

fund would be drawn in order to meet this creditor claim on the bankrupt company.

Second, we have suggested that unpaid wages have a super priority. In other words, this claim should be the first claim addressed by the creditors in disposing the assets of the bankrupt company. Super priority would mean that when the bankrupt company's assets are disposed of under the supervision of the Superintendent of Bankruptcy, it would be the workers' unpaid wages as defined more or less in the bill that would be dealt with first, ahead of the other categories of creditors.

There has been some question by government members on this concept of super priority. Apparently they believe that acceptance of the super priority concept would create a credit crunch, would impede investment and would make it more difficult for small businesses to receive loans from the banks.

We should bear in mind—and this is where I will conclude—that businesses go bankrupt as 56,000 businesses did in Canada this year. Regardless of what the cause of the bankruptcy is, and it may have nothing to do with the soundness of the business but simply the economic conditions like the recession caused by this government, when a business goes bankrupt and there are several categories of creditors there is always one creditor that gets super priority. In Canada the creditor which has been given super priority in the past has been the banks.

We believe on this side of the House that it is time. It is eminently fair for another category of creditor, namely workers and their families who are left high and dry by the fact that their source of income has eroded and there is no backup in many cases, to have chance to receive what small payment is due them from the company in which they have invested time and labour. Rather than give this credit priority to the banks, we suggest super priority should go to the workers.

Mr. Maurice Foster (Algoma): Mr. Speaker, I am glad to have a chance to speak on Bill C-22 because it is a very important bill. It is important at any time and in any place, but certainly never more than in the current economic difficulties facing our country with thousands of businesses going bankrupt and requiring reorganizations of varying sizes. For instance, the Algoma Steel

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situation will see over 6,000 workers facing the threat of a company becoming totally insolvent. At the present time the company would have to go through the old Companies' Creditors Arrangement Act which of course is very out of date. This legislation would terminate that bill after three years.

What I want to talk about this afternoon, besides the impact on small and large business of not having adequate bankruptcy legislation, is the impact of reorganization as it affects Canadian farmers.

In 1984 the Bankruptcy Act was before Parliament and at that stage amendments were brought in to assist farmers in reorganizing the debt. Unfortunately that bill died on the Order Paper. The opposition of the day, which is the government of today, did not expedite that legislation as many pieces of legislation were being expedited in June 1984.

The whole situation of course since 1984, since the current government has been in power, has been one of tragic difficulties for Canadian agriculture. It has really been a tragic comedy of errors. The Minister of Agriculture imposed a moratorium on farm foreclosures under the FCC and then did nothing about it for 18 or 24 months in terms of bringing in debt restructuring mechanisms.

Finally Farm Debt Review Boards were brought into play, and some months after that process was put in place the government finally brought in the farm debt review board fund to carry out rescheduling of farm debt carried by the Farm Credit Corporation.

Farm Debt Review Boards have had some value I believe in mediating disputes between creditors and farmers, but the report that was put out by the Standing Committee on Agriculture really was quite critical of the way they have handled the work. It talked about the confusion in the role of the boards. Some boards operate on the basis that they are advocates for the farmers. Others simply put it through as mediators. It talked about the process and the delay of resolving the problems, the lack of expertise in financial analysis, the incomplete and poorly prepared financial information and the problems that exist in relationship to the sharing of information between the various stakeholders in farm debt. It talked about approaches that are inconsistent across the various provinces and about there not being