

# HOUSE OF COMMONS

Monday, November 26, 1990

The House met at 1 p.m.

---

*Prayers*

---

[*Translation*]

**The Acting Speaker (Mr. DeBlois):** Pursuant to Standing Order 30(6), The House will now proceed to the consideration of Private Members' Business as listed on today's Order Paper.

## PRIVATE MEMBERS' BUSINESS — BILLS

[*English*]

### BANKRUPTCY ACT

#### MEASURE TO AMEND

**Mr. John R. Rodriguez (Nickel Belt)** moved that Bill C-217, an act to amend the Bankruptcy Act (priority of claims) be read the second time and referred to a legislative committee.

He said: Mr. Speaker, my bill is being debated at a most propitious time, a time when this country finds itself in recession, when it finds that bankruptcies are soaring beyond belief. Personal and business bankruptcies are up 60 per cent. Bill C-217 addresses particularly the whole question of business bankruptcies and their effect on employees.

My bill which cries out for some attention by this government attempts to correct an injustice to employees who, when the company goes bankrupt, end up going to the back of the bus to get any kind of compensation for lost wages and benefits, and in some cases even pensions and vacation pay.

The Bankruptcy Act came into effect in 1949. It divides creditors into secured creditors and preferred creditors. Secured creditors are banks and any other individual or group who has lent money to the company and their

loans are secured against the equipment and assets of the company.

The employees are preferred creditors and the preferred creditors are limited in the 1949 act, which is still in effect, to a maximum limit of \$500. This may have been quite generous in 1949 but since it has not been adjusted since then is really an insult in 1990.

In 1966 amendments were passed which provided some administrative tinkering with the act with respect to filing a bankruptcy for individuals. In fact it never dealt with the very important question of securing for the employees of a bankrupt company their past wages and benefits. It did nothing at all about placing them in a spectrum or in a line so they would take some priority with respect to getting any money when the company goes bankrupt.

We had an example here in Ottawa. Leigh Instruments in Ottawa went bankrupt in about April of this year. Seven hundred and fifty employees lost their jobs. These employees go to the back of the bus when it comes to collecting their lost wages and benefits, and then they could only collect to a limit of \$500.

• (1310)

What happens is that the bank gets its cut and any other secured creditor gets their cuts. If there is any money left in the pot, then come the employees. They can get a limit of \$500. If the amount that they are filing for exceeds \$500, they then have to make a separate claim which has to go to the end of the list.

After the secured creditors get their take from the pot, there is nothing left for the preferred creditors. The employees, in many cases, get nothing. We do not even have to talk about the red tape of the bureaucracy and the administrative detail of filing with the bankruptcy trustee, and the time it takes to even collect the crumbs to which they might be entitled.

This matter just did not start in 1990. There have been all kinds of studies done by successive Liberal and Tory governments since 1970. They have studied this question to death. They promised that they would amend the