

*Government Orders*

*Populaire Desjardins*. The Caisse Populaire Desjardins, as we know, is not a bank. It is a financial institution, though, that is affected by the legislation that we are debating here today.

We were told what the effect of this kind of legislation is on such financial institutions. I want to read from the testimony of the representatives of the caisse populaire before the legislative committee. They brought to the attention of committee members what the stakes would be for members of the caisse populaire. I quote:

*[Translation]*

For several of our caisses, such a loss can make the difference between a surplus that can be distributed among members and a deficit that forces us to draw from our reserve. Incidentally, we have with us today Mr. Pierre-Paul Couture, general manager of the Caisse populaire Saint-Charles-Borromée in the Montreal area, one caisse that will be severely affected if the bill is adopted. The Caisse approved a credit line of \$1.7 million for a business which later became insolvent. If Revenue Canada doesn't benefit from a super-priority, the caisse will lose about \$690,000 but it stands to lose about \$950,000 if such a priority is granted retroactively, a difference of \$262,000.

That is not all, Madam Speaker, because we had been told in committee that that loss could go up to some \$350,000 since there also some \$70,000 in legal fees involved in this case.

We were told that Mr. Couture could provide us with more details. But what must be stressed is that the Caisse had no effective means to protect itself against such a loss. Because of this provision, it will have to use up its entire reserve that it took years to build up and to call on *Confédération Desjardins's Corporation de fonds de sécurité*, a financial support institution financed through the contributions of every caisse in the province. So, the 4,500,000 members of les Caisses Desjardins will have to make up for that loss which will be shouldered, for the most part, by members of the Caisse populaire Saint-Charles-Borromée.

As you can see, Madam Speaker, this bill, if passed, will not only affect the banks, the big financial institutions of this country, but also the 4 500 000 members of the Caisses Desjardins.

*[English]*

But if that itself was not enough to concern the member for Essex-Windsor or the members of the government party, they could have referred to a decision of a British Columbia court in the case of Concord International Travel.

In this particular case Revenue Canada argued that its priority, the priority which we are debating here today, should take precedence over a claim for unpaid wages of employees. In his judgement Mr. Justice Sheppard of the British Columbia County Court, I believe it was, pointed out that a travel agency in Vancouver had experienced financial difficulties resulting in a debt to its employees of \$12,025.38 in unpaid wages. Revenue Canada came along several months after the fact and claimed that its claim should take precedence over the unpaid wages that had been claimed by the Director of Employment Standards under the British Columbia legislation.

If members took a moment to consider this particular decision, they would realize that it is not just a matter of the Government of Canada, acting on behalf of all Canadians and all Canadian taxpayers, trying to get monies which are rightfully owed the Crown and, therefore, which benefit all Canadian taxpayers and which will take precedence over big financial institutions. It is not as simple as that because we see here that there is a decision which said that Revenue Canada, under the legislation the way it was drafted, should not be able to assert a claim which would take precedence over the actual wages, some \$12,000 that were owed to employees of a travel agency that had gone out of business.

As a result of the testimony we had before the committee I was able to come to the conclusion that we have here a very complex situation which should not be resolved in the manner the government is proposing here today. On this point I want to stress and repeat the remarks that were made by my colleague, the member for Essex-Kent, earlier today, that only a reform of the bankruptcy legislation will probably be able to sort these questions out and see that justice is ultimately done. We are obviously talking of a situation where, in the event of insolvency or bankruptcy, there are not enough dollars to go around, there are not enough assets to go around.

The government has recognized in recent years in a number of reports, that the Crown priority should not always take precedence. There has been talk of abolishing the Crown priority in the reform of bankruptcy legislation. I think there is a recognition there that the Crown, the public at large, the taxpayers of Canada, are perhaps better able to support certain financial losses than ordinary individuals, wage earners, workers, even in some cases, financial institutions. I guess it is because there are more people backing the Crown. All the Canadian taxpayers, the whole country, is backing the