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Historical File CopyCOMMERCIAL FAILURESUNDER THE PROVISIONS OF THE BANKRUPTCY AND WINDING UP ACTS

During the first quarter of 1956, there were 709 failures under the provisions of the Bankruptcy and Winding Up Acts, as compared with 661 bankruptcies during the same period of 1955. Estimated liabilities involved amounted to \$19,071,000, more than 28 per cent above the 1955 first quarter total of \$14,858,000. The average value of liabilities per failure was just below \$26,898, appreciably higher than last year's first quarter average of \$22,479.

Owing to changes in the administration of bankruptcies as introduced by the Bankruptcy Act of 1949, the data since July 1950 are not comparable with preceding periods. In the third part of the Act, provision is made for proposals from insolvent persons. Agreements made under this method are not normally included with the statistics of bankruptcies, but when such proposals are rejected by the creditors or fail in their purpose, the proceedings may then come under the Bankruptcy Act. In Table 6 of this report, the number of proposals is shown so as to give a general impression of the trend.

Failures by Industries

The number of bankruptcies in the trade sector, where a high proportion of business mortalities usually occurs, dropped substantially from 253 in the first quarter of 1955 to 201. Failures in the general store, clothing, fish and meat and electrical apparatus fields all fell off in this comparison. Bankruptcies of manufacturing establishments declined to 60, just over half the total of 117 for the first quarter of the previous year. Service insolvencies, on the other hand, rose from 114 in the first three months of 1955 to 139. Failures in the construction sector advanced from 44 in the first quarter last year to 119.

Failures by Economic Areas

The number of bankruptcies in Quebec rose from 475 to 522 in the first quarter comparison and failures in Ontario advanced from 122 in the first quarter of 1955 to 145 in the same period of 1956. Insolvencies in the Prairie region, however, dropped from 35 in the first quarter last year to 20, while British Columbia bankruptcies declined from 20 to 14 in the same comparison. In the Atlantic Provinces, there were 8 failures in the first three months of 1956, as compared with 9 for the same period last year.

Insolvency

It must be emphasized that insolvencies can occur through other means than the Bankruptcy and Winding Up Acts. Relevant legislation includes the Farmers' Creditors' Arrangement Act, the Companies' Creditors' Arrangement Act and various provincial Bulk Sales Acts. Statistics in this report relate to the Bankruptcy and Winding Up Acts only.

Prepared in the Business Statistics Section, Research and Development Division.

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TABLE 1 - COMMERCIAL FAILURES BY MONTHS AND BRANCHES OF BUSINESS, 1955 AND 1956

