



CAIRP Lauds Senate Insolvency Report, Calls for Early Implementation

TORONTO—(November 4, 2003)--The Senate Banking, Trade and Commerce Committee's report presents a valuable blueprint for strengthening the country's bankruptcy and insolvency system and should be translated into federal legislation at the earliest opportunity, the Canadian Association of Insolvency and Restructuring Professionals (CAIRP) said today.

CAIRP was responding to the recommendations in the Committee's 243-page report, which is the culmination of the Senators' review of the federal Bankruptcy and Insolvency Act and is expected to result in amendments to the statute.

"The Senate Committee has provided a very thorough review of complex legislation," said William Courage, CAIRP's Chair. "Although the insolvency process is fundamentally sound, the substantial changes advocated in the report will enable the system to serve better the interests of debtors, creditors and the Canadian economy as a whole. Foreign investors are looking for more transparency and codification of fundamental principles rather than having to rely totally on judicial discretion. We therefore look forward to early implementation of the report's recommendations."

CAIRP is pleased that the Senate Committee report adopted many of the proposals made by CAIRP and the Insolvency Institute of Canada in their joint submissions on personal and commercial insolvency law reform during the past two years.

However, CAIRP is disappointed that the Committee failed to recommend specifically that all interim receivers, receivers under Section 243 of the Bankruptcy and Insolvency Act and monitors under the Companies' Creditors Arrangement Act (CCAA) be required to be licensed trustees. It is important for the integrity of the system that receivers be persons of demonstrated competence who are subject to regulatory and licensing requirements. It is similarly important that monitors be persons of demonstrated competence whose ability to act impartially is not compromised by conflicts of interest.

CAIRP endorses the report's recommendations designed to improve the fairness and efficiency of the insolvency system. The Committee's proposed reduction, from 10 years to five years, of the period before bankrupts can be discharged from their student loans is appropriate at a time when students are forced to assume a greater role in financing their post-secondary education. Similarly, the recommendation calling for a debtor's Registered Retirement Savings Plans to be given greater exemption from seizure in a bankruptcy recognizes that Canadians increasingly have to rely on their own savings for retirement.

The Canadian Association of Insolvency and Restructuring Professionals (CAIRP) is a national professional organization representing 913 general members acting as trustees in bankruptcy, receivers, monitors, agents and consultants in insolvency matters. CAIRP is a non-profit corporation, established in 1979 to "advance the practice of insolvency administration and the public interest related to it."

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