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## **Standing Committee on Public Accounts**

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**EVIDENCE**

**Tuesday, November 28, 2017**

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**Chair**

**The Honourable Kevin Sorenson**



## Standing Committee on Public Accounts

Tuesday, November 28, 2017

• (0845)

[English]

**The Chair (Hon. Kevin Sorenson (Battle River—Crowfoot, CPC)):** Good morning, everyone, and welcome. This is meeting number 81 of the Standing Committee on Public Accounts on Tuesday, November 28, 2017.

I would remind everyone—and we have a large audience today—that today's proceedings are televised, so I would kindly ask you, if you have cellphone or other communications devices that you can mute, to please do that at this time or to shut them right off.

Today we are studying report 1, “Phoenix Pay Problems”, from the 2017 fall reports of the Auditor General of Canada.

As our witnesses this morning, we have, from the Department of Public Works and Government Services, Marie Lemay, deputy minister, as well as Les Linklater, associate deputy minister. From the Office of the Auditor General of Canada, we have Mr. Michael Ferguson, the Auditor General of Canada, and Jean Goulet, principal. From the Treasury Board Secretariat, we have Ms. Yaprak Baltacioglu. She is the secretary of the Treasury Board of Canada. We also have Cécile Cléroux, assistant deputy minister of human resources, management transformation sector, from the office of the chief human resources officer.

Welcome.

I understand that we have a number of opening statements this morning.

We'll begin with the Auditor General, please.

[Translation]

**Mr. Michael Ferguson (Auditor General of Canada, Office of the Auditor General):** Mr. Chair, thank you for this opportunity to present the results of our report on Phoenix pay problems.

[English]

In 2009, the Government of Canada began to transform the way it processed pay for its 290,000 employees. Public Services and Procurement Canada was responsible for this transformation of pay administration initiative.

The initiative had two projects: one to centralize pay services for 46 departments and agencies that employed about 70% of all federal employees, and the other to replace the 40-year-old pay system used by 101 departments and agencies with a new system called Phoenix.

Since Phoenix went live in February 2016, the federal government frequently could not pay federal public servants accurately or on time. Our audit examined whether Public Services and Procurement Canada worked with selected departments and agencies to fix Phoenix pay problems so that government employees would receive their correct pay on time.

This audit is important because the government's pay problems have had a financial effect on tens of thousands of its employees, and the system has to be fixed.

We found that the pay problems continued to grow throughout the period of our audit. A year and a half after the government launched the Phoenix pay system, the number of public servants waiting for a pay request to be processed had reached more than 150,000 in the 46 departments and agencies whose pay services were centralized.

Those 150,000 employees were waiting for about 500,000 pay requests to be processed. Those numbers do not include the outstanding pay requests in the 55 departments and agencies whose pay services were not centralized, and also do not include the outstanding requests required by the recently signed collective agreements with federal public service unions.

[Translation]

Problems grew to the point that the value of outstanding pay errors totalled more than half a billion dollars at the end of June 2017. This amount consisted of money that was owed to employees who had been underpaid, as well as money owed back to the government by other employees who had been overpaid.

Departments and agencies struggled with Phoenix pay problems from the time the system went live. However, it took Public Services and Procurement Canada four months to recognize that the problems went beyond normal processing levels. Since that time, the department has been reacting to problems and has implemented few permanent solutions. In fact, 16 months after the problems first arose, there was still no governance structure in place.

In our opinion, there are two parts to the solution for the Phoenix pay problems. The first priority is to pay people the right amount on time. However, after that is achieved, there will still be work to do to get a system that processes pay efficiently. The longer-term solution needs to last and be as efficient as it can be.

Public Services and Procurement Canada told us that it was developing a comprehensive plan, including detailed cost information, to resolve the pay problems. However, it had not finished that plan by the end of our audit.

To put in place a viable solution to the pay system problems, the government needs to identify and address the root causes of the problems; exercise strong oversight of the steps taken to resolve the problems; and ensure that there is strong collaboration that includes Public Services and Procurement Canada, the Treasury Board of Canada Secretariat, and the affected departments and agencies.

● (0850)

[English]

In our view, fixing the Phoenix pay system will take years and will cost more than the \$540 million that government organizations have so far estimated they will spend to solve the problems. We found that the department of health in the Australian state of Queensland had to deal with a similar situation, and it took eight years and over \$1.2 billion to find solutions to most of its pay problems.

We made four recommendations to Public Services and Procurement Canada and two recommendations to the Treasury Board of Canada Secretariat. They both agreed with the recommendations.

[Translation]

Mr. Chair, this concludes my opening remarks.

We would be pleased to answer any questions the committee members may have.

[English]

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

We'll now turn to our Treasury Board Secretariat and Ms. Baltacioglu.

[Translation]

**Ms. Yaprak Baltacioglu (Secretary of the Treasury Board of Canada, Treasury Board Secretariat):** Good morning, everyone.

Thank you for the invitation to appear before you this morning to discuss the Phoenix pay system.

As secretary of the Treasury Board, I support the board in its role as the employer of the core public service. In this capacity, my senior management team and I are fully committed to doing our part in ensuring that public service employees are paid accurately. It is an unacceptable situation, one that has touched far too many of our employees.

I would like to thank the Auditor General for his analysis and his recommendations on how to stabilize the pay system. His report is important input into the work underway.

[English]

This morning, I would like to address his two recommendations for the Treasury Board Secretariat specifically.

The first is that the secretariat establish, with Public Services and Procurement Canada, timelines for departments and agencies to submit accurate pay information, and that it support PSPC, departments, and agencies in the development of performance measures to track and report on the accuracy and timeliness of pay. We agree with this recommendation. In fact, we have already advanced work towards fulfilling this commitment.

In collaboration with PSPC, we will establish standardized timelines for HR transactions that lead to a pay action by June 30, 2018. We will also work with departments and agencies to establish and implement a comprehensive approach that links the HR world to actual pay processes. To better track and report on pay actions, we will set out performance measures that will be rolled out in fiscal year 2018-19. Finally, we will collaborate with departments and agencies to track and report on key HR metrics, including timeliness of pay.

The Auditor General's second recommendation for TBS is on costs. He recommends that the secretariat, again with the support of PSPC, departments, and agencies, track and report on the cost of resolving pay problems and implementing a sustainable solution for all departments and agencies. We agree with this recommendation.

The comptroller general of Canada is leading a government-wide exercise to better understand the full picture of actual costs.

● (0855)

[Translation]

That work is underway. It is a rigorous process, based on international best practices. It will determine all costs incurred to date and put in place a framework to track future costs. It will involve significant consultation with departments and central agencies to ensure a proper understanding of the data. We expect that exercise to be completed by May 2018.

[English]

In closing, let me reiterate that my department and the TBS senior management team are, and have been, fully engaged on this file.

[Translation]

The Auditor General's recommendations and the resulting efforts to address them will contribute significantly to the work that is already underway.

Mr. Chair, this concludes my remarks. I would be pleased to answer the committee's questions.

[English]

**The Chair:** Thank you very much for your presentation.

We'll now move to our deputy minister, Ms. Lemay.

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

Mr. Chair, I want to thank you and the members of the committee for the opportunity to address the report of the Auditor General with respect to the Phoenix pay system.

I am pleased to be joined by my colleague Les Linklater, who leads the integrated team that is now focused on stabilizing the pay system.

Let me begin by saying that since my arrival at PSPC, in April 2016, eliminating the negative impact on employees from the implementation of the pay transformation has been my number one priority, the number one priority of my department, and as Minister Qualtrough has noted, her number one priority as well.

It is clear to us that there is no greater issue facing the public service. More than half of the employees are facing some form of pay issue. At my department, we see first-hand the very real impact this situation is having on employees—those waiting for missing pay and those working without rest to help resolve this situation. I am deeply sorry for the hardship being felt by the public servants and their families.

I want to thank the Auditor General for this important study. We agree with the report's findings and accept its recommendations. The report aligns with the findings of previous reviews and validates the measures we are taking to stabilize the pay system. We have provided a management action plan, which details specific commitments and key milestones for achieving them.

[*Translation*]

I will elaborate on these actions in a few minutes, but first I would like to provide a brief summary of what has transpired over the past year and a half.

We now know that the original planning for this project failed to take into account the full scope and complexity of this major transformation. The crucial linkages between pay and associated human resources processes and systems were not properly understood across government. This had enormous implications, and we did not immediately grasp the full extent and impact of pay problems that emerged after Phoenix went live.

In addition, we did not have the needed resources to properly implement Phoenix or effectively manage the challenges that followed. By the time Phoenix was fully implemented in April 2016, more than 700 compensation positions had been eliminated in the 46 departments being serviced by the pay centre. While departments not serviced by the pay centre kept their staff, this massive reduction meant that valuable expertise and capacity were not available when we needed them most.

At first, reports of pay errors were taken to be one-off issues and not unexpected with the implementation of a major information technology transformation project. However, by June, it became apparent that there were serious problems. The increasing number of pay issues quickly outstripped our capacity to respond.

[*English*]

More compensation advisers were urgently needed. However, building capacity is a major undertaking, and we were starting from scratch. In addition to finding new employees, significant time and effort was needed to on-board trained individuals.

On June 17, eight weeks after full implementation, we announced the opening of our first satellite office. Then we hired additional staff at Miramichi, established additional satellite pay offices across the country, added more than 250 compensation advisers, and opened a client contact centre to handle employee calls for assistance.

These measures helped address several urgent issues while ensuring that the 300,000 public servants were getting paid every two weeks. They reduced the occurrence of the most serious pay problem—employees not receiving pay at all. They also allowed us to bring down wait times for parental and disability leave, which unions asked us to prioritize.

