

Canadian Arsenals Limited

Government is asking Canadian men and women to make sacrifices and then gives away these corporations which are making profits on behalf of Canadian taxpayers.

Mr. Speaker, we can see here that the corporation ranked third among companies that have recorded rising profits since 1982-83, so why should the Government be so anxious to sell without telling the House of Commons what is the real value of the corporation?

For instance, we know that a number of additional facilities are planned for the corporation.

[English]

In 1976, when the Government took a look at how it could improve the status and the situation of Canadian Arsenals, a \$3.6 million modernization program had been embarked upon and there was another \$3.7 million for the recovery of operating deficits. That total of \$7.3 million was to be spent between 1977 and 1982. The corporation showed a profit in 1978. The recovery had taken less time than even anticipated by the Government. Therefore, CAL only used \$4.3 million of the \$7.3 million allocated. Part of the subsidy was refundable. That brings the total cost to the Canadian Treasury down to \$3.1 million, for a company which in the 1984-85 operating year showed a profit of \$11.3 million. An investment of \$3 million for an \$11 million return, a projected \$200 million in sales and a doubling of the sales projections over the next five years, is money well spent.

Unfortunately, since the Government is so committed to privatization at all cost—it sold out or gave away de Havilland—it is now in the process of giving away Canadian Arsenals. At the same time it is not prepared to tell Canadians the ultimate cost of the sale to the taxpayers, the costs in terms of lack of security, in terms of actual profitability and in terms of lost jobs. There are no job guarantees. When the company is turned over to the private sector it might keep employees on for a year or two, but there is no guarantee. There is no guarantee built into the take-over by the company from Montreal.

There are numerous questions on the particular sale which have not been answered. I urge the Government to reconsider its decision. In its quest to privatize it has forgotten the credo espoused by the Minister of Finance, reward success. Canadian Arsenals has been a successful company, and it is now being rewarded by being sold off to the lowest bidder.

Mr. Hovdebo: Mr. Speaker, I noted with interest that the Hon. Member for Hamilton East (Ms. Copps) dealt with the corporate plan of the corporation which suggested a 100 per cent increase in profits over the next five years. Does the Hon. Member have any idea of the actual amount of possible purchases by the Department of National Defence over the same period of time? Is there a larger possibility of profits by Canadian Arsenals if it works more closely with the Department of National Defence than it did in the past?

Ms. Copps: Mr. Speaker, the Canadian Government is responsible for about 90 per cent of the products sold by

Canadian Arsenals. The export projections in the year 1984-85 were about 7.9 per cent of the company's business. Obviously the projections will come in great part from the added contributions by the Canadian Government.

When the Hon. Minister of Supply and Services (Mr. McInnes) stated that the SNC group had been determined to be the preferred bidder, the Government made quite clear that it was not prepared to give preference to the particular company in terms of its own purchasing requirements through the Department of National Defence. As I understand it the only competitor—and I may not be correct in my assessment—to Canadian Arsenals in certain areas of munitions was the SNC group. By selling to that group quite clearly a private sector monopoly will be created. The Government does not like public sector monopolies, but it appears from what it is doing with the sell-out of this company that it not only embraces the notion of a private sector monopoly but it is creating it.

In that regard, the projections for profitability launched in the annual report of Canadian Arsenals will clearly be paid by Canadian taxpayers. It will be taxpayers' money. We are losing on both ends. We are losing because we are selling the company for less than it is worth. In fact we are losing because it is being sold at all. We are also losing because we will be creating a monopoly which will force Canadian taxpayers to pay more for the purchases made through the Department of National Defence. I do not know who is winning in the deal. I think the only group which is winning is SNC. Since it had the gumption to come in with the bid, more power to SNC. However, Canadian taxpayers are certainly the losers in this particular fiasco.

Mr. Lewis: Mr. Speaker, could the Hon. Member explain to the House the difference between the federal Government sale of Canadian Arsenals and the Ontario Government sale of UTDC?

Ms. Copps: Mr. Speaker, obviously the Hon. Member has not done his homework. He certainly does not recognize the fact that the Urban Transit Development Corporation was originally a boondoggle creation of Conservatism.

Some Hon. Members: Oh, oh!

Ms. Copps: It was so poorly viewed by the citizens of Hamilton, for example, that when they were offered a free aerial expressway they turned it down.

Certainly the Ontario Government is doing the best it can to make the best out of the situation. If we look at the replacement of Hawker Siddeley in Thunder Bay by UTDC, obviously Hawker Siddeley has been a very effective and profitable company. Unfortunately UTDC drove Hawker Siddeley out of business and then proceeded to take over all contracts into which Hawker Siddeley had entered in the past.

The former Chairman of UTDC was another one of those Tory patronage appointments. He had at his disposal a villa and a number of limousines, including a Mercedes, which were paid for by the taxpayers when he was out flogging the LRT