	Total		Agri- cul- ture	Logging Fishing Trapping	Min- ing	Manufactures				
	Number	Liabilities in Thousand Dollars				Total	Vege- table Foods	Fur and Leather	Lumber & Manu- factures	
1953x ..	1,657	32,818	37	6	10	359	41	29	45	
1954x ..	2,278	53,142	48	17	15	416	44	31	56	
1955x ..	2,447	59,055	52	8	8	305	29	23	46	
<u>1955</u>										
Jan. ...	220	4,998	6	1	1	40	5	5	3	
Feb. ...	211	4,793	4	1	1	40	4	5	5	
Mar. ...	230	5,067	7	-	2	37	5	4	3	
Apr. ...	194	5,021	4	1	1	33	4	4	4	
May	199	5,832	5	1	1	30	3	3	4	
June ...	204	3,942	5	1	-	18	-	-	5	
July ...	161	2,912	4	-	1	16	1	-	3	
Aug. ...	177	3,563	3	-	-	20	2	-	5	
Sept. ..	199	3,882	5	1	-	11	-	1	3	
Oct. ...	217	4,280	1	2	-	23	2	-	4	
Nov. ...	222	6,613	3	-	-	20	2	-	3	
Dec. ...	213	8,150	5	-	1	17	1	1	4	
<u>1956</u>										
Jan. ...	225	3,969	2	-	-	16	3	-	2	
Feb. ...	227	6,453	5	2	-	24	2	2	6	
Mar. ...	257	8,649	4	1	1	20	1	1	3	
	Manufactures		Con- struc- tion	Trans- porta- tion	Trade			Fin- ance	Ser- vice	Not Classi- fied
	Iron and Steel				Total	General Stores	Grocery Stores			
1953x ..	18	124	52	650	62	61	86	30	286	103
1954x ..	19	135	67	973	92	88	116	41	408	158
1955x ..	26	286	116	882	61	85	109	44	454	292
<u>1955</u>										
Jan. ...	-	13	4	90	6	8	12	9	35	21
Feb. ...	2	13	6	78	6	6	9	7	39	22
Mar. ...	2	18	6	85	9	7	9	6	40	29
Apr. ...	-	9	4	88	5	8	11	3	39	12
May	4	13	5	87	9	9	10	4	38	15
June ...	3	20	17	71	2	13	13	1	40	31
July ...	2	28	16	50	2	4	6	2	27	17
Aug. ...	3	26	12	57	10	5	5	2	31	26
Sept. ..	1	31	17	67	2	6	9	3	39	25
Oct. ...	-	36	7	67	3	5	7	2	49	30
Nov. ...	5	34	11	72	6	11	12	4	47	31
Dec. ...	4	45	11	70	1	3	6	1	30	33
<u>1956</u>										
Jan. ...	3	29	19	71	5	4	9	3	52	33
Feb. ...	3	44	19	58	4	5	8	1	41	33
Mar. ...	3	46	19	72	6	12	9	1	46	47

Note: As of July, 1950, proposals are not included.

x Annual totals.

**TABLE 2 - COMMERCIAL FAILURES IN CANADA, BY PROVINCES AND BRANCHES OF BUSINESS
FOR THE FIRST QUARTER 1956, WITH COMPARISONS**

	Atlantic Provinces	Quebec	Ontario	Prairies	British Columbia	Total for First Quarter		
						1956	1955	1954
TRADE								
General Stores	2	5	6	2	-	15	21	29
Grocery	1	14	5	1	-	21	21	27
Confectionery	-	4	-	-	-	4	16	13
Drink and Tobacco	-	-	-	-	-	-	9	7
Fish and Meat	-	7	3	-	-	10	20	19
Boots and Shoes	-	1	-	-	-	1	7	8
Dry Goods	-	-	-	-	-	-	14	16
Clothing	-	17	8	1	-	26	30	36
Furniture	-	8	3	-	-	11	9	13
Books and Stationery ..	-	-	-	-	-	-	12	9
Automobile	-	6	2	1	-	9	13	17
Hardware	-	3	4	1	1	9	9	7
Electrical Apparatus ..	1	4	7	1	1	14	19	23
Jewelry	-	2	2	1	-	5	12	11
Coal and Wood	-	2	-	-	-	2	6	11
Drugs and Chemicals ...	-	-	2	-	-	2	7	9
Miscellaneous	1	52	15	3	1	72	28	44
Total Trade	5	125	57	11	3	201	253	299
MANUFACTURES								
Vegetable Foods	-	5	1	-	-	6	14	12
Drink and Tobacco	-	2	-	-	-	2	-	-
Animal Foods	-	1	1	-	-	2	11	8
Fur and Leather	-	2	1	-	-	3	14	9
Pulp and Paper	-	8	-	-	-	8	4	8
Textiles	-	2	-	-	-	2	16	14
Clothing	-	5	3	-	-	8	21	19
Lumber and Manufactures	1	5	4	-	1	11	11	20
Iron and Steel	-	6	2	-	1	9	4	5
Non-ferrous Metals	-	1	1	-	-	2	2	5
Non-metallic Minerals .	-	2	-	-	-	2	3	5
Drugs and Chemicals ...	-	-	-	-	-	-	3	5
Miscellaneous	-	4	1	-	-	5	14	17
Total Manufactures	1	43	14	-	2	60	117	127
SERVICE								
Garage	-	17	6	-	-	23	19	19
Other custom and repair	-	20	4	-	-	24	22	22
Personal Service	-	19	1	1	-	21	25	18
Restaurants	-	31	8	-	-	39	16	15
Professional Service ..	-	18	-	-	-	18	9	11
Recreational Service ..	-	4	-	-	-	4	9	10
Business Service	-	8	2	-	-	10	14	15
Total Service	-	117	21	1	-	139	114	110

