

*Salary Insurance Protection Fund*

Member for Notre-Dame-de-Grâce—Lachine East (Mr. Allmand), said, "If it can be shown to be justified, a funded insurance formula would obviously be the most desirable solution." However, nothing was done at the time. Bill C-12, presented in 1980, was another attempt to reform the Bankruptcy Act. In 1981, a committee chaired by Mr. Raymond Landry, now Dean of the Faculty of Law at the University of Ottawa and former Bankruptcy Superintendent, was charged with finding ways to protect employees.

In its report presented in October 1981, the Landry Committee recommended creating an employee protection fund. Despite the recommendations of the Landry Committee, Bill C-17, presented in 1984, contained essentially the same provisions concerning employees as Bill C-12. However, it was later amended to give priority to salary claims. Since Bill C-17 died on the Order Paper, we are still left with this old 1949 law, which, as I already said, protects employees very badly. It is precisely because I feel that this situation cannot continue that I have moved my motion.

In 1984, employees of bankrupt companies lost about \$10 million in wages. Can you imagine, Mr. Speaker, how frustrating it must be for a worker to lose not only his job but even the wages earned over the previous weeks?

What impact does this have on the lives of the spouse, the children and the friends? If it's a company which provided a high percentage of the area's jobs, have you thought of the impact on local businesses? If there is no solution in view in that kind of a situation, then anxiety, terror, anger set into people's minds. This is generally what happens, and it becomes a tragedy. Sometimes, workers learn through the media that their business has been forced into bankruptcy by a creditor. And the same evening the door is locked—no more pay, no more jobs! Sometimes, the misery last longer. A first pay cheque bounces, and as things go at the bank, the second goes through—the company makes promises, they ask for some time, one cheque goes through—two, three or six weeks go by, with every one on edges, and it happens again. What kind of an atmosphere does that create in a home? It must be kept in mind, Mr. Speaker, that we are living in 1988. At any rate, whether employees learn of their plight suddenly or they started wondering a few weeks or a few months earlier, the result is always the same. With the loss of job, the loss of earned income, it is the last straw.

Often the average worker will make small purchases on credit, especially in small towns where everyone knows everybody else, indicating to the store owner he will pay up on his next pay day. And all of a sudden his pay cheque bounces at the bank because the company is no longer solvent. You can imagine what kind of mess that worker finds himself in.

Hon. Members no doubt will recall Maislin Transport's demise in March 1984. That was a very good example of the lack of protection afforded by the Bankruptcy Act in the area of wage claims. More than 1,000 workers at that time went through hard times and sustained substantial financial losses.

All the 1160 Quebec and Ontario workers of that company could finally obtain in settlement of their wage claims was a meagre 35 cents on the dollar. To allow the same situation to happen again is simply unacceptable.

Mr. Speaker, the Hon. Member for Laurier (Mr. Berger), on March 21, 1984, said in this House, and I quote: "Recent events surrounding the Maislin bankruptcy settlement of unpaid employee's back salaries poignantly illustrate the immediate urgency for a new Bankruptcy Act providing wage protection for workers".

During the last election, Mr. Speaker, I met people who had suffered as a result of these corporate bankruptcies. In my riding as in all the other ridings in Canada, unfortunately, bankruptcies happen much too often. In the Drummond riding, some workers have incurred great losses. In August 1984, I was advised that a group of workers who had lost their jobs nearly one year before because of a bankruptcy, had received none of the wages they were entitled to. Yet, it was a supposedly prosperous business which had gone bankrupt and lost \$5 million.

Mr. Speaker, I should like to emphasize that in the Drummond riding, between 1981 and 1984, over 1,500 industrial jobs were lost because of corporate bankruptcies. I remember that during the last election quite a number of Saint-Cyrille-de-Wendover owners with very large farms had gone bankrupt. As you know, today, our farmers investments are enormous. Each of these farms is worth over \$1 million. Between 1981 and 1984, 40 per cent of the farm bankruptcies were in Central Quebec. You will understand that if we add these jobs lost to the 1,500 which I have just mentioned, it is a fairly enormous proportion. How much money do all these salaries lost combined represent? And how much distress was caused because the legislation was entirely inadequate?

You appreciate now the reason why I moved this motion and its importance, Mr. Speaker. A salary insurance protection fund would be a good social policy.

If I may, I should like to refer to only two cases of corporate bankruptcies. There is the case of Sincère Manufacturing Inc., a jeans manufacturer whose 300 employees agreed in 1982 to plow back into their company their vacation pay worth more than \$80,000. They thought their gesture would help their company with its debt problems. Despite this, the company went into bankruptcy for some \$700,000 and, a few weeks later, the employees lost everything: their money, their job, even their jeans.

The same thing happened in the case of Destel Inc., makers of kitchen-cabinets. After a period of sustained growth, the company decided to reinvest more than a million dollars in a major project. The 1982 recession hit hard this industrial sector, and within 15 months, the company went into bankruptcy for 2.5 million dollars. Despite a recovery plan and the involvement of 125 workers, the employees lost their jobs and their money.