The elimination of estate inspectors and the necessity to put up a bond contributed in a large degree to this state of affairs. This is the view of the Bankruptcy Branch of the Department of Justice, and it was also brought to the attention of that department by such persons as the Chief Justice of the Court in Bankruptcy of one of the provinces, and to the Canadian Bar Association.

One purpose of the bill before us is to make applicable to those estates coming under the summary administration section the requirements and safeguards applicable to other estates. To do this, the repeal of the summary administration section is found to be necessary to create the same situation as existed prior to 1949.

This will work no hardship on small bankrupts. In reality, both creditors and bankrupts will profit thereby as both have frequently suffered from the above-mentioned abuses.

I now come to the second purpose. The province of Manitoba had attempted to have small estates wound up by a certain procedure. It had in effect, during several years, legislation called The Orderly Payment of Debts Act. This act provided a comparatively simple and inexpensive procedure whereby a small debtor, who was unable to meet his obligations as they came due, could apply to the Clerk of the County Court to fix amounts to be paid into court and distributed pro rata among the creditors until they were paid in full.

In 1959 Alberta passed a similar act but, apparently entertaining some doubt as to its constitutional validity, referred it for the opinion of the Supreme Court of Canada on this point, before it should be proclaimed.

In 1960 the Supreme Court of Canada held the provincial act to be *ultra vires*, as conflicting with the federal jurisdiction over "Bankruptcy and Insolvency" in the British North America Act.

The Alberta act, consequently, was never proclaimed and the Manitoba act was repealed. Both provinces then requested the enactment of federal legislation of the same character which could be proclaimed by other provinces if requested.

Part X will not come into operation in any of the provinces unless the Lieutenant-Governor of that province makes a request that the Governor in Council should issue a proclamation that it be put into force in that province which requested it.

This bill, by the introduction of Part X, enacts a new procedure in bankruptcy law. Part X—that is the bill before us—closely follows the provincial legislation just mentioned, which was declared *ultra vires*. The scheme, briefly, is that a debtor who cannot meet his debts may go to the Clerk of the County Court, or such other court as is designated, and disclose to him his debts, his resources and his obligations, and ask for the issue of a consolidation order which fixes the sums to be paid into court for distribution among the creditors, until the debts are fully discharged.

If such an order is issued, a creditor may not, while the debtor carries out the terms of the order, proceed against the debtor in respect of a debt to which the part applies.

Part X does not apply to a debt in excess of $1,000, except when the creditor consents. Certain debts do not come within Part X, as for instance a debt incurred by a trader or merchant in the ordinary course of his business, that is to say, a trading debt.

This bill, as I have said, deals with small estates. It does not affect wealthy people, companies, traders or merchants. But a vast amount of time and trouble must have been involved in bringing about the various sections to effect the purposes of the bill. It may look like putting the trappings of an elephant on a mouse.

Before Confederation in 1949, Newfoundland had a very simple process of dealing with insolvencies. We never used the word "bankrupt". That word was never found in Newfoundland law before Confederation. A man was insolvent if he could not pay his bills and the court declared him insolvent, not bankrupt. He could make a composition with his creditors or assign to a trustee for the benefit of his creditors. The only time the debtor would need to go to court under these circumstances was when certain creditors did not sign the composition, the assignment, or the arrangement, and the debtor or some creditor would be forced to apply to court to have the debtor declared insolvent in order to have the assignment or composition sanctioned by the court, which would be done if three-quarters in number or in value of his creditors had agreed to the composition or assignment. The insolvency would then be set aside. All this procedure was contained in about ten sections of the Judicature Act.

This bill, however, is designed for ten provinces and fifteen million people and that presupposes a vast number of people to be affected by it. It is a bill designed to form part of the Bankruptcy Act, enacted for a vast country of immense wealth and resources. I understand that the Bankruptcy Branch of the Department of Justice will be putting forward a complete revision of the Bankruptcy Act at some time. This will require much toil on the part of those who are expert in the subject.