TABLE 2 - COMMERCIAL FAILURES IN CANADA, BY PROVINCES AND BRANCHES OF BUSINESS FOR THE FIRST QUARTER, 1956, WITH COMPARISONS - Concluded

	Atlantic Provinces	Quebec	Ontario	Prairies	British Columbia	Total for First Quarter		
						1956	1955	1954
<u>OTHER</u>								
Agriculture	-	7	3	1	-	11	17	12
Logging, Fishing and Trapping	-	2	1	-	-	3	2	11
Mining	-	1	-	-	-	1	4	8
Construction	1	76	37	1	4	119	44	38
Transportation and Public Utilities	-	48	8	-	1	57	16	18
Finance	-	5	-	-	-	5	22	14
Not Classified	1	98	4	6	4	113	72	43
Total Other	2	237	53	8	9	309	177	144
 GRAND TOTAL	 8	 522	 145	 20	 14	 709	 661	 680

TABLE 3 - WAGE-EARNER FAILURES, FIRST QUARTER, 1956, WITH COMPARISON^X

	Atlantic Provinces	Quebec	Ontario	Prairies	British Columbia	Total for First Quarter		
						1956	1955	1954
Trade	-	12	1	-	-	13	41	26
Manufactures	-	7	-	-	-	7	11	9
Service	-	34	-	-	-	34	8	16
Other	-	131	-	1	-	132	10	8
Total	-	184	1	1	-	186	70	59

X Data included in Tables 1, 2, 4, and 5.

TABLE 4 - COMMERCIAL FAILURES BY PROVINCES, FIRST QUARTER, 1956, WITH COMPARISONS

	Nfld.	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alta.	B.C.	Total
January	-	-	1	-	166	47	2	2	3	4	225
February	2	-	1	1	161	50	-	4	1	7	227
March	1	-	-	2	195	48	2	2	4	3	257
First Quarter 1956 ...	3	-	2	3	522	145	4	8	8	14	709
1955 ...	2	-	4	3	475	122	14	9	12	20	661
1954 ...	1	-	8	6	505	104	7	8	14	27	680
1953 ...	3	-	4	1	287	49	4	4	9	21	382