However, major challenges remain. A large queue of transactions had formed at the pay centre. At the same time, the government was concluding negotiations for 20 collective agreements. Compensation advisers processed pay increases, signing bonuses, and retroactive payments for some 184,000 employees, which led to payments of more than \$615 million over the summer.

● (0900)

[*Translation*]

This additional work proved much more complicated than expected. Calculating retroactive payments going back as far as four years required data to be pulled from the government's now-decommissioned pay system, as well as significant manual calculations.

We are not seeing our queue decrease, as we are dedicating efforts to process important payments associated to collective bargaining agreements. However, in total, we are processing more transactions a month than we are receiving and we have essentially tripled this output since May 2016.

Once we have implemented the collective agreements and dealt with the upcoming tax season, we will be able to shift more capacity to reducing the queue. In addition to responding to pay problems, we are focusing on their root causes.

[*English*]

This has highlighted two important realities. First, given that human resource processes are directly linked with employee pay, we know that an integrated pay and HR approach is needed to address issues. Second, as it was clear that our department alone could not identify or implement solutions, we needed a whole-of-government approach. As a result, we have begun implementing a series of measures focused on bringing the pay system to a point of stability. Our immediate aim is to reduce the number of late transactions and the wait times for missing pay.

Our actions fall into four broad areas, namely, accountable and informed decision-making, improved processes and technology, increased capacity and service, and partnership and engagement. I will give you a few examples, but more detailed information on these actions is available on our website.

An integrated team of senior officials from PSPC and Treasury Board Secretariat is now leading our overall effort to stabilize the pay system both at the pay centre and across the entire government. A strong governance model that brings together views and realities from across the public service is supporting the work of the integrated team. This includes a working group of ministers, an interdepartmental working group, and a deputy ministers oversight committee, which I co-chair with my colleague, the chief human resources officer at the Treasury Board Secretariat.

[Translation]

To improve processes and technology, we are focusing on common human resources practices, processes and systems that don't work with Phoenix and cause delays. Our solution needs to be integrated, from initial staffing action, to pay request, to pay receipt. Taking a holistic view will ensure that our pay system works effectively and efficiently from start to finish.

At the pay centre, we are preparing to organize compensation staff into small groups that will focus on specific departments and agencies, creating greater efficiencies and providing more tailored support to employees. To increase our capacity and improve services, we have hired 680 additional compensation staff, in effect more than doubling the staff complement we had when Phoenix was launched. And we plan to add up to 300 more over the next several months.

Recognizing the need to provide more useful support to employees, we also plan to enhance our contact centre by hiring up to 100 employees. This will allow employees to get detailed information about their pay files directly from public servants working at the client contact centre.

[English]

The final area is partnership and engagement. Departments are engaged, and the union management community has been meeting regularly to discuss Phoenix-related issues and solutions. Improved reporting and data analysis will be provided to departments and agencies and will inform decision-making.

Mr. Chair, we know there are no quick fixes or shortcuts. We need to continue to pay some 300,000 employees every two weeks and process the late transactions. We are focused on stabilizing Phoenix, and the measures I have just mentioned will help get us there. Again, more details can be found on our website. These measures are fully aligned with the Auditor General's recommendation, and we will be posting quarterly updates of them online.

In addition, we are looking longer term to consider options for how we can increase the efficiency and sustainability of this system. Our immediate focus is on helping affected employees, but eventually we want to deliver an efficient pay system that provides public servants a modern and easy-to-use pay experience.

Collectively, it's clear that we underestimated the complexity of the pay transformation initiative. The Goss Gilroy review identifies lessons in key areas that we're now using to fix the pay system. The second report of the Auditor General should provide additional guidance. It is also our responsibility to ensure that these lessons will be applied to other government transformation projects.

• (0905)

[Translation]

Before concluding my remarks, I want to again acknowledge the patience of dedicated public servants who have endured hardship through no fault of their own. They simply want to know when they will get paid. While we do not have a precise timeline, we are doing everything to end this frustrating situation as quickly as possible.

I also want to thank our dedicated employees at Public Services and Procurement Canada and across departments and agencies who are working tirelessly to ensure that their colleagues are paid accurately and on time.

I know that pay issues are exerting pressure and stress on employees. Where employees are facing hardship situations, we are prioritizing support. I want to assure you that, when those situations are brought to our attention, departments and agencies act quickly to deal with them.

I would be pleased to respond to any questions you may have.

Thank you.

[English]

**The Chair:** Thank you very much to all for your comments. I'll just quickly state that I represent a rural riding in Alberta with not a lot of public servants. Calls into my constituency office on the Phoenix pay system now outnumber those on immigration. Most members of Parliament in urban areas have very high immigration files. In my rural area, it's about 65% to 70% Phoenix pay.

I thank you, Ms. Lemay, for recognizing the hardships that have been caused through this, because I can tell you, when we have constituency staff—all of us could tell the same stories—who are dealing with these hardships day after day, it takes a toll on staff as well.

We're going to move into the first round of questioning, to Ms. Mendès. Ms. Mendès, please, you have seven minutes.

[Translation]

**Mrs. Alexandra Mendès (Brossard—Saint-Lambert, Lib.):** Thank you very much, Mr. Chair.

I want to thank everyone for joining us today.

It is clear that we are primarily focusing on the most important element of Mr. Ferguson's report—the way those government processes affect individuals. In this very specific case, the entire federal public service has been affected by our decision—and I am talking about the Government of Canada—to replace an outdated pay system. I think everyone agrees that the system had to be replaced.

The problem here is the lack of preparation. I'm sorry, but this was not an unexpected occurrence. Similar things are happening in other countries, but there are lessons to be learned from that. I find this to be extremely difficult for the entire federal public service, which has been suffering the consequences of those errors simply because, based on what I have read and heard, the government had not exercised due diligence when it transitioned to a pay system that is so different from the previous one.

Ms. Lemay, your comments are definitely appreciated by all public servants. But the fact remains that they are going through difficult situations. I'm not even talking about those who have not received all the money they are due, but those who have been overpaid and are now being asked to repay rather large sums of money they don't have. That has affected their access to some credits, such as the Canada Child Benefit. They no longer have access to those kinds of credits and, suddenly, they are being asked to repay money they really don't have.

How can you meet those employees' expectations?

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

I want to begin by reiterating that everyone is affected by the implementation of Phoenix. It is actually even difficult for us to imagine to what extent people are affected. We receive questions, comments and messages on this issue every day. I can tell you that, last summer, the priority was really to pay people who had not been paid and the people who were going on maternity or disability leave. We had to establish priorities.

In my opening remarks, I said that we were lacking the capacity I feel we should have had for the transition, and that is why we had to choose. Of course, at that point, overpayments were not our priority. The priority was rather given to people who had not been paid. Of course, over time, overpayments are becoming an increasingly stressful issue for employees.

So we have implemented a process where, if the overpayment is more than 10%, we will not recover it unless we have negotiated an agreement with the employee. Cases where the system has not worked have been brought to our attention, but those are exceptions. The rule, in most cases, is that we will not recover the money until we have reached an agreement with employees, so as to ensure that they have received everything they were owed and have the means to repay us.

● (0910)

**Mrs. Alexandra Mendès:** I'm sure you understand that this also affects all kinds of other aspects of their lives.

**Ms. Marie Lemay:** Absolutely.

The Treasury Board has established a claims unit to help people who have been affected in other programs. If they think they are owed money, the claims unit has been established and can meet some of those needs.

**Mrs. Alexandra Mendès:** What affects us the most is the very human factor of this entire issue and the reason why we still don't have, a year and a half later, a very clear answer on how long it will take to resolve this issue.

I know that it is very complex and I know that you prefer, for the time being, not to provide a resolution date you would not be able to honour.

However, given all you have talked to us about in terms of an action plan and measures you have taken to resolve the issue, don't you have an idea of when we could expect to see a minimum of regularity in the system?

**Ms. Marie Lemay:** If I may, I will make a small comparison with last year.

The system now has a much greater capacity. I said that we have re-staffed nearly all of the 700 compensation positions that had been cut, but that's not all. We have also doubled the staff complement. We have a liaison unit to respond to employees. When it comes to the capacity to analyze reports, we were also lacking the resources needed to make good decisions. We now have an integrated team with the Treasury Board. I talked about it in my opening remarks.

My colleague Mr. Linklater leads a unit that integrates anything to do with public services and the Treasury Board. That is very important because we now have a government-wide approach, and we understand the issue and the complexity of the problems. Mr. Linklater could talk to you about a series of proposed measures that will enable us to reduce wait times and the number of transactions.

In June and July, we saw a decrease in the inventory of transactions. Afterwards, we had to emphasize transactions related to collective agreements. I'm not saying that in a negative way, as it is a good thing. The government settled collective agreements that had expired nearly four years ago and that means retroactive payments and signing bonuses—in short, that is money for employees, so it is important for that to be done. However, compensation officers spent a lot of time on that, so the inventory of pending transactions started to grow again.

So we think that, as long as we have not completed the transactions associated with collective agreements, the inventory of transactions will not decrease. Another issue is the tax season for 2017. We know that this period will be more difficult, but we anticipate that, as soon as we have completed these two steps, we will be able to focus much more capacity on transactions and reduce the inventory.

[English]

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

Thank you, Ms. Mendès.

We'll now move to Monsieur Deltell.

[Translation]

Mr. Deltell, you have seven minutes.

● (0915)

[English]

**Mr. Gérard Deltell (Louis-Saint-Laurent, CPC):** Thank you so much, Mr. Chair.

[Translation]

Ladies and gentlemen, welcome to your House of Commons. Of course, our thoughts are primarily with those tens or hundreds of thousands of Canadians who are currently suffering because of the Phoenix pay system.

