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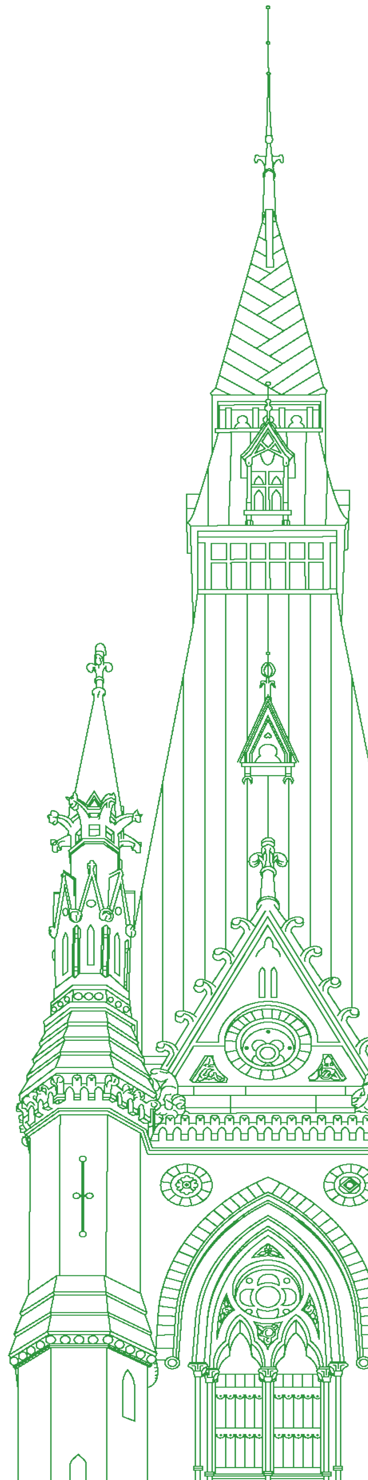

Chair: Mr. Peter Fonseca

Standing Committee on Finance

Monday, October 17, 2022

● (1550)

[*English*]

The Chair (Mr. Peter Fonseca (Mississauga East—Cooksville, Lib.)): I call this meeting to order.

Welcome to meeting number 61 of the House of Commons Standing Committee on Finance. Pursuant to the House order of reference adopted on Wednesday, June 22, 2022, the committee is meeting to discuss Bill C-228, an act to amend the Bankruptcy and Insolvency Act, the Companies' Creditors Arrangement Act and the Pension Benefits Standards Act, 1985.

Today's meeting is taking place in a hybrid format, pursuant to the House order of June 23, 2022. Members are attending in person in the room and remotely using the Zoom application.

I would like to make a few comments for the benefit of witnesses and members. Please wait until I recognize you by name before speaking. For those participating by video conference, click on the microphone icon to activate your mike. Please mute yourself when you are not speaking. There is interpretation for those on Zoom. You have the choice, at the bottom of your screen, of floor, English or French. For those in the room, you can use the earpiece and select the desired channel.

I remind everyone that all comments should be addressed through the chair. For members in the room, if you wish to speak, please raise your hand. For members on Zoom, please use the "raise hand" function. The clerk and I will manage the speaking order as well as we can. We appreciate your patience and understanding in this regard.

I would now like to welcome, for our first panel, our witness, who is before us, the author of Bill C-228, MP Marilyn Gladu.

Welcome, MP Gladu, to our committee.

[*Translation*]

Ms. Marilyn Gladu (Sarnia—Lambton, CPC): Thank you, Mr. Chair.

I'd also like to thank all the committee members.

I'm happy to be here today to tell you about my bill on workers' pensions.

[*English*]

Over the last 10 years, there have been numerous efforts in the Senate and in almost all parties in the House to find a way to protect the pensions of those workers who have worked their whole lives when, unfortunately, at the end of their careers, a company goes bankrupt and they don't get, in some cases, very many pennies on the dollar, or sometimes get no severance.

I looked at all the previous bills that had been brought forward. I looked to the parts that people could agree on, cherry-picked all those parts and put them together in Bill C-228. Then I added what I thought were my own brilliant ideas; we'll talk about whether they are or not.

That's where this came from. We know the history of all the companies—Eaton's, Sears, Nortel, Indalex, Grant Forest Products and so many more—that have gone bankrupt. Basically, a number of things were brought forward in the House. I see that my colleague Marilène Gill is here at committee today. She had a bill in the last Parliament that talked about making sure that pensions were paid out in priority, before large creditors. That went to the INDU committee and was very thoroughly studied, with a lot of witnesses. We were in a position where, with some minor changes, that thing would pass, but an election was called. I'm glad to be able to incorporate her great ideas into this.

There was a bill from Erin O'Toole. One of the good features in that bill was the tabling of a report on the solvency of funds to the House of Commons every year. This is not additional work. Currently there is a report that is done on the solvency of federally regulated funds, but it goes to the superintendent of finance. It's not clear what, if anything, is actually done to remediate these situations.

My bill will require the tabling of this in the House every year for greater transparency so that we can see where the troubled funds are. Then it adds a mechanism to be able to transfer money into the pension fund, without tax implication, to fix the problem. We want to prevent any of these situations from happening.

Then, in the case of bankruptcy, we would adopt a priority. The Bankruptcy and Insolvency Act is this document here. It's quite thick. For your benefit, I have provided a table prepared by the Library of Parliament that clearly shows the priority of where we're recommending pensions go: It's after the Canada and Quebec pension plans; all taxes that are payable; the employment insurance; suppliers' goods that were delivered shortly before the bankruptcy, and the same for agricultural products; unpaid salaries and allowances to $2,000 maximum; other salary contributions and the contribution to the pension plan; and costs incurred by a government to decontaminate land included in the bankrupt's assets. At that point, we would put in the pensions. After that would be secured claims, preferred claims and unsecured claims.

In terms of the feedback received from stakeholders, let's talk first about one of my brilliant ideas. I thought we should also add a mechanism so that if there was an insolvent pension fund, you could have third party insurance cover the insolvent portion. That might be helpful. Unfortunately, nobody liked this idea. Apparently, there's already a mechanism in place that allows people to transfer the risk to a third party, which is really the intent of that mechanism. So I would propose that we get rid of that part by striking clause 6.

Second, there was a drafting error. We tried to take out the part of the bill from Erin O'Toole that changed the type of pension. We feel that it's like a contract between the employer and the employee when they first start, and it's not right to change the deal at the end, after they have worked their whole lives. In order to get rid of proposed subsections 29(8.1) and 29(8.2), I am suggesting that we say no to clause 7.

There was another provision that had been recommended when this bill last went to INDU. There was a concern from the banking community that perhaps the mechanism would need to be changed so that the coming into force of some of the provisions, like the priority, should be delayed from the beginning. I'm suggesting a change from five years to three years. There's a proposal to perhaps add severance. I'm open to that discussion.

With that, I look forward to your questions and I look forward to your support of this bill.

The Chair: Thank you, MP Gladu, for your opening remarks and for taking us through how we got to this point on Bill C-228.

We're going to start with our first round. In our first round—you would know this—we will go through each party. Each party will have up to six minutes to ask questions.

We are starting with the Conservatives. I have MP Lawrence up first, for six minutes.

Mr. Philip Lawrence (Northumberland—Peterborough South, CPC): Thank you, Chair.

Thank you very much, Ms. Gladu, for your great work. I just wanted to give you a little bit of an opportunity to talk about the benefits your bill actually has for Canadians.

I'll give you a bit of a story about a friend of mine who worked 30 or 40 years at a company called Atlas Steel, in Welland, Ontario. He worked his entire life expecting there to be a pension at the end of the day, and then the company went bankrupt just as he was ready to retire. He lost 50% of his retirement that he had worked so hard for.

With that story in mind, perhaps you can talk about the actual impact on seniors and other folks in Canada.

● (1555)

Ms. Marilyn Gladu: Actually, the reason I came with this bill was that my neighbour worked at Sears. She had worked at Sears for 30 years and was really happy about being able to retire, and then ended up receiving 70¢ on the dollar. Now that was certainly better than what happened at Eaton's, where they got no severance, no benefits, and in fact 40¢ on the dollar.

In many cases, there's money paid out to the lawyers in the bankruptcy case, executive bonuses, many things that are paid out, but the workers who worked their whole lives are left hanging out to dry.

I think there is an intent everywhere to fix this. We may not be able to do everything in this bill, but I think what's important is to get a bill passed that at least moves us in the direction of good. There may be chances to improve it in the future, but I really don't want to see us spin our wheels after 10 years of attempts to see this go.

Mr. Philip Lawrence: Thank you very much for that.

Maybe I'll go into a little bit more of the substance of the act from there.

As I understand it, and you can correct me if I'm wrong, a well-funded pension or any pension itself stands outside of the Bankruptcy and Insolvency Act and is administered separately. It's only when companies fail to fund the pensions that your bill would step in and give the higher priority.

So that the folks who are at home can understand that as well, maybe you can talk a little bit about what that actually means. What's a higher priority in the bankruptcy processing?

Ms. Marilyn Gladu: Essentially, while companies are solvent and they're not going bankrupt, obviously they manage their own pension funds. Every year, they prepare a report on that to the superintendent of finance, but there is evidence...for example, in cases like Air Canada, where the pension fund has been insolvent for almost 10 years. It's unclear whether the remediation and encouragement to fix it is happening.

In the event of bankruptcy, of course, there's a judge who will oversee the case and look at the assets of the company. There is a prescribed order in the Bankruptcy and Insolvency Act—and that is the summary that you have—that makes sure there are things that are going to be paid out before pensions, and potentially severance.

Mr. Philip Lawrence: We want to bring some fairness to the workers and not have them be at the back of the line. Literally, as an unsecured creditor, they're there at the very bottom of the line when the assets of an insolvent company are handed out. I think that's a very admirable objective.

One of the criticisms of your bill and of its predecessors that I'd like to give you a chance to address is that if in fact we bring up this superpriority for workers, it may make the company less attractive for investors or for lenders to borrow. Could you address that concern for the committee?

