

my hon. friend from Dartmouth and my hon. friend from Nickel Belt. We looked at this in depth.

As my parliamentary secretary said, only one group before the committee that said they were in favour of the super priority. It was Mr. Bulloch's group. All the others were opposed; not only the Colter report but the Canadian Labour Congress and the Canadian Manufacturers' Association. It was not only a single position.

My question is very simple. When we are looking at the assets it is not that easy.

[*Translation*]

I would just like to look at one point. I have not been able to find an answer to that question because it renders this question of super priority inapplicable. The assets of a business bankrupt may include one, two, three or four buildings, accounts receivable, a deed of trust that covers some other goods, inventories, bank accounts and collateral. It is quite complex.

How would we split this up if super priority applied? How are we going to decide the share that would be owed to all those creditors if, in a business that employs 100 people, super priority took \$200,000? In this case, Mr. Speaker, and that is an important issue, each business that would seek financing from the bank would be confronted with a banker who would take that into account, if he did not know whether the amount he will have to give for super priority to these employees will be taken from his building, the second mortgage, the first mortgage on the other building, accounts receivable or inventory. It is totally impractical.

In fact, this super priority already exists, following the amendments made in 1987 to the Department of National Revenue Act, but it is not being used because it is unworkable at the present time. The Department of National Revenue only uses the deemed trust and enhanced garnishment to recover funds from the accounts receivable.

So, I consider this inapplicable and I ask my colleague to explain briefly how we could possibly use a formula that is in itself unworkable. Imagine the number of lawsuits that the various creditors could bring against each other; it would take months, even years before an individual would be able to see the colour of his money.

Government Orders

Mr. Speaker, the fund that we propose, which will cost 10 cents per employee, will enable people to recover their money in about a month or five weeks.

[*English*]

Mr. Blenkarn: Mr. Speaker, I want to thank the minister for his question. It is a very important question.

The issue is really what secured creditors would pay the super priority. When there are specific charges, for example a mortgage on real estate, a mortgage or a conditional sales contract on piece of machinery or a specific assignment of a specific receivable, clearly those specific assignments or specific agreements come first and are not subject to any priority, because the person who has those specific agreements has the right above the receiver or above the trustee in bankruptcy in the same manner as a landlord exercising his landlord's lien has a claim above the trustee or receiver.

The issue on which you claim here then is the floating charge type, unassigned or unspecifically assigned assets.

• (1700)

Since the last Bankruptcy Act, banks and other lenders to companies have found that they can register in Canada, though not in the United States. They can register floating charge security. Without getting any specific lien on any specific asset they claim a lien on all the stuff in the estate of the insolvent company or person that has not been specifically attached.

It is those assets that before those classes of security were available, and that class of security I want to again point out to the minister is not available generally in the United States where banks lend money, that are used as funds to attach. That is the very fund that the Government of Canada attaches, as the minister pointed out, when it goes after money it claims to be held in trust for unremitted income tax deductions and the like. The government says: "Well, you have not specifically assigned those receivables so we will seize the receivables, we will in a sense use the income tax garnishee putting us ahead of the receiver with respect to those receivables and get the money for us".

It is exactly that situation that we are dealing with here. We are dealing with this particular group of assets that are not specific assets, not specifically pledged, and not subject to landlord liens or anything. I guess they are subject to landlords' liens but usually the landlord is paid off because he gets his three months rent and that is the