



Office of the Superintendent of  
Financial Institutions Canada

255 Albert Street  
Ottawa, Canada  
K1A 0H2

Bureau du surintendant des  
institutions financières Canada

255, rue Albert  
Ottawa, Canada  
K1A 0H2

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April 8, 2003

Mr. Joe Comuzzi  
Chair, Standing Committee on Transport  
House of Commons  
350 Confederation Building  
Ottawa ON  
K1A 0A6

Dear Mr. Comuzzi,

During my appearance before the House Transport Committee on Thursday, April 3, 2003, I committed to provide you with the surplus position of the twelve Air Canada pension plans at the time of their most recent valuation reports. The results of the plan valuations were provided to the Office of the Superintendent of Financial Institutions (OSFI) at different times during the course of 2001. The aggregate surplus in the plans, as reported to OSFI, was approximately \$915 million. As I indicated on April 3<sup>rd</sup>, I believe that the plans did not have a significant deficit going into 2002. Our stress testing at the beginning of 2003 identified the possibility of a material deficit problem, which was confirmed when we approached the company. That led to a series of communications with the company and actions on our part that I have described. In my judgement, there was ample time for Air Canada and the other parties involved to begin to address the issue, both before and after OSFI raised the funding issue with the company earlier this year.

At one point during my presentation, I was asked who is responsible for administering the Air Canada pension plans; my answer may have been unclear. These plans are administered by the employer, in this case, Air Canada. Plan sponsors, unions or representatives of other employees select the administrator when plans are being established. The duties of the plan administrator are to manage the pension fund, including: making prudent investments, ensuring contributions are remitted, administering the terms of the plan text, and communicating with plan members.

I also attach the French language version of the statement distributed to Committee members on April 3, 2003.

I would be very grateful if you could arrange for this letter and the attachment to be provided to all of those Committee members in attendance at the April 3<sup>rd</sup> meeting, as well as other members of the Committee, and that they may be considered part of my official presentation.

Thank you for having provided me with the opportunity to address the Committee on this important matter.

Yours sincerely,

Nicholas Le Pan  
Superintendent

Enclosures

c.c. Georges Etoke, Clerk of the Committee  
John Christopher, Researcher