Ms. Marilyn Gladu: Absolutely. I did hear from the lending community that they felt perhaps those with insolvent funds would be receiving less credit and their credit would be at a higher interest. In order to address that, the coming into force of the priority part of the bill I've suggested is five years. Stakeholders have said they think that's too long—immediately they'll be tabling documents to see which funds are in trouble and allow the mechanism to top it up and fix it. I would suggest that the priority go into effect in three years. Essentially, if businesses can't get their house in order in three years, they actually are a larger business risk. As the free market goes, they would pay more interest and they would be allowed to have less credit.

Mr. Philip Lawrence: Your belief is that by giving them either three or five years, the businesses will be able to repair themselves, as opposed to if you just implemented this immediately upon royal assent, when the businesses may not have time to prepare. Is that correct?

Ms. Marilyn Gladu: That is exactly right. We've added a mechanism where they can transfer money into the fund with no tax implication. Certainly, it will take some time for this to go to the other place, if it passes here. People know this is coming, so businesses will have a chance to get their houses in order. I think if they can't do that in a number of years, then certainly they are going to be considered more risky.

● (1600)

Mr. Philip Lawrence: Thank you very much.

The Chair: You have about 20 seconds.

Mr. Philip Lawrence: Thank you, Marilyn, for bringing this fabulous bill to committee.

Ms. Marilyn Gladu: Thank you.

The Chair: Thank you, MP Gladu.

Thank you, MP Lawrence, and congratulations on your new role.

We are going to the Liberals now for six minutes. We have MP Baker up for six minutes of questions.

Mr. Yvan Baker (Etobicoke Centre, Lib.): Thanks very much, Chair.

MP Gladu, it's great to have you here and to see you. Thank you for bringing this bill forward.

I want to start by saying that I used to be a member of the provincial Parliament in Ontario when the Ontario government at the time was the Kathleen Wynne government. I was parliamentary assistant to the minister of finance at the time when we announced additional support for Sears pensioners when their pension fund fell short of the benefits those workers were to receive. As someone who fully supported that decision by the Ontario government at the time, I completely understand how important it is that commitments to workers be met, and that includes pension commitments.

In that vein, we know about the Sears story. I certainly know it intimately. I was trying to do a little bit of research in advance of this hearing about how broad this problem is. Just for the folks watching at home who are trying to understand how significant and widespread this problem is, do you know, more or less, how many bankruptcies proceedings or CCAA proceedings with defined benefit plans have happened over the years that have led to the loss of pensions? Do you have any sense of that?

Ms. Marilyn Gladu: Yes, we did have some testimony from stakeholders like the Canadian Federation of Pensioners. They had identified that there were more than 100,000 Canadians who have certainly been impacted in this way to date—if that gives you some idea.

In terms of the number of companies going bankrupt, not all of them have the same impact. Huge companies like Nortel have way bigger impact than smaller businesses. The employees are much less able to be resilient than, say, creditors. If one of the companies they've invested in goes bankrupt, they have more flexibility to adapt than somebody who has all their eggs in the one basket of their pension.

Mr. Yvan Baker: Okay. Are you saying there are 100,000 people, more or less, who have had their pensions reduced or have completely lost their pensions? Is that what you mean?

Ms. Marilyn Gladu: Yes, that's correct. With Eaton's, there were thousands across the country, and they got 40¢ on the dollar and no severance. For Sears, there were 23,000 across the country. Nortel and Indalex had a significant number. There are a huge number of companies in Quebec as well. My colleague Marilène would be much better informed on those.

Mr. Yvan Baker: Okay. Thank you very much for that.

I know we have this opportunity to ask you questions today, and officials are going to be here as well to answer questions, but it is a fairly technical topic, a fairly technical bill. One thing I'm looking forward to is hearing from witnesses. I guess I'm asking if you agree that it's important that we hear from witnesses outside of you and the officials who are here with us today, to make sure that we fully understand the bill, its implications, and whether it's serving pensioners in the way it should.

Ms. Marilyn Gladu: Certainly, I think it's good to hear the voices from all camps, but I would encourage the committee to look to the testimony from when Marilène Gill's bill previously went to INDU, because they had lots of witnesses from all of the different places. Then, I would say that because there have been so many efforts, both on the Senate side and on this side, there are numerous documents of people's various opinions on this. I'm certain that department officials can give you some of that corporate history as well.

We were elected in October 2021 for this new session, and I've certainly been engaging with all the different parties and stakeholders during that time, so I think there's been quite a bit of discussion. I'd really like to see this get done in this session before an election is called, so that we can help those hard-working Canadians who have worked their whole lives and deserve their pensions.

Mr. Yvan Baker: I appreciate that, and I appreciate the need to work quickly. I agree with you on that.

What I'm asking is.... There are a number of witnesses I'd like to hear from. You've spent a lot of time as the sponsor of this bill and as a drafter of this bill—Madame Gill has, as well—but I'm thinking about some of us who may not be as close to the topic. I'm thinking about some of the witnesses. I'm thinking about the Canadian Federation of Pensioners. I'm thinking of CARP. I'm thinking of the Canadian Labour Congress. They're folks who represent workers and pensioners.

Are you supportive of making enough time to hear from those folks?

● (1605)

Ms. Marilyn Gladu: Absolutely. Indeed, the Canadian Federation of Pensioners and CARP were the top two on my list, so I'm definitely on your page on that one.

The other thing I would say is that I know the finance committee is very busy. People send almost everything here, and you have pre-budget consultations and all kinds of things going on. You may want to ask for briefs if people don't have time to appear.

Mr. Yvan Baker: I imagine that you looked at how other countries and jurisdictions handle this issue. In the minute we have left, can you talk about whether you looked at that as part of your due diligence in preparing the bill? How does the way we manage things in Canada today compare to what other countries do today?

Ms. Marilyn Gladu: There are pension protections in other countries. If you think about severance, which is one of the things we may want to add into this, the States has a severance guarantee of up to $15,000. They don't guarantee the full thing, but they guarantee it up to $15,000.

Europe has a more generous program and a pension backstop that is more reflective of the Ontario regime that you talked about. Ontario is one of the few provinces that have a backstop in case a company goes bankrupt, so that the pensioners at least get $1,500, I believe.

The Chair: Thank you.

Thank you, MP Baker. That's the time.

We are moving to the Bloc. I have MP Ste-Marie with us. We also have MP Gill joining us, of course, who had a similar private member's bill.

Welcome, MP Ste-Marie. The floor is yours for six minutes.

[*Translation*]

Mr. Gabriel Ste-Marie (Joliette, BQ): Thank you, Mr. Chair. I'd like to inform you that I'll be sharing my time with my colleague Mrs. Gill. We will have three minutes each to make it as fair as possible.

Good afternoon, everyone.

I'd like to welcome the newcomers from the Conservative Party to this committee.

Mr. Hallan, my colleague Mr. Brunelle-Duceppe, who sat on the Standing Committee on Citizenship and Immigration with you, has nothing but good things to say about you. It will be a pleasure to have your input on our committee.

I want to welcome you back, Mr. Morantz. Thank you for the tremendous work you've done on this committee. We're very fortunate to have you back.

Ms. Gladu, thank you for being here and for introducing Bill C-228.

In Quebec, we often say that it's important to work transparently when all parties come together for the common good.

Ms. Gladu, your bill and the way you do things are a testament to the transparent approach. I hope this bill will bring real change for people across the country.

In your remarks, you mentioned a neighbour who worked at Sears and lost her pension when the company went bankrupt.

If your bill had been in force at that time, how would things have gone differently for your neighbour?

Ms. Marilyn Gladu: Thank you very much for the question.

My neighbour had to continue working for five years, otherwise she would have only received 70% of her pension, which is not a good thing at the end of one's career.

The Sears cases are not the worst. Some people have lost their full pension plan and severance pay.

Mr. Gabriel Ste-Marie: Excellent, thank you.

Under your bill, your neighbour wouldn't have had to work five more years. Is that right?

● (1610)

Ms. Marilyn Gladu: Absolutely.

Mr. Gabriel Ste-Marie: Okay.

I will now turn the floor over to my colleague Mrs. Gill.

Mrs. Marilène Gill (Manicouagan, BQ): Thank you.

I'd like to thank Ms. Gladu for introducing Bill C-228. Mr. Ste-Marie brought up the cross-party effort to discuss and amend the bill in a very collegial manner. I think that's a wonderful way to do things.

I will tell you the history of the bill. Ms. Gladu is aware that this bill came from the people. I, for one, can say that my constituents have been asking for a bill like this. Someone mentioned the last session of Parliament, but people have been talking about reforming these three laws for over 20 years. So this is nothing new. The NDP has also introduced several bills—I've introduced three myself. This session, because of the elections, we're talking to the same witnesses again. For example, Canada's Association for the Fifty-Plus, or CARP, supported my bill. CARP supported the bill that we almost had at second reading in June 2021.

Today, I'm hearing the entire committee, and I hope that our study can move forward quickly. I'm not saying that we'll cut corners, but we've already heard testimony on the subject. I would urge my colleagues to read the history of the bill so that we can finally get it passed. It's not perfect, but show me a perfect bill.

I'd like to see insurance included, for example. This bill is a potential solution for all Canadians hoping to recover the part of their salary that's due to them. We need to call it salary; we say pension fund, but this is a deferred salary, it belongs to Canadians. Workers decided to temporarily part with some of their salary to have a decent pension fund. They were promised something, and they should get it.

I don't have much time left, so I'd like to turn the floor over to my colleague Ms. Gladu.

What does she think could be improved? I feel she's very generous, and she was all ears when I was talking about insurance. Insurance was included in the bill I put forward because older people often need medication. What does she think about that?

Ms. Marilyn Gladu: Thank you very much.

I've been called the most collegial MP twice. That's the way I work. I feel that when we talk to each other, we come up with better solutions.

I quite like the idea of including insurance. Seniors need medication, for one. Having said that, I don't think the federal government is best suited to deal with things like that. Take, for example, passports. Do we want the federal government handling prescription drugs? I don't think so.

