



**Opening statement presented to the
Standing Senate Committee on National Finance
regarding the Phoenix Pay System**

**by
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February 7, 2018



Honourable Senators,

We would like to thank members of this committee for inviting us to appear so that we might voice our concerns in regards to the Phoenix pay system.

My name is Greg Phillips, and I am the president of the Canadian Association of Professional Employees (CAPE). CAPE represents some 14,000 public service employees. The vast majority of our members are economists and social science workers who advise the government on public policy. We also represent the translators and interpreters, who work every day to preserve and promote our nation's linguistic duality. And, last but not least, we also have the great honour of representing the 90 analysts and research assistants employed by the Library of Parliament.

Accompanying me here today is Claude Vezina; Mr. Vezina is our Executive Director who manages the employees responsible for helping members who are experiencing Phoenix pay problems.

It's been two years since a shocking number of public service employees started being underpaid or experiencing other errors in the calculation of their pay – two years of fear, dread and uncertainty. And even for those fortunate enough not to be plagued with any pay issue, the very scale of the problem meant that, for two years, they have worried about becoming Phoenix's next victim.



I would like to speak about the impact this has had on the public service and, more broadly, on Canadians. But before I do that, I would be remiss if I didn't underscore the degree to which our nation's public servants are dedicated to the work they do for Canadians. Despite going months without getting paid accurately, our members have nonetheless kept showing up to work and have remained unwavering in their commitment to deliver the services Canadians expect, which has allowed our government to function rather than experience a national crisis.

I do hope that our leaders never forget the extent to which our nation's public servants demonstrated professionalism and dedication in these trying times.

But while it was largely business as usual across the public service, what public servants were experiencing was anything but normal.

For example, one of our members was on long-term disability following an accident, trying her best to recover and return to work. During her five months of leave, her pay was sporadic. For her first two months back at work, she received no pay. Over the following eight months, her pay resumed, but amounts were inconsistent. Sudden lump payments are taxed at higher rates. She again experienced the horror of periods without pay. She requested a revised T4; but didn't get one, and then had to overpay on her taxes. Throughout all of this, she was



being hassled about overpayments. This is an absolute nightmare for anyone, let alone someone returning to work after a serious injury.

Another one of our members also experienced a nightmare of his own during what ought to have been one of the most special times of his life, the birth of his child. First, he had problems even getting a Record of Employment. Then, while on leave, he reported being overpaid. As a result, he went entire pay periods without getting paid. Five months after going on parental leave, this member finally received all the necessary documents. Shockingly, while this member was trying to obtain emergency salary advances, he was also being asked to refund overpayments. This member spent his baby's first fifteen months trying to fix the resulting financial mess.

As these examples demonstrate, one of the worst impacts of Phoenix is the disproportionate and discriminatory impact that it has had on vulnerable groups, such as those with disabilities or new parents.

In addition, CAPE has heard from hundreds of members seeking assistance from their union on Phoenix-related issues. To date, in light of ongoing violations of members' rights, we have filed close to 50 formal individual grievances, as well as six policy grievances. We also have hundreds of cases we are trying to resolve through informal channels, and thousands of members attempting to address their issues on their own.



Since the Government of Canada is the nation's largest employer, this nightmare also impacts the broader public. Canadians, too, have been hurt by Phoenix.

Public servants have scaled back their charitable contributions. Fundraising totals from the Government of Canada's charitable workplace program have declined since 2016.

As a result, the organizations that care for the most vulnerable segments of our society are also hurting because of Phoenix.

Our members' financial insecurity also becomes a broader economic issue.

It can be argued that when federal public servants are not paid, or not paid what they should be, it can be disruptive to the broader economy and to local economies dependent on public servants supporting small businesses.

According to our analysis, assuming \$250 million in wages is owed to federal public servants, the following would be the induced economic impact in Canada:

- \$68 million in wages & salaries outside of the public service (\$272,177 per \$1m owed)
- \$176.5 million in GDP (\$706,152 per \$1m owed)
- 1,875 jobs (7.5 jobs per \$1m owed)



We can reasonably estimate the amount of money owed to our members; however, it's not possible to calculate the millions of dollars unaffected employees are holding back on spending for fear that they might suddenly find themselves "phoenixed".

Finally, we often speak of the stress caused by the Phoenix pay problems, but we too often think of these issues as if they occur in a silo. As we speak, countless Canadians grappling with some very difficult life situations: the death of a loved one, marital difficulties, or facing a personal illness or injury, are some examples. Our members have similarly experienced these same stress-inducing life changes only they have had the added stress of not knowing when their next pay cheque will come, compounding their worries and anxiety. Sadly, life doesn't take a break just because your employer can't pay you on time.

Many of our members have told us that their mental well-being has been adversely impacted by their pay problems. The impact on their mental health is a serious issue.

We call on the government to make our members whole. To make-whole, from a legal point of view, simply means ensuring that an aggrieved party is compensated for any sustained loss and isn't any worse off than they otherwise would have been. The utter chaos that our members have been subjected to, over the past two years, is going to take a lot of work, empathy and dedication to resolve – to truly make these dedicated public servants whole, financially and emotionally.



Throughout this saga, public servants have been steadfast; they keep showing up to work despite not getting paid correctly and continue to deliver world class services to Canadians. Likewise, they expect their leaders to show up with the same level of determination and commitment – to treat this issue with the urgency and seriousness it deserves.

Thank you.