

Some Hon. SENATORS: Carried.

Mr. H. S. T. PIPER, of the Montreal Board of Trade: Mr. Chairman and honourable senators, I have before me copies of the submission of the Montreal Board of Trade which might be distributed for the convenience of the members of the committee.

The Montreal Board of Trade for many years has made a special study of legislation concerning insolvency and bankruptcy. During the war there was a marked decrease in commercial failures but since 1945 the number and the liabilities involved have shown a definite increase. In 1948 according to statistics prepared by Dun & Bradstreet of Canada Limited, the number of commercial failures in Canada was 493 with liabilities \$11,755,000, the highest amount since 1935. Of the 1948 failures, 139 or 28·2 per cent took place in the Montreal area. Their liabilities totalled \$3,038,000, representing 25·8 per cent of the whole. In 1947 the percentages for Montreal were 40·5 per cent of the total number and 45·9 per cent of the total liabilities. In that year failures in Canada totalled 304 in number and \$7,228,000 in liabilities. These statistics will explain perhaps the unusual and peculiar interest in insolvency matters of The Montreal Board of Trade. In the years 1937 and 1938 particular attention was given bankruptcy legislation in general by this Board and by other interested bodies and groups. As a result, the late Mr. W. J. Reilley, K.C., then Superintendent of Bankruptcy, called into conference on December 5, 1938, a representative group of those interested. At that meeting it was clear that existing legislation required amendment and co-ordination.

The war intervened but in 1946 as a result of the 1938 conference, Bill A5 was submitted. It was designed to consolidate all insolvency legislation and reflected the experience and judgment of Mr. Reilley arising from his long service as Superintendent of Bankruptcy. This Board pays tribute to his administration and particularly to the general improvement in the conduct of bankruptcy proceedings which resulted from his supervision. Because of wide differences of opinion expressed in the evidence given before this Committee on certain provisions of Bill A5, it was not proceeded with. Bill N replaces it.

The Montreal Board of Trade regards Bill N as a major step forward in bankruptcy legislation and merits general approval. In particular it welcomes the most important and fundamental change projected in Part III—Proposals, a change long advocated by this Board, i.e., the restoration of the right of debtors, individuals and corporations alike, to make a proposal to creditors before as well as after bankruptcy, but in either case subject to the control and supervision provided for in the Bankruptcy Act. This provision was contained in the Bankruptcy Act 1919, but was removed by amendment in 1923 due to abuses which obtained before trustees were required to be licensed and before the office of Superintendent was created.

In view of the changes contemplated in Part III, this board is of the opinion that if so enacted, Bill N contains the essential requirements for incorporated companies, partnerships and individuals alike, to make proposals before bankruptcy involving compositions, extensions of time or other arrangements with creditors or any class of them.

It would seem therefore that The Companies' Creditors Arrangement Act 1933 would then become unnecessary and should either be repealed or amended to limit its application only to corporations where there is an outstanding issue of bonds or debentures issued under a trust deed running in favour of a trustee acting for security-holders and where a compromise or arrangement is proposed between such companies and the holders of such issues.

The Montreal Board of Trade is of the opinion that Section 38 (2) of Bill N, concerning the Companies' Creditors Arrangement Act 1933, should not stand unless that Act is either amended, or repealed altogether.