

Government Orders

workers by \$3,000 and come up with \$300,000. That means that the first \$300,000 of a company's assets would be unavailable to secured creditors in the event of insolvency. Even factoring in competition between lenders the total credit restriction for this hypothetical company would be at least \$150,000 to \$200,000. Under the wage claim payment program proposed in Bill C-22 the company would pay a levy of approximately \$520 per year. That is \$520 per year versus hundreds of thousands in credit restriction.

• (1620)

It is very clear which proposal would place a greater burden on businesses.

Indeed I recommend that all members of the House who support super priority read the 1986 report of the Advisory Committee on Bankruptcy and Insolvency, chaired by Gary Colter. It commented at some length on the legal and administrative murkiness of super priority, especially in light of the proliferation of innovative security instruments that have appeared over the past decade.

As Gary Colter put it: "In principle, super priority sounds very simple. However, it must be realized that there are many different types of security interests, and the allocation of the burden of paying wage claims among the various secured creditors is a complicated task. The courts will be clogged with cases attempting to determine the respective priorities of various classes of secured creditors".

I find it interesting that in his speech to the House yesterday the hon. member for Dartmouth invoked the name of Gary Colter as an expert on insolvency matters.

The hon. member quoted Mr. Colter as saying that the reforms to the Bankruptcy Act must above all be fair and equitable. I quite agree with those sentiments and also agree that Mr. Colter is one of the country's leading bankruptcy authorities. Why then does the hon. member for Dartmouth conveniently disregard Mr. Colter's clear warning about the tremendous unsuitability and danger of a super priority approach? One might suggest that the hon. member go back and read the entire report of the Colter committee.

[*Translation*]

An argument often used by advocates of super priority is that it is unfair to require companies and the federal, provincial and municipal governments which cannot go bankrupt to subsidize, in a sense, the companies that can go broke. They are also against having employees pay 10 cents a week. This argument makes no sense.

By agreeing to contribute, governments would knowingly agree to help lessen the tax burden on companies so that they can continue to create wealth and jobs. For example, asking employers to pay this very small amount is much better than asking all Canadians to do so, which would have been the case if we funded this program from the government's general revenues as some have asked us to do.

Furthermore, I am absolutely convinced that super priority would increase the risks for secured creditors, who would therefore tighten the credit requirements for businesses, especially labour-intensive ones.

[*English*]

In conclusion, I would like to quote very, very briefly from two communications recently received from two of the major stakeholders. First of all: "We do not believe it is necessary to reiterate the well-documented host of reasons for rejecting the recommendations of a super priority for wage claims. As you are aware, they include the very negative impact on credit availability for business, the difficulty in establishing a procedure to determine which assets of which secured creditor in an insolvency should bear the burden of the wage claim and the inability to pay wage claims quickly and efficiently where there is a delay in the realization of assets". That is from the Canadian Chamber of Commerce.

Finally, very briefly: "It is our view that in most bankruptcies the assets of the bankrupt firm are insufficient to meet most claims and raising wages to a super priority status would not guarantee either speed or certainty of payment. We remain unconvinced by the recommendations of the committee that elevating wages to a higher priority over the claims of other credits would guarantee speed and certainty of payment". That correspondence was in total agreement with the Canadian Chamber of Commerce and was signed by Shirley Carr, president of the Canadian Labour Congress.