

In response to the very serious concerns of workers, the Minister has recommended a system of super priority. She suggested that wages should be placed at the top of the pecking order and that this will adequately protect the claims of workers in the event of bankruptcy.

I would like to take a few moments to indicate why we in this Party believe that while super priority is clearly a step in the right direction, it falls far short of the kind of protection which should be accorded to workers' wages. In raising these concerns, we are echoing the concerns not just of the Canadian Labour Congress, which has carefully examined this question, but of virtually every group and individual who has studied the question. They have all come to the conclusion that a clearly formulated system of wage insurance makes far more sense and guarantees far greater protection for workers' rights than does the system of super priority.

Before addressing that specific concern and that debate, I would like to note that the definition of wages in the Government's Bill falls far short of what is acceptable to this Party and to workers across this country. It is unacceptable that the Government is restricting the definition of wages in such a way as to exclude severance pay and as well to exclude significant benefits, in particular the unpaid pension contributions in private pension plans.

I have here a letter signed by the Minister of Consumer and Corporate Affairs (Mrs. Erola) addressed to Mr. Fred Randall, business manager of the International Union of Operating Engineers with headquarters located in Burnaby. It is an astonishing document. I quote from the Minister's letter:

Dear Mr. Randall:

This is further to your letter dated February 21, 1984, requesting that unpaid pension contributions in private pension plans, which are a part of the wage package, be given the same priority as the wages in the traditional sense.

That possibility has been carefully examined by myself, and by officials of my Department in the past few years. The present Bankruptcy Act seems to protect wages on the basis that they are urgently needed to provide the daily necessities of the unpaid employees and their families. That approach ignores the fact that nowadays, more and more employees trade wage dollars for future benefits and I agree that their rights to a decent income in their retirement years should not be jeopardized.

However, with the great expansion of private pension plans in recent years, I believe it would be imposing a heavy burden on other secured and unsecured creditors. In order to achieve a proper balance between the rights of wage earners and those of other creditors, and to preserve the lines of credit of business enterprises, especially the labour-intensive ones, it was found necessary to exclude, for the time being at least, those benefits from the definition of wages in the proposed insolvency legislation (Bill C-17).

That is an incredible document. On the one hand the Minister acknowledges that more and more workers are trading wage increases for improvements in benefits. In the next breath she suggests that she wants to ensure that the banks are properly looked after. So much for the concerns of the working people, so much for the full and adequate protection for workers' wages. I can assure the Minister that we will be proposing amendments in committee to strengthen and broaden the definition of wages to include these benefits of severance pay and the unpaid portion of private pension plans, all of which have been earned by workers and which should be a first claim in the event of bankruptcy.

Insolvency Act

I referred earlier to the question of the debate between those who are advocates of super priority and those who are advocates of a system of wage insurance. I know that the Minister and the Official Opposition, the Progressive Conservative Party, have taken a position in support of the super priority scheme. I would note that the super priority concept has been rejected by virtually every independent study which has been conducted, including a study by the Senate Committee on Banking, Trade and Commerce which unanimously recommended that the proposal for super priority be rejected in favour of a carefully drafted system of wage insurance. As well, a special committee was established by the Minister's predecessor to look into the whole question of super priorities versus wage insurance. That was a very respected committee, the representatives of which included a chairman who was a former Superintendent of Bankruptcies and Dean of Law at the University of Ottawa, Mr. Ron Lang. He was a member of the staff of the Canadian Labour Congress. It also included Mr. George Hitchman, the Deputy Chairman of the Bank of Nova Scotia, and Raymond Dufour, Vice-President of a major bankruptcy firm. This is a broadly representative committee. Their unanimous conclusion was a clear and unequivocal rejection of the super priority concept. They strongly recommended the establishment of a wage earner's insurance scheme which would be self-sustaining and which would be maintained by minimal monthly contributions from all employers in Canada with more than six employees. It would in fact be a guarantee that in the event of bankruptcy, workers' wages would indeed be paid.

There are two or three fundamental objectives in ensuring that workers' wages are paid in the event of a bankruptcy. They include certainty of payment, promptness of payment to the wage earner, ease and simplicity of administration, and the maintenance of the ability of a borrower to obtain financing for his business operation. I suggest that on each of these counts the super priority concept falls far short.

With respect to the question of certainty of payment to the wage earner, there is no certainty whatsoever that wages owing to a bankrupt will be paid under a super priority concept. In a number of instances, there will be insufficient assets even if the workers' wages take top priority. In a number of instances, as well, there is no doubt that sophisticated lenders might stipulate that their loans will be made to an associated holding company which owns all of the assets of value, which would once again leave workers out in the cold. I am also very concerned that in response to representations from the bank and possibly from the Conservative Party, the Minister might water down the existing proposals for super priority to exclude all assets, specifically real estate.

• (1610)

We could certainly examine the question of the pecking order, but I would suggest that any attempt to water down even the minimal provisions with respect to super priority would be very rigorously resisted by this Party.