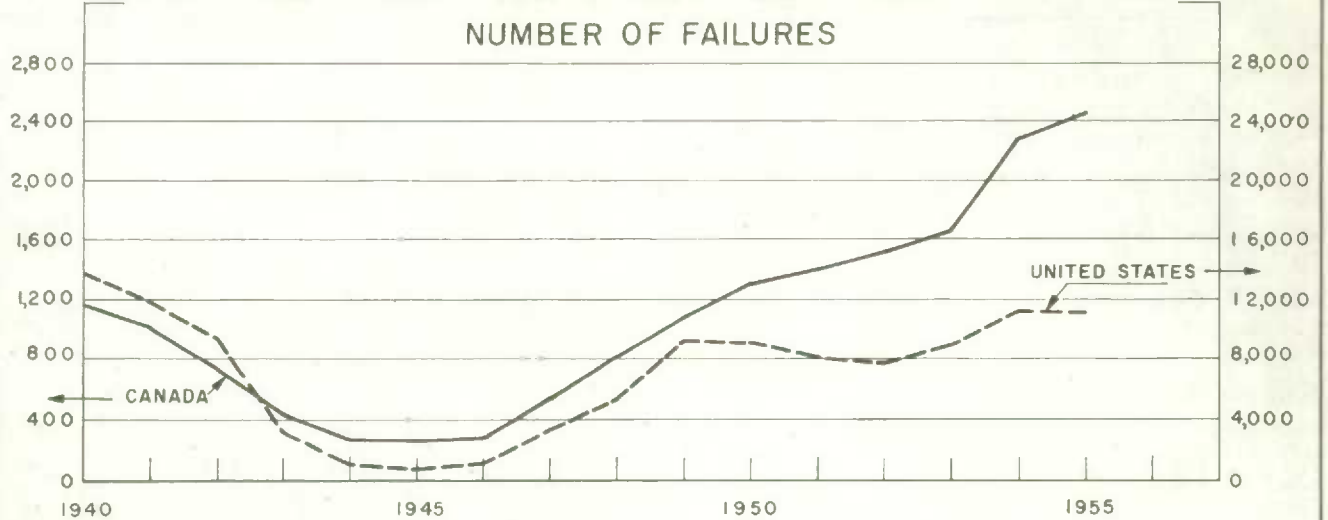
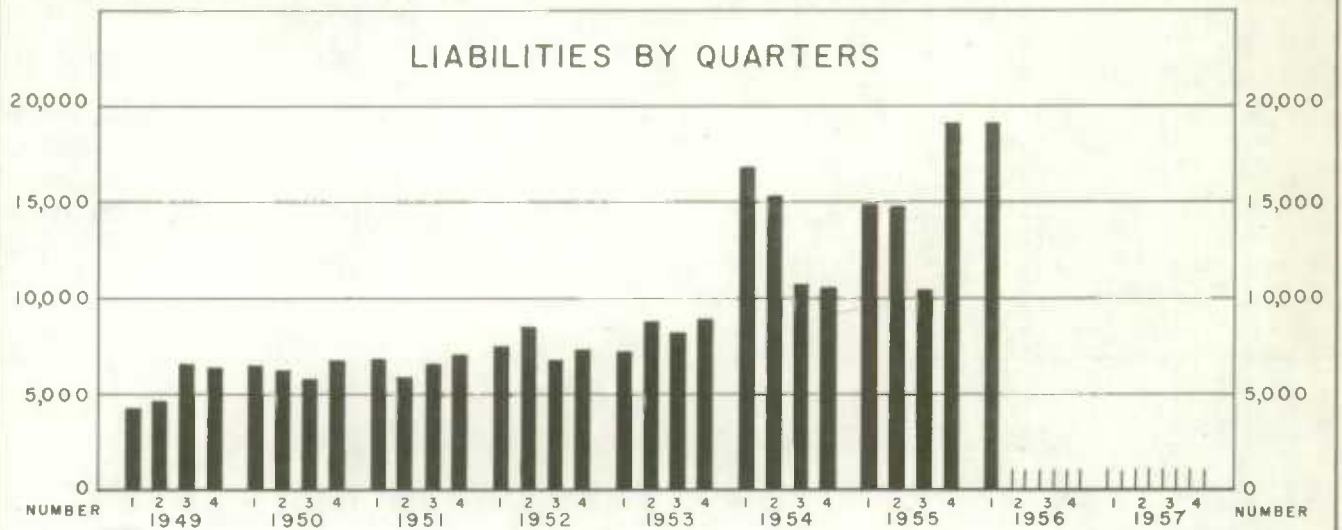
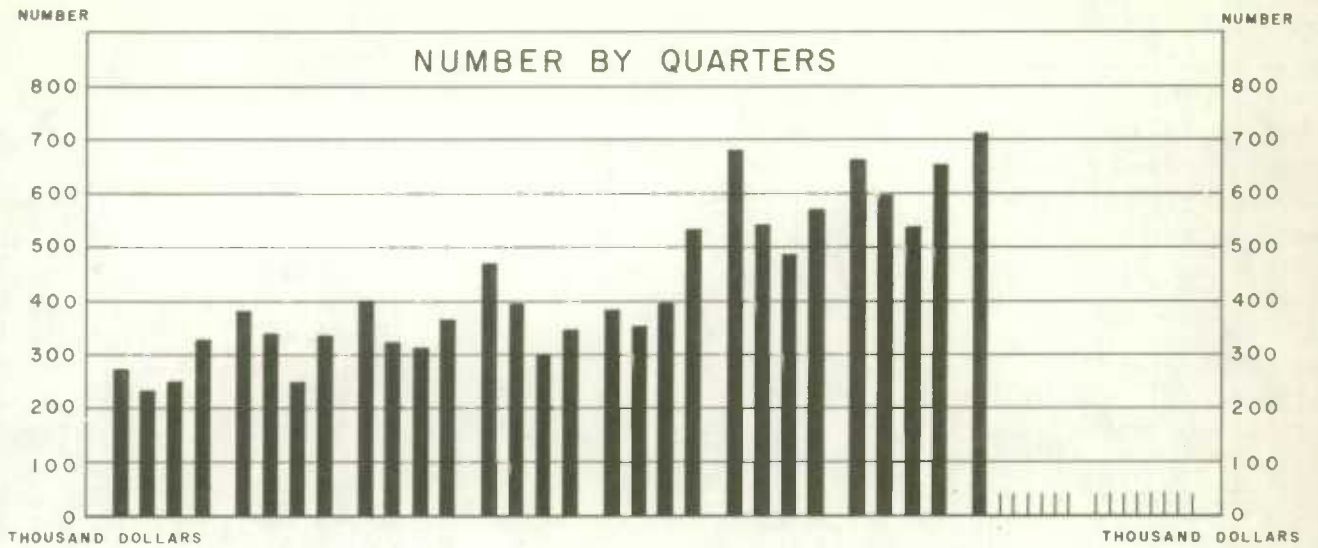
TABLE 5 - COMMERCIAL FAILURES IN CANADA BY PROVINCES, SHOWING ESTIMATED ASSETS AND LIABILITIES, FIRST QUARTER OF 1956 WITH COMPARISONS

