

proposal and would allow for a stay of proceedings instituted by all creditors whether secured or unsecured.

[*English*]

In addition, Bill C-22 contains proposals to provide protection for unpaid suppliers. The bill will afford short-term creditors an increased level of protection that they do not possess under the existing act. The provision will however only apply to recently delivered goods. Suppliers of identifiable unprocessed and unpaid goods will be permitted to reclaim their merchandise within 30 days of delivery. The provisions relating to unpaid suppliers raises a question concerning farmers who at times find themselves with little recourse when purchasers who have taken possession of their product go bankrupt.

• (1310)

As the committee noted in its report, the protection offered to unpaid suppliers is of no benefit to those who supply perishable commodities. In most circumstances the nature of the produce requires quick processing such as for example in the case of meat and poultry products.

Obviously the processing of such products makes them ineligible for revindication as they are no longer considered as being in an unaltered state. Their perishable condition also means that their value is lost in a short time span.

In such cases suppliers would in fact be getting back a product that was worth less than it was when first delivered.

I therefore join the committee in its call that the government re-examine this flaw in the provision that protects unpaid suppliers. A reasonable measure must be implemented to give farmers and fishermen protection with regard to perishable commodities.

Bill C-22 also proposes to create a wage claim program. Direct compensation for unpaid wages will be provided to workers who lose their jobs due to the bankruptcy, receivership, or liquidation of the employer. At present employees only have a preferred status claim for three months of unpaid wages up to a maximum of \$500 and \$300 for sales persons' expenses. However, this does not include vacation pay.

### *Government Orders*

Preferred status is of little value as the assets of a bankrupt employer is used first to pay secured creditors including government liens. Thus the current priority given to employee wages is clearly inadequate.

Clause 6 of Bill C-22 will however establish the amount of benefit at 90 per cent of an employee's unpaid wages, including vacation pay earned within the last six months up to a maximum of \$2,000.

It also covers 90 per cent of a sales person's expenses unpaid during the same time period up to a maximum of \$1,000. The program will not however cover severance or termination pay.

The fund is to be financed by a payroll tax on the employer. The amount paid per employee will be calculated by .024 per cent of insurable earnings and collected through the unemployment insurance system. It has been estimated that for average wage earnings this will amount to 10 cents per employee.

The tax is scheduled to be imposed January 1, 1992 whether or not Bill C-22 is passed.

There are several problems with the wage earners' protection fund that deserve consideration. The fund itself is not the most efficient possible. It also imposes another tax on tax weary employers, especially small businesses. The Liberal Party has recommended that workers should be given super priority for wages and vacation pay and that the maximum coverage should be \$3,000.

To facilitate the immediate payment of wage claims the receiver would pay up to the maximum allowable with the Superintendent of Bankruptcy guaranteeing the amount and paid out of a fund to be financed by an across the board increase in the fees charged by the Superintendent of Bankruptcy.

The committee which pre-studied the bill has put forward a recommendation which supports the establishment of increased protection and compensation for employees of bankrupt employers.

[*Translation*]

The committee suggests that, in the event that a firm goes bankrupt, goes into receivership or liquidation, wage claims and amounts owed for business expenses up to \$3,000 should have priority over any other claim,