

Canadian Arsenals Limited

better than the public sector. Privatization is the current buzzword of the Conservative Government. Why is it that the Government believes a company which is motivated by the pursuit of profit and the pursuit of maximizing its return on shares is better able to manage this company than the public sector? The Public Service Alliance of Canada, in its submission to the legislative committee on Bill C-87, pointed out that a full public parliamentary debate on the role of Crown corporations and public enterprise is long overdue.

I believe that the purpose of public policy is to serve the interests of Canadians, certainly not to serve the interests of a small group of elite corporate shareholders. It is particularly essential to note that when companies are taking major decisions with respect to investment, employment or plant location, the public interest ought to be the governing interest and not the maximization of global profits.

To the extent that there may have been problems in the public sector, we suggest that that was primarily as a result of the failure of the Government to recognize the creative and important role of the public sector and the importance of Crown corporations being models of corporate responsibility. They should be open, accountable and charged with a clear and definable mandate.

In fact, Canadian Arsenals has been a very profitable company. In 1985, it had a net income of \$11.3 million on sales of \$103.8 million. Its return on equity was an excellent 21.4 per cent in 1984-85. The profits of this company were being used to help reduce the deficit of the Government. The Government has been cutting back on family allowances and transfer payments for health care and post-secondary education. One would have thought that the Government would have welcomed a contribution of \$11 million to the public purse to help reduce the deficit. Instead of cutting back on these important public services, the Government should be recognizing that Canadian Arsenals can help to provide a source of public revenue and at the same time ensure that the priorities established for Canadian Arsenals meet the interests and concerns of the Canadian people and are responsive to the workers of that company.

It is reasonable to assume that the approach which is being taken by the Government in Bill C-87 will very likely serve as a model for other Government privatization efforts. For that reason, as well as the reasons I have discussed previously and which my colleagues have so eloquently placed on the record, we want to make sure that we give Bill C-87 the best possible effort so that it may be a good model. If the Government is determined to plough ahead with its ideological blinkers on in the pursuit of privatization, we are determined to ensure that the interests of the working men and women of Canadian Arsenals are protected and not eroded as this Bill would in fact do. That is why we have urged the Government to recognize that while it has moved forward with an amendment, it does not go far enough to protect the pension contributions of the employees involved.

I would note as well that the jeopardization of the retirement pensions of Canadian Arsenals employees is but one of a number of concerns we have raised in the course of this debate. The Public Service Alliance made representations with respect to this Bill, and I would note here the role played by Vice President Jean Bergeron. The Public Service Alliance has spoken out very clearly with respect to the concern about long-standing contractual rights of employees and the concern that these contractual rights be protected during the transition from public to private enterprise.

The sale in question does require a jurisdictional change in the area of labour relations from the federal jurisdiction to the provincial jurisdiction of Quebec. Partly as a result of that, it would appear that there are no transitional provisions to protect the collective agreement, the benefit plans and the other acquired rights of the employees until certification is granted pursuant to the Quebec Labour Code. At this time the employees are covered under the provisions of the Canada Labour Code. While SNC, the company which is buying Canadian Arsenals, has made commitments to honour all of the contractual obligations between Canadian Arsenals and its employees, it would be far preferable if those commitments were enshrined in the legislation.

As well, there is a problem in this legislation with respect to the grievance and arbitration of rights of the employees of Canadian Arsenals. The sale is adding to the degree of confusion and uncertainty that is involved.

Again, the fundamental question that must be addressed is why is it that the Government believes, in its ideological zeal to pursue the privatization agenda, that Canadian Arsenals will be better run by SNC than it is being run by a board of directors appointed by the Government of Canada? That is a question which no Member on that side of the House has yet addressed, and it is a question which we in this Party believe must be addressed. As I have indicated, it cannot be argued that there has been a failure in the corporate responsibility of this firm to its shareholders who are ultimately the people of Canada or to its employees. After all, it has a good record. I know that other speakers will be talking about the record of Canadian Arsenals in this regard.

• (1440)

I want to note another concern. By far the largest customer of Canadian Arsenals Limited is in fact the Department of National Defence. It has been most beneficial to have that close working relationship between Canadian Arsenals and the Department of National Defence. As it now stands, the privatization process could very well jeopardize that relationship. We have to ask ourselves more fundamental questions in terms of the rights of the employees and of the pension plan. The President of the Treasury Board (Mr. de Cotret)—

The Acting Speaker (Mr. Paproski): I regret the Hon. Member's time has expired; I would love to listen to him all day.