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Mr. Brent St. Denis

Standing Committee on Industry, Natural Resources, Science and Technology

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● (0905)

[*English*]

The Chair (Mr. Brent St. Denis (Algoma—Manitoulin—Kapuskasing, Lib.)): *Bonjour, tout le monde.* Good morning, everyone.

I'm pleased to call to order this November 1 meeting of the Standing Committee on Industry, Natural Resources, Science and Technology. We are here today to begin the study of two bills: a private member's bill of Pat Martin, Bill C-281—we'll start with that—and we're going to continue with Bill C-55.

For the record, there are overlaps between Mr. Martin's bill and the government's bill, and it would be extremely helpful to look at these bills concurrently, especially since there may be witnesses down the road whose interests are in the subject area of wage earner protection. It makes sense to have these witnesses come in and deal with both bills at the same time.

Colleagues, we're going to have roughly one-third of this two-hour time slot to talk about Mr. Martin's bill and then two-thirds to deal with Bill C-55. That portion will be cut in half; the first half on wage earner protection and the second half on other elements of Bill C-55, bankruptcy and insolvency measures.

Welcome, Mr. Martin.

Before I invite you to make a presentation, I will say that the rules of the House require that we report Mr. Martin's bill by November 17, unless we ask for an extension. Because that's the week after next, I'm sure we'll agree we won't have time to finish and report this by November 17. There are copies of the motions in front of you, so I'm asking if one of the members here would move a motion—and we have a quorum sufficient for a motion—asking for a 30-day extension to the reporting of Bill C-281. This is a routine housekeeping matter, but without your consent we would have to report by November 17, which would defeat the purpose of looking at both bills at the same time.

Is anybody agreeable to moving that motion?

Moved by Werner Schmidt.

(Motion agreed to)

The Chair: Thank you.

There are also two budget motions. These are budgets made up by the clerk, using her best guess as to how many witnesses we would need for the bills.

So we have a motion for a budget amount of $16,250 for Bill C-281. We may not need it all; if we need more, we'll have to come back to the committee.

May I ask somebody to move that, please?

Moved by Brad Trost.

(Motion agreed to)

The Chair: And could we have another motion to provide for expenses on Bill C-55? I need a mover for that one.

Moved by Michael Chong.

(Motion agreed to)

The Chair: I just want to note that we have numerous requests by witnesses to appear, some for a second time, on Bill C-19, to amend the Competition Act, and I'll discuss that with you at the beginning of the meeting tomorrow, colleagues. I'll just remind you that we have a meeting at 3:30 tomorrow in Room 371 West Block.

With that, Mr. Martin, thank you for appearing here this morning. We would invite you to speak for five, six, or seven minutes, if you can. Given that we have a short period of time to discuss this, I'm going to ask members to be very succinct in asking questions.

So I invite you to start, Mr. Martin.

Mr. Pat Martin (Winnipeg Centre, NDP): Thank you very much, Chair, and thank you, colleagues, for entertaining this issue today. It's a great honour for me to be at this end of the table for a change. I'm more comfortable, I think, in the position you're holding, but this is something we've been working at for a long time, so I'm very pleased to give you a brief overview of Bill C-281, which we call the “workers first” bill.

I should preface this by saying that this bill was developed with the cooperation of the United Steelworkers of America. As we moved forward with the concept, we worked closely with that union. I think you'll hear representation from them in the witness list later on, as you study the bill.

Let me start by saying that there are as many as 10,000 commercial bankruptcies per year in Canada, and every year, in each of those, quite often workers are left being owed back wages, benefits, severance and termination pay, and pension contributions, or pension shortfalls. The urgency of this bill is, I believe, self-evident with figures like these. It's estimated that as much as $1.5 billion to $2 billion per year are left owing in back wages and benefits to employees in the event of these 10,000 bankruptcies.

I can point out one graphic example from recent history to serve as an illustration, rather than go through the details, and that's the St. Anne Nackawic mill in New Brunswick. It recently went bankrupt, leaving approximately 400 workers out of work. In that situation, even though approximately $100 million was left in company assets, due to the order or prioritization of where the workers rank in the payout, workers with as much as 25 years of service will get zero from their pension plan. The employer ground down the pension plan in the final years of the company being in business, and as such, they find themselves in this terrible situation.

The really galling thing in that example is that the American owner of the company, the CEO, structured the company in such a way that he himself was the first secured creditor and was made whole for all of the debts owing to him, that he had loaned to the company through his shelter company. So they ground the company into bankruptcy, got made whole by the assets of the proceeds of the division of the assets, and left the employees with virtually nothing.

The point of the workers first bill is simply to reverse the order of priority, or to change the order of priority, when dividing the proceeds from the assets of the bankrupt company so that workers rank first in line instead of where they are currently—distant, almost at the bottom.

There are two elements to the bill that I should briefly touch on. We call for changing the EI Act so that in the event an employee does get a lump sum payment out of the assets of the company and is collecting EI, having been laid off due to the bankruptcy, that money wouldn't be clawed back by EI. It wouldn't be deemed income for the purposes of EI, because, I think you can agree, it would be rather pointless if you got this lump sum payment and it was simply clawed back. That issue will have to be revisited carefully by the committee, because it may be that it goes beyond what a private member's bill is allowed to do. That may be deemed a money matter, which could only be introduced by a minister. If that's the case, then I would suggest that if there is interest in other aspects of the bill, that should be removed by an amendment made later on.

The third element of my bill is the directors liability aspect. Under the current Canada Business Corporations Act, employees can sue the directors of the company in the event of a bankruptcy if they're not made whole through the distribution of the assets. They can then go to court and sue the directors of the company. This process takes years, and not many employees have the wherewithal to do that, so we would have a clause in our bill where you could seek that redress by the Minister of Labour or the Canada industrial labour relations board, where you would get remedy from an arbitrator in a matter of months rather than a matter of years.

Those are the three key elements. I should say that the opposition to this idea comes from lending institutions. They claim they'll be less likely to lend venture capital if they can't be guaranteed to be at the top of the priority list in the event of a bankruptcy. I disagree with that argument.

● (0910)

First, I think the banks are in a better position to absorb a loss in the event of a bankruptcy. Their risk is spread out over many investments, whereas employees have their life wrapped up in that one institution.

Second, banks mitigate their risk by charging interest rates.

Third, banks often get some or all of the loan paid to them throughout the life of the company. As a company is showing signs it's at risk, it's not unusual for the banks to call in loans or demand payment on loans anyway. They're in a much better position to weather any kind of a loss in the event of a bankruptcy than employees are if they stand to lose their pensions.

This is the last thing I'll say in justification of why employees should be deemed secured creditors. In the case of the Nackawic mill and in many other cases, if in the final months of a company's life, before it declares bankruptcy, it's drawing from and spending pension benefits, which are rightfully the property of the employees, then they are in fact creditors. Without their acknowledgment or permission, they've become investors in the company because the company's been running on their money.

If you ignore all the other arguments, I think you should be able to accept that pension is actually deferred wages being held in trust for the employee. If the company is using that money to keep the company afloat in its final years, then you should be deemed a secured creditor and be given this super priority.

There's a crossover in these two bills, as the chair rightfully points out. What we're seeking to achieve is different from Bill C-55 in one key way. Bill C-55 will offer some wage protection, a couple of weeks' back wages up to a ceiling of $3,000. Our bill contemplates making underfunded pensions whole as well. We argue that's a larger problem out there in the workforce today.

It's not very often an employee allows himself to get in arrears of more than one or two paycheques. If a company's cheques keep bouncing, you'll probably quit before you're really into that company for a lot of money. But the issue of a grossly underfunded pension plan will not be addressed by Bill C-55, and it would be addressed as we contemplate Bill C-281.

Having said that, Mr. Chair, I'm happy to answer any questions.

● (0915)

The Chair: Thank you, Mr. Martin.

We have roughly 25 minutes for this section of this morning's meeting. I think this morning is as much an educational exercise and a briefing as anything else. So if members would keep their questions very brief, we'll try to get as many people in as we can.

Werner, I think you want to go first.

Mr. Werner Schmidt (Kelowna—Lake Country, CPC): I have one question.

By the way, thank you for appearing here this morning, Pat.

I'd like to ask you, how do you define assets of a company?

Mr. Pat Martin: Well, there's the inventory, the equipment and tools, the real estate, etc. Now in the current bankruptcy act, in some aspects it deals only with inventory and cash on hand—current assets. In our view, we're talking about the distribution of the proceeds from the dissolution of the company, which may include real estate, and is often a key part of the total holdings of the company.

Mr. Werner Schmidt: I think the point you made in your presentation was that the financial institutions should not be concerned about the proposals in your bill. Would you then suggest a financial institution that holds a mortgage on real estate would have to take second place to the provisions of your bill?

Mr. Pat Martin: I think that's exactly why the current bankruptcy act treats real estate differently, that mortgages are.... I believe there's a jurisdictional issue too, in terms of federal and provincial jurisdiction as it applies to certain aspects of the bankruptcy act.

Our main thrust of this bill doesn't differentiate. We're talking about the distribution of the proceeds from the assets of the company. If you wanted to draw that distinction, Werner, it would have to be done by amendment.

Mr. Werner Schmidt: I'd like to clarify what your thinking is. As far as you're concerned, the assets of a company include everything: real estate, inventory, cash on hand, if any. Would that also include accounts receivable?

Mr. Pat Martin: Yes, it would, in our global view of it. In fact, we believe workers should be made whole prior to any other treatment of the assets of the company. Pay out the workers first as a matter of public policy, because from a community interest point of view, it's far more important, I would argue, for the 400 members of the Nackawic mill to be made whole than it is running the risk of interfering with the rights of the other investors.

