

*Government Orders*

including Crown claims. Such priority should be subject however to the right of the employer's unpaid suppliers to repossess goods.

[*English*]

The committee went on to recommend that where in a bankruptcy there are insufficient assets to cover an employee's total wage claim, the trustee should be able to claim any shortfall against a wage fund.

In the opinion of the committee, the fund should be administered by the Superintendent of Bankruptcy and financed from increases in the fees levied by the superintendent.

Most of the witnesses which appeared before the committee supported employees being able to receive some of their unpaid wages if the employer goes bankrupt. There was, however, severe reservations expressed as to how a wage protection fund should be financed. The Canadian Manufacturers' Association thought the fund should be financed out of general government revenues. This idea was previously put forward in 1980 and as recently as 1988 by the Department of Consumer and Corporate Affairs.

The department proposed that the fund should be financed out of general revenue rather than by employer-employee contributions. The department also proposed that the Superintendent of Bankruptcy should administer the fund instead of UI.

The Canadian Bankers' Association and the Canadian Chamber of Commerce believe the fund should be financed by a tax paid by employers and employees. Such a proposal had earlier been put forward in January 1986 by the Advisory Committee on Bankruptcy and Insolvency which is commonly referred to as the Colter committee.

Other witnesses such as the Canadian Federation of Labour suggested that funding should be the employers' responsibility. But this raises the argument that all employers should be made to pay into a fund which will pay the wages of employees of the disproportionately lower number of companies that go bankrupt.

Finally, the Canadian Federation of Independent Business categorically rejected the government's proposal in Bill C-22 to establish an employer only payroll tax to fund employee wage claims. The CFIB has consistently called for the super priority of employee wage claims

in cases of bankruptcies or receiverships and that any such fund should have strict limits and be funded out of general revenues.

The CFIB has suggested however that should the government nonetheless introduce a fund financed by a payroll tax, it should at the very least be based on equal contributions by employers and employees.

Notwithstanding the various positions on the wage claim protection fund, there is a different way to protect unpaid wages of employees. Giving employees super priority status would permit them to have first claim on the assets of the bankrupt employer above all other creditors. The super priority concept could be a sound alternative to the wage claim fund.

I hope the government will give super priority due consideration. The committee recommended that employees should be given priority, but this would be subject to the right of unpaid suppliers to repossess their goods from the employer.

Bill C-22 is a substantial and complex bill which has as its objective the reform of very important components in the present Bankruptcy Act. I have touched on some of the more salient points of the bill. There are others and I know the bill will receive further examination before it receives third reading and eventual passage.

In conclusion, I hope that the concerns expressed by the witnesses who appeared during pre-study of Bill C-22, along with the comprehensive recommendations outlined in the committee's report will get serious consideration from the government.

I believe the inclusion of the committee's recommendations to Bill C-22 would be beneficial. There is no doubt that the present Bankruptcy Act requires reform and I hope we will soon see the necessary changes in place in the very near future.

[*Translation*]

**Mr. Phillip Edmonston (Chambly):** Mr. Speaker, I listened to my hon. colleague who also sits with me on the consumer and corporate affairs committee.

I am particularly pleased to hear him say that he supports super priority, the priority given to workers when companies go bankrupt, the precedence or super priority of these workers, as preferred creditors, to make claims.