As Mrs. Mendès was saying earlier, we all understand that, after 40 years, the pay system had to be revamped. We also all understand that revamping a pay system that affects so many elements is an extremely fragile and delicate endeavour. We also all understand that, on two occasions in 2015, as reported by the document dated December 4, 2015, the government delayed the implementation of the Phoenix system in order to avoid problems that unfortunately occurred.

Yet on February 24, 2016, the minister gave the green light for the Phoenix pay system's implementation, with the entire host of problems that move involved.

Ms. Lemay, were you the one who advised the minister to go ahead with the implementation?

**Ms. Marie Lemay:** Thank you for your question, Mr. Deltell.

I came on the job on April 11, 2016, so I wasn't there to make that recommendation. I am, however, up to speed and can therefore share with you the information I have.

The then minister, Ms. Foote, was briefed on the subject, but that was at the end of February. The issue wasn't whether to go ahead but, rather, whether the system was ready. The third-party study indicated that we should proceed with implementation, that we had checked with the other departments, that everyone was ready, and that the system would be implemented on February 24. Therefore, that's what was done.

**Mr. Gérard Deltell:** Yet, on January 2016, you received a report that didn't indicate quite the same thing. According to that report, of the 124 elements analyzed, 58 revealed serious problems. You went ahead despite that.

Why did you ignore the recommendations of the report indicating that nearly half of the analyzed elements had serious problems?

**Ms. Marie Lemay:** Could you tell me which report you are referring to?

A number of them were done.

[English]

**Mr. Gérard Deltell:** It's the "Summary of Phoenix Testing Results", version 3.1, dated January 20, 2016.

[Translation]

**Ms. Marie Lemay:** In terms of the process that was followed in accordance with Treasury Board rules, I can tell you that we were required to complete a report before launching the system. The third party who produced that report was the firm S.i. Systems. The firm concluded that the benefits of launching Phoenix outweighed the risks of delaying its implementation.

As you pointed out, Phoenix's launch was delayed because problems identified in the fall had to be resolved. When it was presented to the deputy ministers committee in late January, there were still problems, but they were not deemed to be critical. I believe there were 124, but I think the existing system had somewhere around a thousand. It was determined at that time that mitigation measures had been taken.

Mr. Deltell, as a side note, I would point out that one of the challenges we faced with this project was the fact that each of the

measures was analyzed separately. Take, for example, the 124 problems that were identified at a given point in time. Whenever flaws were detected, mitigation measures would be taken, but no one had a holistic view of the project or the risks involved. I would say the compound risks weren't properly assessed at that point.

**Mr. Gérard Deltell:** Still, it's unfortunate that the January 20 report didn't count for more.

You're talking about elements that were analyzed in isolation. We are talking about 124 people. On January 13, 2016, you met with the CFOs—

[English]

**Mr. Rémi Massé (Avignon—La Mitis—Matane—Matapédia, Lib.):** I have a point of order, Mr. Chair.

Sorry, Mr. Deltell.

[Translation]

I'd like you to help me get something straight, Mr. Chair.

The committee's objective today is to consider the Auditor General's report and findings, which cover the period from system launch to June. We may all wish to review the past, and we will have the opportunity to do so given that the Auditor General will be tabling another report a bit later.

My question is whether, today, we should focus on the Auditor General's report that covers the period from when the system went live up to now. We all want to find solutions and we can all go back over the sequence of events, but we won't fix anything that way. I think we have to keep our attention turned forward and focus on the Auditor General's report.

• (0920)

[English]

**The Chair:** Thank you.

We do know that the Auditor General will be coming with another report in the spring in regard to the timelines that were missed and that failed. I think, though, that what Monsieur Deltell is trying to say is that there were reports there that weren't listened to, and that if departments are going to say that the Phoenix pay system is ready, it puts the government and everyone in a bad light.

I think we have to be aware that the Auditor General will be coming with another report in the spring, but I think you're laying the foundation as to what the Auditor General says in his report.

**Mr. Gérard Deltell:** Yes. May I remark, Mr. Chair, that in paragraph 1.6, we're talking about the launch, the start-up, in terms of this problem. This is why I address the issue of just a few days and few weeks before, not—

**The Chair:** Carry on. That won't be taken out of your time.

**Mr. Gérard Deltell:** As my time is passing by, I will get back to that, but let me go back to the report of January 20.

[Translation]

The report identifies serious problems with 58 of the 124 elements analyzed. It also indicates that the situation was so problematic that a date could not be set for implementing nearly 90% of those 58 elements.



How is it that your department chose to pull the trigger even after such a critical report? We are talking about a report that said that the system should not be launched, that nearly half of the elements under analysis posed serious problems, and that the time frame as to when they would be fixed was not known.

**Ms. Marie Lemay:** As I told you, I wasn't on the job then. I do know, however, that a lot of reports were completed, and a lot of work was done. As you know, though, it's a complex matter involving numerous people. What I was told is that the problems raised had all been mitigated.

I think everyone realized that, with such a major transformation project, some problems were likely, but no one imagined the scale of the problems. I am convinced that the decision to proceed would not have been made had we thought it would lead to the situation we are dealing with today. The decision-makers at the time believed that the problems had been mitigated.

**Mr. Gérard Deltell:** Later, when you were preparing to launch the second phase, did you not have any indications that the issues had not been fixed, that the 58 serious problems flagged prior to the launch still existed and that no estimated date as to when they would be resolved was known?

**Ms. Marie Lemay:** Between the two launches, we had around eight weeks, in other words, four pay periods.

Of course problems arose, but, as I told you initially, I think they were seen as a normal part of launching such a major transformation initiative. In fact, we confirmed that with our counterparts, because Public Services and Procurement Canada did not do this on its own. We again checked with the deputy ministers to make sure everyone was of the view that the process should move forward. At that time, we were all under the impression that we could go ahead with the second phase.

[English]

**The Chair:** Thank you very much, Ms. Lemay. I'm sure we'll come back to that.

Mr. Christopherson, please, you have seven minutes.

**Mr. David Christopherson (Hamilton Centre, NDP):** Thank you, Chair.

I have to say that the scale of the government incompetence and its negative impact on Canadian citizens is mind-boggling. I've been around a long time, but I have to really search my memory to remember a file that was as bad as this one in terms of the governance and its negative impact on Canadian citizens, the ones who work for this government and for Canadians, and it's ongoing still.

Normally we're looking at the past and at past damage. As we're here today, there's still ongoing damage, and I have to say at the outset, Chair, that a lot of the answers we're getting are not sufficient. There's still way too many grey areas and unknowns. I'm hoping that we stay at this until we get the answers we need, because the main goal for us is to make sure we get this fixed and to bloody well make sure it doesn't happen again.

I want to say, first of all, to Deputy Lemay, thank you for the apology. You said, "I am deeply sorry for the hardship being felt by

the public servants and their families." That alone doesn't change anything, but I know it matters. That's appreciated, and I wanted to acknowledge it. I would also say that I was disappointed that the Treasury Board, which has overall responsibility, didn't feel the same need to come in and apologize.

Where do you begin?

IBM is who was hired to implement Phoenix, correct?

**A voice:** Yes.

● (0925)

**Mr. David Christopherson:** Let's start with this. How much culpability does IBM have in this, versus the government?

**Mr. Les Linklater (Associate Deputy Minister, Department of Public Works and Government Services):** Thank you for the question.

We entered into a contract with IBM in 2011 after an open and transparent process. IBM provided a bid that met all of the mandatory requirements and we entered into a contract under authorities from Treasury Board to be able to design, build, and implement Phoenix.

At this point, the task authorization construct of the contract held and IBM performed the required work that PSPC, as the project sponsor-manager, provided to the company to be able to build and implement the system.

**Mr. David Christopherson:** You didn't answer my question. I don't know what the heck "task authorization construct" is.

I asked, how culpable IBM is versus how culpable the government is. You didn't come anywhere near answering. Please answer.

**Ms. Marie Lemay:** Can I try?

**Mr. David Christopherson:** Please.

**Ms. Marie Lemay:** I'll give you a bit of an example. The way the contract was structured is that we would give a task to IBM and they would come back to us with this task. If there are issues, it's like any contract and we can withhold money, but when the task is completed, then we pay them.

Pardon me for the example, but it's a bit like building a house. We decide on the foundation. We build a foundation, and it's okay. Then we—PSPC, as the project manager—would say that these are the types of walls we want. Does it make sense? Then we give a task to IBM. They do the work and then they come back to us. If it meets the requirements that we've set up for this particular part of the job, then they have completed the task.

The answer is that throughout the project IBM has done what we have asked them to do. We were the project managers. They were not. They were the integrator, which is different from certain other projects.

I go back to the cumulative effect of risk and issues in this project. It's not IBM that was the project manager on this one.

**Mr. David Christopherson:** All right, so you're saying that IBM is not to be held in a major way to account. That resides with government. Is that correct?

**Ms. Marie Lemay:** Yes, that's what I'm saying.

**Mr. David Christopherson:** Thank you. We could have got there a lot quicker.

Deputy, in your opening remarks you said that you agree with the AG, as every deputy does who ever darkens the doorway here. Yet the Auditor General has a conflicting opinion from your department. Your department believes that you're going to be able to clear this up with about a half a billion dollars, give or take, in three years. The Auditor General says you're not going to be able to do it for that amount in that length of time, yet in your opening remarks you said, we agree with the Auditor General. Which is it?

**Ms. Marie Lemay:** I don't believe that we have actually put forward the finalization of the plan and the budget that it will take to get us to the end state, so it's hard to agree on finances on that point. We haven't finished that work.

**Mr. David Christopherson:** I'd like the Auditor General's thoughts on that, please.

**Mr. Michael Ferguson:** Thank you.

What we put in the report was based on a survey that we had done of the department: the money that had already been spent and the money that they expected to spend. That was the \$540 million. We asked them for their projections over a three-year time period.