I had thought about including insurance in the pension plan, but not for drugs or other benefits because it's hard to figure out the costs. There are many programs out there. It's complicated.

[*English*]

The Chair: Thank you, MP Ste-Marie and MP Gill. You got a lot into that time.

Now we're going to move to the NDP.

To finish this round, we have MP Blaikie for six minutes.

[*Translation*]

Mr. Daniel Blaikie (Elmwood—Transcona, NDP): First, I want to thank Ms. Gladu and Mrs. Gill very much for their work on this issue. People have been discussing the need for legislative change for a long time. However, this legislative gap has yet to be addressed, and as a result, tens of thousands of Canadians have lost all or a significant portion of their pensions.

● (1615)

[*English*]

For New Democrats, this bill is really about recognizing that it's not just capital investment that deserves to be protected. When workers work for a company, they invest their time, talent, and skill. They do that on a contractual basis with certain kinds of returns that are supposed to be there for them. That's not just their wages; it's other things, including their pension.

I think of what workers pay into the Canada pension plan and employment insurance. They pay that sometimes, if they're fortunate to be in a workplace...not fortunate, but in a workplace where people put in the time and effort to unionize and to negotiate pension plans for themselves and their fellow workers.

They also deserve to see that return on investment that was a matter of contract. It's a sad reflection on Canada that at the moment our laws don't guarantee that return on investment, even as people who are already fortunate enough to have the money to put up for the success of certain kinds of companies do get that protection. We know we can protect these investments. We know that through good law, we can make good on the return on investment.

We need to recognize that capital investment is not the only kind of investment that people make in order to see companies succeed. We need to protect that return for workers just as much as, or more than, we do for shareholders and investors.

That, to me, is what this project is about. It's why I was proud to re-present a bill that an NDP colleague of mine, Scott Duvall, had done a lot of work on in the 42nd and 43rd Parliaments. It's why I was glad to talk to both Ms. Gladu and Madame Gill about their respective efforts on the same file to try to come to a common understanding about how we can move forward.

I am happy to hear that we'll be able to remove certain clauses from the bill, which Marilyn made mention of in her opening remarks, and also add in language around the protection of severance and termination pay, which, as I said, is part of the terms and conditions of employment. People deserve similar protection as other types of investment, when a company is ultimately unsuccessful and has to apply for bankruptcy.

When we talk about the kind of general state of decline for defined benefit pensions that we've seen in Canada now for some time, this is not just an important protection for those who did work under a defined benefit regime and can't go back to work another 30 years now that they're retired. They're 70 years old, and the company has gone bankrupt. They don't have that option. They don't have a diversified portfolio in a way that Ms. Gladu was talking about earlier.

It's also an important part of the strategy to protect defined benefit plans that do exist, because we've seen companies like Stelco, for instance, where these loopholes in Canadian bankruptcy law are used as part of a divestment strategy to be able to relieve the company of its obligations under its defined benefit pension plan.

I'm talking about companies where we've seen a Canadian subsidiary declare bankruptcy. It gives everyone a haircut on their pension. It's actually the American counterpart that then takes over the company, and it does likewise. The Canadian subsidiary steps back in, and every time workers are getting dinged on their pension. It's the same company. It's ultimately the same set of shareholders who are the beneficiaries of these moves, and it's the same workers who continue to see a decline in their pension.

This is not just important from the point of view of trying to protect the value of defined benefit plans that are already there; it's also part of talking about potential risk to the culture of defined benefit plans. I hate to say it, because I've been part of a political movement fighting against it, but the fact is that the trend line has been downward for defined benefit pension plans.

One of the ways companies have already adopted that strategy for independent reasons, and have executed the strategy, has been through the deficiencies of our bankruptcy law. That's why it's so important to protect it. It's why, over time, I see this as part of pushing back against that movement of companies divesting their defined benefit pension obligations.

I want to turn the floor over to you, Marilyn, with the little time that I have remaining, to talk about termination and severance pay, and the importance of protecting that as part of the package that workers go to work for every day.

Thank you.

The Chair: Ms. Gladu, go ahead.

● (1620)

Ms. Marilyn Gladu: Thank you so much, Chair, and thank you to MP Blaikie for all his work and for bringing forward the bill that Scott Duvall previously brought forward.

As he said, these are deferred wages. There is a contract that you enter into, and you pay into your pension fund. You have severance terms that are all agreed to, and then at the end of the day, when the company goes bankrupt, in many cases executives get their bonuses, lawyers get paid, and it's billions, but people don't get their severance.

I'm absolutely supportive of putting that in here. I think it's important, and we want to make sure workers do get their wages. We talked to many stakeholders in the labour movement, like the Canadian Labour Congress and others, who are happy with the bill and the amendments we've talked about.

The Chair: Thank you, MP Blaikie and MP Gladu.

A lot of work has been put in to get us to this point with Bill C-228.

We are going to move to our second round. We have time only for this round, for questions for MP Gladu. I thought we'd get into a third round.

I will take this opportunity to congratulate and welcome MP Hallan and MP Morantz. Of course, MP Chambers, you're a staple here. To MP Lawrence, I have already said it.

In our second round, we'll start with the Conservatives. We have MP Chambers up for five minutes.

Mr. Adam Chambers (Simcoe North, CPC): Thank you very much, Mr. Chair.

First, congratulations to Ms. Gladu on having this bill brought before the committee, and to all the other members who worked on this over the years.

We've heard some questions about potential or unintended consequences. The truth is, a version of this bill has been debated in various Parliaments over the last 10 years or so. In fact, a study was done in the last Parliament at the industry committee.

Do you think some of the concerns have been addressed previously and we can rely on that in this Parliament?

Ms. Marilyn Gladu: Thank you for the question.

I would say a number of things.

First of all, I think having a different “coming into force” and giving businesses a number of years to get their fiscal house in order with respect to the solvency of their funds is an important change.

I would also highlight that this bill covers federally regulated pensions. FYI, that's 9% of pension funds in Canada. It's not everything I wanted to do, but, many times, the provinces follow suit.

To MP Blaikie's point on the number of people doing a defined benefit pension, that pool is shrinking. I think all of those things will move us in the direction of good. That's why it's so important to get this bill over the line. If we want to do future improvements and future things, that's great for another day. Really, this is the moment and we need to seize it.

Mr. Adam Chambers: Thank you.

You talked about some of the egregious examples, previously. Two come to mind, in recent times. One would be the Sears bankruptcy proceedings. The other one is Nortel.

The interesting thing about the Nortel case is that pensioners took a significant reduction in benefits before finding out that the intellectual property at Nortel was worth some $9 billion. The primary beneficiaries of the found IP value happened to be those individuals who advised the company—in the form of legal fees and accountant fees. Those fees increased. Bills were well over a billion dollars, which went to professionals who work in the industry. That example is one of the real reasons why people are frustrated with the current rules, as they exist.

Is that true?

Ms. Marilyn Gladu: Absolutely, that is true. There are many cases, not just Nortel, where billions of dollars were paid out to others but the pensioners were left on the hook.

As I said previously, larger companies have a greater ability to absorb a loss from one investment, whereas pensioners count on this for their golden years. They don't have the ability to recover.

Mr. Adam Chambers: Mr. Chair, since it's Ms. Gill's bill, I would yield the floor to her, if she has a couple of questions—if that's okay with the committee.

The Chair: Madame Gill, you have about a minute and a half.

● (1625)

[*Translation*]

Mrs. Marilène Gill: Thank you, Mr. Chair.

My colleague is very kind. I didn't expect I would have the opportunity to ask more questions.

In recent studies for similar bills, certain stereotypical arguments have been put forward. For example, it was said that businesses would not recover and that the banks wouldn't be as quick to lend money.

What does my colleague have to say about all the scare tactics being used to ensure that this issue won't be addressed in a bill?

Ms. Marilyn Gladu: Mr. Chair, I'd like to thank my colleague for her question.

I believe the situation isn't as bad as the banks are making it out to be. In my opinion, businesses will have to have recovered after three or five years. If they haven't, certain free market risks will come into play.

[*English*]

The Chair: Thank you, MP Gill and MP Chambers.

You were very quick on your feet there, MP Gill. You got it going right away.

We are moving over to the Liberals. I have PS Fillmore up for five minutes.

Mr. Andy Fillmore (Halifax, Lib.): Thanks very much, Mr. Chair.

Thank you, MP Gladu, for your work on this. Some of the energy was being expended, I think, on trying to make the case that the changes are needed. I don't think energy needs to be expended there. I think everyone around the table is likely in agreement that there need to be improved protections for pensioners. In fact, the government has made a number of changes and would be supportive of the right changes that are contained in your bill, I think, with some adjustment.

I have just a quick question before I go on. The stakeholders you've heard from who felt the three-year coming into force was okay.... Which stakeholders were they?

Ms. Marilyn Gladu: The Canadian Federation of Pensioners, CARP, the NDP and the Bloc all felt that five years was too long to allow and that three years would be adequate.

Mr. Andy Fillmore: Okay, thank you for the concise answer.

I raise it because, of course, the worry here is that, in our very good intentions—all of our good intentions, our collective good intentions—in trying to protect pensioners, we might make a mistake such that we provoke a perverse outcome, an unexpected outcome. That outcome would be to create a financial hardship for the company that's at risk such that it would be forced into bankruptcy and unable to discharge any of the pension requirements. The idea is that we want to provide as much protection for the pensioners as we can without harming the company such that the pensioners don't get anything.

One of the things our department and the Department of Finance have heard from external stakeholders is that three years would be.... I heard one person use the word “catastrophic”, that it would have the impact of forcing creditors to call loans. It could also have the impact of having companies switch out of defined benefits and into defined contribution plans. I know that the NDP is tied very closely to the unions in the country, and the unions, of course, are very interested in defined benefits, so this is a serious consideration.

The change we would like to make to your bill, then, is to move from three to five years. To be frank, 10 years would be ideal. That would give a lot of runway for companies to restructure and maximize the opportunity for pensioners to receive the equity that they put into the company for so long.

