

Canadian Arsenals Limited

Crown corporations that are profitable, well managed and well organized, we have here, first of all, the loss of a prosperous Crown corporation which sells 90 per cent of its ammunition to DND. When one considers that our own Department of National Defence, which obviously is an adjunct of the Crown—it is a portfolio, a ministry, and by its very nature must remain within the public domain—has its own publicly owned and controlled source of ammunition supply at a very reasonable price, I am told, why would we now choose to privatize Canadian Arsenals, particularly when it has been doing a very, very good job of supplying our own military with relatively inexpensive ammunition since 1945. I believe it is fair to say that from now on the cost of that ammunition will increase now that the company will be privatized. This may not take place over night, but I am prepared to argue that the cost of that ammunition to Department of National Defence will begin to increase.

● (1130)

There is also no guarantee of job security, job creation or expansion as a result of this deal. Of course, this is cause for concern to employees of Canadian Arsenals Limited. As far as we can determine, the new corporation can be allowed to stop producing the kind of ammunition or product that it presently produces for the Department of National Defence.

There is no guarantee of employee benefits. For example, Canadian Arsenals Limited is represented by the Public Service Alliance of Canada but the employees of SNC are represented by the CNTU in their collective agreement. There are two major unions involved in this transaction and, while I am not familiar with labour law, it would appear to me that there may be a conflict requiring the collective agreement to be rewritten. Who will represent the employees? Will it be the PSAC or CNTU? I believe this situation will create some labour unrest in the Province of Quebec certainly over the next several months because these are two sizeable bargaining units.

The Public Service Alliance of Canada and its membership was never notified of the Government's intention to privatize Canadian Arsenals Limited. The first information they received was what they read in the newspaper. It is most regrettable that an employer would inform its employees of a change of ownership through the media. It is demoralizing and creates widespread apprehension among the workers and the bargaining unit. It does not lead to a peaceful and easy transition from one owner to another, and I suggest the Government has made a major blunder in this process. In addition, the PSAC registered its very grave reservations and apprehensions to Canadian Arsenals Limited and the Government as early as October 7, 1985, with respect to the possibility of the company becoming privatized.

We have other serious questions regarding the process used by the Department of Supply and Services in selling Canadian Arsenals Limited. Dozens of companies expressed interest in CAL but only six were asked to submit final money offers by November 19, 1985. We have no way of determining why only

six and none of the other companies were asked to submit final money offers by November 19, 1985. Furthermore, the final bidders were forced to submit three revised bids between July and November 19 because the Department of Supply and Services kept changing its story, according to a newspaper article. In other words, we do not know whether the Department was changing the rules during the game, or why only three of those six firms were asked to submit three revised bids between July and November 19, 1985.

Moreover, a senior official at the Department of Supply and Services, Stan Kerr, Director General of Aerospace and Armaments, left DSS on November 1 to work for CFN Consultants which was lobbying DSS on behalf of SNC for the purchase of Canadian Arsenals Limited. Mr. Kerr signed an affidavit swearing that he would not be dealing with any aspect of the Canadian Arsenals Limited deal. I am not questioning the man's integrity or honesty, but I am suggesting that in the public domain, in the media and in our minds there is always that lingering element of the appearance of conflict of interest. There is the appearance of a possibility of conflict of interest, and I am in no way calling into question this gentleman's honesty and integrity. I simply suggest that it was a poor move at that time because it does raise some eyebrows. I will not comment on it any further.

All of these points may be attributed to the fact that the Department of Supply and Services was treading on new ground in its role as a privatizer, because it traditionally acquired rather than divested of Government assets.

The conditions of sale which SNC has agreed to for the purchase of Canadian Arsenals Limited are not yet known to the public. In a press release dated December 2, 1985, the Department of Supply and Services refers to employee pension rights being protected in the conditions of sale. However, a conversation with Jean Bergeron of the PSAC on February 21, 1986, confirmed that they were still worried about the workers' pension plan.

This is an area of vital concern not only with respect to this change of ownership but with respect to such sales in general. There are situations throughout the country where individual workers who have given five to thirty of their best working years to a company, see that company change hands or go bankrupt and most if not all of their pension plan go down the drain. This is fundamentally and morally wrong. We can no longer tolerate this type of situation in this country where men and women retire with a pension of only \$200 or \$300 a month rather than the \$1,000 they anticipated at age 65 because the company changed hands along the way.

When we address the issue of pensions in general at the federal and provincial levels throughout the country, I hope this type of situation can be brought to an end. As far as my Party, and I am sure most Members of Parliament are concerned, this practice cannot continue. We must bring this type of handling of what used to be called in the 19th Century "operatives in the workplace" to an end.

I urge the Government to make every effort to ensure that as a new company takes over Canadian Arsenals Limited the