The Chair: Thank you, Werner, for setting a good example in keeping to your time.

[*Translation*]

Ms. Lavallée.

Mrs. Carole Lavallée (Saint-Bruno—Saint-Hubert): Good morning, Mr. Martin.

I'm pleased to meet with you under these circumstances, even if they are indeed unusual. First of all, I want to congratulate you for tabling your bill. The Bloc Québécois had already told representatives of the Steelworkers Union that it was committed to bringing in draft legislation to protect workers' salaries in the event of bankruptcy.Therefore, I congratulate you for doing so first. I also want to reiterate that you have the Bloc's wholehearted support in this endeavour.

I don't know whether I should mention it at this time, but there are two bills now being considered, namely Bill C-281 and Bill C-55. The latter pertains to bankruptcies in general.

How is this bill an improvement over these other two bills?

● (0920)

[*English*]

Mr. Pat Martin: Thank you for the question. I will try to keep it as clear and as simple as possible, because I know that as the committee moves forward in studying these two bills at the same time, it may get blurry.

The most fundamental difference with my bill, Bill C-281, is that it would in fact address major pension shortfalls, which I believe are the greatest risk workers face today. Bill C-55, with its wage earner protection plan, takes care of an employee if they've had one or two cheques bounce, up to a total of $3,000. I don't think that's the biggest problem we face today; we have large businesses and corporations with underfunded pensions of $20 million, $30 million, $50 million, $100 million. We believe that pensions should be viewed as employees' wages being held in trust for them until they retire, and that this debt should be made whole prior to the dissolution of any other debts or obligations. So I think that's the key difference.

Bill C-55 has its merits, and there are many things about it that I would very much favour, but I ask committee members not to drop Bill C-281 right away, because Bill C-55 won't address pensions.

The Chair: Merci, Carole.

Jerry, then Brian.

Hon. Jerry Pickard (Parliamentary Secretary to the Minister of Industry): Thank you very much, Mr. Chairman.

Pat, I would also like to offer my congratulations to you. I know you've been an ardent person working for fairness in the Bankruptcy and Insolvency Act and fairness for workers across this country. I think every member of this committee joins with you in saying that we have to make some changes given that there is not fairness right now, as you and many other people have pointed out in the past, particularly in regard to wage earner protection. That is a critical aspect.

What I would like to delve into a little bit, though, is this. Bill C-55 does offer some pension protection. My view of Bill C-55 is that monitoring contributions by employers and making sure that all of those employer contributions are made appropriately, whether they be contributions at the provincial or federal level.... Again, that's where the question of overlap works into this.

From my point of view, is it not important that...? If an employer pays all the pension contributions they are required to pay and that is monitored carefully with all corporations, that certainly provides a much higher level of protection than workers have today. The idea of paying the total liability that a pension fund may require is a different matter, but I do think that where a worker works for 10, 20, or 30 years with a corporation, those pension fund contributions by the employee and the employer must be maintained at the appropriate level. That is where Bill C-55 does show a fair amount of concern with regard to the pension level.

Maybe you could give me your comments on that.

Mr. Pat Martin: Thanks, Jerry. I understand the direction you're going in, and it is true that Bill C-55 would pay back wages owing, holiday pay owing, and I suppose pension contributions owing, to a maximum of $3,000 per employee. That's my understanding.

Hon. Jerry Pickard: No, no. For the pension contributions, what we would do is monitor corporations on a very regular basis, and if a company fell behind—

● (0925)

Mr. Pat Martin: They're already allowed to operate at 20% below liabilities, and many are operating at 50% below their current liabilities.

Hon. Jerry Pickard: I believe Bill C-55 will correct that situation.

Mr. Pat Martin: I would have to be shown where it will, because my understanding is that it's a total of $3,000 per person, in any combination, and that wouldn't make up the shortfall.

Hon. Jerry Pickard: That's right, Pat. That's something we can deal with and make sure you're comfortable with, but I believe I can do that.

Mr. Pat Martin: Perhaps I could just add one thing. Under our proposition, under Bill C-281, companies wouldn't allow their pensions to go into arrears, because nobody would lend them money if they knew that the first creditor was that underfunded pension. The banks would ask, prior to lending money, if their pension was paid up to date. It would be a self-correcting, self-policing kind of regime.

Hon. Jerry Pickard: Not to be argumentative, but there is a danger there, and the danger may possibly be that when the whole pension liability may be thrust out front without the banks or anyone else being able to monitor those pension plans, the banks themselves may say they're not going to lend the money, because they stand a liability that they have no way of checking, no way of getting information on, and no way of dealing with. And that's a private corporation to another private corporation, which poses a huge problem.

Mr. Pat Martin: That's usually the first thing we hear.

The Chair: You can make a final comment on that, Pat. Did you want to wind up Jerry's point?

Mr. Pat Martin: Yes.

Just to wrap up, the first argument we hear, Jerry, is that banks and institutions will be less likely to lend money. Banks are in the business of lending money. They mitigate their risk with interest. If anything, the consequence would be that banks would say they're not going to lend you money if your pension is badly underfunded, which in fact would encourage good behaviour amongst companies by not allowing their pensions to go into 50% underfunding situations.

The Chair: This demonstrates the very purpose of our opening briefings, which is to get at some of these issues that will unfold in the hours and days ahead.

We'll have Brian, then Carol.

Mr. Brian Masse (Windsor West, NDP): Thank you, Mr. Chair.

Thank you, Mr. Martin, for appearing before the committee here and for your good work on a series of private members' initiatives. This is one that's coming, I think, to good fruition at the end of the day in terms of influencing public policy.

Perhaps what I can ask you to do is outline a little bit your motivation in bringing this bill forward in terms of what you've seen happen to workers and their families. And you're quite right to describe pensions as a deferred wage, as something that people are entitled to. It's not a gift to them; it's something they've worked for, and to have that mismanagement affects not only them but also the future of their families.

Perhaps you can outline a few instances that brought this legislation forward.

Mr. Pat Martin: Thank you very much, Brian, for that opportunity.

I am the former business manager of the carpenters union; I used to represent employees in the building trades. It wasn't unusual, in the industry I was in, for fly-by-night contractors to pop up in the spring, build a bunch of homes during the summer, and fold up their tent and leave town in the fall, leaving workers holding the bag for back wages and benefits.

When pension contributions are a joint contribution, the employer pays a dollar an hour and the employee pays a dollar an hour into their pension plan. These guys would take the dollar an hour off the paycheque and not submit it to the plan. We were at a complete loss to go after these guys to discipline them. In my own personal world, I've had to advocate on behalf of a lot of employees who were left holding the bag when the fly-by-night employer went bankrupt.

In the larger corporate sector with national and international companies, the stakes are that much higher, and there we get into the underfunded pensions of $30 million, $50 million, or $100 million.

I should say that as we deal with this subject we should be aware that there's a unique trust relationship between the employer and the employee. It's ancient; it goes back throughout history. That pact, that trust, is that I agree to do certain work for you, and you agree to pay me a certain amount of money. It doesn't have to be written down in a collective agreement; it's the way the world works. When you violate that, I think there's more than just the financial loss; you're breaking a trust that exists between employers and employees.

We're supposed to be advocating on behalf of ordinary people in the House of Commons, not apologizing or advocating on behalf of the interests of big capital all the time. I believe the ones who are most at risk are the employees who have lost in the situation, and that's who we should be championing.

● (0930)

Mr. Brian Masse: There's a remedy for it as well in your bill. Despite any legislation being passed, there could be instances where employees have to seek legal support and/or avenues to be able to get what is collectively theirs. You have noted that and want amendments to the Ministry of Labour, for example, to have a vehicle for ordinary workers to be able to get access to expertise and support to get what the law entitles them to.

Can you outline the importance of that and how that would benefit individuals?

Mr. Pat Martin: The third point that I raised as one of the goals of this bill is that currently under the Canada Business Corporations Act, an employee who has not managed to achieve satisfaction through bankruptcy and is still owed money can then sue the directors of the company personally. This takes years and it takes legal counsel, and most ordinary workers (a) would not bother for the $1,000 or $2,000 they may be owed, and (b) wouldn't know how to.

Within this bill we have an expedited process where we'd be able to bring those kinds of complaints up in front of the minister. The minister would then appoint an adjudicator, probably the CIRB, and they would be able to bring down a ruling in the bill within 30 days. That way employees would get satisfaction instead of having to go through the agonizing process of three years in the courts to get a date. You'd get some satisfaction, or a ruling at least, within 30 days.

The Chair: Thank you.

For two minutes each, Werner, Marlene, and Robert.

Werner.

Mr. Werner Schmidt: I have a very short comment.

Earlier, Pat, I asked you a question, but I want to commend you for initiating this bill. You've created the motivation for certain other legislation to be proposed, and I think that's good.

Every once in a while there's a certain unfairness in our society, and I think you've demonstrated that. While I don't agree with all aspects of your bill, I certainly think the overall principle that you're advocating is a good one—fairness for all people is a good one. By the same token, though, attempting to rectify one unfairness shouldn't create an unfairness in another department, and I think your bill does that. It goes well on one side, and then perhaps goes a little too far.

Other than that, Mr. Chairman, I want to commend the honourable member. Private member's bills, I think, are a good thing.

The Chair: Thank you, Werner.

Marlene.

Hon. Marlene Jennings (Notre-Dame-de-Grâce—Lachine, Lib.): I'd like to echo Werner Schmidt's comments and congratulations to you for bringing this forward.