The second amendment would be to agree with you to move the priority of the pensioners a few notches up the food chain to just below secured creditors. So, it would be above unsecured creditors but below secured creditors.

With those changes, I think we could support your private member's bill. I think that we could perhaps convince members of the committee of those changes if we were able to hear the full slate of witnesses that's already been published for Wednesday, which includes the Association of Canadian Pension Management, CARP, the Canadian Chamber of Commerce, the Canadian Federation of Pensioners, and United Steelworkers. These are folks who have gone to the trouble of preparing a presentation already. I think it's incumbent on the committee in a democratic process to hear from all the stakeholders and not just some.

If there's any time left, is there anything in there that you'd like to respond to?

● (1630)

Ms. Marilyn Gladu: Sure.

First, let me say that I certainly wouldn't support extending this to a 10-year frame. I do think that even five years is a bit long. I also don't want to put secured creditors ahead of pensioners. Secured creditors include these banks that are making multi-billion dollar profits at this point in time, and I don't think they're going to not extend credit. We saw how the banks supported people through the pandemic. There were many businesses that were struggling. They were extended a lot of credit and were given many opportunities to restructure their loans, etc.

I believe the banking community will support those who are working to repair their funds. At the same time, I definitely would not support moving the secured creditors ahead of pensioners. Pensioners are suffering. Hundreds of thousands of Canadians have lost what was due them, and I think now is the time to act.

Mr. Andy Fillmore: Thank you.

The Department of Finance and the Department of Innovation, Science and Economic Development have heard from external stakeholders—including banks and other organizations, such as the ones scheduled to come on Wednesday—that putting the pensioners ahead of the secured creditors will, in fact, cause a rush to the doors for everyone to get out of defined benefit plans. It will cause a recall of loans and a downgrading of eligibility for lending from lending institutions. It would have.... This is the perverse outcome that we want to be so careful about not provoking again in our collective good intention of doing better.

I hope that, by hearing from some of these other witnesses on Wednesday, we can shed a bit more light on the importance of that change.

The Chair: Give a very short answer, please.

Ms. Marilyn Gladu: There have been 10 years of bills and many witnesses speaking on this issue. It's clear that there is no agreement from those two camps. It's a balancing act. How do we, who are elected to protect Canadians, do a better job for them?

That would be my advice.

The Chair: Thank you, PS Fillmore.

Now we're moving to the Bloc and MP Ste-Marie for two and a half minutes.

[*Translation*]

Mr. Gabriel Ste-Marie: Thank you, Mr. Chair.

Ms. Gladu, my comment is related to Mr. Fillmore's questions.

Can you explain to us again the ranking of creditors under your bill in the event of a corporate bankruptcy?

As I understand it, pension funds would be lower in the ranking, not at the top, to give companies the opportunity to refinance, if necessary.

I'd like you to reiterate that for us—I believe you had already done so. It will also answer Mr. Fillmore's question.

[*English*]

Ms. Marilyn Gladu: Excellent. I'll say it in English because there are a lot of financial terms that I probably can't say in French.

Basically, the order of operation is all of the taxes that are due, all of the pension plan funds that are due and the employment insurance program funds. Then suppliers are able to repossess their unpaid goods that were delivered within 30 days of the bankruptcy. This is a great protection for small businesses, essentially.

Then there is the value of unpaid agricultural and aquaculture products delivered 15 days prior to the bankruptcy. Again, farmers and small businesses will be advantaged there. Then, the value of unpaid salaries and allowances up to a maximum of $2,000 per employee. In some of the bankruptcy cases that we've seen, people did not receive their wages. There were people who had worked and had hours banked, and they were not receiving any money for that.

Then, there's making sure that people's contributions to their pension plans are in. We can't have them receiving it if they haven't actually donated everything they were supposed to donate. Then, there is the cost incurred by a government to decontaminate land. That's so that we don't have companies walking away from contamination issues.

We would then put the pensions in place. My suggestion would be that severance goes after that or that we somehow make sure that the severance we're talking about doesn't include large executive bonuses, which could be a huge amount of money.

Then, it will be secured claims, preferred claims and unsecured claims.

That's the recommendation in the bill. That's certainly what was at INDU previously with Marilène Gill's bill, which was considered to be excellent. If there was a mechanism to allow people to get their fund in order, everybody was happy to support it.

[*Translation*]

The Chair: Thank you, Mr. Ste-Marie.

[*English*]

Now we're moving to the NDP and MP Blaikie for two and a half minutes.

Mr. Daniel Blaikie: Thank you very much.

Parliamentary Secretary Fillmore talked a little bit about the kind of perverse outcomes or unintended consequences that you can sometimes get by passing legislation. It seems to me that we've had a perverse outcome for a long time now. There is a fair bit of cross-party agreement that something wrong is happening in the case of bankruptcies where workers are losing their pensions. The failure to get a working coalition, if you'll excuse the term here, in Parliament to get legislation passed has meant that this wrong has persisted.

If we take the statements of people around the table at face value, that's not an intended consequence. You talked earlier about the moment that we're in. How long it has taken to get here has been part of our conversation.

I just want to give you an opportunity to speak to the kind of perverse and unintended consequence—I think people around this table anyway would want to say it's an unintended consequence—that people have been short-changed on their pensions in the case of bankruptcy and also about the moment that we're at, in this Parliament at this time, where there does seem to be a working majority that's willing to get something done.

Perhaps you could speak to that, please.

● (1635)

Ms. Marilyn Gladu: Yes, thank you for the question.

Absolutely, Canadians have suffered. After working their whole lives, they have ended up having to continue to work, sometimes when their health was not good, and that was a real struggle. Sometimes it has meant the loss of their homes, etc. There was a lot of that.

I did not hear any of the small business folks I talked to being concerned about this, because what has actually happened in the private sector is that 70% of people don't have pensions at all. They don't. Small businesses can't afford to pay into it unless they belong to an organization like HOOPP that pools a third party, which is a great idea.

Essentially, the people who are making the loudest noise here are the large corporations or the large banking institutions, which have, in fact, the most resiliency in terms of surviving one company going bankrupt.

To me, in all the talk over the 10 years, everybody was well intentioned, but now is the time to say, “These are the things from various bills that have been agreed on. They are all here together. Let's agree on these, and then we can continue to work on this in the future.” We can move forward in an improved direction. Certainly, if the government has additional things it wants to do, it is the government and can put those things forward.

This is the moment when we need to help Canadians who have worked their whole lives and protect their pensions.

Thank you.

The Chair: Thank you, MP Blaikie.

Now we'll hear from the Conservatives for five minutes. We have, new to our committee here, MP Morantz.

Mr. Marty Morantz (Charleswood—St. James—Assiniboia—Headingley, CPC): Thank you, Mr. Chair.

First of all, I want to say that it's great to be back on the finance committee. I see some familiar faces around: Ms. Dzerowicz, Gabriel Ste-Marie, Peter. It's nice to be working with you all again. I'm looking forward to working with all the new faces that we see here today.

I just want to say thank you, Marilyn, for being so strident in bringing this bill forward. I think one thing we can all agree on around this table is that we need to find a way in a country like Canada to protect pensioners. We need to find a way to protect these pensions.

We've talked about this before. I mentioned to you that I come from a law background. I was a corporate commercial lawyer. I did many securitization packages for banks. Banks are really concerned about one thing, which is that they want to make sure they have enough security in place so that if things go wrong, they'll get their money back.

Pensioners have the same grievance. They want to make sure that the benefits of their labour are also secured. It strikes me that we have a bit of a Solomonesque problem here. We need to find a way to protect pensioners but also make sure there is stability in the financial markets so that we don't have adverse macroeconomic consequences to industry across Canada. I don't know what the answer to that is, but I think all of us around this table should be able to find the answer to that question.

I do have some concerns about the idea of simply putting pensions ahead of secure creditors and what impact that might have on the lending community. I'm not so sure that they would just go on with business as usual. I think we need to hear from them about that.

I also worry about the fact that we need to protect the pensioners' pension nest egg. We don't want to kill the golden goose that lays that egg along with the workers and the business. There needs to be a solution that works for both sides of this equation, in my view.

I'm just wondering if you could comment on what I've suggested.

● (1640)

Ms. Marilyn Gladu: This is a very good question. If you picture it.... Let's say we have a lot of companies that have come through the pandemic and, of course, the stock market has been a bit volatile and there's been the war in Russia and Ukraine, etc. Let's say their fund has become insolvent. They can find a third party insurer to transfer the risk to. This is something that would make creditors more confident that they aren't going to be on the hook. I think it allows the time that's needed to transfer money into the fund until the pension fund is solvent again.

I think this bill allows for that kind of balanced solution that gives a mechanism to fix it. It gives time to fix it. There is an opportunity and mechanisms that already exist to transfer the risk or cover the risk, so that would address the creditors.

Mr. Marty Morantz: Just to go back to the insurance issue, in your opening statement you said that you wanted that amended out. I'm wondering if you could elaborate a little bit on why you've come to that conclusion. I agree with your brilliant idea, and it was a brilliant idea. I'm wondering what made you decide that you didn't want to see it be part of this bill.

Ms. Marilyn Gladu: My idea was originally.... Look, people get mortgages on houses, and you have to get insurance on your mortgage. It's insurance on money you can't pay or money they don't know you are going to be able to pay. I thought, wouldn't it be great to create a place where we can have that kind of service? The service doesn't exist today. I was kind of thinking “Build it and they will come.”

In fact, the Canadian Federation of Pensioners hated it. Many of my opposition colleagues hated it. The whole point of me bringing this bill forward was to get those things that we can agree on passed. Then there's an opportunity in the future to do additional improvements. Because there wasn't going to be unanimous agreement on that, I said, okay, we'll just get rid of that.

The Chair: Thank you, MP Gladu.

MP Morantz, you have about 15 seconds.

Mr. Marty Morantz: Okay, I have a very quick one, and maybe the experts, when they come in, can comment on this. With respect to existing loans, are they captured by this, or is it only about new loans that would be initiated after the coming into force of the legislation?

