

Government Orders

The six previous attempts to reform this legislation over the past 20 years have all failed because we could never agree on things like the form this protection should take, its funding or under what jurisdiction it should come.

It is scandalous and quite intolerable that we have not finished talking and that workers are without any real protection. Workers have suffered too much until now and this situation has gone on long enough.

I call on my fellow members not to lose sight of this and not to let another opportunity to correct an injustice go by. Of course, everyone has a right to defend his ideas, but once the dust has settled, we could not claim victory unless the reform included adequate protection for workers.

[*English*]

On that note let me take a few moments to explain why I feel far more confident about the measures proposed in Bill C-22 than about other options that have been proposed. Earlier I mentioned that fairness and accessibility were important standards against which to assess Bill C-22.

The only other alternatives in the area of wage earner protection appear to me to be retrogressive when contrasted with what the government has proposed. The wage claim payment program guarantees all workers a minimum but realistic level of protection for the recovery of wages and other moneys owed to them when their employers go bankrupt. Faced with the bleak prospect of unemployment the last thing workers need is to have to spend time worrying about when and if they will see any of the moneys owed to them.

Financed by a 10 cent per person per week levy on payrolls the moneys collected would go into a fund that would guarantee workers receive the moneys they are owed fast and with a minimum of red tape. The program would be user friendly to both wage earners and businesses. The levy would be incorporated into existing unemployment insurance premium calculations and would therefore not add to the paper burden which industry faces.

Rather than accept the administratively simple procedure of creating a fund, some suggest that we should provide wage earners super priority on the remaining assets of the bankrupt firm for wages and other moneys owed to them up to a theoretical maximum level. The

notion of a super priority is not new. It has been extensively debated before both in Canada and in the European Community and has been found to be seriously wanting for several reasons.

The first is that it is neither sure nor is it prompt. Super priority assumes that there will be sufficient available assets remaining in the bankrupt firm to cover claims for wages and other moneys owed to employees. That is an increasingly tenuous prospect given the greater latitude Bill C-22 provides for unpaid suppliers to recoup their assets.

Assuming the bankrupt firm has sufficient assets to cover wages and other moneys owed, what happens if these assets are not liquid? It may take several months before the firm's assets are liquidated.

The fact remains that before extending a loan, a financial institution will insist on some sort of collateral. This will require the lender to estimate the market value of the assets of a firm, a tricky and often imprecise exercise particularly when perishable goods or partially processed manufactured goods are involved. The result of a policy of super priority would unquestionably be a significant restriction in the availability of credit as secured creditors compensate for the higher level of risk they will have to contend with. There are no ifs, ands or buts on this score.

Yesterday in this House the hon. member for Dartmouth suggested that super priority would have little impact on the availability of credit. He indicated that since the fund created by Bill C-22 would amount to between \$60 million and \$70 million the impact on credit would be \$60 million to \$70 million on a total of \$150 billion credit available in Canada. At first glance this appears to be a convincing argument. Unfortunately it is incorrect.

In fact the credit impact would total only \$60 million when we know which companies go bankrupt, but lenders cannot predict beforehand which companies these will be. If they knew they would provide no credit at all to those firms.

In reality the lenders would have to establish a formula to protect their investments across the board. Here is how they would do that. Under the plan espoused by the hon. member for Dartmouth wage earners would be eligible for a super priority over other creditors up to a maximum of \$3,000. For example let us take a company of 100 employees. To calculate the potential liability created by super priority the lenders would multiply 100