I do have a question, however, as it pertains to your bill and the treatment of pension and benefits, particularly the unfunded pension liabilities, which, under your bill, would be deemed first priority for amounts owing over all creditors. I'd like to know, have you done a comparative study? My colleague asked you about that and raised an issue that it could cause a freeze on the accessibility of credit for companies from lenders.

You basically said that's the first argument you always hear about this. Have you actually done a comparison of other jurisdictions—they wouldn't be here in Canada, because bankruptcy is federal jurisdiction—outside of Canada about how unfunded pension liabilities are dealt with under the bankruptcy laws in the United States, the U.K., say just the G-8 countries, to see whether the effect, on the one hand, that my colleague claims and that you scoff at would happen? If they already have that kind of protection, what effect has it had on the access to credit for companies and enterprises?

The Chair: Thanks, Marlene.

Pat.

Mr. Pat Martin: First of all, I didn't scoff at my colleague's comments. I think he has a legitimate point that's often raised by others.

● (0935)

Hon. Marlene Jennings: I didn't mean it to be in a negative way.

Mr. Pat Martin: We have an equally strong argument, on the other side, which we don't believe....

Naturally the banks don't like this idea. They've lobbied us, and they've come to see us, and they say they're concerned that if they lose their place as first secured creditor, they're going to be less interested in lending capital, because now they never lose. The banks never lose. Even in the event of bankruptcy, they're first in line.

In most cases that we studied—and we tried to do a sampling of recent prominent bankruptcies—there were enough assets left over to make all the employees' pensions whole and for the banks, being next in line, to get their stuff too...you know, that there is enough assets, when you count real estate, to go around. When you reverse that and put the employees at the bottom, there's never enough left over for wages. We rank dead last. Somehow, Canadians rank dead last and everybody else gets their stuff first.

That's what's upside down here. When you talk about the House of Commons, which is supposed to be advocating on behalf of the little guys—

Hon. Marlene Jennings: Mr. Martin, I don't mean to interrupt, but I only have two minutes.

Is your answer that you're not aware of, or you haven't looked at, other jurisdictions to see whether there's legislation under their bankruptcy system?

Mr. Pat Martin: I can't remember, Marlene, whether we did this or not. I'd have to look deeper into my files.

Hon. Marlene Jennings: Could you check into whether you have that information?

Mr. Pat Martin: I'd be happy to.

Hon. Marlene Jennings: Thank you.

The Chair: Thank you, Marlene, and Pat.

[*Translation*]

Mr. Vincent will have the last word on the subject.

Mr. Robert Vincent (Shefford, BQ): Thank you. I'm delighted to have the last word. That isn't always the case, so I'd better use this opportunity to my advantage.

I listened to your arguments and I'd like to focus on the responsibilities of managers and on bringing legal action against them. I liked what I heard. However, not every worker has the means to bring legal action against their manager. However, maybe unions could take legal action.

Furthermore, some caution is in order when we speak about banks. Often, businesses that have existed for over 10, 15 or 20 years are the ones that have a pension fund for their workers, not SMEs that are just starting up. Moreover, banks are not required to lose money. Given the billions in profit that they make, they have some leeway between loans and... However, they will continue to lend money because they make profits on the interest they charge. Otherwise, they would not make any money. I'm convinced that they will stay the course, and take more risks.

I also agree with the principle of the bill whereby no worker should lose money in a business. Workers are not there to lose money. They are there to give of their time and to be remunerated for their performance at the plant. All collective agreements provide for severance pay of some kind. However, I see no mention of severance pay in your bill.

Could severance provisions be included in the bill?

[*English*]

The Chair: Pat, I'll get you to wind this up.

Mr. Pat Martin: Thank you for that question.

My bill in fact does contemplate back wages, benefits, severance pay, termination pay, and pensions. Bill C-55, which you'll be dealing with next, doesn't allow for severance pay or termination pay, only back wages and holiday pay. In Bill C-281 we do recognize that termination pay and severance pay should be considered part of your wage package as well and be contemplated under the definition of wages. The next bill you'll deal with, Bill C-55, doesn't. I think that's a major shortfall in it.

The Chair: Thank you, Pat. Merci, Robert. Excellent, colleagues. Thank you for your cooperation.

We are going to thank Mr. Martin for presenting his bill, and we're going to suspend for two minutes to allow Minister Fontana and his officials to come to the table, and the parliamentary secretary to Minister Emerson and his officials to come to the table as well. So we're suspended for two minutes.

● (0939)

(Pause)

● (0941)

The Chair: Thank you, everyone.

We're going to reconvene our November 1 meeting of the Standing Committee on Industry, Natural Resources, Science, and Technology. We are commencing a study of Bill C-55, which is a bill covering bankruptcy and insolvency that includes measures for wage earner protection.

This portion of the meeting could effectively be seen as having two key elements, colleagues. We'll start with and welcome Monsieur Fontana.

Thank you for being here this morning. We'll start with your presentation of five, six, or seven minutes. It is a briefing more than anything else this morning. Immediately after you, we'll ask Mr. Pickard to do a presentation on the non-wage earner protection features of Bill C-55, and then we'll try to get in as many succinct questions as we can.

With that, I welcome you and invite you to start. Mr. Fontana.

Hon. Joe Fontana (Minister of Labour and Housing): Thank you, Mr. Chair and *chers collègues*. It's a pleasure to be here this morning.

At the outset, let me thank you for your general support for Bill C-55 and thank Pat Martin for his contribution, not only through his private member's bill but through some of the very important issues.

I also understand that as you hear testimony over the next number of days and weeks, you will in fact come forward with, hopefully, constructive ways of how to improve this piece of legislation. We always like to think that we've got it right, but there's no doubt that, based on your hard work, we will be able to move forward in a very constructive way. So let me at the outset indicate that I look forward to your input and to your willingness to try to improve a very good piece of legislation.

I believe this is indeed a very special program, one that is designed to improve the situation for workers and that will in fact touch a great many people. It is a program we are very proud of, and you should all be very proud in the sense that you have all been very supportive.

The wage earner protection program, or WEPP, as we will call it, was developed because of a broad consensus that the situation confronting unpaid workers is unfair and that the insolvency system presently needs to be rebalanced to protect workers more fully. We have heard from labour unions, the insolvency community, and the lending community on the need to take steps to improve the protection of workers because they are truly the most vulnerable party in a bankruptcy. Unlike other creditors, they cannot diversify their risks, and they never agreed to become lenders to their employers in the first place. Bill C-55 provides a comprehensive and balanced approach that deals with this issue and addresses the needs of unpaid workers in two ways.

First, the bill contains the Wage Earner Protection Program Act, which will establish a new program to protect the wages and vacation pay of workers. The act will apply when employers enter bankruptcy or are subject to receivership under the Bankruptcy and Insolvency Act up to a cap of $3,000.

Second, the bill establishes a way the government can recover some of the amount paid out to workers from the insolvent estate under WEPP. That is, the Bankruptcy and Insolvency Act creates a limited super priority for unpaid wage claims up to $2,000—but more on that a little later.

First, I would like to point out the key features of this legislation—why there is a need to improve wage protection—and then I'll explain the operation of the program, how it would be funded and how it would operate.

But why do we need such legislation? The short answer is that workers fare badly under our current system. Each year between 15% and 30% of business bankruptcies include unpaid wage claims. That means about 10,000 to 15,000 workers each year are left without some of their wages due to their employer's bankruptcy. Of those workers, we estimate that 75% receive zero, nothing. Overall, workers recover an average of only 13¢ per dollar of the unpaid wages owed to them. It can sometimes take up to three years to see that money—13¢ on the dollar and workers having to wait three years to get that measly amount of money.

It is the most vulnerable workers who are affected, because many business bankruptcies occur in retail, food, or personal service sectors, sectors with low-paying jobs, precarious employment relationships, and little or no benefits whatsoever. It is the role of government, we believe, to provide protection for the most vulnerable in our society and to ensure basic fairness in our economic system. That is why the wage earner protection program is proposed, and that is why the source of funding is the general revenue fund.

Costs for the administration and payout of the program are estimated at about $30 million per year, and in the event of a dramatic increase in the number of bankruptcies it could go as high as $50 million per year. The money will come from the general revenue fund; however, about half of the cost of the wage earner protection program payouts could be recovered, and I will get into that a little later.

The limited super priority provision of the insolvency legislation will make more assets from bankruptcy available for employees' wage claims. Let me explain how this will work.

● (0945)

When individuals apply to WEPP, they will sign over their claim against a bankrupt or insolvent employer to the Government of Canada, up to a maximum of $3,000. This will allow the government to take the place of the worker in recovering, to the extent possible from the bankrupt estate, the wages that were paid out under WEPP. The limited super priority in the Bankruptcy and Insolvency Act will ensure that employees' unpaid wages up to $2,000 will receive first priority—emphasis on “first priority”—ahead of secured creditors on the current assets of the bankrupt estate, which includes cash, accounts receivable, and inventory. So government, in taking the place of the employee as the first priority over liquid assets of the estate, will be able to recover the amount it has paid out in the WEPP claim, up to a maximum of $2,000 for each of the claims. The super priority accorded to wage claims in the BIA is limited to $2,000 to diminish the impact on the lending community. It is to provide that balance. We must achieve an appropriate balance between the interests of various creditors. We do not want to reduce assets to credit for small business.

