

order to ensure that we are able to export, and do not see all the earnings of those countries ending up simply propping up the world banking structure.

I will end my comments at this point for lack of time. It is that type of wisdom that we have not seen from the Government which is so desperately needed for our sake and for the sake of the people of the entire earth.

[*Translation*]

Mr. Deputy Speaker: It being two o'clock, the House will now proceed to the consideration of private members' business.

PRIVATE MEMBERS' BUSINESS--MOTIONS

[*Translation*]

SOCIAL ADVANTAGES

SALARY INSURANCE PROTECTION FUND

Mr. Jean-Guy Guilbault (Drummond) moved:

That, in the opinion of this House, the government should consider the advisability of establishing a special salary insurance protection fund or corporation, responsible for ensuring that workers will get salaries owed to them at the time when the Canadian enterprise where they are employed has declared bankruptcy.

—He said: Mr. Speaker, I want to thank you for this opportunity to present a motion that has been postponed several times, for various reasons, especially since Friday is not a day generally used to discuss Private Members' Business.

Mr. Speaker, I may add that after my motion was put on the Order Paper, there was a great deal of consultation, and the Government reacted favourably, since the Minister of Consumer and Corporate Affairs (Mr. Andre) said in the House this week that he expected to be able to introduce a bill, before the end of the next session, of course.

I would now like to explain my reasons for presenting this motion. First of all, corporate bankruptcies in Canada come under the Bankruptcy Act. This legislation, which came into effect in 1949, is now completely obsolete. Since 1970, various governments have, on six occasions, failed in their attempts to revise this Act. I think you will agree that protection of salaries in the case of corporate bankruptcy or receivership is an area where reform is badly needed, because workers are always hardest hit when factories close down. Any money they do receive is often paid many months later and generally represents only a small percentage of the amount owing.

Often, in cases of bankruptcy, the assets are not sufficient to pay secured creditors, so that there is no money left to pay the salaries of workers.

Mr. Speaker, improvements to this legislation have been in the works for twenty years, and during that time, just imagine how many workers, suddenly were out of a job that gave them a good living, lost their last week's wages!

Salary Insurance Protection Fund

As it stands today, the Bankruptcy Act ranks wage claims just before unsecured creditors. This means that wage claims rank only fourth and cover only wages due for services rendered during the three months immediately preceding the bankruptcy. The maximum amount of such claims is only \$500.

Furthermore, bankruptcy procedures may take a very long time. It often takes months and even years to wind up a bankruptcy. However, the worker who has just been laid off and is unemployed needs those wages more than ever before. Unfortunately, the existing legislation does not provide for any compensation during that period.

Mr. Speaker, the inadequacy of these provisions has been an acknowledged fact for some time. Unfortunately, nothing has been done to remedy the problem. On May 5, 1975, Bill C-60 was tabled in the House of Commons. It proposed to give wages priority over any other secured or non-secured creditors, up to a total of \$2,000 per employee. This kind of privileged treatment, known as top priority, would have given wage claims absolute priority, in other words, priority over any and all secured debts.

In its report on Bill C-60, the standing Senate committee responsible for bankruptcy indicated that giving wages top priority would substantially disrupt the business credit system. There are several reasons why the top priority clause is not the best way to protect wage-earners' rights. First of all, the clause would not guarantee absolutely payment of wages owing by a bankrupt business. In fact, the remaining assets of a company might not be sufficient to cover total wage claims. Furthermore, top priority for wage-earners would not necessarily guarantee speedy payment. In fact, it might take quite sometime before wage claims could be paid, since the sale and disposal of the assets of a bankrupt company can be a very lengthy procedure.

Furthermore, the courts would have to settle disputes and solve problems, which would likely prolong the process. A clause giving this top priority would not ensure that the employee could immediately obtain the funds needed to hold out until he finds work. The top priority clause is also very inconvenient, administratively. All money paid to the employee would have to be taken from the amounts owed to secured creditors. They too have deadlines to meet and they want to be paid. Distributing the salary claims payable would require a very complicated formula. For these reasons and many others, the top priority clause, although very attractive at first glance, is not the best way to protect employees of a company that goes bankrupt.

This was admitted by the Senate Committee, which recommended as an alternative the creation of a government-managed fund under the Bankruptcy Act to guarantee payment of wages owed when an employer declares bankruptcy. This proposal of a managed fund seems to have had the support of the Government of the time. The then-Minister of Consumer and Corporate Affairs, who is here today, the Hon.