Those were numbers that we put together. They weren't the numbers of the department. But even based on that, we felt that it was going to take longer. Again, remembering that what we're looking at is not just how long it's going to take to pay people the right amount on time, but also how long it's going to take to get to an efficient system. After the individual problems have been reduced, there will still be a lot of work to do to get the system to the point where it's efficient. That's why we believe it's going to cost more than the \$540 million that the department told us they have either spent or plan to spend.

• (0930)

**Mr. David Christopherson:** Deputy, I'd like your thoughts on that.

**Ms. Marie Lemay:** I agree with the Auditor General.

**Mr. David Christopherson:** You also come in with that tattooed on your forehead: "We agree with the Auditor General. Thanks very much. Good-bye."

**The Chair:** You still have 30 seconds.

**Mr. David Christopherson:** My goodness.

I'll get you warmed up. I'm going to be coming back to this business of comparing with Australia and how quickly they both identified the problem and put together a comprehensive plan, which the government is telling me they still don't have right now. If it's not one of my colleagues, I'll be coming back there, so give some thought to that.

Thanks, Chair.

**The Chair:** Thanks very much, Mr. Christopherson.

We'll now move to Monsieur Massé.

[Translation]

Mr. Massé, you have seven minutes. Go ahead.

**Mr. Rémi Massé:** First, I'd like to pick up on what my fellow member Mr. Deltell said.

Right off the bat, I want to say that our thoughts are obviously with the 152,000 workers affected by the Phoenix pay problems. That said, I reacted the way I did earlier because we can all try to rewrite history or the fix the past, but it won't change a thing.

As I understand it, Ms. Lemay is saying that the decision to launch the system in February was made because there was no other option. The regional pay system had been in place for more than 40 years. In fact, the Auditor General's predecessor, Ms. Fraser, noted in her spring 2010 report that the IT system was "at risk of breaking down" and that "a breakdown would have wide and severe consequences".

Obviously, she couldn't predict the future. The decision was made, the system was launched, and here we are today.

My question is for either Ms. Lemay or Mr. Linklater. Let's imagine we could wave a magic wand and resolve all of the outstanding pay requests today. Would PeopleSoft work? Would the IBM system work?

[English]

**Ms. Marie Lemay:** We're going to share the answer on this one, if you don't mind.

[Translation]

I would say that, obviously, PeopleSoft works. It works outside the federal government. Many companies and governments use it.

**Mr. Rémi Massé:** Does it work, though, in the case of pay transactions?

**Ms. Marie Lemay:** In the current context, there are problems we absolutely have to fix.

I will let Mr. Linklater talk about the linkages between pay and the HR processes. I would like to speak to the culture within the federal government that caused us problems and delayed the processing of pay requests.

We have always processed transactions on a delayed basis. For instance, people didn't expect to receive their overtime pay the following week. It would take months. What's more, if someone was in an acting position, we weren't in the habit of adding their name to the system right away. It would be done eventually, at which point the person would receive the acting pay to which they were entitled.

The PeopleSoft system is designed to process transactions in real time. As soon as they are processed late, complex manual calculations are necessary. Initially, that was problematic for us, but now, much of that processing is automated.

To answer your question, I would say that it would work. Mr. Linklater may be able to speak to that further.

**Mr. Rémi Massé:** I understand, Ms. Lemay. I was in the public service for 16 years. I received my pay every two weeks. I'm quite familiar with all the federal government pay mechanisms.

Again, my question is very simple. If all the outstanding pay requests were resolved, would the pay system work today and be capable of processing all new routine transactions, whether on a delayed basis or not?

**Mr. Les Linklater:** Yes, the system definitely works.

Beyond the IT component, however, we have serious problems in relation to the HR processes.

**Mr. Rémi Massé:** Great, that answers my question.

In June, the Office of the Auditor General put the number of outstanding pay requests at 495,000. How many are there today?

**Mr. Les Linklater:** As of October 18, the pay centre had 520,000 outstanding transactions to process.

● (0935)

**Mr. Rémi Massé:** What is your plan to deal with that?

My focus is making sure you have a solid game plan to resolve the problems so that all employees receive what they are owed as quickly as possible.

Practically speaking, what is your plan? If the system works, as you say, and if all new transactions as of today are processed correctly, how do you intend to resolve all the outstanding requests? What's your plan?

**Mr. Les Linklater:** As Ms. Lemay mentioned, we are currently increasing our processing capacity through HR measures.

Once we've finished implementing the collective agreements and gotten through this year's tax season, we expect that this increased capacity will enable us to tackle the outstanding transactions at the pay centre.

At the same time, the team I head in the government is studying the HR processes to improve the pay process.

**Mr. Rémi Massé:** Mr. Linklater, forgive me for cutting you off, but I'm short on time.

I'm very familiar with the federal public service. It is made up of smart and talented people with considerable expertise. Some 300,000 federal public servants work hard managing government operations and programs, day in and day out.

Given your existing organizational resources and your plan, can you tell me, today, when we can expect to have an effective system capable of processing all pay transactions? I'm not referring to a system that relies on all kinds of stopgaps and workarounds.

When will you be able to pay federal workers correctly?

**Mr. Les Linklater:** As the Auditor General mentioned in his report, it's a long-term process.

Some measures have already been initiated, and we are in the midst of developing more to tackle the system's most critical stress points. As we increase processing capacity and modify processes, the situation employees are facing will improve.

**Mr. Rémi Massé:** I'm going to be perfectly frank with you. I have trouble wrapping my head around the fact that, today, before this committee, in light of the Auditor General's report and all the analysis performed to date, not to mention the expertise you no

doubt possess—like all members of your team and public servants—you aren't equipped with an action plan to resolve all the problems by a specific date. That baffles me.

I want officials from your department to come back to this committee with a concrete game plan as soon as possible. I want to see a specific timeline so that we can give federal employees a game plan and say when we will be able to resolve all of their pay problems.

[English]

**The Chair:** Thank you very much, Monsieur Massé. I would also mention to our committee that the game plan was circulated yesterday, with the timelines laid out as far as achievements go. We have some of that. However, I think your question was very good, Monsieur Massé, in that we wanted something more distinct.

We're into the second round of questioning.

Mr. McCauley, you have five minutes.

**Mr. Kelly McCauley (Edmonton West, CPC):** Thank you.

Mr. Ferguson, in your opinion, was PSPC open and transparent about the Phoenix fiasco?

**Mr. Michael Ferguson:** I think the thing we identified was that they didn't understand the size of the problem they were facing. They didn't recognize the size of the problem. I think perhaps the messaging was that they were going to be able to solve the problems with the system by October of 2016, and I think that was what they truly believed at the time. I think it was more of an issue that they didn't understand the size of what they were dealing with rather than anything else.

**Mr. Kelly McCauley:** Your report says that PSPC, as you mentioned, underestimated the scale of the fiasco. It took months to even recognize that there was a problem. It's taken over a year to establish a plan, which hasn't been published yet. There was a response to your report. I'm going to quote the word salad from PSPC. They're going to implement a multi-phased, evergreen suite of measures and an HR-to-pay integrated plan to improve pay issues that recognizes the causes and nature of government-wide...and so on and so on.

Given your experience with the problems of the management at PSPC addressing Phoenix, do you think this is a reasonable response to your report and the issues you've stated?

● (0940)

**Mr. Michael Ferguson:** We haven't looked at what they're planning on doing in the whole HR-to-pay environment. I would say that the department will need to examine very closely the risks of taking on the additional part of the project—the HR-to-pay piece. The HR piece adds more complexity, and I think they need to make sure they have examined the risks well. That may be part of the solution that is required, but it could also add complexity to what they're trying to do to solve the problem. Again, we haven't audited that, but the fact that they're now moving into an HR-to-pay environment I think perhaps expands the scope of the project, and they need to understand the risks they're taking on.

**Mr. Kelly McCauley:** You stated several times in your report that PSPC underestimated or misreported the number of problems we had. The number of outstanding pay requests that you calculated was 29% higher than what was reported by PSPC. We've seen that as well repeatedly in our committee meetings. When we'd heard that there was a backlog of 80,000, it was reported in committee that there were just 77 issues.

Why do you think PSPC was so far out? Do you believe they were misleading Canadians or that they just lacked the competence? We repeatedly brought it up in committee. We heard repeated briefings on how they'd turned the corner; they'd done it; they'd almost reached a steady state. Yet, this whole time the problem was growing larger and larger. Why do you think that was?

**Mr. Michael Ferguson:** The difference between our two numbers—our number being 29% higher—was that we counted essentially all transactions that needed to be processed by the pay centre. Even if something was a duplicate, for example, we counted it, because somebody in the pay centre needs to go through all of the transactions to figure out which things are duplicates. We were looking at it, not just from the point of view of the people waiting to get paid or the people who were underpaid or overpaid, we were also looking at it from the point of view of the people in the Miramichi pay centre and the work they have to deal with.

We're not disputing the number that PSPC put together, but we felt it was providing one picture of the whole problem. We felt that you need to start with what the total size of the problem is, the total amount of work that needs to be done. Then, from there, that can be broken down.

**Mr. Kelly McCauley:** Do you think the way that you tracked it and PSPC tracked it led to their underestimating the size of the issue? Or were they willfully ignoring it, do you think?

Again, where we saw 80,000 in reality, we were being told there were only 77 outstanding to pay, and 500 total. This was four months after the original start of Phoenix.

**Mr. Michael Ferguson:** Again, I think the problem was that initially they felt they could resolve those pay requests for the 82,000 people they originally identified. They thought they could get those all resolved by October 2016, and I think then discovered that was a larger task than they expected. In the meantime, while they were trying to resolve those, additional requests were coming in and the problem got worse.

Again, I think it was very much not identifying the size of the problem early enough in the process.

