

*Routine Proceedings*

Three groups whose contracts had already been the subject of protracted negotiations before the Budget—the Translation, Auditing, and Computer Systems Administration groups—will be provided with higher settlements for the period before this fiscal year, but they too will then be covered by 0 and 3.

This legislation, then, would apply for the first two years of the three-year compensation restraint program announced in the February 26 Budget. The government remains committed to the Budget ceiling of 3 per cent in the third year of the program. The Minister of Finance announced in the Budget inflation targets for the next five years: 3 per cent by the end of 1992; 2 1/2 per cent by the middle of 1994; and 2 per cent by the end of 1995. These reduced inflation levels should allow us to achieve the third year of the compensation restraint program through collective bargaining.

• (1610)

Having stated my desire to continue to negotiate, I recognize that for some bargaining groups it may not be feasible to expect a voluntary agreement by the time the House returns on September 16. If this proves to be the case, I think it will probably be in the best interests of all concerned to introduce compensation restraint legislation at that time to cover those who have not been able to settle for at least a two-year agreement within the 0–3–3 limits. I am very conscious that this would mean the suspension of collective bargaining for this round, but it may be the fairest course to take under the circumstances.

[English]

These are hard measures, made necessary by hard times. In the economic climate in which we live, I do not think it is unreasonable to expect public sector employees to assume their share in working toward recovery. In my own recent travels across Canada, I met with Public Service employees at all levels and in all regions. I have concluded that these employees who, after all, are taxpayers themselves, are prepared to accept lower wage increases over the short term in order to make the future brighter for us all.

I received a second message both from union leaders and employees. The recession and the government's fiscal situation have created profound and, I do agree, understandable uncertainties in the minds of Public Service employees about the risks of losing their jobs. They are aware of the job losses and of the sacrifices that are being felt in the private sector and they are deeply conscious of the potential implications for themselves of

the wage targets announced in the budget. This uncertainty also undermines the effective delivery of government services, and I want to put an end to it.

On May 29 I advised union leaders that the government had effectively lost any room it might have had to negotiate wage settlements for the current fiscal year at an increase of more than zero per cent. To proceed with a 3 per cent increase three months into the fiscal year would probably mean releasing more than the 6,000 employees forecast in the budget.

The other side of this coin is that a freeze on wage levels eliminates for all practical purposes the necessity to reduce further the number of jobs in the Public Service during the period of such a freeze. We will continue to need to change or eliminate specific jobs as the Public Service adjusts to changing demands for its services. Here and now I can make a commitment that every current employee of the Public Service who is affected by any such changes resulting from the budget will be offered a position on comparable terms for the period for which the wage freeze applies, if he or she is willing to be trained or relocated.

In that spirit I would also like to announce that departments will be instructed not to proceed with contingency plans which they were asked to develop at the time of the budget to absorb any wage increases in 1991–92 above zero per cent. There will, therefore, be no reason for lay-offs in the balance of this fiscal year as a consequence of the budget.

This is not job security in the sense in which unions negotiating demands too often mean it; a guarantee of lifetime employment. It is not this kind of job security. That would be unacceptable. Like good employers in the private sector, we recognize that it is in the interests of the employer and employees alike to have as much continuity and certainty as possible in order to have a productive and stable workforce.

This government's record in redeploying employees whose jobs are eliminated for other reasons is an excellent one, as the experience of the recently completed five-year downsizing program demonstrates. This has been thanks to the workforce adjustment policy which has provided an equitable safety net for employees. That policy expires on June 30 of this year. However, we are very much interested in negotiating a new one, in consultation with the unions under the auspices of the National Joint Council. In doing so we are prepared to explore ways of alleviating union concerns about the effects of contracting out in particular.