

Railways

Mr. McDermid: Thank you.

The Acting Speaker (Mrs. Champagne): It being nine o'clock p.m., pursuant to the order made earlier this day, the House will now proceed to the consideration of Private Members' Business as listed on today's Order Paper.

**PRIVATE MEMBERS' BUSINESS—
MOTIONS**

[*English*]

RAILWAYS

**TRIBUTE TO PRESIDENT OF CANADIAN RAILWAYS EMPLOYEES'
PENSION ASSOCIATION**

Mr. Svend J. Robinson (Burnaby) moved:

That this House commend the Canadian Railways Employees' Pension Association and in particular National President J. Earl White for their dedication and tireless efforts on behalf of past, present and future railway employees.

He said: Madam Speaker, it is an honour for me to be able to rise in the House today to pay tribute to the work of the Canadian Railways Employees' Pension Association and, in particular, to their national President J. Earl White. Earl White has put in many hours of dedicated hard work on behalf not only of pensioners today but employees today, beneficiaries of the pension plan, spouses, and survivors.

I feel privileged to be able to draw to the attention of this House the accomplishments which Earl White and the Canadian Railways Employees' Pension Association have made in their efforts on behalf of pensioners. They have helped to draw to the attention of the public a very serious matter involving what I consider to be the legalized theft of literally hundreds of millions of dollars of hard-earned pension funds of railway pensioners across this land.

I have two motions on the Order Paper. The first motion, the one to which I am addressing myself at this time, is that which commends Earl White for the work he has done on behalf of railway pensioners. The second motion calls upon the Government to introduce legislation concerning the pension funds, not only of the Canadian National Railway but also of Canadian Pacific Limited.

This legislation would do two things. First, it would provide that pensions be indexed to the extent that such indexation is actuarially viable with the funds that have been paid into each railway pension plan, the unfunded liabilities of the respective railway companies, and the funds that are being paid into each railway pension plan on a current basis and that, in any event, the minimum indexation to be paid should be indexed to the Consumer Price Index commencing on the retirement date of each pensioner including those currently receiving pensions.

Second, the legislation for which I am calling, and for which Earl White has fought so diligently over the years, would provide that excess earnings on money contributed by employees and former employees must be distributed on an

equitable basis to employees and future employees only and not go into corporate coffers.

That is the legislation which New Democrats are calling upon the Government to bring forward to recognize the contribution of pensioners and to recognize the extent to which Canadian National and also Canadian Pacific have been raiding the pension fund for many years. This was accomplished primarily in two successive stages by increasing the assumed rate of interest.

First, on December 31, 1968, CNR increased the assumed rate of interest to be earned on all pension fund assets from 4 per cent per annum to 7.5 per cent per annum, which change in assumption allowed it to reduce its unfunded liability from approximately \$671 million to \$300 million as of that date. That was the most profitable move ever made by Canadian National Railways for the corporation. At the same time it was the biggest rip-off of employees and pensioners to that date.

In 1987 CNR accomplished the same kind of thing by changing the assumed interest rate from 7 per cent to 7.5 per cent. It turns out that this was the largest single rip-off of a pension fund in the history of private pension funds in Canada. In fact, the pension fund credits received by CNR for the sole benefit of that corporation—not for pensioners, employees, spouses, or beneficiaries, but for the sole benefit of that corporation—during the past seven years are slightly more than \$2 billion.

I could go on and talk about the figures for Canadian Pacific Limited. Unfortunately, these figures are not yet available, but I suspect that they will reveal the same kind of raid on pension funds as that which took place with the CNR fund. As Mr. White says, it is really a tie as to which of these two corporations should be designated as the most selfish.

Furthermore, these two corporations, which are trustees of two of the largest private pension funds in Canada, are also two of the oldest private pension funds in Canada having been instituted in 1935 and 1937.

I mentioned the increase in the assumed interest rate from 7 per cent to 7.5 per cent. Increasing the assumed interest rate in this manner caused a credit of \$1.4 billion to arise. That basically meant that the obligation of CNR was eliminated and it reduced assets in the pension fund by some 27 per cent by one stroke of the pen.

Ninety-four per cent of 1,600 other pension trust funds have been established on a defined benefits basis and the trustees of those corporations are the trustees of some \$150 billion of assets. It is very likely that when they see the example that has been set by CNR and CP Limited for their pensioners they may be tempted to follow that example. The percentage of funds which they might appropriate unto themselves might be a little less, perhaps 25 per cent, but nevertheless that would amount to literally billions and billions of dollars.