

I mention again that in 1981 when the management category was created, it was then decided to allocate a portion of the senior level compensation package to annual re-earnable performance awards or lump sum payments rather than having these sums permanently built into the base salary. The Advisory Group on Executive Compensation in the Public Service, a private sector group made up of senior executives from the Canadian business community which has been providing advice and recommendations to successive governments for the past 24 years, first recommended and still supports the performance bonus approach to pay.

The principle that a certain portion of the compensation package for executives should be put at risk, that is individual rewards determined on the basis of their contribution to the organization, is also widespread in the private sector.

Performance lump sum awards were introduced for public servants by reducing—and I say that again—by reducing by 15 per cent the salary range maxima to compensate for lump sum performance payments. Therefore, the replacement of the base salary adjustments with bonuses represents a cost saving because the lump sums are not compounded from one year to the next. Performance lump sums do not represent an extra payment but rather an alternative and a more cost-effective and efficient method of distributing the same compensation envelope.

• (1155)

I would like to point out that the elimination of the performance bonuses would mean moving to a system which provides permanent base salary adjustments equal for all, regardless of their level of performance or contribution to the organization. I can only say that it would not only be counterproductive but also unfair and most of all more costly.

I would like to add that the passage of this bill would be going against the current trend in the private sector as reported by the Conference Board of Canada and other consulting firms on the increasing portion of the compensation package that is variable or performance related.

Finally, the proposed act would have the effect of reducing the flexibility of the compensation system in favour of a rigid and more costly method of compensa-

Private Members' Business

tion simply in reaction to a lack of understanding of the objectives of the performance bonuses in the manner in which they are administered in the Public Service.

The government has a responsibility to ensure that the public servants' compensation is fair and equitable compared to the compensation paid in other sectors of the Canadian economy. While being attentive to the interests of the Canadian taxpayers, to date the advice of bodies such as the Advisory Group on Executive Compensation in the Public Service has been a determinant in establishing the current compensation system for executives which is recognized as one of the best systems by many other countries. I think we should continue to rely on those with the necessary expertise to make the compensation recommendations.

I conclude, therefore, by saying that I do not see any immediate or prospective gain that would be achieved by passing Bill C-339.

Ms. Joy Langan (Mission—Coquitlam): Mr. Speaker, while this bill seeks to correct the oversight found in Bill C-29 which dictated the wage freeze for most workers in the federal public sector and did not include bonuses which are paid to senior public servants and heads of Crown corporations, if one recalls, people on this side of the House opposed Bill C-29 and opposed the wage freeze of public sector workers, indicating that the proper place for this to take place is at the bargaining table.

On that same principle, the proper place for wages and compensation for senior Public Service workers is at the bargaining table. It may not be at the bargaining table with the union, but it is certainly at the bargaining table where salaries are established as is the proper place for salaries for heads of Crown corporations, if indeed Crown corporations are included in this bill, in a negotiation process, not in a bonus built in roll-on chunks of money.

The fact is that the average public sector worker who is under the Public Service Staff Relations Act earns around \$30,000 with a wage freeze for the next two years. Then there is the fact that in 1991 over 4,750 managers whose salaries are way in excess of that, many of them in fact up in the six-figure salary range, were eligible for this performance pay bonus. That is the world's biggest boondoggle.