The Chair: Give a very short answer, please.

Ms. Marilyn Gladu: I think that's a better question for the Department of Finance, but my understanding is that it would cover future loans.

The Chair: Thank you again.

Thank you, MP Morantz.

We are moving to the Liberals. MP Dzerowicz will be our last questioner, and that will conclude this panel.

You have five minutes, please.

Ms. Julie Dzerowicz (Davenport, Lib.): Thank you so much, Mr. Chair.

I want to thank you, Ms. Gladu, for presenting this private member's bill.

I will tell you my bias automatically. Many residents of my riding of Davenport have worked for a number of companies that have gone bankrupt and have been impacted in terms of their pensions. They have very much talked to me through the years about this. I have a very big heart, and I do believe that we need to provide stronger protections for them, unequivocally.

I will tell you that I was reading through the INDU testimony. I was reading through some of the comments that were made because I want to understand why it has taken so long to have this bill passed. For me, it seems like it's been more than just needing to get all the parties onside. It seems like there's a bit of complexity that needed to be talked through. There was a need to hear from a number of different stakeholders to understand what the issues are so we could make sure that we have strong legislation and that we put into place the protections we desperately need for pensioners.

One thing we've mentioned in this session is that there seems to be a concern that some companies can't get interim funding to help them restructure. Are there any other issues that have been raised with you that you believe have been addressed in your bill?

Ms. Marilyn Gladu: I think there are probably all kinds of improvements that can be made. In a perfect world, I would love to see in Canada people who today don't have a pension through the company they work for being able to donate to a HOOPP-like conglomerate so that they can build up their pension there, which is held by a third party. If I was going to take a blank piece of paper and write, that's what I would love to see, because I think everybody could plan for their retirement in a better way.

When I was talking with some of the banking organizations about their concerns about this bill, I asked if there was a way of breaking down “secured creditors” into a different granularity so that we could define which secured creditors we're concerned about—because those are the people who would have difficulty surviving and have a negative consequence—and then there may be larger ones that would have more resilience. They were unwilling to break it down further, and they didn't think they would like it even if it was broken down further, so I abandoned my hope on that and stuck to what I thought we could agree on.

● (1645)

Ms. Julie Dzerowicz: Thank you. I have two more quick questions for you.

You mentioned that your bill would affect only federal pensions. I guess my question to you is this: Is part of the reason you're proposing this bill that you believe the provinces are not serious enough about reducing their pension deficits?

Ms. Marilyn Gladu: That's an excellent question.

Ontario is the only province that backstops the pension so that, if a company goes bankrupt, people will still get something, so there is more work to do. What happens is that when federal regulations are put in place, the provinces sometimes follow suit, so my hope is that they would see that we're not going to have disastrous circumstances and that we have struck the balance that's needed, and they would follow suit and implement those in the provincially regulated pension funds.

Ms. Julie Dzerowicz: To what extent would providing greater protections to unfunded pension liabilities in insolvency proceedings improve the recovery of amounts owed to members of underfunded pension plans? Despite the changes you have put into your private member's bill, if we pass it, is there still a chance for them to lose a portion of their pension in spite of the proposed changes?

Ms. Marilyn Gladu: We're getting the report on whether or not the pension fund is solvent, and those things can go up and down, especially depending on what they're invested in. Let's say they report it, and they've used the mechanism to transfer money in and fix the pension fund, but then one of their investments goes a bit south at the time of the bankruptcy. There is a potential that that could have an impact, but it would not be anywhere near the magnitude of the 50¢ on the dollar or 40¢ on the dollar impacts that we have seen in the past.

Ms. Julie Dzerowicz: Thank you so much, Ms. Gladu.

Mr. Chair, I could go on forever, if you like.

The Chair: Oh, you're right on. You have three seconds, so you're right on time, MP Dzerowicz. You have a good internal clock.

Thank you very much, MP Gladu, for answering all those questions and for your private member's bill, Bill C-228. Thank you for your testimony.

We are going to suspend at this time as we bring in our second panel.

We just want to thank MP Gladu for all of her hard work.

Thank you.

● (1648)

_____________________(Pause)_____________________

● (1652)

● (1650)

The Chair: I call this meeting back to order.

For our second hour, from the Department of Finance, we have Kathleen Wrye, director of pensions policy, financial sector policy branch. Also, we have Mr. Neil Mackinnon, senior adviser, financial sector policy branch. From the Department of Industry, we have Mark Schaan, senior assistant deputy minister, strategy and innovation policy sector; and Paul Morrison, manager of the corporate, insolvency and competition directorate.

It will be five minutes from Finance and five minutes from Industry. We'll have Finance first, and then Industry after.

Please go ahead.

Ms. Kathleen Wrye (Director, Pensions Policy, Financial Sector Policy Branch, Department of Finance): Thank you very much, Mr. Chair.

I think my colleague Mark Schaan is going to start us off.

The Chair: Thank you.

[*Translation*]

Mr. Mark Schaan (Senior Assistant Deputy Minister, Strategy and Innovation Policy Sector, Department of Industry): Thank you, Mr. Chair, for the opportunity to speak to this committee about Bill C-228.

I will confine my remarks only to the insolvency law aspects of the bill. My colleagues from Finance Canada we speak to the provisions of the bill affecting federal pension legislation.

[*English*]

Let me start by describing what the bill would do.

Canada's insolvency laws provide two sets of options to financially distressed companies—liquidation, or bankruptcy; and restructuring. The superpriority in Bill C-228 would affect both options. Liquidation occurs when the company can no longer continue as a going concern. It must be wound up and its assets sold to pay the company's creditors. In bankruptcy, pension claims would change from unsecured status to superpriority status, meaning that they would be paid ahead of most other creditors.

The second impact of the bill would be on restructurings. Our insolvency laws are designed to encourage companies that are financially distressed but fundamentally viable to try to avoid liquidation through court-supervised restructuring plans with creditors. Bill C-228 would change the current balance by requiring that a restructuring plan provide for payment in full of unfunded pension liabilities to receive court approval.

This quick presentation completed, I should note a few general contextual elements for the committee. Given our years of practice in analyzing and working with the domestic and international insolvency and bankruptcy systems, it is worth stating at the outset that the Canadian Bankruptcy and Insolvency Act and the Companies' Creditors Arrangement Act are carefully considered and calibrated regimes. Our fundamental aim in the system is to avoid liquidations and allow restructurings where possible, to ensure an orderly and fair system that prevents gaming or a race to the courthouse, and to incentivize behaviours that maximize the value of the corporation and its returns for all workers and creditors.

Large corporations, such as those most likely to have defined benefit pension plans or to avail themselves of the Companies' Creditors Arrangement Act, are complicated entities with a number of competing interests. Shifts in one aspect of the regime will have implications and considerations for other aspects.

I will seek to highlight some of these areas of consideration for the committee, given the shifts that this bill would introduce.

● (1655)

[*Translation*]

It is also worth noting that this is an area to which we have dedicated considerable time and effort. In particular, I would note for the committee the important work proposed and implemented in the retirement security project, which saw changes to insolvency, corporate governance and federal pension laws with an eye towards the protection of pensioners and workers.

With that, I would begin by bringing some potential drafting issues to the committee's attention.

[*English*]

First, the committee should be aware that the bill uses terminology from federal pension law that may or may not be relevant to the various provincial pensions laws. The bill also does not distinguish between different types of pension plans with different employer funding obligations. My Finance colleagues would be happy to answer questions on these issues.

Second, I wanted to note that the five-year transition period, as drafted, is tied to a calendar date, to five years after coming into force. Insolvency law transition clauses are typically drafted to only affect proceedings that start after they come into force, to ensure that the rules do not change in the middle of an ongoing insolvency proceeding. Under Bill C-228, a restructuring proceeding could start four years after coming into force, but the new superpriority could come into force a year later, changing the rules midstream and potentially reducing the chances of a successful restructuring.

[*Translation*]

I will now turn to a number of more substantive considerations the committee may want to investigate during its study of Bill C-228.

First, the committee may want to look at the differential impact the bill could have on pensioners under different scenarios.

When the bankrupt assets are sufficient to cover unfunded pension liabilities, for instance, the bill may increase the amount that pensions could receive in a liquidation because they would be placed ahead of other creditors. When the bankrupt employer's assets are insufficient to cover the liability, which can be very large, it may be that losses could be locked in for pensioners without any prospect for further recovery given the impacts that the bill may have on restructurings or other possible futures of the plan.

[*English*]

Second, the committee may want to look into how the bill would change restructuring dynamics when a defined benefit pension plan is involved. We are all familiar with examples of insolvencies that resulted in pensioners not receiving their full benefits. On the other hand, there are also many examples of restructurings under current law where the pension plan was successfully preserved, along with the employer and ongoing jobs, such as Air Canada, Stelco and AbitibiBowater.

New superpriorities could, for example, shift the behaviour of players in the insolvency systems. With a new possibility that a secured creditor may be at risk of not receiving full payment given a pension deficit, that creditor may have a strong incentive to choose to race to the bank to call their loan, or similarly take steps to maximize their return in advance of an insolvency. It is possible that a change in the incentives in restructuring could trigger more insolvencies and even minimize the outcomes for pensioners when insolvency is triggered. The committee may want to speak to the creditor community to assess their views about the impact of this bill.

Similarly, the committee may want to consider the impact the bill could have on the availability of interim financing—that is, the special insolvency loans that insolvent companies must acquire to cover the restructuring costs.

The Chair: Thank you. We've gone well over our time.

We are going to hear from Finance now for up to five minutes, please.

● (1700)

Ms. Kathleen Wrye: Thank you, Mr. Chair.

Good evening. My name is Kathleen Wrye. I'm the director of the pensions policy team at Finance Canada. I'm here today to answer your questions about this private member's bill, Bill C-228. I would also like to take this opportunity to provide a bit of context on the funding requirements in federal pension legislation, which is the Pension Benefits Standards Act, or PBSA for short, and how the legislation works to protect the pension benefits of defined benefit plan members and retirees.