**The Chair:** Thank you very much, Mr. McCauley. We'll come back.

Mr. Arya, you have five minutes, please.

**Mr. Chandra Arya (Nepean, Lib.):** Thank you, Mr. Chair.

I know personally that there are very talented public service employees in my riding of Nepean, in Ottawa-Gatineau, and elsewhere in Canada. These are very highly qualified people, and they have a great deal of expertise. Some have the feeling that they were not involved, and they were not consulted in designing or developing or implementing the system.

I know that one of the root causes for the big mess we are in is the overreliance of the federal government on outside contractors. According to the report, I believe the federal government spent \$2.7 billion on IT staffing, bringing in professionals from outside rather than relying on trained public servants.

Alex Benay, Canada's chief information officer, said, "more investment is required in better preparing internal IT staff to address the needs of the [Government of Canada]". I think that is one of the root causes, in my opinion.

Now, the unions, the Professional Institute of the Public Service of Canada, which represents I think about 50,000 employees, wants the government to scrap the Phoenix system and start from scratch. I think PIPSC president, Debi Daviau, said give us a year and we'll build a working replacement for this troubled system. I understand that the Public Service Alliance of Canada is also in support of this.

To the Deputy Minister Marie Lemay, have you had any discussions on this issue?

Please keep it short, as I have a very short time.

● (0945)

**Ms. Marie Lemay:** We've been working closely with the unions, since I've been there anyway. Recently I know that my colleague Les had conversations with PIPSC.

**Mr. Chandra Arya:** Thank you.

You said that we are the project managers, so basically you're giving a clean chip to IBM. If we are the project managers, then the responsibility is with us.

Let me ask how many people were fired for this mess we are in, which has cost taxpayers at least \$540 million.

**Ms. Marie Lemay:** Fired...? I can't answer that. I don't know.

**Mr. Chandra Arya:** How many people have been demoted?

**Ms. Marie Lemay:** I wouldn't be able to tell you at this point.

**Mr. Chandra Arya:** How many people have been disciplined? How many people have had their performance bonuses cut? Because we are the project manager, it is our responsibility.

**Ms. Marie Lemay:** I can tell you that, on the performance pay, we had this discussion at one of the committees previously. You know how performance pay works every year. There are objectives, so there are some measures that were taken for 2015-16.

**Mr. Chandra Arya:** Thank you.

I'm sure that in addition to IBM you had many other consultants who advised at various stages. I'm sure you hired consultants who tested this, or who at least did a review of the system, before they said it was ready to go. How many of these consultants have been blacklisted?

**Ms. Marie Lemay:** I'm not able to answer your question. I could go back and give you those answers.

**Mr. Chandra Arya:** My concern is that among my constituents I have a lot of public service employees who have very good expertise. I have a constituent who has more than 20 years' experience in IT systems, both in the federal government and outside. He says, and I quote, that the pension system is getting bad data from Phoenix and may eventually collapse. I don't know. This is just one anecdote I've heard. I'm very much concerned.

With my limited time, Mr. Chair, I would like to ask the AG this. Who is responsible for this loss to the taxpayer of at least \$540 million?

**Mr. Michael Ferguson:** Again, what we have is a system that was implemented and that didn't work. This audit was not about trying to identify who made what decisions and who was responsible for what. We're going to come back and revisit the decision in the second audit.

All I can tell you at this point is that when this system was put in place, it wasn't ready to process the transactions that it was asked to process, and now a lot of time, effort, and money are being spent trying to get the system back to where it needed to be.

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

We'll now move back to Mr. Deltell.

**Mr. Gérard Deltell:** Thank you, Mr. Chair. I want to continue with some reports.

[Translation]

The CFOs from a number of departments met on January 13, 2016, to assess the readiness of the Phoenix system a few weeks before the launch.

Here are their observations. The Correctional Service of Canada, which has shift workers, reported a testing success rate of 50%. The failure rate, then, was 50%, so that is huge.

[English]

It says:

There was no live data environment to understand the system  
No report to perform analysis on error on pay sheet  
Training at the last minute

[Translation]

Agriculture and Agri-Food Canada reported the same thing, in other words, a testing success rate below 50%. The department also indicated that it didn't know how to resolve the problem at the time of testing.

After conducting 25 tests, Employment and Social Development Canada determined that system readiness and effectiveness was questionable.

[English]

As well, the RCMP said, "No issue log of issues and defects. The error rate is going up." At Public Safety, it's exactly the same thing, "Testing result issue: 30% errors not satisfactory." The RCMP also talked about the fact that the "Test over promotion/overtime failed" and asked, "What will be the work around?"

[Translation]

The Canadian Coast Guard raised the potential consequences of delaying Phoenix implementation.

Employment and Social Development Canada also had this to say:

[English]

"At go live it will be 'bumpy'."

[Translation]

In short, Mr. Chair, the assessment of all the departmental directors at the January 13 meeting, mere weeks before Phoenix was to go live, showed that the system still had major flaws.

Earlier, Deputy Minister, you said that, in the previous report, errors had been made because each organization was working in isolation. Here, however, we have a meeting attended by most, if not all, of the departmental directors involved in the first launch of Phoenix.

Why did the department not take into account the major red flags raised by those who would be responsible for managing the problems?

[English]

**The Chair:** Mr. Ferguson or Ms. Lemay...?

● (0950)

[Translation]

**Ms. Marie Lemay:** Mr. Deltell, their observations were certainly heard.

We also held a meeting with all the deputy ministers at the end of January, before the decision was made to proceed with the launch. Everyone was reassured by the fact that a range of risk mitigation measures had been taken. The recommendation came from us and our Treasury Board counterparts. Together, we decided, after the meeting, to go ahead. I imagine those issues were discussed. The people on our end were satisfied that mitigation measures had been put in place.

[English]

**Ms. Yaprak Baltacioglu:** Just to clarify, there was a meeting following that meeting. There were a number of those kinds of meetings with the heads of HR and with CFOs as the issues arose. That's why Treasury Board Secretariat hired another third party. I think that's the report you were referring to.

Again, as Ms. Lemay said, there was a deputy ministers' meeting at the end of January. At that meeting, we asked the departments the following question: do you feel, as a department, you are ready to get onto Phoenix? At the same time, PSPC presented that the system was ready. Each individual deputy minister, for their department, were asked to be ready.

The majority of the deputy ministers at the time, given the balance of the knowledge they had, felt that should the Phoenix system go forward, they would be ready to on-board to Phoenix. The decision was taken by PSPC to do the first phase and the second phase with the input of the deputy ministers' sense of their readiness.

**Mr. Gérard Deltell:** Mr. Chair, I have a lot of respect for democracy. If the majority wins, that's fine. But here we're not talking about the majority. Here we're talking about the fact that we need a strong level of safety. It's not 50% plus one, in that case.

Since you talked about it, what was the exact result? How many deputy ministers said go and how many said no go?

**Ms. Yaprak Baltacioglu:** There were no no-gos. Two departments felt that they were not sure if we were ready to go, because they didn't have a good enough sense of the testing results for their departments.

• (0955)

**The Chair:** Thank you.

Welcome, Mr. Whalen. You have five minutes.

**Mr. Nick Whalen (St. John's East, Lib.):** Thank you, Mr. Chair.

Mr. Ferguson, Mr. Deltell referred to the Gartner and S.i. reports, which were available to the department in January 2016. I understand from the House of Commons committee on operations and estimates, where I asked a similar question before, that the minister was not provided these documents until September 2016.

Will your next report help clarify for us whether information available to the department was withheld from the minister?

**Mr. Michael Ferguson:** I can't tell you at this point. What we're going to do is get access to all of the information. We're in the process of getting access to all of the information.

**Mr. Nick Whalen:** Mr. Ferguson, I think it would be excellent, if you found in your deliberations that Mr. Deltell's documents were actually not made available to the minister until six months after the decisions were made.... I think it would be helpful to our committee to know that.

I'll slide on here and go to this. Some of the underlying axioms here are that there would be cost savings from transferring the 40-year-old system to a new system, and that somehow now the department appreciates that it has the right level of staffing. I'd like to challenge a couple of those.

What will happen, Mr. Linklater, to the 200 pay experts who are currently working on collective agreement implementation?

**Mr. Les Linklater:** Once those agreements have been fully implemented, we'll move that capacity on to the queue.

**Mr. Nick Whalen:** How many collective agreements are there?

**Mr. Les Linklater:** At this point, we're working to implement 20.

**Mr. Nick Whalen:** No. How many are there across all of government?

**Mr. Les Linklater:** On that I'd have to defer to the Treasury Board.

**Ms. Yaprak Baltacioglu:** In the core public service there are 27.

**Mr. Nick Whalen:** How many are in the system and expected to be covered by Phoenix?

**Ms. Yaprak Baltacioglu:** By the time we do all of the public service, it will be 80.

**Mr. Nick Whalen:** You're working on a quarter of them right now. Is that correct?

**Mr. Les Linklater:** Right, but I would add that the size of the bargaining units varies considerably.

**Mr. Nick Whalen:** In implementing the collective agreement, it isn't necessarily just the size. There's also a baseline amount for just implementing the rules. Isn't that the case?

**Mr. Les Linklater:** A certain amount of programming needs to be done for retroactive payments, yes.

**Mr. Nick Whalen:** It's sort of like base time and effort required, plus implementation across, on a per public servant basis.

**Mr. Les Linklater:** Correct.

**Mr. Nick Whalen:** What percentage of the work do you think you will have done on implementing collective agreements by the end of this year?

