

months of May and June after the season had just ended? Who would be interested in buying maple syrup equipment which had been lying in sheds, loaded with front-end loaders, smashed, dented and dumped in a pile as if it were junk rather than new equipment? These are the kinds of things we must remember when changes to the Bank Act are made. The process has to be delayed so that the debtor has an opportunity equal to that of the bank to present his side of the case and to negotiate something in the realm of fairness.

Despite our attempts in the House to improve the Bank Act when it was revamped in 1980 and 1981, we should provide protection to producers supplying products to processors who have already found ways of getting around the protection we thought we were providing. There was an instance concerning an auction market which went into receivership. Farmers who sold livestock through that market did not receive money for their cattle. If farmers are not paid for a shipment of cattle, often it involves the full year's production of livestock, and almost three years of effort and feed have gone into getting the cattle ready for market. It is a tremendous loss to farmers who are not paid. What happened in the case to which I was referring was that cheques were issued but they were no good.

There was a similar case last fall involving a grain elevator company in southern Ontario, the Niagara Feed and Seed case about which you may have read in the newspapers in recent months, Mr. Speaker. Some producers understood that there were problems with the financing of that particular entity and made inquiries at the bank to make certain that if they delivered grain to that elevator, the cheques would be good and indeed they would be paid. The bank assured them that they would be paid, but when the grain was delivered it simply became part of the assets which the receiver used to settle the debt load of the elevator company. This reduced the losses of the bank but left farmers facing large losses. Some of them virtually lost one year's crop, in effect to help a bank to get out of a bad loan situation with an elevator company in which it had become involved with both eyes wide open.

We had hoped to provide assurances for people who produce fruit and vegetables, raise livestock and grow grain regarding those changes to the Bank Act. However, there was another step where assets are held in trust for the bank and moneys are extracted from farmers and producers which are then transferred to the bank to reduce its loss at their expense. We hope Hon. Members of the House will be conscious of those loopholes and will attempt to fill them at committee stage.

Without such amendments there is no hope for improvement in the situation of farmers facing bankruptcy. There is no hope for farmers who are not now facing bankruptcy but have the bad luck to deliver produce to a company or processor on the verge of bankruptcy. They can be caught and go broke just as quickly, simply by having delivered produce to a processing firm or marketing agency which happens to go bankrupt while their produce is in train, on the way through. We hope that farmers and fishermen will be permitted the same rights and privileges as those firms which go bankrupt with a debt load in excess of \$1 million. The court should be brought into all these

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cases because of the effect that the demise of a farmer or fisherman has on his or her very small community. I hope the legislation can be improved to take these matters into account.

• (1720)

Mr. Gordon Taylor (Bow River): Mr. Speaker, I want to deal with certain principles of the Bill and I will base my comments upon happenings in the past. The first point is that there has to be protection for the workers. I notice in the Bill that when a bankruptcy occurs, up to \$2,000 in wages is provided. What concerns me is the part that states "for all wages payable at the date of bankruptcy not exceeding \$2,000 for each such employee for services performed".

The other principle involved in the Bill is what is called the super priority claim for unpaid wages. That covers up to \$4,000 per employee. We have to ensure that those who have been working and who depend on their wages receive their wages. That should be the number one protection. It appears that the Bill provides for the wages owing at the time. When a company gets into financial difficulty, there is the danger of prolonging that period where it does not pay its employees. Sometimes that can involve quite a large sum of money, certainly more than the employee would normally receive every two weeks or every month. Normally it is every two weeks.

A small company with, for example, 100 employees may have to borrow money just to stay alive. It may be the only way it can keep going. Such a company is built on borrowing, providing it has the wherewithal eventually to pay back that debt plus make a profit. This super priority claim does not cause me concern with regard to large companies, but it does for the borrowing capacity of a small company. A lender takes into consideration the liabilities of a company.

Let me use the example of a company that requires \$1 million to expand. This would not be a very large company. The capital required is \$1 million. The downpayment is generally 20 per cent. That brings the figure down to \$800,000. If there are 200 employees and you multiply 200 times \$4,000, that comes to \$800,000. Thus the ability of the company to borrow is nil. I am afraid of what this might do to the ability of smaller companies to expand or even to stay alive. The number one premise is that wages have to be looked after. Let us not drive smaller companies out of business because then there would be no wages.

Many businesses in Canada today want to expand but will not do so because of government policies. Consequently, they take their money to another country or leave it in the bank. They either export jobs or, by leaving their money in the bank, do not provide more jobs. Government policies with regard to capital gains tax prevent many businesses from expanding. We should carefully consider this clause in committee. We must not do anything that would drive smaller businesses into bankruptcy or receivership, which could easily be done. The amount of money required by the smaller companies is a factor. With this super priority, we may be undoing something