Now I'd like to describe how the program will operate. The WEPP will be delivered in an efficient and cost-effective manner through the new Service Canada agency. The application process will be straightforward, building upon existing systems. The wage earner could use one of three points of contact. First, Service Canada officers would be able to alert any unpaid worker about WEPP and the application process, and when applying for EI benefits, individuals must indicate on their application why they lost their job. Indicating bankruptcy could lead applicants to the wage earner protection program.

Second, depending upon the jurisdiction, federal or provincial labour standards officers would assist a worker in filing a complaint for unpaid wages, normally during the time leading up to the insolvency, or to make a wage claim to the bankruptcy trustee. Because labour laws in every jurisdiction in Canada provide recourse for unpaid wage earners and the tools to recover the wages owing, the trustee or receiver who is in possession of their employer's property would inform the employees whether and how they could recover their wages owing.

Finally, WEPP establishes that bankruptcy trustees and receivers have a duty to inform unpaid wage earners of their prospective eligibility. Any of these points of contact would refer the employee to the application process. The claimant would then apply for payment to the program administration. The claims process can therefore be undertaken relatively quickly so that the workers can receive payment of their wages quickly, anticipated to be within six weeks of filing. The program administration will then review each application, determine whether the applicant is eligible and the amount of the entitlement, and authorize payment to the unpaid earner directly from the consolidated revenue fund. Individuals who are eligible for WEPP will receive payments of wages and vacation pay owing up to $3,000.

It is estimated that the $3,000 cap—and I know there has been some question as to why the cap is at $3,000—is sufficient to pay up to 97% of the claims for unpaid wages in full. Also, the WEPP claimant who is unsatisfied with the determination of the program can request and review the application—in other words, there's an appeal procedure in place.

Honourable committee members, this is a summary of how the program would operate. Of course it would take some time to get this system fully operational, and manual systems would be needed in the beginning. This program is designed to treat workers differently from other parties because they are different. Workers are the most vulnerable party in an insolvency, and they deserve their hard-earned wages. Wages are not—are not—a loan to the employer.

The costs of the program are not excessive and are indeed shared among the government, employers' estates, the lending market, and other creditors to the estate. Overall costs to the government are capped and are predictable, but the losses to the lending market are also within predictable levels because of the cap on the wage claims and the super priority that covers only the liquid assets. We believe that this is a fair and balanced program and hope the committee can finally support it.

Before concluding, I would also like to highlight important changes that I think are important. In my capacity as Minister of Labour and Housing, I've been aware that there has been considerable concern expressed in the labour relations community over the way that collective agreements have been treated in certain jurisdictions. Consistent with the philosophy behind the WEPP, the bill treats employees as a special class of creditor, deserving of additional protection. Accordingly, the proposed amendments require that an insolvent employer will have to meet a stringent test in order to persuade a judge to grant the employer leave to serve a notice to bargain under the relevant labour legislation.

● (0950)

If leave were granted to both parties, the union and the insolvent employer would be subject to a requirement to bargain in good faith over possible amendments to any existing collective agreement. Should the parties be unable—and I want to repeat, unable—to reach an agreement on such amendments, then the existing collective agreement would remain in place and could not be changed by the courts. Should the parties reach an agreement on concessions, then the bargaining agent would become an unsecured creditor for an amount equal to the value of those concessions.

Mr. Chairman, these amendments to the Bankruptcy and Insolvency Act and the Companies' Creditors Arrangement Act have been developed with the intention of creating a fair and balanced regime for the conduct of labour-management relations in an insolvency situation and to ensure appropriate protection for all employees.

Thank you very much, Mr. Chairman.

The Chair: Minister, just before I invite Mr. Pickard to continue, I would just advise members that this part of the meeting is being televised.

For the benefit of viewers, there are two presentations, because Bill C-55 has generally two major sections. One is the wage earner protection, which Mr. Fontana is dealing with, and the other is all other provisions in the changes to bankruptcy and insolvency measures, which Mr. Pickard will deal with.

Jerry, I invite you to make a presentation.

Hon. Jerry Pickard: Thank you very much, Mr. Chair.

I'm really pleased to be here today to represent Minister Emerson. He passes his apologies for being unable to be here today because of cabinet commitments.

This bill is a very important one. It's an important one in the fact that it is striving to create balance between what wage earners should have and how we can protect the system and make sure the lending institutions move forward in appropriate ways.

The bill really deals with amendments to the proposed Wage Earner Protection Program Act and to the Bankruptcy and Insolvency Act and Companies' Creditors Arrangement Act, and makes consequential amendments to other acts.

This bill proposes a comprehensive reform to Canada's insolvency system. It contains substantive amendments to our two main insolvency statutes, the Bankruptcy and Insolvency Act and the Companies' Creditors Arrangement Act, or CCAA. It also creates a new statute, the Wage Earner Protection Program Act, which will be under the responsibility of the Minister of Labour and Housing. The bill introduces changes to provisions of law affecting both corporate and personal bankruptcy, as well as corporate restructuring and consumer proposals.

The comprehensiveness of the proposed reforms of Bill C-55 means it will have a significant impact on the economy and on individual Canadians. It will affect entrepreneurs large and small, investors, trade creditors, lending institutions, consumers, workers, and students.

An extensive consultation process led to the preparation of Bill C-55. The department also benefited from detailed work of the Senate Standing Committee on Banking, Trade and Commerce, which carried out a review of the BIA and the CCAA in 2003, pursuant to the statutory review clause inserted in these acts when they were amended in 1997.

The message received was clear. Reforms are needed to ensure that Canada's insolvency system meets the needs of the Canadian marketplace and to address the inequities between and interests of debtors and creditors and between different classes of creditors, interests that are the cornerstone of a fair, effective insolvency system.

The department has prepared briefing materials to assist committee in its review of the bill. In addition to the traditional clause-by-clause book that explains the rationale for each of the proposed amendments, we've provided the committee with an issues briefing book on selected key issues addressed in Bill C-55. Of course, we would be happy to prepare additional information on all other elements of the bill should anyone request that.

The issues have been grouped under four main headings, to correspond to the key objectives of the bill: first, better protection of workers; second, encouraging restructuring as an alternative to bankruptcy; third, eliminating inequities and reducing the scope of abuse; and fourth, improving the administration of the insolvency system. Allow me, Mr. Chair, to give you further details on some of these objectives that we are trying to achieve in Bill C-55.

The absence of adequate protection for employees has been a long-standing issue. Previous reform attempts have all failed. The problem has always been that while everyone agrees more protection is needed, there has been no consensus on where to get the money. Bill C-55 proposes an innovative approach to resolve this problem. The centrepiece is the creation of a Wage Earner Protection Program Act, WEPP, which is a government-funded program that will ensure the timely payment of unpaid wages.

However, in order to avoid an unfair burden on taxpayers, the government will recoup part of the payments made to workers by assuming the rights of employees in bankruptcy proceedings. The priority ranking for claims of unpaid wages is also elevated to come ahead of some secured creditors. This means that a sizeable portion —likely more than 50% of the government disbursements—will be recovered through the bankruptcy proceedings.

In the past, concerns were raised that a higher priority for wage claims would potentially have an adverse impact on credit and thus could be detrimental to entrepreneurs and job creation. Bill C-55 attempts to mitigate these concerns by eliminating the application of a super priority to current assets, cash on hand, inventory, and accounts receivable, so as not to affect the security on fixed assets like buildings, machinery, and equipment. Higher priority will be capped at $2,000.

● (0955)

It's very common for financial institutions to include a provision for wages when granting lines of credit and working capital loans. The impact should therefore be manageable.

Another important aspect of improving protection for workers included in Bill C-55 is a new priority for regular pension plan contributions not remitted to pension plans at the time of bankruptcy. This priority should also be manageable from a credit risk standpoint, as these amounts are known and easily monitored. However, a significant credit risk would be created if the priority were to apply to special deficiency payments or unlimited liabilities. Bankruptcy law is the wrong instrument to address obligations relating to pension deficits.

Mr. Chair, since the reforms enacted in 1992, the number of restructuring proceedings under the BIA and the CCAA have constantly increased. Approximately 25% of business filings under the BIA proceed through restructuring. The CCAA went from a handful of cases in 1980 to now more than 50 cases per year. All major corporate restructuring is done under the CCAA.

Bill C-55 aims at fostering this culture of reorganization as an alternative to bankruptcy, because it saves jobs, allows better recovery for creditors, and stimulates competition.

The CCAA will be substantially rewritten, providing guidance and certainty where none previously existed and codifying the existing practice, while still preserving the flexibility that has made the CCAA such a successful restructuring vehicle. The extent of the changes will ensure greater transparency in the process, a better ability for the affected parties to defend their interests, and a fairer system of checks and balances so critical to the efficient insolvency system.

Bill C-55 provides several new rulings, building on efficient jurisprudence, with respect to such matters as interim financing, termination of assessment of contracts, governance of arrangements of debtor companies, including the role of a monitor, who will need to be a licensed trustee, the sale of assets outside the ordinary course of business, and the application of regulatory measures.

Bill C-55 also provides detailed rules governing the treatment of collective agreements in the restructuring process. The amendment recognizes that the renegotiation of a collective agreement may be necessary for a successful restructuring. The court will have the authority to direct the parties to renegotiate in good faith under the relevant labour relations process. The court will not have the authority to unilaterally terminate or modify the collective agreement. If the parties do not agree to amend the collective agreement, the existing agreement remains in force.

The restructuring of debts is also available for individuals through consumer proposals under the BIA. Of 100,000 filings under the BIA last year, more than 15,000 were proposals instead of bankruptcy.