**Mr. Les Linklater:** By the end of the calendar year, I think we'll be very close to completion.

**Mr. Nick Whalen:** Of the 20...?

**Mr. Les Linklater:** Of the 20.

**Mr. Nick Whalen:** What percentage of the overall work in implementing 100% does that represent?

**Mr. Les Linklater:** That depends on the collective bargaining processes, sir.

**Ms. Yaprak Baltacioglu:** Mr. Whalen, we have to negotiate the deals. Then they—

**Mr. Nick Whalen:** Right, but they will be negotiated. Is that correct?

**Ms. Yaprak Baltacioglu:** Yes. We're hoping they will be negotiated, and that will be future work. You're right, so—

**Mr. Nick Whalen:** I understand, Ms. Baltacioglu. I'm just going to continue with Mr. Linklater, because he says he's going to dedicate 200 employees to other work, and I don't think there's any real, legitimate timeline, as I'm going to try to establish through my questions, on which that can happen.

When will the other 55 departments and agencies that aren't already covered come online in Phoenix, and who would do that work?

**Mr. Les Linklater:** That would be a decision the ministers would need to take once the system is stable.

**Mr. Nick Whalen:** Sure. However, presumably the 200 people you're currently using are crisis-managed and have worked on difficult aspects of the system. They would be ideal candidates to help with future difficult work—things like implementing the 55 new departments and rolling forward the 60 other collective agreements that haven't yet been implemented in the system.

What about future negotiations? Each of these collective agreements is only four years long, so every month over the 48-month period there are, on average, two that need to be reimplemented in the system. Isn't that correct?

**Ms. Marie Lemay:** I want to add that all departments are on Phoenix right now. Everybody uses Phoenix. It's the pay centre that only services 46 departments. The second phase has been put on hold until.... I can't see when right now.

**Mr. Nick Whalen:** Presumably these 200 employees who are battle-tested in the crisis management associated with collective agreement implementation would be perfect candidates to roll over into completing the rest of the hard work, Mr. Linklater.

**Ms. Marie Lemay:** They would be on transactions at first. That's our priority.

**Mr. Les Linklater:** Given the scope of the work at the pay centre, we'll dedicate the resources to the most complicated work that we have at the pay centre.

**Mr. Nick Whalen:** Right, so I don't see when those 200 employees ever get dedicated to the backlog.

The Auditor General noted that the amount in backlog grew over the entire course of his study period. Has it continued to grow since then?

• (1000)

**Mr. Les Linklater:** Yes, it has.

**The Chair:** Thank you very much, Mr. Whalen.

I will now move to Mr. Christopherson, please.

**Mr. David Christopherson:** Those were great questions. That was very impressive, Mr. Whalen.

One of the things I observe from listening to my staff talk about this is that just like Google, which started as a noun and became a verb, Phoenix, which started as a noun, is also now a verb. People who work for the government talk about being "Phoenixed". It's part of the regular lexicon here on the Hill. "You've been Phoenixed." It's the worst thing that can happen to you.

I want to move on to when the problems first started surfacing. I signalled ahead of time that I was going to come back to this issue of the comparison with Australia. Of course it can't be a direct comparison. We understand that. However, certainly it's close enough that the Auditor General has offered it up as a comparison.

It took this government four months to realize there was a systemic problem. For four months, the government focused on the smoke while the house burned down. In four months, Australia had a comprehensive plan in place. Sixteen months later here, we still don't have a comprehensive plan.

Tell me how it is that we are so much more incompetent in dealing with this than a government that is a fraction of the size of Canada's.

**Ms. Marie Lemay:** Part of your answer is in your last statement. This transformation is a large one.

In terms of the plan and the initiatives—and I'll let my colleague talk about this—we have identified some measures that are being processed, and you have some of the timelines in the action plan.

In terms of Queensland, when we were doing the contract we looked at other places where PeopleSoft had been used and where IBM had worked. The timing of Queensland and us did not particularly work out for the RFP, although once we launched—and I think this is your question—remember that we were in real crisis management, and remember that we had no capacity and we were making sure that people who weren't getting paid were getting paid.

I personally met with some university professors who were doing a study on Queensland, actually, at the beginning of September, to have a conversation with them to see if they had found anything that we weren't doing that Australia was doing. At the time, everything we saw that they were doing was something we had started doing and actioning.

On the delay after the launch, in eight weeks we were announcing our satellite office and we were in capacity-building mode. The first thing, no matter what, was getting the capacity back up. That was the first thing we had to do. We will have to get this system efficient, but we needed the capacity to be able to take the pain away. That's what we're still trying to do.

**Mr. David Christopherson:** I'm hoping, Chair—and I think you'll find there's going to be agreement—that we will have at least a second hearing to delve into all of this. You're signalling that my time is running out, but we're getting superficial answers, and there's a lot more drilling down to do on this. The fact that they had the Australian model to go by, and the Australians still were able to do it fresh in four months, does speak to the competency of the two bureaucracies. We'll come back to this again.

Thanks, Chair.

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

We'll now move to Mr. Chen, please.

Mr. Chen, you have five minutes.

**Mr. Shaun Chen (Scarborough North, Lib.):** Thank you, Mr. Chair.

Last week the Auditor General reminded us that government departments are too focused on their own activities instead of the perspective of the people we serve. I want to thank Ms. Lemay for highlighting the negative impact and hardship the Phoenix implementation has had on our public servants. I empathize with the tens of thousands of employees who have not been paid properly, whether they're underpaid, overpaid, or waiting for other types of adjustments, but they are not the only people who are outraged at what is happening. When Canadians are hearing from the Auditor General that \$540 million is what's needed, at the minimum, to fix the Phoenix system, they too deserve an apology.

My colleague Mr. Arya pointed out that consultants must have evaluated the system before and during the rollout to offer their advice. As we know, one such review was completed by Gartner Incorporated, and it included a dozen significant risks. Departments, for example, had not completed end-to-end testing. They had also not fully implemented the training programs that were required. To make matters worse, as was pointed out by my colleague Mr. Whalen, the Gartner report was not made available to the minister until six months later.

This is how an article in yesterday's *Ottawa Citizen* characterized the situation:

After nearly a decade in development, Phoenix suffered the flaw of unstoppable bureaucratic momentum. The directors of the project seemed not inclined to pay much attention to last-minute advice unless it happened to line up with where they were going anyway.

This brings me to the question I have today. Where are going, and are we going to fix this? I think that's on the mind of every Canadian who has come across this issue.

I've heard today that 700 employees have been hired. I've heard apologies. Are we going to strike the right balance? There was a decrease in pay advisers in 2014. Now you're hiring a whole bunch of new people to try to get caught up with all the transactions that have not been processed.

At the end of the day, I know that when you have a train that is moving, and it is moving fast, and you have problems with the train, you can add people to it, but if you don't stop it and go back and fix the problem, then it's only going to go faster. To me, this is a train that is continuing to speed up. When you look at the graphs in the Auditor General's report, you see how the situation has exacerbated itself with an exponential increase in the number of public servants with outstanding pay requests and the number of outstanding pay requests in total. The problem comes across as an unstoppable train.

Perhaps you don't have an answer for this, but how are you going to strike the right balance with respect to training and with respect to the number of employees? This number of \$540 million is a starting point. We've heard that in Australia it has cost over \$1 billion.

Canadians really want to know.

● (1005)

**Mr. Les Linklater:** Thank you for the question.

All of our efforts are focused on stabilizing the system. The management action plan that we've prepared in response to this first audit of the Auditor General lays out a number of concrete things that we are doing. We are building capacity, as Madam Lemay

mentioned, and you referenced. We are also working across government and with the union and with vendors to identify root causes within the system for the pain points and the difficulties for processing transactions from an HR-to-pay perspective.

We are expecting a final report in the coming week from what we're calling "root cause analysis" that will be added to the suite of measures we're looking at. We are looking at some of the discrete processes—the acting process, terminations, transfer in and out of departments—where we know we have significant issues at the pay centre with processing and where we need to update the business process to streamline it to reflect the realities of today's workplace.

**Mr. Shaun Chen:** Have you engaged consultants at this point, particularly those who have already looked at the system and identified potential issues? Have you brought outside people in to look at how this project can be better managed moving forward, and what requirements need to be set?

**Mr. Les Linklater:** We have. We have worked with PricewaterhouseCoopers to lay the groundwork for our suite of actions, which we will continue to add to as issues are resolved or arise.

**The Chair:** Thank you very much, Mr. Linklater. We'll now move back to Mr. Deltell.

**Mr. Gérard Deltell:** Thank you so much, Mr. Chair.

We have seen since the beginning of this audit that twice, at two moments, the government was aware that there was an alarming report to not go so fast, and unfortunately the government decided to push the button in February. That was the first leg. The second leg occurred on April 26, 2016.

● (1010)

[*Translation*]

That's where it gets interesting. A few days prior, 10 days before pulling the trigger on the second phase of implementation, a House of Commons committee held a meeting.

That was on April 19, 2016. Ms. Baltacioglu, secretary of the Treasury Board, was in attendance. This is what she said at the meeting:

[*English*]

Before the next phase of departments are brought onboard to the new system, Public Services and Procurement Canada, which is the responsible department, is checking with every department and identifying the areas that we have problems with. We are feeding into them and alerting them if we are running into problems. If they feel we're not ready, they will delay. If they feel that 99% of it is going to work, then we will go forward.

Madam, has there been 99% success?



**Ms. Yaprak Baltacioglu:** Clearly not, sir. At the time with the knowledge we had, we asked PSPC to check with every department. When the initial wave happened, there was no sense of the magnitude of the problems we were running into. The magnitude of the problems became way more apparent by about June. By that time the second phase had gone. The managers of the project felt that they were mitigating or managing the risks that were identified. Those were the assurances given to the system.

[*Translation*]

**Mr. Gérard Deltell:** We are to understand, then, that when you made the decision, 99% of the people involved were telling you that it was going to work. Is that correct? This is exactly what you said: if 99% of departments were in agreement, then you would go forward.