I will also provide a few of the key comments we have on the proposed amendments to the PBSA in Bill C-228 and how they interact with existing provisions in the act.

Under the PBSA, the federal government regulates the pension plans of Crown corporations and private sector plans covering areas of employment under federal jurisdiction, such as telecommunications, banking and interprovincial transportation, as well as private pension plans in the three territories.

The Office of the Superintendent of Financial Institutions is responsible for supervising federally regulated plans with the mandate to protect the rights and interests of plan beneficiaries. At this time, there are over 1,200 federally regulated pension plans. Over 400 of those plans are defined benefit or a combination of defined benefit and defined contribution. Approximately 7% of pension plans are federally regulated, with the remainder being regulated by the provinces.

The PBSA sets forth a number of requirements in respect to the funding and administration of plans that are designed to protect and promote pension benefit security for plan members while acknowledging that the financial health of plan sponsors is important for the continued operation of these plans.

Under the PBSA, there is a specific requirement for plan assets to be held separate from those of the employer. This protects plan assets from being seized by creditors in the event of bankruptcy proceedings.

Further, federally regulated defined benefit plans are generally required to be 100% funded on a solvency basis, which means that they must have enough assets to purchase annuities from a life insurance company to provide the promised pensions in the event of an employer insolvency. The employer is required to fund any funding shortfalls within a period of five years. As of December 31, 2021, the average estimated solvency ratio of federally regulated defined benefit plans was at 109%, meaning that the assets of these plans were, on average, 9% higher than their solvency liabilities.

To address solvency deficits and ensure benefit protection, plan sponsors are able to obtain a letter of credit in lieu of making any solvency special payments up to a limit of 15% of the plan solvency liabilities. The letter of credit amounts would be paid into the plan in the event of an employer insolvency, similar to insurance. Plan sponsors are also able to obtain life annuities from regulated life insurance companies either by purchasing them as a planned investment or by having insurance companies make pension payments directly to retirees. Transferring the obligation to make these payments to a life insurance company helps to secure pension benefits for plan members and retirees.

The use of insurance to meet funding requirements as proposed by the amendments in Bill C-228 would not be very different from the existing tools available to plan sponsors under the PBSA. However, I would note that the existing PBSA provisions are accompanied by a number of safeguards to ensure that pension benefits are protected, such as details regarding which institutions can provide letters of credit to plan sponsors. The current bill does not include any such safeguards to ensure that the insurance to be used would be appropriate for protecting retirement benefits.

I would also like to take this opportunity to raise the consideration related to the amendments regarding transparency requirements in the bill. Bill C-228 contains amendments that would require the superintendent to consult with the Office of the Chief Actuary on its annual report prior to its being tabled in Parliament, and to send this report to provincial ministers of finance and provincial security commissions. I would note for the committee's consideration that neither the Office of the Chief Actuary nor provincial ministries of finance or security commissions have any roles or responsibilities with respect to federally regulated private sector pension plans. As such, it is not clear what these amendments are intended to achieve, in particular as this report is already made available on OSFI's website.

To close, I would like to thank the committee for allowing me to provide some additional context and raise these considerations as part of its work to study the bill.

I look forward to answering any questions you may have or discussing other considerations with respect to the amendments to the PBSA proposed in Bill C-228.

Thank you.

The Chair: Thank you, Ms. Wrye, Mr. Schaan, and all officials.

We are going to move into questions from members in our first round, which will be six minutes for each party.

We have the Conservatives up first. I have MP Chambers for six minutes.

Mr. Adam Chambers: Thank you very much, Mr. Chair.

Thank you to our officials for appearing with us here this afternoon. I will ask my questions, but feel free to delegate them as you wish, depending on your area of expertise.

I'm hoping to get a discussion on.... We've heard some questions about unintended consequences and potential liquidity issues or lending issues of those organizations that might be close to insolvency now if these rules were to come into force.

The question is more around a sizing of this problem. I heard some stats. There are about 400 defined benefit pension plans, 7% of which are federally regulated. Are there any studies, any information that can be shared with this committee, that have looked at the number of companies that would be affected by this legislation and/or the number of companies that may, in an unintended way, be negatively impacted by this legislation? For example, they might have a challenge getting credit.

Do we have an idea of the size of the issues that we're dealing with?

● (1705)

Mr. Mark Schaan: I'm happy to start and then turn to my colleagues from Finance, who will have more precision.

One important thing to note is that while the Pension Benefits Standards Act—as my colleague from Finance noted—applies to federally regulated pensions, the insolvency system applies to all organizations and companies within the country. The number of companies potentially subject to this law would be all of those companies proceeding either through the Bankruptcy and Insolvency Act or through the Companies' Creditors Arrangement Act.

It is important to note that while we've had some discussions about federally regulated pensions, this would be applicable across the entirety of the insolvency regime.

I'm happy to turn to my Finance colleagues to try to give you a sense of the population of DB pension holders.

Ms. Kathleen Wrye: Thank you, Mark.

According to the latest statistics that we have from OSFI on pension coverage in Canada, there are approximately 9,000 defined benefit pension plans. There are around 4.5 million active members as of 2021 in Canada.

The 400 plans that I mentioned were only within the federally regulated space, so they are the 7%. The other 93% of pension plans in Canada are provincially regulated.

Mr. Adam Chambers: There are 9,000 DB pension plans. At what rate have defined benefit plans been converting to DC plans over the last decade? We've already seen a significant erosion of DB pension plans. That universe has been shrinking at a significant pace over the last 10 years.

Are there any round numbers of how many we expect are rolling off every year?

Ms. Kathleen Wrye: I'm seeing if I can pull up numbers.

The member is right. There has been a significant decline in defined benefit pensions in Canada as planned sponsors move towards defined contribution. I just need to grab the information.

Mr. Adam Chambers: Perhaps while you're looking for that, I'll ask a follow-up question.

Ms. Kathleen Wrye: Thank you.

Mr. Adam Chambers: This bill, or a version of the bill, was studied by previous Parliaments. I think what I'm hearing in some of the language is a push for additional study.

I suppose the question would be more around.... If we believe there are unintended consequences, have we not already discussed what they are in previous Parliaments? Could we have provided to this committee the previous reports that were done by the government on this issue?

Mr. Mark Schaan: I obviously can't speak to the specific process that you might want to adopt as a committee, but I would say that the issues related to the structuring context and insolvency law in Canada continue to evolve and have evolved as a function of additional changes that have been made, for instance, by the government. There have been subsequent changes to both the Bankruptcy and Insolvency Act and the Companies' Creditors Arrangement Act, as well as to corporate and pensions law.

It's also worth noting that a key factor that plays into this overall discussion is pension solvency requirements by pension regulators. My colleague from Finance was able to identify the pension solvency regulations at the federal level, but it's worth noting that there are extremely different deviations from that norm in provincial funding requirements. That is a shifting landscape that is an important part of the overall considerations for this bill, noting that, in a number of cases, provinces actually have no requirement for solvency funding of pensions on a windup basis.

● (1710)

Mr. Adam Chambers: Thank you very much.

Perhaps in my last 30 seconds I'll just make the point that I'm highly sympathetic to those individuals who have some concerns about unintended consequences for people who are maybe pushed into bankruptcy.

The issue, I think, is that the government has had this legislation since June. We've looked at this legislation previously. I have yet to hear or see any amendments brought forward on behalf of the government to improve the bill.

We all recognize and can read the room that the bill has cross-party support, at least on this side of the table. It would be incumbent upon the government to introduce amendments that it feels it could live with in this piece of legislation. It has had a significant amount of time to generate this over the last 10 years as various versions of this bill have been before various Parliaments.

Thank you, Mr. Chair.

The Chair: Thank you, MP Chambers.

Now we'll hear from the Liberals. We have MP Dzerowicz for six minutes.

Ms. Julie Dzerowicz: Thank you so much, Mr. Chair.

I think Mr. Chambers stole all of my question notes. I think he literally took the direction of every single one of my questions.

I want to start off just by thanking our officials for being here today. Thank you for your extraordinary work. I know this is not an uncomplicated matter, so I really appreciate all of your hard work on this.

As mentioned by my colleague, I think there's a very strong desire to strengthen protections for pensioners. I personally suspect that the reason it's taken this long is that it is actually highly complicated. On the one hand, you want to provide room for companies that are in financial difficulty to restructure and get back on their feet, while at no point in any way threatening 100% of the pensioners' pensions.

I would like to very quickly make sure it's clear on the record. Ms. Gladu had indicated that this bill would only affect federal pensions, but what I heard from Mr. Schaan is that it would actually impact companies right across the country. It would be applicable to all companies across Canada.

Can you please verify that?

Mr. Mark Schaan: I'm happy to confirm that the nature of insolvency is that it is a federal responsibility. The rules that provide for the orderly insolvency process cover all creditors and debts of companies in the BIA and CCAA process. This would mean that pensions, regardless of their regulator, would be creditors to an insolvency that's presided over by federal legislation, which this bill amends.

Ms. Julie Dzerowicz: What role do the provinces play in ensuring the long-term viability of pension funds? How does that play into the private member's bill that's before us?

Mr. Mark Schaan: I will start, and then my colleague from Finance can weigh in.

As I already noted, pension solvency requirements vary enormously province by province. They set the degree to which a company is actually required to be holding assets in trust for the purposes of its pensioners.

As my colleague noted—and I'll let her weigh in—at the federal level we have extraordinarily stringent requirements. A number of provinces set standards for pension solvency that are quite different. In some cases, they actually only require a company to be investing and holding in trust enough to allow for the pension to be on a going-concern basis. That presumes that they only need to pay out to their actives, whereas others have set much lower solvency requirements and have required it to be on a windup basis, which does leave some money in case the company actually goes insolvent.

The relationship between the pension solvency and insolvency is important because obviously what you have at the time of insolvency is going to be determined by what you were required by your pension regulator to have when you were alive and well as a company.

I will just turn to my Finance colleague to say how we deal with that federally.

Ms. Julie Dzerowicz: Take just 30 seconds because I have one more question.

Thanks.

