

CANADIAN NATIONAL RAILWAYS—HALL REPORT
RECOMMENDATION

Mr. Dan McKenzie (Winnipeg-Assiniboine): Mr. Speaker, I raised a question in the House on Friday, April 3 to which I did not receive a sufficient answer. I pursued the same question in the Standing Committee on Transport and ran into a wall there. I have received no response at all from the Parliamentary Secretary to the Minister of Transport (Mr. Bockstael) or from the Minister of Transport (Mr. Pepin) with respect to the following question I posed on April 3. I said:

The pension trust fund of the CNR made sufficient profit this year to invest \$53.5 million in oil and gas properties. This is just one investment in a huge investment portfolio. Due to these enormous profits, would the acting Minister of Transport instruct the president of the CNR to grant an immediate pension increase and to establish at least a partial indexing of railway pensions, especially since today's pensioners must cope with 12.2 per cent inflation and the devastating effects of the National Energy Program?

The parliamentary secretary stated he would look into this and provide me with an answer, but I have received no answer.

What is causing concern on this side of the House is the repeated news reports that the CNR has a role in a bid to buy Gulf Canada. There have been repeated news articles stating that CN is about to buy this company out, and what role the CNR would play in such a takeover is not clear. Other news reports have stated that the CNR has joined with private interests in planning the purchase of a large stake in Gulf Canada Limited.

What we are concerned about is that we might have a repeat of the Petrofina fiasco, which was a devastating blunder costing Canadian taxpayers untold millions of dollars in special fees to Swiss banks and \$1 billion leaving the country and going to Belgium. We are entitled to some answers with respect to whether or not CNR is planning to purchase Gulf. There are other news reports that a bid has been made. The *Financial Times* states:

A complex \$2-billion deal that would give a group of Canadian companies major holdings in Gulf Canada Ltd. is about to be completed, according to business sources.

Neither Gulf nor the CNR has confirmed or denied that these developments indicate a possible takeover bid. The government will probably wait and wait, allowing leaks to drive Gulf share prices higher and higher, until the shares are so high that Gulf would be crazy to turn down an offer.

I want to point out that it is a railway pension fund which will be paying for these high-cost shares to purchase Gulf, if these facts are correct, and we are not receiving any statements at all from the government the minister or anyone else that this will take place. Of course, Canadians will be expected to pay for this government's bungling once again.

It is most unfortunate that the Minister of Transport is not here to answer. It is an affront to us that he is denying us any statements and doing absolutely nothing to allay our fears that the CNR will take over Gulf. I ask the parliamentary secretary to ask the Minister of Transport to have this subject matter brought before the Standing Committee on Transport and to lay all the details on the table. This could possibly set government policy for the future with regard to the govern-

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ment's taking over oil companies. I am sure it is the government which is pressing the CNR to buy Gulf. I do not think Gulf has taken this idea by itself.

From the point of view of the CNR pensioner, this scenario is just another kick in the pants. These pensioners are expected to pay into the pension trust fund. They get no benefit from the use of their money. At the same time, they must deal with the lowest pension levels in Canada. There is no indexing of their pensions, and we have a 12.5 per cent inflation rate. We have a devastating National Energy Program and a do-nothing budget. It is true that any pension trust fund money used by the company is returned with profit. However, that profit figure is then deducted from the unfunded liability of the company to the pension trust fund. This does nothing to increase the amount of pension paid to employees. In fact, it only serves to benefit the company at the pensioners' expense, since if the investment happens to lose money, any losses are assumed solely by the trust fund.

● (2205)

We want some solutions to this. Pensioners and we on this side of the House are entitled to an explanation. Will the CNR be purchasing Gulf or not? We must ensure that the Minister of Transport sponsors an immediate inquiry and also has this subject matter brought before the Standing Committee on Transport to seek out the source of the leak of the Gulf takeover and either verify or refute it.

This inquiry would also serve to clarify the relationship between the CNR pension fund and CNR investment practices, thereby giving pensioners a more equal footing in the relationship.

I should like to refer to further news reports. They are coming out repeatedly. They started last year, and we are still getting them today. One is entitled: "CN reportedly has a role in bid to buy Gulf Canada". It is not clear what role CN would play in such a takeover. Should it proceed or not, although it is known that acquisition planning is well advanced? From where are these sources coming? I am referring to an article which appeared in *The Globe and Mail* back in December, 1980 by Jeff Carruthers. It reads:

CN could have access to two major sources of funds, which could be used for such a multibillion dollar acquisition debt which the Crown-owned corporation can and does raise on its own, and new funds from Ottawa, and a substantial pension fund—

From where is Mr. Carruthers getting this information? Other stories have appeared in the *Financial Times* about this takeover.

The Acting Speaker (Mr. Ethier): I regret to interrupt the hon. member but his time has expired.

Mr. Robert Bockstael (Parliamentary Secretary to Minister of Transport): Mr. Speaker, as usual I have to correct some of the misconceptions held by the hon. member for Winnipeg-Assiniboine (Mr. McKenzie). He complained that the CN pension fund has invested in oil and gas properties. What he fails to realize is that it is only through prudent