	Number of Bankruptcies	Estimated Grand Total Assets \$	Estimated Grand Total Liabilities \$
Newfoundland	3	52,669	53,893
Prince Edward Island	-	-	-
Nova Scotia	2	13,715	64,612
New Brunswick	3	42,761	60,782
Quebec	522	6,401,039	9,046,652
Ontario	145	4,502,113	6,819,234
Manitoba	4	1,981,683	2,365,157
Saskatchewan	8	187,116	295,307
Alberta	8	64,720	88,384
British Columbia	14	92,304	276,835
Comparative Total for the			
First Quarter - 1956	709	13,338,120	19,070,856
1955	661	10,552,675	14,858,290
1954	680	10,756,198	16,759,823
1953	382	5,173,001	7,150,962
1952	470	4,783,147	7,285,001
1951	402	4,269,893	6,688,412
1950	382	4,040,543	6,307,156
1949	270	2,659,506	4,195,655
1948	203	1,446,319	3,405,855
1944	94	535,644	1,185,693
1939	371	2,614,428	3,592,118
1932	667	12,971,869	11,110,423
1929	646	8,076,661	13,143,000

TABLE 6 - PROPOSALS AS PER BANKRUPTCY ACT, PART 3

	Nfld.	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alta.	B.C.	Total
<u>1955</u>											
January	1	-	1	-	37	7	-	-	-	1	47
February	-	-	-	1	36	4	1	-	1	1	44
March	-	-	-	-	34	5	-	-	-	1	40
April	-	-	-	-	42	2	-	-	-	-	44
May	-	-	-	-	33	5	-	-	-	1	39
June	-	-	-	1	25	2	-	-	-	-	28
July	-	-	-	-	36	4	-	-	-	-	40
August	-	-	-	-	49	2	-	-	-	1	52
September	-	-	-	-	33	1	-	-	-	-	34
October	-	-	-	-	51	1	-	-	-	-	52
November	-	-	1	-	49	-	-	-	-	-	50
December	-	-	1	1	41	3	1	1	-	-	48
<u>1956</u>											
January	-	-	2	-	56	-	1	-	-	-	59
February	-	-	1	-	60	4	-	-	-	2	67
March	1	-	1	-	56	4	1	-	-	1	64

COMMERCIAL FAILURES





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