Ms. Kathleen Wrye: Thank you.

I would just reiterate some of what Mark said.

All of the different jurisdictions set different funding requirements. Some, like the federal government, still require 100% solvency funding, but some provinces have moved away from that and now require 85% solvency funding. If the plan is more than 85% funded on a solvency basis, there are no special solvency requirements for those plans in those jurisdictions.

● (1715)

Ms. Julie Dzerowicz: My next question is for Mr. Schaan.

You mentioned that you have some concern around the five-year implementation proposed. Can you be very specific about what your concern is?

At this point, if I heard Ms. Gladu properly, I think they're even proposing shortening it to three years. What is the specific implication if it is a three-year implementation or a five-year implementation?

Mr. Mark Schaan: I raised two different sets of issues and I'll speak to them.

One set of issues is about how it's drafted. Right now, regardless of whether it's three years or five years, it's set on the basis of a calendar year, as opposed to tying it back to the insolvency date. Right now, upon royal assent.... Four years in, you could have a restructuring process, as I noted in my opening, that would potentially have these new superpriorities imposed upon it midway through restructuring. This is one issue: When does it kick in? Is it a calendar year, or is set against something else?

The other consideration is what degree of runway will allow for planned sponsors to be able to make prudent decisions about the continued growth. If you have a pension solvency deficit and we set new rules about the fact that it's now going to be potentially superprioritized against your access to credit, you may race to try to increase your overall degree of solvency in the plan.

One of the questions is, given that we want to incentivize prudent behaviour on the part of planned sponsors to not invest irresponsibly or invest in high risks to be able to make up planned solvencies, what's the appropriate length of time? That's a consideration for the committee as they think about what the appropriate runway is to get a planned sponsor backup.

As my colleague mentioned, our solvency deficit under pension solvency law federally gives companies a five-year window to be able to make up their deficit.

The Chair: Thank you.

Thank you, MP Dzerowicz. That's your time.

Ms. Julie Dzerowicz: Thank you.

The Chair: We'll move now to the Bloc, with MP Ste-Marie for six minutes.

[*Translation*]

Mr. Gabriel Ste-Marie: Thank you, Mr. Chair. I'd ask that you please interrupt me after five minutes. I will be giving my last minute to my colleague Mrs. Gill.

I'd like to thank Ms. Wrye, Mr. Schaan, Mr. Morrison and Mr. Mackinnon for being with us and answering our questions. I also thank them for their opening remarks.

I will start by making a few comments for my colleagues on the committee.

First, I fully agree with Mr. Chambers' conclusion. He reminded us that this has been a topic of discussion for 10 years in the House and that the current Bill C-228 was introduced last spring. I'm therefore anxiously waiting for the government party to put forward the required concordance amendments in terms of the existing framework, so that we can discuss them as soon as possible and improve the bill. Improvement is always the purpose of studying bills in committee.

Next, I would also like to thank the Library of Parliament research services. Our analysts do an outstanding job, and that's particularly the case for the briefing notes on Bill C-228. Mr. Lambert-Racine and Ms. Yong produced these notes. I congratulate them, they did a fine job.

In fact, I'm going to draw on one of the questions suggested in the briefing notes. I believe my question is for Department of Industry officials, but they will correct me if it isn't.

Could you provide some details on pension plan members? What's the situation right now? In the last 10 or 20 years, how many retirees have lost their pension due to their current or former employer's insolvency?

How much of the unfunded liability within pension plans have they recovered as unsecured creditors in insolvency proceedings under the current regime? In other words, how much of their pension have they lost?

Mr. Mark Schaan: Thank you for the question.

From 2009 to 2022, there were approximately 10 cases where the pension had been reduced due to insolvency.

● (1720)

[*English*]

These are under the Companies’ Creditors Arrangement Act proceedings. Bankruptcy and insolvency proceedings would be a different manner. I can speak to 10 where there were reductions, but I would also speak to a number where the restructuring was successful.

This would range from Nortel Networks, where, depending on the province that you lived in.... Because of some particularities of provincial legislation, pensioners received 90% of their overall pension obligations in Ontario, and 82% of payments in other provinces.

With regard to Fraser payments, there was a difference between the salary pension payout and the hourly pension payout. The hourly pension payout went somewhere between 56% and 64%. The salary pension was between 65% and 69%. I would note Wabush Mines, where pensions were reduced by an estimated 8%. Pensions were reduced by 20% to 30% in Groupe Capitales Médias.

I would also note a number of successful restructurings. There is Air Canada in 2004, where pensions were made whole and continued on within the ongoing operations of the successful restructuring. There was AbitibiBowater in 2002, as well as Canwest, Hollinger, U.S. Steel and Algoma. All of these were situations where essentially the pension obligations were preserved and the pension was allowed to continue with a going concern company.

It's important to look on both sides of the restructuring as to what kind of.... Then, just to bring it back to the other point, you'd have to also look at what the solvency requirements were of the province or the regulator of the pensions in question because those are obviously material as to what further reductions one might see in a restructuring.

[*Translation*]

The Chair: Thank you.

Thank you, Mr. Ste-Marie.

[*English*]

That's five minutes.

[*Translation*]

Mr. Gabriel Ste-Marie: Thank you.

[*English*]

The Chair: Now we'll go over to your colleague, MP Gill.

[*Translation*]

Mrs. Marilène Gill: Thank you, Mr. Chair.

I would like to thank the witnesses for sharing their experience and knowledge with us. Obviously, it will help us make informed decisions.

Mr. Schaan, you mentioned the fear businesses have with respect to the risks that would result from passing Bill C-228. You also talked about the bill's complexity.

I would hope that committee members won't let this uncertainty keep them from taking action.

As my colleague Mr. Ste-Marie and several others have said, we've been talking about this for decades. I don't believe businesses would be caught by surprise if a bill like this were to be passed.

I'd like to talk about one more thing.

The risks, complexities and fears of businesses have come up a lot. When it comes down to it, I was elected by the people, and it's them who want to take this risk. They understand the complexity, but they're willing to play the game and see what happens. I, for one, don't believe they are protected right now, but I also feel the bill would protect them.

I hope that we can pass a bill that's to everyone's liking fairly quickly.

The Chair: Thank you, Mrs. Gill.

[*English*]

Now we are going to hear from the NDP for six minutes.

MP Blaikie, go ahead.

Mr. Daniel Blaikie: Thank you very much.

Thank you to the officials for their testimony and contributions in trying to help us understand what's at stake in the bill. Obviously the question is about risk. We're talking about institutions that deal in risk for a living, and we're talking about what is very likely a very small percentage within their own portfolio.

We've heard different numbers mentioned around the table, but the one that is really important to me is the fact that fewer than 30% of Canadian workers right now work in a workplace with a pension. We're already talking about over 70% of the market not applying, because those are Canadians who unfortunately don't have the benefit of a good pension plan in their workplace.

We also know that about 20% of all Canadians who are employed are employed by some level of government, some kind of public sector employment, and typically those are people with defined benefit plans, but they're within the 30% of Canadians who are working with a pension. If 20% of Canadians work in the public sector, I think it's fair to say that those are probably 20% of Canadians who are working with a defined benefit plan.

Now we're talking about 10% of Canadian workers who are working in a workplace that isn't a public sector workplace but does have a pension plan. That doesn't mean they're working in a workplace with a defined benefit pension plan. They could have a defined contribution plan. In fact, in the private sector, there are more employers who have defined contribution plans than have defined benefit plans. Let's call it, I don't know, 40%, which would be quite generous to say. Of the people working in the private sector in Canada who have a pension plan, 40% have a defined benefit pension plan. We're talking about 4% of workers. What percentage of business overall is that? I don't know, but certainly not all the banks.... No one bank is invested in all of that business, so it's 4% of an investment portfolio.

Incidentally, not all of those companies are going to fail. Of that 4% of Canadian workers who work at a company in the private sector that maybe has a defined benefit plan.... I think that number is probably lower. How many of those Canadians are going to be at a company that fails? Well, it's going to be a far lower number.

I think we're getting well into the territory of margin of error, as far as I'm concerned, for large financial institutions. They fund businesses for a living, and they have experience picking winners. I don't think Canada's financial institutions go out and give loans to people who they think are going to fail. By and large, businesses do succeed. We're talking about a very small portion of private sector workplaces with defined benefit plans whose businesses fail.

Then let's take a look at some of the cases where we've seen extraordinary failure. Department officials mentioned Air Canada in 2004. Well, guess who was there to backstop Air Canada in 2004. It's no great secret. Usually, when Air Canada screws up, there's a lot of public money that goes into backing Air Canada. Let's not kid ourselves around this table. We all know it to be true.

Who gets taken care of in that? Well, it's also true that the financial institutions get taken care of, because the government steps in to have their back. What is another case when Canada's major financial institutions were exposed to incredible risk? In 2008, when we had a global recession, did they get hung out to dry? No. Who stepped in to have their back? Again, the federal government stepped in to have their back to make sure they were doing okay.

In 2020, when the world economy shut down, did the banks shut down? Did they lose their shirt? No. The federal government stepped in with taxpayer money to make sure that the big banks and insurance companies were doing just fine, thank you very much. In fact, they made record profit. That's why we've had to call for an extraordinary pandemic dividend in order to get some of that public money back, because not only were they not losing their shirt, but they were making record profits.

I find it really hard to hear some kind of violin song play around this table for Canada's largest financial institutions. Somehow we're talking about risk that's going to bring them down because we want to do something for the person who worked at Sears for 30 years and paid into a pension plan. It wasn't a gimme or a Christmas present. It was something they went to work for, and when that gets cut, that's their rent, their groceries and their ability to have a nice outing with their partner in their golden years that gets taken away.

I'm not trying to minimize the importance of conversations about risk, but we're talking about people who do risk professionally for a living and get a lot of help from around these tables when things go wrong for them.

● (1725)

This is one time that we can do something for people who never get that help. They certainly don't get it often enough.

