

*Canadian Arsenals Limited*

private one. That will be the case anyway. One group of employees will have two pension plans, one based on their number of years in the Public Service and the other based on their number of years with SNC. The other group would have just the SNC plan. We are not deciding whether there will be two levels of benefits. We know it already and we cannot change it. It will happen regardless of what we do. That is not the question before us today.

The question before us today is the approval of Motion No. 2 which would provide a means whereby our employees, those employees of Canadian Arsenals, would be able to continue to contribute both the employee's share and the employer's share to the Public Service Superannuation Plan. The employees have agreed to pay both shares, and they will attempt to recover some, if not all, of those funds from their new employer through the collective bargaining process. I believe it is a very reasonable compromise, and the Public Service Alliance has agreed to it. Certainly it is one with which the Government can live.

As I indicated previously, it is not precedent setting, because we went even further in the transfers of Deer Lodge Hospital and similar institutions of which the Government divested itself in the past. The precedent is there. As a matter of fact, what we are trying to do in this case is less than what was done in the case of Deer Lodge Hospital. If we could live with it in the past, we could certainly live with it now. It is not a precedent setting issue at all. It involves fairness on the part of us collectively toward the treatment of those employees.

Yesterday I referred to fair treatment of employees of the House of Commons. Today I am talking about employees of the Government of Canada. In my view we can, if we have the desire and political will, achieve this result with little or no difficulty.

**Mr. Jim Fulton (Skeena):** Mr. Speaker, I am pleased to have an opportunity to participate in the report stage debate on Bill C-87 respecting the privatization of Canadian Arsenals Limited.

Before dealing specifically with Motions Nos. 1 and 2 which are before us today, I should like to spend a moment providing some background on the Bill. Many months ago in British Columbia some erroneous correspondence was circulated saying that I was in great support of the privatization of Canadian Arsenals Limited. For that reason I will refer to some background information which will indicate why that was never the case and is not the case now.

**Mr. Riis:** It will never be the case.

**Mr. Fulton:** It will never be the case. Canadian Arsenals is a 100 per cent Crown-owned corporation, established in 1945 for the purpose of returning the armament industry in Canada from wartime to peacetime operations. As all Hon. Members know, currently there are two plants—one at St. Augustin

near Quebec City and one at Ville Le Gardeur near Montreal—for manufacturing medium and large calibre ammunition. There are 750 employees at Le Gardeur and 50 at St. Augustin. The Public Service Alliance of Canada is the principal union with about 570 of the employees as members. The federal Government, through the Department of National Defence, is the company's largest customer, responsible for some 90 per cent of its sales. Some 10 per cent of its sales are exported. The following question has been legitimately and properly raised by the workers and many Members of the House: Why sell it?

Last year its profits totalled well in excess of \$11 million. At that time it was ranked as No. 470 in *The Financial Post* top 500 in terms of sales. However, the interesting point is that the company was ranked as No. 3 in Canada for its five-year profit growth by *The Financial Post*. Again the question is raised: Why sell?

According to the projections of the Government, sales are expected to double over the next five years. The sale of Canadian Arsenals requires the approval of Parliament, unlike corporations under CDIC such as de Havilland. The President of the Treasury Board (Mr. de Cotret) announced the sale of Canadian Arsenals at the beginning of last December to SNC of Montreal, an engineering, construction and manufacturing firm, for a reported \$92.2 million. According to the press release there were eight bidders and SNC was the highest.

The Public Service Alliance of Canada was never notified of the Government's intention to privatize, and learned of it only through press reports. That is a matter which the House should ponder in some greater detail. Why did that take place, and what kind of Government attitude does it demonstrate? As we deal with Bill C-87, it is important to keep in mind that it is very precedent setting and may in fact be a precedent—at that a damn poor precedent—for the privatization of other Crown corporations should the Government continue on the road which seems to be supported by some of its more right-wing friends.

Key questions have been raised by the workers and their representatives with PSAC on the issues of job security, pensions and the Canada Labour Code. At this point I should like to deal with the two particular motions before us. As someone very active on the question of pensions and unions, having been a former member of the B.C. Government Employees' Union, I have some concerns about Motions Nos. 1 and 2. Paragraph (3) of Motion No. 1, standing in the name of the Minister of Supply and Services (Mr. McInnes), reads in part as follows:

The Governor in Council may, in relation to persons who make the election referred to in paragraph (1)(e), make regulations—

Further on it refers to very vague and non-specific regulatory producing powers. Under the previous Government of Mr. Trudeau, the previous Government of the Right Hon. Member for Yellowhead (Mr. Clark), and the present Government of the Prime Minister (Mr. Mulroney), I have found that only too often these kinds of regulatory producing powers of the