

less rapidly in the next fiscal year. But I had to recognize that an abrupt retrenchment of federal outlays would have played havoc with provincial finances, pulled the rug out from under private consumption, and deprived Canadian business of orders which they critically need to raise production and productivity.

* * * *

Where the money goes

In the 1978/79 main estimates...federal payments to provincial governments under six major programs* will increase by almost \$2 billion — about 46 per cent of the increase in our total spending. In other words, were it not for this “provincial dimension” in federal outlays, the projected rate of growth of our main estimates in 1978/79 would be about 4.8 per cent rather than 9.8 per cent. And one of the reasons why provincial governments will be in a position to ease, or increase only moderately this year the burden on provincial taxpayers, is that the Federal Government will continue to transfer more than one-fifth of its resources to these governments.

But a still higher proportion of federal outlays will finance a variety of direct payments to individual Canadians — more than \$10.3 billion, or 21 per cent of total expenditures, during the next fiscal year. These payments supplement the income of millions of Canadians — senior citizens, growing families, workers temporarily unemployed or acquiring new skills, native citizens, veterans. And these payments are largely spent on food, clothing, shelter and other necessities. In other words, old-age pensions, family allowances and other federal payments to individuals finance a significant element of private consumption in Canada. Furthermore, the steady growth of private consumption is required to stimulate business activity, production and employment.

* * * *

Public Service controls

I would now like to draw the attention of honourable members to further evidence of the Government's commitment to restraint, namely its over-all policy on manpower requirements and compensation

Administrative cost cuts

A report dated February 27 issued by the Treasury Board outlines substantial savings in the Public Service directly attributed to administrative restraint. A few examples are:

- a ban on first-class air travel except for security, medical or emergency reasons, has brought about a drop of about 85 per cent from 681 first-class flights in the last quarter of 1975 to 99 in the third quarter of 1977;
- cab fares in one department alone dropped to \$27,000 in 1976/77 from about \$80,000 in 1975/76;
- furniture purchases dropped to \$3.5 million in 1977 from \$6.6 million in 1975, following decisions to suspend them until stocks were depleted and to restrict issue of new furniture;
- the growth rate for photocopying equipment has dropped to 6.2 per cent from an annual growth rate of 69 per cent before the restraint program was introduced;
- telecommunications expenditures were reduced by about \$400,000 in 1977; and
- the Federal Government's internal energy-conservation program has cut almost \$30 million from its energy bill.

policy for the Public Service in 1978/79.

...For the second consecutive fiscal year the increase in authorized man-years subject to Treasury Board control will be held to six-tenths of 1 per cent. This represents an increase of 1,848 man-years, for a total authorized level of 325,120. I point out that authorized man-years are decreasing in 18 departments and agencies, while 18 others have been allocated the same number of man-years as in the fiscal year 1977/78. Additional man-years have been authorized for 33 departments and agencies. These increases are concentrated in a few labour-intensive and generally service-oriented government operations such as the Post Office, the Department of Public Works, the Department of National Defence, Correctional Services and the Royal Canadian Mounted Police.

It should be noted that the six-tenths of 1 per cent increase in federal Public Service manpower requirements will be only one quarter of the projected growth

of the Canadian labour force in 1978/79. Indeed, despite impressions to the contrary, our record during the past ten years shows that the Public Service growth trend has remained below that of the labour force.

...For the fourth consecutive fiscal year, the total number of senior personnel man-years in the departments and agencies under Treasury Board man-year control will remain at the same level. This freeze is being extended for a second consecutive year to a key component of the senior personnel categories — the Senior Management Complement which is composed of senior executives and officers in equivalent positions. As in the past, provisions have been made for a measure of flexibility in the reallocation of authorized senior personnel man-years and senior executive and equivalent positions between departments and agencies in order to meet the tasks of highest priority.

Bargaining policy change

...I am pleased to be able to inform honourable members of the compensation policy to be adopted for collective bargaining in the federal Public Service during the post-control period.

* * * *

Briefly, the Government intends to change the emphasis in its previous bargaining policy. This change of emphasis will involve explicit consideration of the aggregate value of pay and benefits in relation to hours worked — that is, “total compensation”. It will also involve more emphasis on comparisons of total compensation with private-sector employers wherever possible. Where comparisons with private-sector employers are not possible — in the case of teachers for example — the past practice of making comparisons with other public employers, or taking into consideration established internal relativities, will continue.

In addition, it is intended that compensation in the Public Service will not lead compensation levels in the private sector and ensure that the Federal Government will not fuel wage inflation. To this end, where compensation for public servants in a bargaining unit is significantly greater or less than that of their outside counterparts, the Treasury Board will seek to negotiate rates of increase which will allow comparability of total compensation to be achieved over a reasonable period of time, taking into account the magnitude of the difference.

* * * *

*Fiscal transfer payments; hospital insurance, including extended health care; medicare; Canada Assistance Plan; post-secondary education; bilingualism development.