

Young Offenders' Unit to New Haven, and *vice versa*, and between these institutions and the Oakalla Jail.

An Hon. Senator: Where is New Haven?

Hon. Mr. Emmerson: I understand that it and the Oakalla Prison Farm are in the New Westminster district of British Columbia.

Hon. Mr. Reid: May I ask the honourable member if he can tell us what changes are intended by sections 147B, 147C and 147D? They are in the bill, but no explanation of them is given.

Hon. Mr. Emmerson: I am not learned enough in the law to give the technical explanation, but I know that these provisions are necessary to authorize the transfer of these young men, whether on determinate or indeterminate sentences within the limits specified in the Act.

Detailed information on this bill may be secured in committee.

The motion was agreed to, and the bill was read the second time.

REFERRED TO COMMITTEE

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Emmerson: I move that the bill be referred to the Standing Committee on Public Health and Welfare.

The motion was agreed to.

COMPANIES' CREDITORS ARRANGEMENT BILL

SECOND READING

Hon. T. H. Wood moved the second reading of Bill H, an Act to amend the Companies Creditors Arrangement Act, 1933.

He said: Honourable senators, I should like to give a brief review of Bill H, an Act to amend the Companies' Creditors Arrangement Act of 1933. At the present time this Act enables any insolvent incorporated company to make compromises or arrangements with its creditors, and the purpose of the bill before us is to restrict the operation of the Act to companies having outstanding issues of bonds, stocks or other evidences of indebtedness issued under a trust deed and running in favour of a trustee.

The Companies' Creditors Arrangement Act was enacted by parliament in 1933, at a time when the Bankruptcy Act made no provision for compromises, settlements or arrangements by an insolvent company unless it had first made an assignment in bankruptcy or had a receiving order made against it. However, the Bankruptcy Act was revised and re-enacted in 1949 and, for the first time since

1923, provision was made to enable insolvent debtors, including corporations, to make proposals to creditors for the payment of claims of the creditors without first going into bankruptcy.

The present position is, therefore, that an insolvent company that wishes to make a proposal to pay the claims of its creditors may proceed, at its own option under the Companies' Creditors Arrangement Act or the Bankruptcy Act. It appears, however, that a large number of companies which might readily avail themselves of the facilities of the Bankruptcy Act, choose to make their proposals under the Companies' Creditors Arrangement Act. The evidence is that this is working to the disadvantage of creditors, particularly trade creditors, who not knowing what assets are left in the company accept whatever settlement is offered. It is hoped that this bill will correct this situation.

Under both the Bankruptcy Act and the Companies' Creditors Arrangement Act the approval of the court is required before the proposal is binding on the insolvent company and the creditors. Under the Companies' Creditors Arrangement Act, however, no provision is made for the appointment of a trustee or of inspectors to protect the interests of creditors generally. Suitable provision in that respect is made in the Bankruptcy Act. Moreover, the Companies' Creditors Arrangement Act does not provide for an appraisal and investigation of the affairs and property of the debtor company by a trustee, whereas the Bankruptcy Act does make such provision.

The effect of the proposed bill would be, therefore, that the majority of companies wishing to make proposals for settlement of the claims of creditors would be required to make them under the Bankruptcy Act, the provisions of which have recently received close study by the Banking and Commerce Committee of the Senate. Under those provisions it follows that all matters connected with the proposal would be examined by a trustee and by bankruptcy courts. The Companies' Creditors Arrangement Act would remain on the statute book for the benefit of those companies for whose creditors a trustee has already been appointed under a trust deed, and this official may be relied upon to bring to the attention of the court all matters affecting creditors generally.

I suggest that this bill be dealt with by the Banking and Commerce Committee, where several parties interested in the measure will be available to discuss any points not covered in this brief.

The motion was agreed to, and the bill was read the second time.