

Members' Salaries

some misunderstanding, perhaps accompanied by some misrepresentation, in respect of the purpose of that increase: it was equated with the kind of increases that come annually between employers and employees, as if we were to receive 50 per cent a year or something of that kind.

In order to deal with that particular kind of criticism, after discussions among the representatives of the parties, I indicated on December 19, 1974—my remarks appear at page 2385 of *Hansard*—that the government would be prepared to support amendments to the bill which would change the form of the increase. I proposed at that time that the increase should be 33½ per cent in respect of the indemnity and allowances, and that there should be a formula for adjustment which would come into effect on January 1, 1976, after a period of 18 months during which there would be no adjustment in either the indemnity or allowances. As from January 1, 1976, salaries and allowances would become adjustable on the basis of the increase that had taken place in the industrial composite index between the average of the two previous calendar years. In other words, on January 1, 1976, there would be an adjustment to reflect the percentage increase that had occurred in the industrial composite index between 1974 and 1975, and in each subsequent year a similar adjustment would take place.

Incidentally, I should like to comment on the statement of the hon. member for Nanaimo-Cowichan-The Islands (Mr. Douglas) who suggested that the increase that had taken place in 1971 was supposed to reflect the future as well as the past. I have very carefully examined the record and have spoken to my colleague the Secretary of State for External Affairs (Mr. MacEachen). He affirms what I read in *Hansard*, which is that the adjusted payment at that time reflected only the increase in the relevant index that had taken place in the past, and there was nothing contained in that adjustment which took into account any changes which might take place in the future. So I think we are quite justified in going back to 1970 to reflect, in the present proposals, the changes in the industrial index which have taken place in that four-year period.

The House will also recall that we did not reflect, in the adjustment proposed on December 19, the full increase that had taken place in the general level of salaries and wages during the previous four years. If, in fact, we had done that, we would have proposed an increase of 37 per cent rather than 33½ per cent. However, as I said at that time in the course of my remarks, there seemed to be a disposition on the part of those consulted to recommend somewhat less. That was the basis for the amendments I proposed on December 19 last year. At that time, the Leader of the Opposition (Mr. Stanfield) gave general support to the amendments although he had some reservations about the salaries of ministers and other officials of the House and of the government.

In the meantime, the government has been giving further consideration to the formula for adjustment of the indemnity and expense allowance in future years. It had been our purpose, one which was shared by the Leader of the Opposition, that the adjustment should run somewhat behind the increase in the industrial composite index. I should like to quote what the Leader of the Opposition

[Mr. Sharp.]

said at that time, because I think it reflected what we all had in mind in making those proposals. As recorded at page 2386 of *Hansard* for December 19, 1974, this is what he said:

I am also pleased that the escalation factor in the future is delayed by a year and will therefore run somewhat behind the general increase in the index. That provides, and I am pleased to see it, I think some general incentive to members of the House to fight inflation.

● (1540)

That was the view he expressed at that time and it was certainly one that we on the government side shared. On further reflection, and in light of the comments of those in favour of an increase in remuneration but who are somewhat concerned about the appearance of the adjustment formula—even though, as I have said, it is fair and defensible—the government is prepared to consider amendments which would modify the rate of escalation. In recent days discussions along these lines have taken place among representatives of the parties and I personally believe that a formula can be worked out in committee that would help to reduce the concern of some who are prepared in principle to support the legislation.

There are several ways of making the adjustment, of doing what we all have in mind. There are merits and drawbacks to all of these, as anyone who has taken the trouble to look at the problem will discover for himself. I suggest, however, that it would be extremely difficult to resolve the issue or to decide which is the preferable method during this debate on second reading. The question before us at this stage in our proceedings is one of principle, which is that the remuneration of members of parliament should be increased to bring it more into line with present circumstances, and to provide for an adjustment that would keep it in line with future circumstances, even though the bill before us requires substantial modification along the lines I indicated on December 19 and perhaps in other particulars which may be decided by the committee itself.

Therefore, I urge the House to express itself on the principle of this bill, which is to increase the indemnity and allowances of members of parliament and to provide for periodic adjustment, and to refer the bill to the standing committee where it can be examined in detail, amended and reported back for further consideration. It seems to me that in this way we can have a more meaningful and conclusive debate.

Mr. G. W. Baldwin (Peace River): Mr. Speaker, I rise merely to respond very briefly to what has been said by the government House leader, the President of the Privy Council (Mr. Sharp). He indicated, on the part of the government, a willingness that this matter should go to committee where the bill can receive the kind of examination, amendments and changes that the committee might see fit to make or to propose. I begin by pointing out to the House that this, of course, is the most appropriate function of a standing committee. It does not fall within the regulations of this hallowed chamber to permit amendments to be brought forward in detail on second reading of a bill.

We are dealing with a bill concerning salaries of members of parliament and other elected officers of the government and of the House, and as such there is a question