

*Canadian National Railways*

the track in good shape because their numbers have been cut to the bare minimum. You must have a good track to run high speed trains, and if you do not keep the track in shape you have derailments. We have certainly had many derailments in the past few years.

Some time ago car inspectors were cut off at the London, Ontario station. I understand that passenger trains now run from Toronto to Windsor and Toronto to Sarnia, a distance of over 200 miles in one case and just under 200 in the other, without inspection. The Standing Committee on Transport and Communications held hearings last spring and returned early in the fall to complete their report, which was tabled in the House on October 7, 1970. But other than the introduction of a change in rules allowing CNR employees to join the pension scheme with the option of paying back money which they owe to the pension plan, plus the introduction of pensions at the age of 60 with no reduction, we have heard nothing about that report. It is time the CNR made a statement regarding the committee's report. The pensioners and the employees want action, and they want it now. I am pleased that some action was taken last Friday.

The transport committee did their job and are patiently waiting for a statement, as are CNR pensioners. The CNR pensioners, who find themselves in dire straits, are hoping and waiting for improvements in their pension plan. The employees of other railways, and indeed all Canadian citizens, are also waiting. The real problem, of course, is inflation. Like all who are on a fixed income, the railway pensioner who retired many years ago sees his standard of living deteriorating as the cost of living continues to soar. The Dominion Bureau of Statistics indicates that in the last decade alone the cost of living has increased some 30 per cent. What hon. members may not be aware of and what I wish to bring to your attention, Mr. Speaker, are the factors which, aside from inflation, have acted to place the older pensioner in a steadily worsening financial position.

The first point involves the depression years and the fact that all railway employees suffered a 20 per cent reduction in wages which was not restored until the late 30s. This, of course, affected the average annual earnings on which pensions were calculated. This reduction of wages during the thirties left no room for the workers to save for their old age, and in many cases reduced the amount of pensions paid when employees retired. Many employees were laid off and, to live, had to withdraw their contributions, further reducing their pensions.

• (4:20 p.m.)

This situation was corrected to some extent by the 1965 revision of the CNR pension plan, whereby one and a half per cent was allowed for each year of pensionable service. However, this change was not made retroactive, and therefore it was of no value to those who retired prior to the revision. The older pensioners, those who have been on pension 18 years or more, had their allowances calculated on the basis of their best 120 months of service rather than on the best 60 months. This longer period of service, of course, included the low wage years

[Mr. Turner (London East).]

of the late thirties and early forties, resulting in lower pensions for those who did not benefit from the rule change.

The new rule providing pension benefits calculated on the average earnings over the best five years of service completed, with the more generous allowance of one and one half per cent for each year of pensionable service as compared with 1 per cent for the first 20 years, one and a quarter per cent for the next ten years, and one and a half per cent for the remaining years of service, provides a built-in hedge against rapidly rising inflation, which the old rules did not have. Naturally, these rule changes were accompanied by a slight increase in contributions to help pay for the cost of the changes. I say, Mr. Speaker, that pensioned employees should have shared in the increased benefits by reason of their equity in the fund which has increased in value over the past few years, and by reason of their right to equal treatment from the company with respect to that portion of pension costs assumed by the company for future pension benefits.

I suggest that the cost of increased pension benefits could well be financed by the pension trust fund, assuming a proper valuation of that fund is made and that there is a fair, equitable disposition of the so-called surplus. I also say that increased benefits should be extended to pensioners who were contributors and who have an equity in that surplus. I believe, too, that the 13,000 retired employees who did not elect to become pension plan contributors, because they could not afford to pay into the fund, should receive more than the \$25 per month which they presently receive. This has been increased to \$50 now, but I do not think that is enough. I say that the CNR has a moral obligation to increase minimum pensions to these employees who gave many years of long, faithful service to the company.

It is common knowledge that the government of Canada recently increased the pensions of its retired civil servants in recognition of the problems caused by continuing inflation. This action has been matched by the governments of Ontario, Quebec and Alberta. In the private sector Bell Canada, with a non-contributory pension, is paying supplementary pensions to retired employees to ease the effects of inflation. Although the Canadian National is a Crown corporation, I see little reason for any difference in the treatment between a civil servant and an employee of a Crown corporation. If there is a difference, then railroaders can easily be compared to employees of Bell Canada since they both work in a rate regulated industry.

The committee, Mr. Speaker, has done its job. Now, it is up to this House to tell the management of the CNR to implement fully the recommendations of the transport committee, and to do it now.

**Some hon. Members:** Hear, hear.

**Mr. Turner (London East):** The employees and pensioners will not wait much longer. They all want action, and they want action now. Each year this House votes millions of dollars for the financing of the CNR debt.