A number of changes are included in Bill C-55 to encourage consumer proposals. For instance, the eligibility threshold is increased from $75,000 to $250,000, and proposals for minor defaults are there as well and are made easier. The bill also imposes additional payment obligations on bankruptcies with income, providing incentive for these individuals to proceed with the consumer proposal rather than filing for bankruptcy.

Eliminating inequities and reducing potential abuse is important as well. Let me mention a few proposals in Bill C-55 that will address these problems.

Under the current rules, there is a lack of uniformity in the treatment of retirement savings in a bankruptcy. Amounts deposited in registered pension plans, including employer-sponsored plans, and some RRSPs offered through insurance companies are exempt from seizure. However, RRSPs held through most financial institutions are not protected. This raises issues of fairness. Bill C-55 proposes that all registered retirement savings plan and registered retirement income plans will be exempt from seizure subject to certain conditions.

● (1000)

As well, student loan debt will be eligible for discharge in bankruptcy if seven years have passed since the former student has ended his or her studies. Currently student loan debt can only be discharged after 10 years. In cases of hardship, a bankruptcy will be able to apply to the court to obtain a discharge for student loans after five years. This proposal complements a variety of programs and services available to former students under the Canada student loans program to help them manage their student loan debt when they experience financial difficulty.

At the same time, Bill C-55 contains a number of provisions to prevent potential abuse. For instance, the provision dealing with preferences and transfers at under value will be strengthened, providing for more scope to challenge transactions between related parties. There will also be stronger rules to prevent the individual from using bankruptcy to avoid large income tax debts.

Finally, Bill C-55 contains many technical changes designed to improve the administration of the insolvency system. The role and power of trustees, including when they act as monitor in CCAA cases and as receivers on behalf of secured creditors, are further clarified, along with the supervisory role of the Office of the Superintendent of Bankruptcy.

The new provision allowing for appointments of a receiver with powers to access across the country will significantly streamline the process. The central registry of CCAA cases will be established by OSB.

Mr. Chair, these are many changes that have been brought forward. I thank you for the time and for allowing us to present that case.

● (1005)

The Chair: Thank you.

I have Werner first, then I suppose Carole or Robert, then Marlene, and then Brian.

Werner.

Mr. Werner Schmidt: Mr. Chair, I'm not sure how you want to handle this, because we have one minister with us and—-

The Chair: I'm going to assume wage earner protection related questions should go to Mr. Fontana, and all others to Mr. Pickard for the moment—unless Mr. Pickard wants to jump in on that as well.

Try your best, and we'll go from there.

Mr. Werner Schmidt: Thank you very much.

To Mr. Fontana, the Minister of Labour, and also to Jerry, we've very pleased you are here.

I also want to congratulate whoever put this briefing book together; it's an excellent briefing book. It is very well organized and succinct, and I really appreciate that very much. I wish all ministers would prepare their legislation and briefing book as comprehensively and concisely as this one.

I do have a couple of questions with regard to the assets. You probably were present when Pat Martin presented his bill, C-281. I think that's the number. He indicated the assets include all of the assets. Bill C-55 deals only with current assets, and I'm sure there's a reason for this. I wonder if you could explain that to some degree.

Also, I'd like to ask you, with regard to the collective agreements, is there the potential of a conflict between the federal jurisdiction with regard to labour negotiations and provincial governments and labour negotiations?

Hon. Joe Fontana: Let me deal with the collective agreement one, and Jerry can do the assets.

Thank you, Werner. Maybe it's because Jerry and I have held positions as chairs of committees that we know how important it is to make sure the committee members get all the information. I want to thank the staff and Judi for helping provide the briefing books that I think are helpful.

On the collective agreement, as you know, there are various jurisdictions. There are two jurisdictions with regards to labour law. One is federal and one is provincial. Only about 15% of the workforce is under federal jurisdiction, and 85% is under provincial jurisdiction. Within that provincial jurisdiction, it varies all over the countryside in terms of what those provincial labour laws might be. But in the case of bankruptcy and CCAA, jurisdiction doesn't matter.

So if one is accessing the CCAA or bankruptcy, we're trying to make sure we don't go to the American model—if I can put it that way—and throw out the collective agreement that essentially respects, as part 1 of the Labour Code does, that the two parties, employers and employees, have come to an agreement on how they will deal with certain issues. We want to maintain that standard. To ensure that the collective agreements are respected, even under receivership or bankruptcy, they can't just be holus-bolus thrown out by a particular judge, and so on. That's why I think we've put in place some greater clarity as to what the responsibilities would be.

As we've said, notice must be given to reopen the collective agreement, and it's only with the agreement of both parties, especially the employees, that such a thing could happen. If they don't agree with the notice or want to fight the notice, they can. If they can't come to an agreement, if the collective agreement is open, the employees can essentially say no.

So for all intents and purposes, they have a veto on whether or not a collective agreement should be reopened. I think this is a fundamental value that we want to maintain in our system. This bill essentially does that and clarifies what has been very unclear in terms of what courts have been able to do with collective agreements.

● (1010)

The Chair: Mr. Pickard, do you want to deal with the asset question?

Hon. Jerry Pickard: Yes.

Thank you for your comment about the briefing book. As a committee member, I know how important it is. Our officials were very kind in trying to get everything together as well as they could so everyone would understand Bill C-55.

When we talk about the assets, we are talking about wage earner recovery in the neighbourhood of $3,000. That is significant because it covers 97% of the wages owing in a bankruptcy, so almost all workers would be protected. There are some very high-contract people who might be considered in that top 3%, and it's questionable whether we should move into that. You know, contract workers may be very high. However, when we look at what the government would recover in a bankruptcy, that's limited to $2,000 in Bill C-55.

So if we look at those assets recoverable in a bankruptcy to a maximum of $2,000 per worker, we're looking at a limited amount that we would recover in the bankruptcy transaction. So the government's risk is probably $1,000 over and above, in some cases, what would be recovered in the bankruptcy.

However, if we then take Mr. Martin's bill and deal with that, the potential liability in pensions could be in the billions in certain instances. As a result, you would not only have to secure all the machinery, all the assets that are there, and all the real estate; everything that potentially could be seized would be seized, and you'd be into a much greater payment rate. From our point of view, that is not an issue that should be settled in the bankruptcy act. It should be settled with the agreement of information in trust.

You have to realize that when people pay money into pension plans, that money is paid into a trust. As the federal government, we can only deal with federal trusts that are involved there, but we can encourage the provinces to look at those trusts as well. We intend to work on the trusts side of the issue to make sure that where moneys are paid into a pension plan, or not paid into a pension plan, we will go back after those companies to make sure they bring those debts up to where they should be, and not allow them to slip into 50% or more debt.

The Chair: Thank you, Mr. Pickard.

Next are Carole, Marlene, and Brian.

[*Translation*]

Mrs. Carole Lavallée: Do I have five minutes?

● (1015)

The Chair: Yes, you have about five minutes.

Mrs. Carole Lavallée: Fine. Thank you.

I want to start by congratulating Mr. Fontana and Mr. Pickard for introducing Bill C-55. You're correct, Mr. Fontana, in saying that this bill isn't perfect, but that it is a step in the right direction.

I also learned that you've been working for the past five years on reforming the Bankruptcy Act. I'd like to think that the bill tabled by my colleague Pat Martin made you pick up the pace a little and even outdo yourself.

This bill isn't perfect. A few minor irritants remain and maybe the committee can work on making some changes for the better. In particular, persons who have worked for a company for less than three months will not receive the compensation they are owed should the business go under. Quebec's Building and Construction Trades Council is one of a number of organizations with its very own wage protection program in the event this very situation arises. All workers who have been on the job for less than three months receive some compensation. In my view, the Government of Canada could follow Quebec's lead.

Another problem is the maximum limit of $3,000 that a worker can recover. Perhaps we should look at ways for workers to recover up to $25,000, including severance pay.

With respect to students with student loans who declare bankruptcy, you are prepared to reduce the period during which they are obligated to repay a loan from ten to seven years. This is an excellent step in the right direction, except that this number is rather arbitrary. Why seven years? Why not five, or four? Why even set a time limit? You don't really think students declare bankruptcy for the fun of it? In any event, if there is no real reason for them to declare bankruptcy, there are judges to keep them in line.

Lastly, Mr. Fontana, you stated in your June presentation that there were some precedents when it came to governments protecting wages. You mentioned two in particular. Apparently, there are other precedents in the world, but you named two countries, Australia and the United Kingdom, that have brought in this type of program.

Have you studied these two precedents closely to see if the program is working well, if it has solved the problems and if the results have proven to be interesting?

The Chair: Mr. Fontana.

[*English*]

Hon. Joe Fontana: Thank you, Mr. Chairman.

Carole, *merci.*

First, there is no Canadian jurisdiction that has such a thing. Ontario did at one time, but it was thrown out by the former Conservative government as not necessary.

Second, believe it or not, the labour department has been working on such a program for over fifteen years and it's never been able to get to this point. So I think a number of people have agreed that wage earners need to be protected.

Let me just deal with the exclusion. I think Carole raises a very good point about certain classes, certain employees, or certain exclusions, and I'd very much like to hear from you on this. As you know, we put in place a three-month provision for eligibility, but two things are important. One, corporate officers and directors will definitely be excluded, because they may have been part of the problem. Second, we also believe that employers may choose to hire workers in a period leading up to bankruptcy without intending to pay them, on the understanding that the WEPP will pay.

I think my colleague Mr. Pickard has tried to say that we have to strike an important balance. That's not to suggest that businesses plan for bankruptcies or insolvencies, but let's say you know about your financial situation and hire a whole bunch of students or other people, knowing full well that you may never pay them. It's not the fault of the employees, obviously. This will make sure the system is not going to be abused. Again, it strikes the right balance.