[*English*]

**Ms. Yaprak Baltacioglu:** Sir, what I said was that they, meaning PSPC, would move forward only if they were 99% sure. At the time, they were sure it was going to work.

**Mr. Gérard Deltell:** They were 99% sure?

**Ms. Yaprak Baltacioglu:** The 99% was used as an assurance that.... This is a system that manages the pay of public servants. It's a basic need for an employer to be able to pay their people. The risk with this one has to be very low, and that was understood. At the time, the managers of this program felt that they had workarounds for some of the risks, and they had management strategies for the risks. That's what was presented to every department.

**Mr. Gérard Deltell:** Madam, you're the one who set the bar at 99%. Was it 99% when you pushed the button for the second time?

**Ms. Yaprak Baltacioglu:** I didn't push the button, sir, first of all. We are a central agency, but we have a big responsibility as the employer, because basically if people don't get paid, of course it's our responsibility in the global sense. We made sure that everybody was aware and that PSPC was aware that this was a no-fail project, and they felt that they were ready.

**Mr. Gérard Deltell:** If you're not the one who pushed the button, who did it?

**Ms. Yaprak Baltacioglu:** The authority given by the government was to the Minister of Public Services and Procurement Canada according to the Treasury Board discussion and according to their legislative basis and the OICs that were given in 2009.

**Mr. Gérard Deltell:** You're talking about a group, and I'm talking about someone. Who's the one who called the shot?

**Ms. Yaprak Baltacioglu:** The decision, according to the decisions from various cabinets and orders in council and the legislation, for the pay administration function rests with Public Services and Procurement Canada.

**Mr. Gérard Deltell:** You didn't answer my question, Madam. Who is the one who said to the minister, "Push the button. Go."

**Ms. Yaprak Baltacioglu:** The Minister of Public Services and Procurement.... The deputy minister at the time would have been the one to give the advice.

**Mr. Gérard Deltell:** Who's that?

**Ms. Yaprak Baltacioglu:** It was Mr. George Da Pont.

**Mr. Gérard Deltell:** Mr. Chair, why do I raise this question? I have nothing personal against anybody, but it's time to have

responsibility. When someone called the shot and it was the wrong shot, it's time to identify the person who called the wrong shot.

**The Chair:** Thank you very much, Mr. Deltell.

We'll now move to Monsieur Lefebvre, for seven minutes.

**Mr. Paul Lefebvre (Sudbury, Lib.):** Thank you, Mr. Chair.

I won't repeat a lot of the great comments that were made around the table. I'll go straight to one of my major concerns. The Auditor General has raised the fact that the government is looking at spending over half a billion dollars to correct this situation. When we compare this situation with that of Australia, it was a lot smaller, basically one department with 78,000 individuals, and it took them seven years and more money than that.

I hear from Mr. Linklater that we are still in the root cause analysis report. We haven't completed that yet, so we are still looking at root causes. We've kind of identified them over the last period of time, but we still haven't finalized that.

We talked about the action plan here, and the lack of one. It took seven years for Australia to fix something that was fairly simple—complex but smaller. Let's put it that way. I look at your action plan. We can turn to the management action plan that you provided to us. For ease, I'll look at report reference number 1.98. The description of the final expected outcome is that, at the end of 2018, "[e]mployees receive timely and accurate pay in accordance with established targets, priorities and service standards. Within this context, the number of pay requests in the queue declines and timeliness and accuracy of pay processing consistently meets service standards."

Basically, what you are telling us today, in your action plan, is that by the end of 2018 we should be on the road to full recovery and everything will be on the road to having addressed all the issues. The root causes will be addressed. That means the capacity will be met.

I am very concerned. If another country, a place like Australia, took seven years to figure out an issue that was a lot smaller than this—probably less complex because of all the collective agreements we need to address and all the work that needs to be done—I can see why Canadians would also have a lot of doubt about this plan.

Mr. Linklater, can you please explain that to us?

•(1015)

**Mr. Les Linklater:** I'll go back to the OAG recommendation that talks about considering all outstanding pay requests, establishing priorities, and meeting service standards. What PSPC has put in the MAP for 1.98 is to address that recommendation of the Auditor General. We do think that, with the redeployment of additional resources and with moving through collective agreements, we will be able to reduce the pain points for staff over the course of 2018. That's part of the issue we are dealing with.

As part of the integrated team, we are looking at the HR-to-pay continuum, which will necessitate, essentially, looking at the connections among the 32 HR systems that are running across government—how they input into Phoenix and how the business processes for human resources operate, given that pay is a function of HR management—and understanding where to go. From this first *volée*, if you will, of dealing with pain points for staff and meeting service standards, beyond that, where to?

**Mr. Paul Lefebvre:** Okay.

The root cause analysis report is coming shortly. In this committee, we will have another meeting, but I would also recommend, Mr. Chair, that in February or March we bring it back and we follow systematically how this action plan progresses, and we bring back witnesses, because of *l'ampleur* of the situation.

Maybe this is a Treasury Board question. Another concern I have is that... We've seen this before at this committee. We actually had people with respect to Shared Services and the great challenges and difficulties with the transfer of technology. After two years of being here, I am seeing a systemic problem of change management. It's not easy. I am not saying it's easy, or easily done, but it's as if there are a lot of missing links within our bureaucracy, which are the professionals.

When we go to meetings around the world to represent Canada, I always talk about the amazing people we have as public servants. That's what makes our country so strong. At the same time, I am wondering whether we have the proper tools. I am seeing it again, with Shared Services, and now this. There will be other projects, because technology always changes.

What are the tools? Is the training enough? Why do we have this systemic problem of change management within the Government of Canada?

**The Chair:** We're out of time on that question, so it will be a very quick answer, if you have one.

•(1020)

**Ms. Yaprak Baltacioglu:** You're absolutely correct. Do we have all of the tools? No. Are we in the process of getting the tools in place? Yes.

I would be happy to brief you in more detail, because this is an absolutely critical issue.

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

We'll now move to Mr. McCauley, please, for five minutes.

**Mr. Kelly McCauley:** Thank you.

Yaprak, you're going to have to excuse me. I apologize. I can never pronounce your last name, so I'll just go by the first name.

**Ms. Yaprak Baltacioglu:** The first name is okay.

**Mr. Kelly McCauley:** Mr. Chen brought up the Gartner report. It's surprising that it has taken people so long—and for the press to report on it—because the Gartner report is very, very different from the S.i. Systems one, which was “Oh yeah, go ahead”. Gartner was pretty damning. You read Gartner and it's like there's no way we should have gone forward.

We heard testimony from Minister Foote, when she was around, and from Ms. Lemay, but we never saw Gartner. It was not presented to us. It's clear why Treasury Board wouldn't have given us such a damning report. One of the things that Gartner very clearly states was that training was not done, would not be done in time even if they were to start it, and that it would have consequences, such as pay problems. There we have it, laid out right in front of us.

PSPC says, “Oh, we never got Gartner.” Why would we have not handed it over to PSPC if what you're saying is that everyone was talking together and meeting together? We had the meeting in committee that Mr. Deltell was mentioning in terms of your comment that if it's not “99%” ready, you won't go ahead. You had the Gartner report already saying that, but now we have PSPC saying that they never received the Gartner report.

Can you tell us why we wouldn't have passed that on?

**Ms. Yaprak Baltacioglu:** On the Gartner report, the fact that we had contracted it out, we informed at that time.... Our assistant deputy minister informed PSPC, and in January.... I don't have the exact date.

**Mr. Kelly McCauley:** I'm sorry, but you informed them that you had the report or that you had the contract?

**Ms. Yaprak Baltacioglu:** No. That we had contracted it out, and in January the report was sent to PSPC senior management.

**Mr. Kelly McCauley:** Oh, so they did have that...?

**Ms. Yaprak Baltacioglu:** Yes.

**Mr. Kelly McCauley:** Okay.

Ms. Lemay, I know you weren't here at the time, but why would PSPC have hidden that from Ms. Foote? Because there's no reason.... You or anyone—even with a grade 1 education—who reads that report says, “No bloody way are we going ahead with Phoenix.” Why was it purposely withheld from the minister?

**Ms. Marie Lemay:** I believe my colleague Gavin Liddy, at the OGGO committee, said that he did see the report but the minister did not see it.

**Mr. Kelly McCauley:** Right.

**Ms. Marie Lemay:** The report was exchanged between the OCG side of the house in Treasury Board and our side, at the same time as the S.i. report was coming, at the same time as those meetings were happening, at the same time as the deputy ministers' committee was happening.

All of this was coming together and the same responses.... It was felt that all of these issues had been raised previously and addressed and there was an overall collective sense that we were ready to go. That's how Minister Foote at the time was briefed by the participants.

**Mr. Kelly McCauley:** Right. Okay.

The summary of Phoenix testing reports, which was brought up earlier, states a bunch of major issues, pulling in the acting situation, which was one of the big problems of Phoenix. We knew about it on January 20. Also, it states that the input of late transactions will result in deductions, and that Phoenix will not pay supervising differentials is another problem that is identified. All of this is identified at the same time as Gartner identifies.... At the same time, on January 13, when there is the meeting with the CFOs and the head of HR, under Treasury Board, it states again, for Correctional Services.... We know that one of the problems with Phoenix is that it doesn't do shift work properly, so there's a 50% failure rate with Correctional Services, which does shift work. There are Coast Guard issues. We know the Coast Guard is a problem.

We have all the CFOs identifying the issue. We have the summary of Phoenix testing results saying that it's a mess, and we have Gartner. Again, Gartner is so simply laid out. It says, "Do not do it, the training is not done, and there are all these problems." There's so much evidence saying that it's not ready, and don't do it, and it seems that everything was hidden from the minister. Why?

