

*Canadian Arsenals Limited*

taxation of artists and writers and (a) if so, on what date (b) if not, for what reason?

**Hon. Flora MacDonald (Minister of Employment and Immigration):** No, the UI legislation has not been changed.

(b) Coverage under the UI program is based on an employer/employee relationship, with the general requirement being the person must be under a contract of service in order to be considered in insurable employment. Where the artist is employed under a contract of service, i.e., where the employer/employee relationship exists, the artist is covered under the UI program. However, for the most part, performing artists do not fall under this category but rather, are self-employed.

The UI program is being studied by the Forget Commission; no change will be forthcoming to the UI legislation until its recommendations are made known. Representations have been made by performing artists to the Forget Commission, and their case will be given consideration in conjunction with the over-all review of the UI program.

[Translation]

**Mr. Lewis:** I ask, Mr. Speaker, that the remaining questions be allowed to stand.

**Mr. Speaker:** The question enumerated by the Parliamentary Secretary has been answered. Shall the remaining questions stand?

**Some Hon. Members:** Agreed.

[English]

**Mr. Speaker:** May I inform the House that because of the ministerial statement Government Orders will be extended by 18 minutes beginning at one o'clock p.m.

## GOVERNMENT ORDERS

[English]

### CANADIAN ARSENALS LIMITED DIVESTITURE AUTHORIZATION ACT

#### MEASURE TO ENACT

The House resumed from Tuesday, February 25, consideration of the motion of Mr. McInnes that Bill C-87, an Act to authorize the divestiture of Canadian Arsenals Limited and to amend other Acts in consequence thereof, be read the second time and referred to a legislative committee.

**Mr. Speaker:** Resuming debate, the Hon. Member for Brant (Mr. Blackburn).

**Mr. Derek Blackburn (Brant):** Mr. Speaker, I rise this morning to address Bill C-87, an Act really to privatize Canadian Arsenals Limited, a Government Crown corporation I believe since 1945.

The first point I want to make is that it seems to me that when we talk about the privatization of Crown corporations this Government, and indeed the previous one, seemed to think that the more successful the corporation the faster the Government should divest itself of that corporation. Certainly Canadian Arsenals Limited is one shining example. Frankly, I do not know why the Government wants to get rid of Canadian Arsenals Limited of Montreal. It employs some 800 workers in Quebec at two different factories. It supplies a great amount of ammunition to the Canadian Department of National Defence at a very good price. Last year, for example, it registered a profit of \$11.3 million. In *The Financial Post* survey of the top 500 firms in Canada it came in at number 470. It is not exactly the top, but it is within the top 500. In terms of five-year profit growth it was number three. Again I ask, why does the Government wish to divest itself of this very profitable well run, well organized job producing Canadian industry?

One could almost link this with the sale of de Havilland and the proposed sale of Canadair, even though both of those corporations at the present time are not in a profit-making situation. Nonetheless the taxpayers over the years have poured hundreds of millions of dollars into the development of a Canadian Aerospace Industry. Now we see that after that effort has been made, and the financial input has been made from taxpayer's money, both of these companies are also going to go to the private sector. We do not seem to be in any great hurry, however, to divest ourselves of the losers. Those Crown corporations, which unquestionably will continue to be losers, the taxpayers of Canada are being called upon to continue to infuse with capital simply to keep their heads above water. Not so with Canadian Arsenals Limited of Montreal, a successful profitable job creating corporation that in my opinion, and that of my Party, should be kept as a Crown corporation and, indeed, as an example of how a Crown corporation should be managed, organized and run, and to prove to the doubters that Crown corporations can work, can make profits. That is the key point here as far as we are concerned.

As far as the specific deal is concerned with respect to Bill C-87, there is an upside as well as a downside. I am very happy to see that even though we have to divest ourselves of this Crown corporation the purchaser must be at least 75 per cent Canadian and resident in Canada. The Board of Directors must also of course be resident in Canada. This clause, as far as I can understand it, cannot be altered in the future. It must remain a Canadian corporation, if not a Crown corporation.

Second, the purchaser, SNC Group of Montreal, which is a very reputable private company in engineering, construction and manufacturing—I suppose in the scheme of things one could not expect to find a better corporation in Canada which is Canadian for the purposes of taking over Canadian Arsenals—is owned I understand by approximately 500 of its own employees, and world-wide, including its Canadian operations employs approximately 4,000 employees.

The downside, however, is quite serious. In addition to what I have already said in principle about divesting ourselves of