I think you're going to hear from some people—and I look forward to your information—about how we can protect those most vulnerable, in other words those employees who didn't know what was happening within that three-month period, to ensure they can also get it. There are some regulatory powers in the bill that can allow us to make sure those people are not penalized by virtue of what is happening. So I look forward to that information.

The other question that always come up is, why is it $3,000? As I've said before, the $3,000 will make it possible for 97% of the claims to be taken care of. But some people have suggested $5,000. On what we have essentially tried to do, the $3,000 is very much tied to EI, which identifies $3,000 as the average industrial wage. So $3,000 would cover most of the wage claims that come forward. A few might be greater than that, but I can tell you that $3,000 is based on a medium range of wages. As I said before, the most vulnerable are in the sector we are really trying to get to—the retail sector. They are the people who are making $7, $8, or $10 an hour. They are the ones who are really not getting any benefits whatsoever.

So the $3,000 does capture 97%, but I look forward to your input. Obviously moving it to $5,000 would cost a lot more, but we've tried to have a benchmark, and the benchmark is related very much to EI and an average wage for the purposes of receiving the EI premium.

● (1020)

The Chair: Marlene is next, and then Brian.

Hon. Marlene Jennings: *Merci, monsieur le président.*

Thank you very much for being here today.

Minister Fontana, in your presentation you talked about 15% to 30% of business bankruptcies including unpaid wage claims, and that means some 10,000 to 15,000 workers are left without some of their wages. You also estimated that 75% of that number who are left without some of their wages being paid to them actually receive nothing. You stipulated that workers, overall, receive 13¢ per dollar owed.

The first thing I'd like to know is what is included in the term "wages". If we do a comparison between Bill C-281 and Bill C-55, Mr. Martin has a much more exhaustive list of what he considers to be unpaid wages in general. So I'd like to know the basis for the unpaid wages that then lead to those figures.

The second thing is, under Bill C-55 the limited super priority in favour of workers is up to $2,000, over the inventory, accounts receivable, and cash cover—and you list a number of things—wages and salaries, vacation, paid commissions. Then you say "other compensation". Exactly what is that other compensation? That's a question I meant to ask Mr. Martin, because he has it under his bill as well. I'd like to know what precisely that is.

The last point is, why is termination pay not included under the limited super priority? If it were included, what would be the impact of that in terms of the cost of the program overall as opposed to the cost of the program as you're estimating it now, with termination pay not included?

Mr. Pickard, I also have a question for you. It relates to the issue of the unfunded pension liabilities. You went into it a little bit with one of my colleagues. I'm going to ask you the same question I asked Mr. Martin. Are there any other jurisdictions where under their bankruptcy act it provides for a first priority or a super priority for unfunded pension liabilities, and if there are, what is the impact on the availability of credit to businesses?

You also stipulated that the bankruptcy act is not the appropriate tool to settle that kind of question—the issue of unfunded pension liabilities. I'd like you to give a little bit more information about what the appropriate instrument is. Is that instrument adequate today? If it's not, what does the government intend to do to make it adequate?

Thank you.

The Chair: Thank you, Marlene.

Minister Fontana.

Hon. Joe Fontana: I have a list of questions, but let me try to get through them very quickly.

With regard to covering terminations and severance, you should understand there are some reasons we can't do that.

First, under labour laws, termination severance pay increases with the employee's level of seniority. As you know, the longer you work for someone, the greater those potential liabilities are. But as a result, some workers would qualify for no payments of severance on termination, while some would qualify for very large payments. Therefore, we're trying to build an equitable system. You may find, depending on long you've worked for a place—five years or ten years, or five or six months—that some would get it and some wouldn't. Therefore, we want to set it up.

Secondly, termination severances by jurisdiction vary provincially. Therefore, again, we're trying to harmonize a national system, and there are provincial regulations that would come into play.

Last, though, this is not to say that the employee couldn't go after severance and termination from the estate of the employer. What we're saying is that what we can do through Bill C-55 is wages and vacation pay. They're the easiest. We can get to them as quickly as possible. The other ones tend to be much more complicated.

Again, just to reinforce, in ours, 97% of the people are going to get 100¢ dollars. The present system is that 24% of the people get 13¢ on the dollar. So we are doing an incredible change, and I think the $3,000 actually captures that.

On the question of other compensation, as you know, that is for travelling salespeople. They may have certain expenses that need to be covered off. Therefore, other expenses relate to travelling salesmen and some of the others.

Jerry.

● (1025)

Hon. Jerry Pickard: Thank you, Joe.

Marlene, with regard to your question about other jurisdictions, about other countries having pension benefits, there are none; there are no agreements that take that into account. It's obvious that other jurisdictions that the Senate committee studied, that our department has studied, realized that this is the problem, that somebody is going to latch onto everything that company had and leave the lender in the lurch. Their dollars are going to dry up, and it's not just a matter of dollars drying up in Canada. If you were a company that was in the lending business, you probably would take your money offshore and invest in other countries where you know that you don't stand the risk of losing everything you loaned in that form.

The other point I could make, if you give me a little latitude, Mr. Chair, is on the student loans. Student loans basically have to have some integrity, and the reason we don't write student loans off at zero, or at three years or at two years, is that we expect students to try to repay those loans. Now, at this point in time it was a 10-year period under which students repaid the loans. We're trying to reduce that. Certainly in cases of hardship we're trying to reduce it to five years, and in normal cases to seven. If we were to reduce it to one, two, three, or four years, the integrity of the student loans would be very much in question because repayments would not be then a high priority.

Hon. Marlene Jennings: Mr. Pickard, I want to thank you for using my time to answer the other member's question.

The Chair: Marlene—

Hon. Marlene Jennings: I had other questions and therefore I know that the chair, at some point before we adjourn, is going to give me the extra time that was used up to answer a member of the opposition's question.

The Chair: Thank you, Marlene. We're certainly going to try to do that for you.

Hon. Marlene Jennings: No, not try; you will do it. Thank you.

The Chair: Brian Masse, Brian Jean, then Judi Longfield.

Mr. Brian Masse: And I would argue she already used that time now.

My first question will lead me to Mr. Fontana, followed with a couple to Mr. Pickard.

The first is with regards to the $3,000, the capping in that. I know it's been talked about extensively, but if we're covering off 97% of the people there, why wouldn't we want to backfill that other 3% for a matter of principle, especially seeing that if you're owed more money, you've probably worked at that company longer and could be more vulnerable to re-entering the marketplace, or another occupation?

The second question would be in regard to the three months. There has to be a remedy somewhere in there, and you're quite right to note that these are the most vulnerable individuals. You'll have temporary agencies, you'll have part-time workers who are trying to get into the workforce to start with, and then to have this experience is bad enough. Couldn't there be a further penalization put on those employers that would take advantage of the situation? I would suggest that the obligation is on the government to make that remedy, because we do know that those people are the true victims and could least afford not to get what is owed and deserved to them. So there has to be a remedy there, I would argue.

Third, I have a last question for you before I go to Mr. Pickard. Judges opening up collective agreements are a concern to me in terms of the delay it could take for people to receive their pension settlement. So why would we do that anyway when those benefits have been negotiated through an agreement, to start with, in good faith? During the middle of record profits of a corporation, unions don't ask to reopen up benefits plans. They do that through collective bargaining. So when the time of need is there on the other end, it doesn't seem fair that they don't open up in the good times, but at the sign of the bad times...then we can go to a judge and have a delay in terms of benefits.

Mr. Pickard, in terms of what's used in terms of capital, looking at the issue of real estate, for example, how in this system would there be protection if a company was having some pension difficulties or had some suspicions about bankruptcy, on the edge? Wouldn't you start shifting money into real estate, for example, which could then avoid this as something asseted against in terms of bankruptcy? And it is also something the banks would encourage because it is a hard asset to draw upon for borrowing. So that's one specific example there.

Last, in your testimony to Bill C-281 you said there would be some monitoring over pensions from this bill, but at the same time in your testimony here, you said bankruptcy law is the wrong instrument to address obligations relating to pension deficits. That seems to contradict what you said earlier to Mr. Martin, where you suggested that this actually was a vehicle that would improve that situation.

● (1030)

The Chair: Thank you, Brian. We'll try to get the witnesses to answer all those as succinctly as possible.

Hon. Joe Fontana: Brian, good questions.

Listen, I'm not terribly exercised about the $3,000, but we needed to pick a number. I gave you some justification. I think the briefing books and additional questions of your witnesses and our administration would tell you that $3,000 gets you the 97%. I would agree. Why would we want to eliminate anybody who's entitled? And so I look forward to your information. Obviously costs have to be taken into account, but I'm flexible, and if it's $3,500 or $4,000, whatever, I think I'm prepared to look at it. Why wouldn't we?

Secondly, I agree with you on the three months. I don't want to penalize anybody. I don't believe an employee enters into a labour agreement, showing up to work, knowing full well that the employer may or may not be scamming him or her, and I worry about that. Therefore I can tell you that under subclause 6(1) of the WEPP, there are regulatory provisions to safeguard employees. At the end of the day, it's about trying to strike a little bit of a balance.

I think you will speak with the lending institutions. We have regulatory powers in subclause 6(1) to do what I think we all want to do, and that's to make sure we can cover as many people as possible, even during that short period of time. I think we were just trying to strike a balance to make sure there was no abuse.

