

Adjournment Debate

\$29 million. We have, through our investigative process, been able to ascertain that the 36 valuable property locations in this country had been appraised at about \$80 million and the rolling stock that they acquired in that transaction was appraised at approximately \$23 million. That adds up to \$103 million, which was the value of this company. The transport arm of CNR was worth \$103 million and it was sold for \$29 million.

These investors operated this company only 20 months declaring bankruptcy, and the unsecured creditors amounted to \$65 million. Now if we have our arithmetic correct what it amounts to is \$80 million plus \$23 million, minus \$29 million, which leaves \$139 million that is missing in 20 months—almost \$7 million a month. What we are trying to do on this side of the House is find out where that money went so that we can benefit the employees that were directly affected.

Mr. Blaine A. Thacker (Parliamentary Secretary to Minister of Consumer and Corporate Affairs): Mr. Speaker, my first response to my friend opposite would be with respect to the transport committee meeting. I gather that the whole question relates to the Whip's report setting out the new membership of the committee, and the three parties cannot agree on that. I guess until they can agree on it it is very difficult when chairman has resigned.

With respect to the CN Route case I really appreciate the opportunity to be able to put some facts on the record that might help my friend a bit. I would remind him that the employees' transition package was negotiated by their respective union representatives.

Employees affected by the downsizing of the new company were given termination benefits three to four times their entitlements under the Labour Code and their own collective agreement.

CN Route was costing the taxpayer, his constituents and mine, \$30 million to \$40 million every year. CN had two options—surely it should not have to carry on and keep the taxpayers on the hook for \$30 million to \$40 million in perpetuity. It had an option to sell it as a going concern or simply shut it down.

The fact is that the vast majority of the employees were much better off with two additional years of employment than they would have been had CN Route been shut down.

This government has lived up to its responsibilities in this matter, as indeed it would in any other private sector bankruptcy.

My friend opposite knows that if the NDP had anything to do with it, everything would be subsidized forever as if money fell out of the trees, but those of us who have both feet on the ground know that that cannot carry on.

Labour Canada did a payroll audit to determine employee entitlements by way of pay and benefits under the Canada Labour Code. Labour Canada then took action which resulted in vacation pay to the level specified in the Canada Labour Code, and wages owing being paid to employees shortly after Route Canada shut down.

Labour Canada also apprised the company of severance pay and pay in lieu of notice owing to employees and, upon Route Canada being declared bankrupt, sent the information to the bankruptcy trustee.

The Office of the Superintendent of Financial Institutions took action in the summer of 1988 to bring its pension plan payments up to date and on September 16, 1988, terminated the Route Canada pension plan to protect employee entitlements.

At the time of the bankruptcy Route Canada owed, but had not yet been billed for, about \$600,000 in pension plan payments. As a result of actions of OSFI and the plan's administrator, Crown Life, Route Canada's principal secured creditor, the Royal Bank, has agreed to make the payment. The shortfall in payments did not have any effect on payments to pensioners.

Employment and immigration established and funded employment adjustment committees where requested to do so by employees.

Transport Canada assisted independent truckers under contract to Route Canada in getting re-established with other companies. It also facilitated the establishment of an inter-city company by those owner-operators who wished to start up such a service.