**Ms. Marie Lemay:** At the same time—

**Mr. Kelly McCauley:** No one in their right mind would have read any of this and said.... It's clear that it's months and months away from being finished, yet it was "Let's go ahead".

**Ms. Marie Lemay:** You'll remember that we did have another report that was clearing us to go, but as far as these other—

**Mr. Kelly McCauley:** S.i. Systems identified a bunch of problems. S.i. Systems does say, yes, it's ready, but you have all these other things, your own staff, all the CFOs, Gartner....

**Ms. Marie Lemay:** At the time it was felt that there were workarounds, I'll call them, for all of these things, that there was a capacity to be able to handle this, and that was addressed. That goes to what I was saying earlier. In my opinion, the cumulative risk and the holistic view of this project were missing. We were looking at this like every single item and mitigating every single item, so late acting, yes, and it was planned for the enhancement to be automated later and that in the meantime we could do workarounds.

**Mr. Kelly McCauley:** That's—

**The Chair:** We're out of time on that, Mr. McCauley.

**Mr. Kelly McCauley:** Okay. Thank you.

• (1025)

**The Chair:** Okay.

We'll go to Mr. Whalen.

**Mr. Nick Whalen:** Thank you, Mr. Chair.

I'm going to try to take a different tack here in terms of the contract management and how we move forward, because pay will continually be changing and there will continually be small aspects of the system.... Maybe a new operating system will come on board.

Maybe a completely new bargaining unit might come into existence. The more we can modularize, the more we can circumscribe each individual problem and deal with it specifically, the more robust the system can be and the better able the department will be to outsource and get competitive bids on smaller individual projects. It's something we talked about in our government operations and estimates committee as well—taking an agile approach to change management.

One of the things that might impede that is the existing contract. I was just wondering with the current contract in place with IBM and PeopleSoft for the software, who owns the customizations made to implement all the different specialized rules within the federal government's pay system? Does the federal government own that IP?

**Mr. Les Linklater:** Yes.

**Mr. Nick Whalen:** Okay, that's encouraging.

Ms. Baltacioglu, you're going to be reporting back on the standardized service levels by June 2016 and on the costs of pay implementation by May 2018. Are you going to be able to break that down for us on a piece-by-piece basis? How much of the cost and time and energy is being associated with implementing collective agreement X? How much time is being used for collective agreement Y? How much time and energy and money is being spent on normal pay backlog?

Is it going to be department by department? How are we going to be seeing this information so that we can get a sense of how each individual project and problem and process feeds into the overall cost of the Phoenix system and into pay generally? Or is that not going to be transparent to us and we will just be getting a grand total? I just want to know what we're going to be seeing.

**Ms. Yaprak Baltacioglu:** One commitment is that it will be transparent. If the committee has specific categories it wants us to survey, we will do that. I just heard you list a number of them. What we will report on is, originally, how much money was allocated for Phoenix, not only consolidation but also the system. We will break that down. We will tell you how much money was transferred from departments to PSPC for pay functioning, and how much was foregone savings, because the government's expected savings to be realized got put back into the system.

We will tell you, since the problem has become clear, how much money has been allocated and how much has been spent. We have those numbers. The Auditor General's number of \$540 million is not a number that is concrete. As he put it, it's an estimate. We have to go to every department and get the actuals. Basically, it's an Excel sheet process, because everybody is working on different systems. When we get them, we're going to model them and put them....

The other thing we're going to do—

**Mr. Nick Whalen:** Thank you. That's very interesting, Ms. Baltacioglu. I have a good sense now that the reporting we're going to get is going to be comprehensive, and we'll have a good sense.

**Ms. Yaprak Baltacioglu:** Also, we will have a—

**Mr. Nick Whalen:** I'm sorry. I need to move on to the next aspect. I have some confidence that in May we'll see some good numbers.

In terms of the over 500,000-incident backlog that remains in the system, my understanding is that a lot of it relates to implementation of the new collective agreements and retroactive pay. I have two questions on this for either Ms. Lemay or Mr. Linklater. First, are we trying to do things to avoid retroactive acting pay and other things that are non-standard in the system in the collective agreement negotiation process, so that going forward we have a more transparent pay regime that's closer to the industry standard, that reflects the bonusing that people should receive, and that can be done without retroactive adjustments on a going-forward basis in a more easily managed way?

The second aspect of that question is this. Aside from the negotiations, why are we not getting more people on this file to clear the backlog, rather than waiting to reallocate people in the future? We have an existing backlog that we know about. Why do we not just outsource this to 1,000 boffins at IBM who can come in as experts and just fix this problem? Why are waiting until some unknown point in the future to fix the problem we have on our plate now, which can be solved with effort?

● (1030)

**Ms. Yaprak Baltacioglu:** On the collective agreements, we are responsible, as the employer, for the negotiation of the agreements. The reason this collective agreement is such a big load is that the previous agreements had expired. We were automatically working on retroactivity. We had no choice. You can't tell people they get nothing for two years and then we start to pay them on a future basis. It is a negotiation, and we did that in good faith with the union.

Hopefully, going forward...and we'll start the next round as early as next year, because these agreements, the ones that we just negotiated, are going to expire. In the future, we are going to try not to put a further burden on PSPC.

**Mr. Nick Whalen:** The quick question I wanted answered didn't get answered.

**The Chair:** The final question will be from Mr. Deltell.

I will warn the committee that we are going to go in camera for a very short period of committee business dealing with a letter to be forwarded.

To all those here, at the conclusion of this meeting you are going to have to exit very quickly, please.

Mr. Deltell.

**Mr. Gérard Deltell:** Thank you, Mr. Chair.

I'm pleased to inform the committee that I will share my time with Mr. McCauley.

[*Translation*]

Ms. Lemay, you said in your remarks—rather quickly, for that matter—that you didn't have the resources needed to respond to the Phoenix problems because of the 700 compensation positions that had been eliminated up to April 2016.

Can you tell us how many of those 700 positions were eliminated in November and December of 2015 and, then, in January, February, March, and April of 2016?

**Ms. Marie Lemay:** Actually, more than 700 positions were eliminated. Some 1,300 positions were cut, and we rehired more than 500 people. The 700 positions represents the difference between the two. I can tell you that, during the last wave—the one that coincided with the launch—989 positions had been eliminated. Two waves of cuts took place prior to that; in the first, 125 positions were eliminated, and in the second, 275.

**Mr. Gérard Deltell:** That's very interesting, but it doesn't answer my question.

How many jobs were eliminated in November, December, January, February, March, and April?

**Ms. Marie Lemay:** I don't have that information with me. There were three waves of cuts. I can get back to you with the details.

[*English*]

**The Chair:** I will interrupt for one moment here.

Please, these questions have been asked and we would really appreciate it if you could forward any types of answers to us at a later date. How many officials were fired on performance, not necessarily just on the switchover. How many officials were demoted. How many executives received performance pay and/or bonuses. Indeed, were there still bonuses paid out through this exercise?

Mr. McCauley.

**Mr. Kelly McCauley:** I just want to follow up on the number of pay advisers. It's funny that you first started blaming the issue on the pay advisers on November 29, a year ago. However, as of March, April, June, July, and September 2016, none of these times actually mention the pay advisers.

I'm just curious. An entire year went by before you came up this idea of it all being because you laid off the pay advisers as a big issue. It was never mentioned before.

Let me finish.

It never came up in any of the other reports, such as the Gartner report or the S.i. Systems report.

When you read through the whole stack of ATIPs we did, it actually stated in one of the reports that at Miramichi they were ready to go, that they had enough staff. You stated that it's because of the pay advisers. Here we are now, two years later, and we have more pay advisers in Miramichi and throughout the government than we did before we actually started the process.

How confident are you that it is the main issue?

**Ms. Marie Lemay:** Let me be very clear on this. I've said it from the beginning. I'm sorry if I didn't say it—

**Mr. Kelly McCauley:** Let me correct you. You never once in committee, until November 29 of last year, brought that up. In all your other previous appearances, it never came up, until November 29.

• (1035)

**Ms. Marie Lemay:** I apologize if I wasn't clear, because it was an issue from the beginning. We started satellite offices. We had a “we hire” sign, starting on June 17. We've tried so many ways to get compensation advisers. We had to work with the unions to be able to bring people back. We had a letter from the clerk. There's nobody left in terms of compensation advisers. It has been a struggle to get the people and to on-board them.

I want to be clear. To me, it is the number one issue to take the pain away from the people, because if we'd had 700 people trained when we went live, we wouldn't be having these discussions.

**Mr. Kelly McCauley:** Let me stop you there. If we knew about it, why did we go ahead and do it?

**Ms. Marie Lemay:** You know how the workforce works. When you let somebody go, you have to tell them 22 months earlier that their job is affected.

**Mr. Kelly McCauley:** However, if we knew it was going to be a problem, why did we go ahead and press the button? Through the Chair—

**Ms. Marie Lemay:** People had started leaving. People were already in other jobs. People were already ready to go. At the time, all the risks were assessed, everything that you raised with colleagues. We talked to the departments. They had less and less staff able to do pay, so all these things came into account in the decision, but I am convinced that if we had 700 people fully trained when we went live, we'd still have had efficiency issues, HR process issues, but people would not feel the pain the way they feel it today.

**Mr. Kelly McCauley:** It would have had the backlog—

**The Chair:** I think our time is up, Mr. McCauley.

I want to thank all of you. I'm not so certain that I feel better after this meeting than I did when we began, so I think you can assume that you will be invited back fairly soon and that we will want to see some of those answers prior to that. It would be very much appreciated that we get those answers as soon as possible.

We are going to suspend this part of the meeting. Please make an exit as soon as possible.

We are going to go in camera, which means that committee members are allowed one staffer each, plus their whips.

We are suspended.

*[Proceedings continue in camera]*

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