Thirdly, on collective agreements, as I think I've indicated, unlike in the United States where collective agreements are open for renegotiation and so on, I think in Canada we have many more safeguards, and I think our part 1 speaks to how important collective agreements are for both the employers and the employees. But sometimes, let's face it, when a fairly significant company is faced with having to go out of business, there may very well be a willingness on both parties to enter into an agreement.

What I want to make sure of is that it can't be automatically done by a particular judge who says, let's throw open the whole collective agreement. That's not what we want. And therefore, due notice has to be given by the employer to do this. The union, in fact, can fight that notice because it's a high threshold to even get to that particular point, and I don't expect the unions to have to make concessions whatsoever, as you indicated. When there is a collective agreement in place, if both parties agree that there should be some discussion in order to save a company, to save those jobs, why not?

But I'd like to remind everybody that at the end of the day the employees have the final say. If no agreement can take place, then the existing collective agreement stays in place.

Hon. Jerry Pickard: Thank you again, Brian, for your question.

The issue of trusts and pension payments is a pension regulation issue. My colleagues and people in the federal government have really committed to making certain that those trusts will be monitored and dealt with in an appropriate way.

What has happened in the past, and Pat was right, is that in a lot of cases the monitoring was not done appropriately, and so some of these pension plans went adrift and they were very much in deficit. To control that, we on the federal side have agreed that we will work very hard at monitoring the federal programs. Now, that leaves open another area, and that's the provincial trusts that are in place as well, and we must make certain that we move forward as far as we can in encouraging the provincial governments to do the same thing with their trusts.

In fact, trying to close the door after the horse is out is the wrong thing to do, and that's really what we're saying here. If we monitor those trusts and make sure delinquent corporations are forced up front, as soon as possible, to put money in—and I'm not talking about when they're declaring bankruptcy, I'm talking about when they're first in breach—if we go after them and make sure their money goes into those funds, then they're not borrowing the workers' contributions or the workers' salaries. We must stop it at that level, not wait for the bankruptcy to try to stop it.

So it's really pre-action rather than post-action that we're looking at here.

● (1035)

The Chair: Thank you, Jerry.

We're going to try to get at least four other members on, maybe around four minutes each. Brian Jean, Judi Longfield, Robert, and then Marlene.

Brian.

Mr. Brian Jean (Fort McMurray—Athabasca, CPC): Thank you, Mr. Chair.

If I understand it correctly, in essence the government is providing a guarantee for the employee wages in the case of an insolvent corporation, as necessary.

Hon. Joe Fontana: Yes.

Mr. Brian Jean: And in turn the insolvent corporation assigns their liquid assets to the government to pay for that.

Hon. Joe Fontana: Yes.

Mr. Brian Jean: Is there anything in the act that restricts corporations from utilizing this legislation for financing? For instance, I think they all realize before they're bankrupt that they will be bankrupt, and they may use this as a form of financing to keep afloat for a certain period of time and extend, in essence, their liabilities. Is there any thought on that? Are there any specific restrictions in the act to disallow them to utilize the act for some form of financing?

For instance, they know they're going to get $3,000 for employee wages for liquid assets. As I said, I think many corporations recognize that they will be going bankrupt and will use that as a way to keep themselves afloat for a longer period of time.

Hon. Joe Fontana: We carried out a lot of consultation before this bill was actually drafted, especially with the lending institutions and CFIB, and it's a proper question to pose of them and the lenders. When this kind of protection is afforded both employees and employers, the lending institution will have a greater comfort level because the government is stepping in and therefore allows for credit provisions to occur. I'd like to take that as a positive view as opposed to.... We're trying to get it right; we don't want to have businesses not be able to get credit. I think that's the lifeblood of any small business, to make sure they have the capital, the cash, whatever they need in order to continue to do business.

However, I think this brings certain predictability that may in fact help the situation. So I invite you to ask the lending institutions whether or not this causes them any particular difficulty. In fact, it brings predictability, and I think the balance is what limited super priority....

I think the questions and the debates in the House were, why don't you ask or try to recover the full $3,000? You're able to get $3,000 in terms of wages, but don't forget, limited super priority only will allow the government to get up to $2,000, not $3,000. We're only going to get $2,000. Why? We're prepared to take a little bit of that risk, and essentially, it's coming out of consolidated revenue. Why? Because we think there's a public interest there as opposed to using the EI system, which would be really difficult and in fact would be taxing employers and employees on the very things they've already paid for.

This is why I think there's a public interest that the government believed we ought to cover. We are taking a little bit of a risk, because we're only going to get $2,000 back out of the $3,000 claim. Why? In order to make sure the lending institution doesn't penalize all businesses by virtue of the money they need to operate.

Hon. Jerry Pickard: May I add one comment to that, because I think it's critical. We're still only talking about 3% of potential pay-backs. In fact, the government's risk is very low when you look at it, because in most cases the $2,000 would be there. It's a very tiny risk we're taking, and it's only on very high wages. They would be way above the norm—special contracts, the type of things an engineering firm might have, certain contracts with someone that could have wages involved in them.

The Chair: Please wrap up, Brian. Go ahead, if you have a quick question.

Mr. Brian Jean: I think you misunderstood the question, in essence, but that's all right.

My friend Mr. Trost actually had a question.

● (1040)

The Chair: I'm going to try to get Brad on, because we gypped him another time.

We're going to Judi, Robert, then Marlene.

Hon. Judi Longfield (Whitby—Oshawa, Lib.): Thank you, Mr. Chair, and thank you, Minister Fontana, and the parliamentary secretary, Mr. Pickard.

With respect to Mr. Jean's comment about companies taking advantage, in reading the bill, my view was that the three months' exemption was part of the way we were sort of building in a mechanism to protect abuse. Minister Fontana, is that the reason we put in the three-month exemption?

Hon. Joe Fontana: Precisely. We recognized, obviously, that there were certain risks to particular individuals in which that might be the case. But yes, that was building in an abuse sort of mechanism, that you wouldn't qualify unless you had worked for three months, thereby signalling to employers that they couldn't go out and hire a whole bunch of people thinking they could get away with not paying any wages the day after they hired them.

It was a sort of a risk and benefit there. As I said, I think the provisions in the bill make sure we exempt certain classes; it may very well be students, it may very well be seasonal workers, it may very well be others, and the regulatory powers are in this bill in order to do it. That's why I indicated that I look forward to this committee's input with respect to that issue.

Hon. Judi Longfield: So I take it that you are sensitive to seasonal workers, who, by their very nature, may only be employed for three or four or months, that they wouldn't be—

Hon. Joe Fontana: Yes.

Hon. Judi Longfield: The other thing I was struck by when we were talking about the severance and termination—and I appreciate the rationale as to why it's not included as a super priority—is the question of whether an employee loses his right to sue or to make other attempts to get severance or termination pay. By this bill, are we taking away any existing rights that an employee has? Right now, he has to sue for everything or to go after the employer. We haven't taken this away, have we?

Hon. Joe Fontana: No. In fact, while we didn't want to, and couldn't, within the $3,000 amount, for the reasons I told you, it should be noted that the employees always have the right essentially to go after the bankrupt estate for the purposes of severance and termination pay. So we would encourage them to do so. If you had worked there for seven or ten years, you're owed some money in terms of severance and termination and whatever, and you should do it. And we just couldn't take it away; therefore, that right is still there.

Secondly, they could even go after the corporate directors, who might be personally liable for severance and termination. So not only can they go after the company's estates, but also, in some particular cases, they can go after the directors of the company.

Hon. Judi Longfield: Okay.

Do I have any more time?

The Chair: Very briefly, as we have public accounts meeting at 11. We are going to have to be very tight with the time.

Hon. Judi Longfield: Very briefly, I've heard you speak before about the unfunded pension liability being a concern, but do you know if any other department is currently looking at that issue of underfunded liabilities?

Hon. Joe Fontana: I think Jerry has done a good job explaining how we want to be much more proactive as a government to safeguard...because there are a number of jurisdictions—private, provincial, and federal.

Mr. Goodale, as you know, has launched a consultation paper with regards to pension reforms, including how pension surpluses are dealt with—an issue for employees—and how we can deal with arrears, some of which are covered here, or how we can deal with pension deficits.

As Jerry indicated, the government takes this issue very seriously. Why would anybody, or any parliamentarian, suggest that any worker who has worked 20 or 25 years for a company essentially have absolutely no pension at the end of their working career? That's absolutely absurd.

Not only do we want to proactively make sure those pension funds are solid and are there for people, but at the end of the day we also want to look at, in terms of bankruptcy, how the arrears could be looked after. But what can we do with regards to deficits? I can tell you that the government, on two or three occasions, has helped with some major restructurings, i.e., with Air Canada, for the purposes of dealing with pension deficits.

The Chair: Thank you, Judi.

Now, a few minutes to Robert.

[*Translation*]

Mr. Robert Vincent: Thank you, Mr. Chairman.

I'm dying to ask you one question in particular. Your bill makes no mention whatsoever of employment insurance. You claim that the government is assuming some of the risk. In fact, it's prepared to risk $1,000, a rather small amount of money, as it happens.

Where is the risk to the government? I don't see one. When a business declares bankruptcy, employment stops. A worker will have to declare the $3,000 he receives to EI and he will be penalized for weeks during which he should be receiving benefits. The government will end up taking $2,000 from this worker, money which he is entitled to receive as income from the company that went bankrupt.

Can you explain to me exactly how you plan to proceed? With $2,000 from the bankruptcy and the $3,000 that the worker must declare to EI, in my view, the worker will be penalized because he will need to declare the money he receives from the government. Furthermore, you will recover this money through EI.