Unless we get some really compelling, real numbers—whether they come from department officials who are concerned about the potential unintended consequences, or whether they come from the financial institutions—we should absolutely be moving forward with this bill and ensuring that Canadian workers finally get something like the protection that financial institutions bank on every day of the year.

I don't have any questions. I think I have heard enough, frankly. What I want to do is move forward. If I'm going to hear from anyone, it's going to be people who have real-life experience of being on the wrong end of the current bankruptcy laws, because those are the people to whom we owe our time and service around this table.

Thank you very much.

● (1730)

The Chair: Thank you, MP Blaikie. That's right on six minutes flat.

Members, we are moving into our second round. We don't have enough time for a full second round, so what we are going to do, as we always do, is divide the time equally. It is quite a bit of time, so we'll have about four and a half to five minutes for each party.

We are starting with the Conservatives. I have MP Morantz.

Mr. Marty Morantz: Thank you, Mr. Chair.

This is a very interesting conversation.

I want to circle back to something I think Mr. Schaan said at the beginning, regarding the coming into force provisions of the proposed legislation. I believe what you said was that the coming into force provision would be activated on the date of the coming into force of the legislation, and that could create some logistical problems.

Could you elaborate on that? Could you offer suggestions on what type of coming into force mechanism you think might be appropriate?

Mr. Mark Schaan: The coming into force transition clause that's more typical to insolvency law affects only proceedings that start after the coming into force date, to ensure that rules don't change in the middle of an ongoing insolvency proceeding.

What the current private member's bill does is set the coming into force date on a calendar date, five years after coming into force. It doesn't suggest that the coming into force is tied at all to where it is in the proceedings cycle.

As I said, transition clauses for insolvency are often about proceedings that would begin after the coming into force date, as opposed to noting that the provision was in place five years from a calendar date, which would mean that any proceedings that were already under way would be subject to the new rules.

Mr. Marty Morantz: Okay. I'm trying to get this clear in my mind.

The act comes into force, and a financial institution and the company that has conduct of the federally regulated pension plan have, say, five years to make sure that the pension plan is fully funded in order for it to gain its priority over a secure creditor. You're saying that somehow that does not work in the context of normal bankruptcy proceedings.

Mr. Mark Schaan: What I'm indicating is that traditional transition clauses in insolvency policy would say that any insolvency proceedings that go from this point forward would be subject to these rules. From the coming into force date, any new proceeding would be subject to the provisions as they're set out, as opposed to suggesting that it's a calendar date that is five years from this date, regardless of where you are. If you commence the proceeding before the coming into force date, but are midway through it, you are now subject, as the superpriority would apply.

It's more on the application of the superpriority than it is on the degree to which the consideration around the possibility for full solvency would apply.

Mr. Marty Morantz: Moving on, I think you also said that current federally regulated pension plans, as of December 2021, are 109% funded. I want to get some clarity on that. It might have been Ms. Wrye who said that.

That's an average, so are there any underfunded federally regulated pension plans currently?

Ms. Kathleen Wrye: Yes. There are plans that are funded under 100%. The estimated average solvency ratio for all federally regulated DB plans is 109%.

Mr. Marty Morantz: How many federally regulated pension funds are currently underfunded?

Ms. Kathleen Wrye: I'm sorry, but I will have to pull that information up quickly as well. I have lots of things open with numbers to answer questions—one moment, please.

Mr. Marty Morantz: Could you provide that information in writing? How many federally regulated pension funds are currently underfunded?

Ms. Kathleen Wrye: Yes.

Mr. Marty Morantz: I recognize that 109% is an average, so maybe some are 130% and some are 90%, I don't know. It would be interesting to see.

Ms. Kathleen Wrye: Yes, I can give it to you in writing, or there's a chart that OSFI has on their website that we can provide to the committee.

● (1735)

Mr. Marty Morantz: I appreciate your providing that information.

I want to get something else clear in my mind. Let's say, for example, that a bank has an existing loan with a federally regulated business that has a federally regulated pension fund. If this act were to come into force, would that loan—which was advanced before the act came into force—and that company be under the rules that would have then come into force under Bill C-228?

The Chair: Give a short final answer, please.

Mr. Mark Schaan: If that company enters into either a restructuring or an insolvency policy, regardless of whether it's federally or provincially regulated, it will be subject to the rules of Bill C-228. It all comes from insolvency.

The Chair: Thank you, MP Morantz.

Now we'll hear from the Liberals. I have MP Baker for five minutes.

Mr. Yvan Baker: Thanks very much, Chair, and thank you to our officials for joining us here today.

I asked a question of MP Gladu when she was presenting to us, and I want to ask this question to you. I think this is a question for the representative from Industry, but if anyone else wants to answer, that's fine.

My question is this: How many bankruptcies or CCAA proceedings with defined benefit plans have happened over the years that have led to the loss of pensions?

Mr. Mark Schaan: I don't have those that would be under the BIA, but, by and large, most of them would have occurred under the Companies' Creditors Arrangement Act. From 2009 to 2022, there were 10 restructurings that resulted in pension reductions.

Mr. Yvan Baker: Do you have any idea how many pensioners were impacted by that?

Mr. Mark Schaan: It was roughly 50,000 pensioners.

Mr. Yvan Baker: Okay. Why are there deficits in defined benefit pension plans?

Ms. Kathleen Wrye: Would you like me to take that, Mark?

Mr. Mark Schaan: Yes, go ahead.

Ms. Kathleen Wrye: In general, there can be deficits from plans for a variety of reasons. It's not necessarily that employers are not putting funding into them. Solvency is highly dependent on interest rates and discount rates, because you're discounting the future pension liabilities as if you had to pay them out immediately.

The very low long-term interest rate environment has caused the liabilities of pension plans to be quite large, which is also why our plans are now 109% funded, because of the reversal in interest rates over the last year and a half, and also investment returns. Right now I think plans are probably taking a bit of a beating on the markets, but that's being weighed out by changes in interest rates. It's predominantly market returns and changes to the discount rate that they have to use for their liabilities that can cause plan deficits.

Mr. Yvan Baker: In other words, what I hear you saying is that when interest rates are low, the expected return over time on the money that's being invested today is lower than it would be if interest rates were higher, and therefore companies have to put in more money now to make sure the money is there to pay the pensioners what they are eligible for in the future. Is that accurate?

Ms. Kathleen Wrye: It's a little bit the inverse—

The Chair: I'm just going to interject, MP Baker. I've just been informed that we actually have to end with a hard stop at 5:45, so you have another 30 seconds. Then I'm going to the Bloc and the NDP for two minutes each. Thanks.

Mr. Yvan Baker: Okay.

Ms. Kathleen Wrye: I think I can quickly say that the impact of interest rates is predominantly on plan liabilities. The lower the interest rate, the higher the liabilities that they have to fund, so that's what can lead to deficits.

Mr. Yvan Baker: Is it fair to say that companies simply aren't putting enough money aside, though? Whether there are high interest rates or low interest rates, ultimately the company has to make sure that there's enough money for there not to be a deficit.

Ms. Kathleen Wrye: They do, and pension standards legislation sets minimum requirements for what those payments should be. Under our legislation, when there is a deficit, we provide five years to make those payments, so that if a large deficit emerges—if interest rates go down, for example—it does not lead to an insolvency.

The Chair: Thank you.

Now we're going to go to the Bloc and MP Ste-Marie for two minutes, and then to the NDP for two minutes.

[*Translation*]

Mr. Gabriel Ste-Marie: Thank you, Mr. Chair.

Of course we want to see Mr. Chambers' motion passed at the end of this meeting. In this round, I requested exactly the same thing as Mr. Morantz, that we be told how many pension funds are currently underfunded.

Perhaps Ms. Wrye or Mr. Schaan could answer my last question. If Bill C-228 passes, possibly with minor amendments, do you believe that businesses will continue to fund their pension plans?

● (1740)

[*English*]

Mr. Mark Schaan: It would be conjecture on my part.

I think a consideration for the committee is, on the one hand, a mandatory requirement from creditors to ensure they still get paid. The pressure that comes from that is one kind of intended outcome of the bill. The other is that the company never actually gets to that, because a consideration is that lenders decide to call their loans early and decide to plunge the company into insolvency before there's actually a chance to be able to make up that gap.

[*Translation*]

The Chair: Thank you, Mr. Ste-Marie.

[*English*]

Now we'll hear from our final questioner, MP Blaikie, for two-plus minutes.

Mr. Daniel Blaikie: Thank you, Mr. Chair.

I'd just like to move that at our next meeting, we take an hour with witnesses and then begin clause-by-clause in the second hour of the meeting.

The reason for that is that we've heard some who would like to hear more on this. We've also heard that this issue has been well studied by Parliament, over a number of Parliaments now. I'm offering what I hope is a compromise that allows us to hear a few more voices on the bill, but also allows us to proceed quickly with the passage of the bill.

If there's no further debate, I'd be happy to proceed to a vote on that.

The Chair: I do see a hand up.

MP Chatel, go ahead.

Mrs. Sophie Chatel (Pontiac, Lib.): If we have two minutes, may I...? I didn't have a chance to speak about this issue.

Mr. Daniel Blaikie: Can we have a quick vote and then Mrs. Chatel can have the remaining time on the issue?

Mrs. Sophie Chatel: I think it's sort of related.

The Chair: MP Chatel has the floor right now.

Mrs. Sophie Chatel: Thank you.

I just wanted to say that the situation that some pensioners are finding themselves in, having worked all their lives, is unacceptable. We need to do something.

You know my background. For me, it's important that when we put something forward, it's good. You said the law is not perfect. Well, why don't we make it perfect? I really want this committee to have the ambition to make it perfect. If it takes a little bit more time, I'm willing to take it.

I want officials to help. There are issues such as connection and what Gabriel Ste-Marie said earlier about how we need to harmonize some of this legislation with new legislation. I'm just concerned that we could, by accident, create a flaw in the legislation.

The Chair: MP Chatel and MP Blaikie, I've been told we do have to adjourn right now. It's been agreed by all the whips to adjourn this meeting.

Mr. Philip Lawrence: I have a point of order.

The Chair: We do have to adjourn the meeting.