

Senator CROLL: What is "substantial impairment," Mr. Chairman? What have they in mind?

Senator McCUTCHEON: The employees have a pretty strong union. I should think that they can protect themselves.

Mr. FINLAYSON: Mr. Torinus, who is the General Solicitor in the United States of Great Northern, could answer that question in a little more detail.

Mr. TORINUS: There is provision in the merger agreement, Article X, and which appears on page 11 of the pamphlet copy which I have, which provides as follows:

Pension benefits payable in accordance with the provisions of the several pension plans of the Constituent Corporations to persons on or entitled to be on their pension rolls on the Merger Date and to widows of such persons shall thereafter be paid by the New Company to the extent such pension benefits are not paid out of any trust fund theretofore established for the purpose. A new pension plan containing uniform provisions for the payment of benefits upon retirement to all employees of the New Company eligible under the terms of existing plans, which will preserve so far as practicable without substantial impairment the provisions made in existing plans for retirement and pension of employees of the Constituent Corporations who are in active service on the Merger Date, will be adopted by the New Company. Such new plan will be appropriately integrated with existing funded pension plans for such employees, with or without funding of the new plan in whole or in part or continuation of funding under any such existing plan or plans.

In other words, each of the separate companies has its own pension plan, and the new company, as this provision reads, will assume the obligations to the employees by integrating the existing plans into a new pension plan of the new company.

Senator McCUTCHEON: By about the time you do that you will have to integrate the existing plans for the employees under that great piece of legislation, the Canada Pension Plan.

Senator CROLL: The senator does not like it, but the rest of us are very fond of it. What about the employee working agreements; what have you said about that?

Mr. TORINUS: The collective bargaining agreements between the railroad companies and the employees?

Senator CROLL: Yes. How does it affect Canadians?

Mr. TORINUS: Under the merger agreement the new company assumes all the obligations of the constituent companies, which would include any contractual obligation under collective bargaining agreements.

Senator CROLL: Will you point to that provision? I did not quite catch it earlier in the proceedings.

Mr. TORINUS: Will you look at Article IX which is on page 10 of the bill, entitled "merger of assets and assumption of liabilities"?

Senator HAIG: In other words, the new company which is going to be incorporated under this merger will take over all the assets and liabilities, together with all the obligations? Is that a fair statement?

Mr. TORINUS: That is a fair statement, senator.

The CHAIRMAN: Does that satisfy you, Senator Croll?

Senator CROLL: Except that, of course, I look upon these collective agreements as a benefit rather than an obligation. However, it is in very general