



## RESPONSE TO PETITION

Prepare in English and French marking 'Original Text' or 'Translation'

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PETITION No.: **421-02010**

BY: **MR. BAGNELL (YUKON)**

DATE: **FEBRUARY 1, 2018**

PRINT NAME OF SIGNATORY: **THE HONOURABLE CARLA QUALTROUGH**

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Response by the Minister of Public Services and Procurement

SIGNATURE

Minister or Parliamentary Secretary

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SUBJECT

**Federal Public Service**

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**ORIGINAL TEXT**

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**REPLY**

The ongoing issues with the Phoenix Pay System are unacceptable. Our Government is doing everything it can to resolve pay issues as quickly as possible. Since the implementation of the Phoenix pay system in early 2016, our Government has been working to address pay issues and support employees. However, the transformation of pay administration continues to present certain challenges.

As efforts were underway to manage the immediate pressures of the most serious pay issues and priority transactions, we were also starting to examine the root causes of problems and needed fixes. We conducted studies, and an interdepartmental team examined key technical and system issues. Unions, compensation staff and human resources (HR) experts from across government provided key input.

Two important realities emerged. First, because HR processes are inseparably linked to employee pay, it was essential to take an integrated HR and pay approach to addressing issues. Second, it was clear that Public Services and Procurement Canada (PSPC) alone could not identify and implement solutions. We needed to take a whole-of-government approach.

On this basis, our Government has begun implementing a series of measures focused on bringing the pay system to a point of stability. The aim is to eliminate the backlog of late transactions and to implement system and process enhancements so that new transactions can be processed as quickly as possible to minimize employee wait times.

Validated by feedback from employees, unions and departmental officials, our stabilization measures fall into four broad areas:

- accountable and informed decision making;
- partnership and engagement;
- improved processes and technology; and
- increased capacity and service.

Specifically, our Government has moved forward on a number of initiatives:

- Additional capacity is needed to reduce the backlog and decrease wait times for employees. That is why our Government announced \$142 million in May 2017 and an investment of \$453 million over six years starting in 2017-18 in Budget 2018. Since Phoenix was launched, we have added nearly 700 additional employees to help process outstanding transactions, effectively more than doubling the number of compensation employees. With this funding, we will bring the number of employees working on pay issues at the Pay Centre and satellite offices to more than 1,500 and hire more HR advisors within departments to assist employees with payroll issues and support the Pay Centre in Miramichi with improved compensation services.
- This funding will enhance our Client Contact Centre by hiring up to 100 new employees who will have access to Phoenix and other tools that will allow them to provide more detailed information to employees.
- At the Pay Centre, we are preparing to redesign work by organizing compensation staff into pods that will focus on specific departments and agencies. This will create greater efficiencies and allow compensation staff to provide more tailored support to employees. A Pod pilot is currently under way with three departments and early results for this pilot are promising.
- We have launched pilot projects to test new ways of handling common problematic transactions, such as employee transfers, acting appointments and terminations. Pilot projects are also underway to address overpayments, which can create frustrating situations and tax issues for employees. New processes and practices that emerge from these pilots will be implemented quickly across government.
- Revised, mandatory training materials tailored to the specific HR systems is in place in various organizations and have been developed for employees, managers, and human resources and compensation staff. We continue to improve our online information to make it easier to navigate and continue to produce a monthly bulletin to keep employees informed of progress. Moving forward, we will continue to produce and distribute new guidance documents and other materials in a coordinated, consistent and employee-focused manner.

Our Government is bringing its considerable resources to bear in order to resolve this frustrating situation. The views and input of parliamentarians, unions, departments, and HR, compensation, and technology experts have been – and will continue to be - essential to ensure this is done correctly. As this work proceeds, employees facing pay challenges continue to have access to emergency salary advances and priority payments.

In 2018, employees should see the backlog of pending transactions decrease. Our first priority is to deal with the implementation of collective agreements and finalize tax season. Once this work is done, we will be able to direct these compensation resources toward the ongoing work of addressing our backlog, prioritizing those transactions that have a financial impact.

Although there is much work ahead and no easy solution, we will continue to take all necessary actions so that employees can be paid accurately and promptly for the high-value work they do on behalf of Canadians.