● (1045)

[*English*]

Hon. Joe Fontana: Robert is wrong, and I hope the bill would explain that.

The only thing that has to be accounted in EI is the vacation pay, not the wages. To suggest that EI would pay anyway is not correct. The only part that would impact on the EI would be the vacation part of the claim. Say there was a wage of up to $2,500, or $2,700, of the $3,000, and only $200 of that was in regards to vacation pay, the only thing that would have to be reported to EI would be the vacation pay part, not the wages. So it's not true that the EI system would be paying for that.

[*Translation*]

Mr. Robert Vincent: As a matter of fact, when a person files for employment insurance benefits, he is asked if he has received or will be receiving some money. Therefore, if a worker receives a cheque for $2,500 or $3,000, this sum will be considered as earnings that must be declared to EI.

Shouldn't the Employment Insurance Act be amended so that this money is not deemed to be earnings?

[*English*]

Hon. Joe Fontana: No, the employee would have received the wages anyway. That has been accounted for. If he doesn't receive the wages because the employer was going bankrupt and didn't pay him, and he receives money from the estate, that's the same thing.

EI is for vacation pay, severance, and termination. Those have an impact on EI payments because they are under the EI definition. That's another issue, and it's for another minister and you to decide on whether or not other things ought to be included.

Do severance, termination, and vacation pay have an impact on EI claims? Yes, they do, but not for wages under the wage earner protection program.

The Chair: Thank you, Mr. Minister. *Merci.*

Robert.

[*Translation*]

Mr. Robert Vincent: That wasn't clear in your bill and that's why I asked for more explanations.

[*English*]

Hon. Joe Fontana: Well, if we have to make it more clear, Robert, we're prepared to do that.

The Chair: Thank you, gentlemen.

Brad, please.

Mr. Bradley Trost (Saskatoon—Humboldt, CPC): Thank you, Mr. Chair.

I have a few general and broad overview questions.

Let me reiterate some of the comments on the pension issue that have been made around this table. It's an extraordinarily serious issue, and one that I don't think this committee will have the time to study, but it should be dealt with in a more comprehensive fashion. I'm glad to hear that some steps are being taken.

I know a little of my first question was covered earlier, but as we're studying Bill C-55 and Bill C-281 in tandem, could it again be stated? What specifically are the differences between the bills, from your perspective, particularly for pensions and any other areas of major note?

Hon. Jerry Pickard: I think I want to start with the pension issue. Bill C-55 would pay workers' wages up to $3,000. We would go through a process, through bankruptcy claims, and we would be able to bring $2,000 back to the government. Bill C-55 would allow that $3,000 to be paid more quickly, rather than waiting for the bankruptcy process to go forward.

Mr. Bradley Trost: One positive thing is speed; your bill is faster.

● (1050)

Hon. Jerry Pickard: That's exactly right.

On money to the workers, the worker doesn't have to wait for the bankruptcy proceedings to go forward, as was mentioned a little earlier. It could be five or even six years that the worker is waiting in some of these cases. They would receive the money up front, and the government would then take on the responsibility of reclaiming $2,000 of that.

Mr. Bradley Trost: What other...?

Hon. Jerry Pickard: On the pension side, it is a situation where corporations put money into a trust with regard to pensions. It can be private, it can be provincial, or it can be federal.

On the federal side, we see that the moneys are put in a federal trust for pensions. We will monitor those trusts very carefully.

Mr. Bradley Trost: That's not included in Bill C-55; it's going to be separate.

Hon. Jerry Pickard: No, it's not. The point I was trying to make is that it is a commitment that we are moving forward on the trust side to make sure that happens when reviewing pension plans.

Mr. Bradley Trost: Bill C-281 deals specifically with pensions. That's one other key difference.

Hon. Jerry Pickard: Bill C-281 would take all the liability of the pensions.

As a result, with that pension liability, corporations may be exposed—well, it wouldn't be corporations. Any lender could be exposed to billions of dollars in assets that they wouldn't normally lend money for. Quite frankly, the money would dry up.

Mr. Bradley Trost: I'm trying to hurry through some of this because of the time, Jerry.

There are two major differences. There is faster payment with Bill C-55 than with Bill C-281, and pension coverage is in Bill C-281 and not in Bill C-55.

Hon. Jerry Pickard: There's guaranteed payment of wages too. We're guaranteeing the payment of wages and making sure that goes through, even if the government doesn't recoup the dollars.

Hon. Joe Fontana: Brad, maybe we could provide a synopsis. There are some good things in Bill C-281, but there are some very difficult things that I think you and Jerry have covered. It also triggers some real problems with regard to EI. That is because what it seeks to do, which is to help people, will in fact hurt unless you do a whole bunch of other things.

For some of the points that Jerry and I made, perhaps we can provide the committee with some additional information.

That's not to suggest that the intent of what Pat was doing is not good; in fact, it's complementary. I think this bill does a lot of good things more quickly, but it obviously can't do what Pat suggests, because it's really problematic, especially as it relates to liabilities and pensions.

Mr. Bradley Trost: I'm just trying to sort those out into neat little boxes.

The Chair: Could you wrap up, Brad? Thank you.

Mr. Bradley Trost: I have a quick question about the cost to the treasury. You're looking at about 50% recoup. What is the number you're estimating for, say, 2005 or 2004—the latest year to calculate—as the cost to the treasury?

Hon. Joe Fontana: It's about $18 million to $20 million net cost annually.

Mr. Bradley Trost: That's $18 million to $20 million. Thank you.

The Chair: Thank you.

Thank you, Mr. Minister.

The last word goes to Judi Longfield, please.

Hon. Judi Longfield: Thank you, Mr. Chair.

I know that my colleague Ms. Jennings, who had to leave, felt that some of her questions didn't get as full a response as they might have. I'm wondering, Mr. Pickard or Mr. Fontana, if you have some closing remarks that might respond to those questions that were left unanswered on the part of my colleague Ms. Jennings.

Hon. Joe Fontana: I answered about two or three of Marlene's questions with regard to the 13¢ on the dollar and the 75% of people who get absolutely nothing. The extra compensation was related to the salespeople and some of the commissions.

I don't know, I must admit.... I think Jerry had a couple of those particular questions—unless, Chair, you can remember what those were. I'd be happy to do so.

The Chair: I thought it had something to do with the pension question.

Hon. Joe Fontana: Can I just close off?

First and foremost, Chair, I hope the committee can deal with this bill as expeditiously as possible, because I think it's an important bill. It's been introduced. As I indicated, Pat's bill does some very good things, but I'd hope the committee—and I think there's all-party support for the basic essentials of this particular bill—can deal with the witnesses and expedite this as quickly as possible. I think it's good social policy, it's good economic policy, and it's good policy to protect every worker. The quicker we can do that and put it in place, the more people we're going to protect as quickly as possible.

So I want to thank you for your input and for your support. I look forward to working with you in the next number of weeks as we conclude a very good and important piece of legislation.

● (1055)

The Chair: We'll have time for a quick intervention by Jerry, and a 30-second comment or question by Werner. Then we'll give the room to the public accounts committee.

Jerry.

Hon. Jerry Pickard: Thank you very much, Mr. Chair.

We have a comparison of the two bills that I thought was distributed to the committee. I will make sure all committee members have that comparison if they've not already received it. Quite frankly, when we talk about Bill C-281, there are wages, salaries, severances, termination pay, commissions, and other compensation that carry a super priority classification, which means they would be paid first. Under Bill C-55, the WEPP system would be in place, and we've done a lot to explain that.

When it comes to pension and benefits, we give priority over creditors on all benefits, outstanding contributions, and unfunded pension liabilities. Those unfunded pension liabilities and all benefits are huge. I think from the pension and benefit side of Bill C-55, we're looking at employer contributions and employee contributions and making certain that we know what that controlled amount is, and we can make sure those move forward in the proper system. There is quite a difference in the two, if you analyze the amounts of money.

But again, I want to say thank you to the committee for allowing us to present the general nature of Bill C-55. I think it is critical that we get it passed as soon as possible.

Hon. Joe Fontana: We'll answer Marlene's questions. We'll review the case and make sure the committee gets a full response to Marlene's questions.

The Chair: Thank you.

I'll give one minute to you, Werner, and then we'll adjourn.

Mr. Werner Schmidt: Thank you very much, Mr. Chairman.

This has to do with the provision in Bill C-55 for a judge to order that creditors be paid directly without going through the trustee of bankruptcy. I'm just wondering, why was that kind of provision made, and what is the advantage of circumventing and not going to the trustee? It seems to me that the trustee is charged with the application of the proceeds from the bankruptcy—the sale of assets or the distribution of assets—and being as fair and equitable as possible to all the creditors involved. Why would the bill provide in certain cases that the court can order that this be paid directly?

The Chair: Will you answer now or later?

Hon. Joe Fontana: Just let me say this. At the end of the day, we wanted to make this system work as very quickly as possible. I think you will hear from trustees and receivers who in fact are impacted; I know they have some questions in terms of their liabilities and their compensation. It may very well be that as you hear from the stakeholders and the people who will help us all deliver the system you might want to ask them specifically. I think we wanted to do it to expedite it as quickly as possible and not to take away the important role that trustees play in the overall restructuring or receivership or bankruptcy of a particular company.

Mr. Werner Schmidt: It's important to be fair to all creditors.

Hon. Joe Fontana: Yes.

The Chair: Thank you, Werner.

Thank you, Mr. Minister.

Thank you, Mr. Pickard.

Colleagues, well done. We're adjourned, and we'll see you tomorrow afternoon at 3:30.

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