

*Government Orders*

services. It has gone beyond the limits of what is reasonable, as will testify the injunctions we obtained. This situation cannot be allowed to go on. The interests of all Canadians are at stake.

The government is not prepared to compromise economic recovery and essential services, nor is it prepared to let employees who want to work or are legally required to work be exposed to violence and intimidation because of their legitimate attempts to cross the picket lines.

That is why, Mr. Speaker, we ask the House to pass this legislation and to do so expeditiously.

[*English*]

So we are proceeding with this bill. The measures in Bill C-29 have been brought about by the circumstances of our time. They represent, I admit, a departure for a limited period from the principles and institutions of collective bargaining that govern the relationship between the government and its employees in the Public Service of Canada. They also constitute a reduction in the real compensation of everyone who works in the federal public sector. This includes members of this House and our employees.

These measures will serve to address immediate and pressing concerns in the management of the economy and of the Public Service. For this reason, the government is seeking the most expeditious passage for the bill that is possible under the rules of this House.

I recognize that the provisions of the bill also create an obligation on the government to ensure that the expected benefits for the economy are realized and that long-term effects on labour relations in the Public Service are minimized.

The state of relations between the government and its employees is of particular concern to me as President of Treasury Board and I hinted that I intend to do everything that I can to strengthen that relationship once the legislation is in place.

[*Translation*]

Mr. Speaker, before outlining the main points of the bill, I would like to recall the events that made it necessary to table this legislation. I would also like to draw the attention of the House to a number of aspects

that are not mentioned in the bill but which contributed to the government's decision.

Hon. members will recall that the February Budget provided that departmental salary budgets would be frozen at the level of the previous year.

• (1020)

The Minister of Finance indicated at the time that any negotiated wage increases for 1991-92 would require a corresponding reduction in the number of jobs, and that in any case, the government would not contemplate wage increases of more than 3 per cent. For the next two fiscal years, annual increases would be capped at 3 per cent.

[*English*]

This was an important signal to other employers in the economy that they should exercise restraint in their own wage settlements if we as a country are to have a robust and enduring economic recovery. Seven provinces have followed the lead of the federal government in this respect, and there is strong evidence that the Canadian public agrees that we are on the right track.

On June 19, after it became evident that the unions would not agree to a reduction in employment levels in return for wage increases, I informed the House that the government was no longer in a position to negotiate wage settlements for the current fiscal year at an increase of more than zero per cent. On the other hand, this decision left the government in the position of being able to protect employment in the balance of this fiscal year. This then is the genesis of the zero and three formula that provides the framework for this bill.

These measures are made necessary by the weak state of the economy and the government's deteriorating fiscal situation. The government cannot afford wage increases this fiscal year and no money has been provided for such increases.

[*Translation*]

It is clear that the Public Sector Wage Restraint Program, also known as 0-3, was necessary, considering the financial and economic situation. However, I agree that the program has dealt a heavy blow to the government's wage guidelines and to collective bargaining in the Public Service. I also agree that collective bargaining negotiations have been very difficult for Public Service unions this year.