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Government promises Senate time to review 'flawed' bankruptcy reforms: Bill C-55

OTTAWA - Concerns about "flawed" bankruptcy reforms that MPs rushed through the Commons without study this week have prompted the Senate to extract the government's pledge that the proposed changes will not come into force before July, after the Senate has had time to review the new law in detail, says the Liberal chair of the Senate's banking committee.

Senator Jerry Grafstein said committee members were "inundated" over the past few days with e-mails and telephone calls from bankers, lawyers, bankruptcy trustees and the investment industry begging the red chamber not to rubber-stamp Bill C-55, a complex 145-page omnibus bill that would completely overhaul Canada's bankruptcy law and boost protection for workers left unpaid by their employers' bankruptcy.

Like MPs, senators "wholeheartedly support" the principle of increasing protection for vulnerable out-of-work wage earners, Mr. Grafstein stressed. But the Commons industry committee jammed the bill through without hearing from the many witnesses who were clamouring to testify about its myriad problems. Mr. Grafstein said even the government planned to table numerous amendments, but the election spurred all four parties to approve it unchanged.

"We are, in effect, in a terrible Hobson's choice here ... because our normal practice is to consider the bill and to be the chamber of sober second thought and we were being pressed because of dissolution [of Parliament for the election] to deal with this as soon as possible," Mr. Grafstein said.

He said his committee dealt with the dilemma in a "unique" way by seeking and getting a verbal assurance on Wednesday from Labour Minister Joe Fontana that the government

will delay proclaiming the law in force until June 30, 2006, "at the earliest," which would leave senators time to review and improve it.

Mr. Fontana's verbal pledge is to be followed up by a written undertaking before senators vote to give the bill final approval, as early as today. Should the government fail to deliver on its promise to delay the bill's proclamation, the bill might die, Mr. Grafsetin acknowledged.

"There is a false perception in the country that we are just a rubber stamp of the House. This is the Senate speaking as a chamber of independent, sober second thought and, quite frankly, I think it's one of our finest moments."

Liberal and Conservative banking committee members recommended in a unanimous report tabled in the Senate yesterday that Bill C-55 remain unchanged, subject to delayed proclamation, and be given final Senate approval. That would permit the bill to get royal assent before Parliament prorogues for an anticipated federal election next Tuesday, at which point all unpassed legislation dies.

Jacob Ziegel, a law and bankruptcy professor who was one of many witnesses who were unable to testify on the bill, argued the Senate did the right thing by seeking to delay the bill's effect until its shortcomings have been remedied.

"I am still a bit hot under the collar about the cavalier way in which Parliament deals with major pieces of legislation," Mr. Ziegel complained. "Everybody [who wanted to testify on the bill] was cut off at the knees because the four parties in the Commons were so desperate to strike a deal before Parliament was prorogued. It's a complex bill dealing with all kinds of matters and it's scandalous that MPs would be willing to rubber stamp a bill without even bothering to find out what its all about."

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