

[Translation]

AIRCRAFT REGISTRY ACT

MEASURE TO ENABLE CANADA TO COMPLY WITH CONVENTION ON THE INTERNATIONAL RECOGNITION OF RIGHTS IN AIRCRAFT

Hon. Jean-Pierre Goyer (for Minister of Transport) moved that Bill S-9, to enable Canada to comply with a Convention on the International Recognition of Rights in Aircraft, be read the second time and referred to the Standing Committee on Transport and Communications.

• (1440)

[English]

Mr. Joseph-Philippe Guay (Parliamentary Secretary to Minister of Transport): There is no doubt, Mr. Speaker, that those who were applauding were applauding you and not me. I am sure that is because you are doing a marvelous job on a Friday afternoon.

Mr. Speaker, the Aircraft Registry Act is a simple and practical measure aimed at reducing legal complexities and difficulties for those involved in buying, selling and financing aircraft in Canada. Before reviewing specific provisions of this act, I think I should delve briefly into some of the general background involved so as to place the act in some perspective.

Under the Aeronautics Act we have had a central register of aircraft in Canada for many, many years. However, we have never had a central registry of the various types of financial interest that creditors might have against aircraft. This bill will create such a central registry for Canada and eliminate the current very cumbersome situation where financial interests in an aircraft, in order to be protected, must be registered in all the various districts of all provinces and all countries to which the aircraft may be flown.

This leads me to another dimension of this new act, the international dimension. On June 19, 1948, a convention was signed in Geneva, a convention which Canada, for various reasons, did not sign and has not since adhered to. This was the Convention on the International Recognition of Rights in Aircraft. The new Aircraft Registry Act will give legislative effect in Canada to the principles of the 1948 international convention, enabling Canada to adhere to the convention, joining 33 other nations which have already either indicated adherence or ratified it.

[Translation]

This legislation will also enable Canadian aircraft manufacturers and those who have financial interests in such aircraft, to submit their claims against aircraft sold abroad or leaving Canada. New provisions prove more and more essential in this area with the advent of larger and more expensive aircraft which travel regularly from one territorial jurisdiction to another. The existing acts proved inadequate and difficult to implement.

This bill covers other aspects and for the purpose of my explanation, I have considered in this bill eight general provisions.

First, Mr. Speaker, the bill provides for a central aircraft registry where notices of interest can be registered. These notices can relate to interest, or lease for at least six

Aircraft Registry Act

months, security for the payment of a debt and security for equipment or services provided to the aircraft. In order to avoid complications, the bill will authorize notices of interest on property for the component parts and avionics of the aircraft other than the spare parts. This first provision of the bill puts an end to the present obligation to have a security or retention right registered on an aircraft in all the counties or districts in each province where the aircraft can be operated, which makes the financing of the aircraft easier for Canadian air carriers and simplifies the difficult problems buyers of aircraft have to face to obtain ownership titles.

A second provision establishes a priority order for claims according to the registration date of the notice of interest in an aircraft. A transitional provision precludes any change, through this provision, to the order of priority of claims registered under an act of parliament or of any province before the implementation of this bill.

Third, this bill provides that a creditor cannot sell an aircraft in which he has an interest without an order from a superior court providing a six-week notice with mention of time and place of the sale and the distribution of the proceeds, a notification being given one month in advance to the persons in whose name a notice of interest is recorded in the registry. In this way we will avoid an embarrassing situation for the owner of an aircraft when one of his creditors suddenly decides to redeem his claim by means of a sale.

Fourth, and this is an important point, this new system remains optional. However any one who does not have a notice of interest in an aircraft duly recorded in his name in the registry can no longer legally enforce his rights to the aircraft. He does not get protection from the law concerning the priority of claim and cannot obtain the seizure of the aircraft from other buyers.

[English]

Fifth, Mr. Speaker, the bill provides for the consent of each person who has registered a notice of interest in an aircraft before the registration can be cancelled for purposes of export. This gives much greater security to the creditor or financier. But a qualifying point which should be understood here is that the central aircraft registry is strictly an information system in so far as it does not legally establish or guarantee clear title to an aircraft.

A sixth provision of the act brings some comfort to air passengers. The act prohibits the seizure of a domestic or international flight of a Canadian scheduled commercial passenger aircraft once that aircraft has embarked on its journey. Thus the aircraft and its fare-paying passengers are assured an uninterrupted preplanned journey without the Aircraft Registry Act being invoked in a manner that would ground the aircraft en route. Where someone seeks to seize an aircraft in this category, he must make his application to the federal court of Canada which can fix a time and place for that aircraft to be surrendered, but only after the completion of a particular scheduled flight, wherever the flight may take the aircraft in Canada or elsewhere.

[Translation]

Seven, the law provides that, if there is no cancellation or application to extend, a notice of interest shall be deemed to have ceased five years from the day of record-