. McCauley.

• (1730)

**Mr. Kelly McCauley:** I'm sorry; it's before August 5. It's that we do the study by August 5.

**The Chair:** So it's to conduct and complete a study before August 5th?

**Mr. Kelly McCauley:** It's that it begin before August 5.

I'm sorry; we have miscommunication on our side.

**The Chair:** It's that we commence a study no later than August 5.

**Mr. Kelly McCauley:** Yes, my apologies.

**The Chair:** All right. The question, then, is whether the committee agrees to commence a study on the Phoenix pay system prior to August 5.

I'll call the question on that.

(Motion negated)

**The Chair:** Now, I think unfortunately that took up the five minutes, and I have Mr. Drouin next on my list.

**Mr. Francis Drouin:** No, I'll pass. My colleague has answered my questions for me, so I'm okay.

Thank you.

**The Chair:** All right.

Mr. Weir, did you have a question?

**Mr. Erin Weir:** Well, since we've devolved into committee business, I think I will use my time just to introduce the motion that I already have on the order paper. I'm happy to read the motion, if that's useful to the committee.

**The Chair:** Yes, procedurally you'll have to introduce the motion, and you can do that now.

**Mr. Erin Weir:** Sure. It reads:

That the Committee study the Phoenix payroll system and invite witnesses including the Minister of Public Services and Procurement, the Deputy Minister of Public Services and Procurement, federal employees who have not been paid correctly and their union representatives.

**The Chair:** All right. I will suspend for about two minutes just to confer with my clerk to make sure that this is procedurally in order, and then we'll either go to commentary or straight to the vote.

We'll suspend for two minutes.

• (1730)

\_\_\_\_\_ (Pause) \_\_\_\_\_

• (1730)

**The Chair:** We are back in session, Mr. Weir.

On the advice of my clerk, this would be considered in order. It is substantively different from the original motion.

Is there anyone wishing to speak to the motion?

Mr. Weir? It's fairly self-evident.

**Mr. Erin Weir:** Yes, I think it's pretty straightforward. Essentially, it's calling for a more fulsome study of the Phoenix pay debacle. We've had a good meeting here today, but I think we definitely need to look at other issues and hear from more witnesses.

**The Chair:** All right. Thank you.

Are there any other questions or comments?

(Motion agreed to)

**The Chair:** Thank you.

Now, I'm sorry, Madame Daviau.

**Ms. Debi Daviau:** I just beg the committee's indulgence for one more minute, despite your not asking me a question.

It's great that you're going to study it, but I think Donna and I both had the same question—to what end? What we're after is, number one, getting our members paid; and then, number two, going forward with a system that works. Maybe that wouldn't normally be defined at this phase, but if the committee could make sure that it's turning its mind to the very serious questions of how we get money into the people's pockets today as the number one priority, and only secondarily, what went wrong and how do we fix it for the future, if you will, that would be greatly appreciated.

**The Chair:** Certainly. I know you're both well aware of how committees work, and now that we've agreed to commission a study, there will be a report that will be tabled in the House of Commons once the study has been completed. I would assume that the members here, during that study, would like to be able to recommend solutions or some remedies. Also, they have the ability, of course, to call witnesses forward to assist in developing remedies. I'm sure you will be back before this committee in the very near future, that said.

Now, if I'm reading the table correctly, since we've dealt with that, are there any other speakers?

**Mr. Kelly McCauley:** I just have a single question.

**The Chair:** Certainly.

**Mr. Kelly McCauley:** Ladies, again thank you for bearing with us and your patience. Going forward, who's the front person within your organizations, with the government, when these things are

coming up? We hear that you're meeting with the unions often, which is great, etc., but it sounds like you're still hearing of issues that the government is not hearing. What mechanism can you see being set up for communicating those issues that you're hearing about that the government side's not hearing, so that we can get the people paid faster and get these problems solved?

• (1735)

**Ms. Debi Daviau:** Marie Lemay mentioned that she had set up an address of one gathering place where we could send these issues to. Those are over-arching issues, not individual issues. On individual cases, after some months of people not being paid, we went and asked for another solution. We're sending our cases directly to the Secretary of the Treasury Board, who is then sharing those cases with various deputy ministers, which one would think would give it the kind of urgency and priority it needed to be resolved. But our experience thus far, unfortunately, has been that those cases are not necessarily being resolved in a more timely way than any other case.

**Mr. Kelly McCauley:** Okay. That's something to take with us.

**Ms. Donna Lackie:** I have the opposite example. I do have the ability to reach into the PSPC, into the accounting, banking and compensation branch, to resolve ours on a case-by-case basis. We have been relatively successful in addressing each one of our members' cases and plights as they present them to us. We have been able to move those issues forward on behalf of PSAC.

Some of them are much more complicated. Disability management cases, for example, are very complicated. People who are going off on Sun Life and long-term sick leave are very complicated, so they take longer to do. But we do have points of contact for addressing each one of our cases within the PSAC.

**Mr. Kelly McCauley:** Okay. Thank you.

**The Chair:** Hearing no more questions, I will entertain a...

I'm sorry, Mr. Weir.

**Mr. Erin Weir:** Just given that our witnesses were very patient this afternoon and that we did interrupt their testimony with some committee business, I would just ask whether either has anything to add.

**Ms. Debi Daviau:** No. As I say, we just want to get our members paid. We're willing to do anything. We're willing to help out in whatever way, to give of ourselves in any way that we can help. We're really pleased that the committee is also very serious about getting us through to a resolution. Thank you so much for the time.

**Ms. Donna Lackie:** As well, this has been an opportunity for us to bring our members' issues before this committee. This has been a very serious problem as you can appreciate. This is mission critical for us, getting people paid, and representing these people who turn to us almost as a last resort when they can't deal with their employer. We appreciate this opportunity. We will continue to work with the departments to ensure that the pay is timely. We are a stakeholder in this process. We support the pay transformation, and we'll do whatever we can to get them paid.

**The Chair:** Thank you very much, Madame Daviau and Madame Lackie.

Before I entertain a motion to adjourn, I mentioned at the outset that I wanted five minutes for committee business. However, I know that many of you have planes to catch. It would have been an update

on some of the future studies we have agreed to. I've asked the clerk, however, rather than taking more of your precious time, to send you email updates. One of these will be coming out no later than Monday of next week to give you a status update of what's happening this fall.

I will now entertain a motion to adjourn.

**Ms. Yasmin Ratansi:** I so move.

**The Chair:** I don't think we need a seconder for that.

(Motion agreed to)

**The Chair:** Thank you very much everyone. I know I said this about a month and-a-half ago but, once again, have a great summer. We are adjourned.

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