

## New insurance for worker wage claims

Contributed by Carolyn Yates

Jean-Pierre Blackburn, Minister of Labour, announced July 7 that the Wage Earner Protection Program (WEPP) is now in force. The program will protect workers' wages in the event that their employer is declared bankrupt.

"The Government of Canada has taken action so that hard working men and women will no longer be last in line to receive their unpaid wages," says Blackburn. "Through the Wage Earner Protection Program, workers in Canada will have their salaries protected and their rights safeguarded."

The WEPP Act was initially established as part of a larger series of measures designed to protect workers whose employers go bankrupt. It provides eligible workers with payment of owed wages and vacation pay up to an amount equivalent to four weeks' insurable earnings (under the Employment Insurance Act), which is currently about \$3,000. The Ministry of Labour estimates that this will fulfill 97 per cent of all wage claims.

"This is a real step forward for all workers. Too often we saw employees suffer lost wages, benefits, and even their pension savings because banks and other creditors were given priority. With a new law that puts government on their side and offers the security of a guaranteed last paycheque and pension contributions, working Canadians will be better off," says Ken Georgetti, president of the Canadian Labour Congress.

Between 10,000 and 20,000 workers make claims for unpaid wages every year. Workers often failed to receive payment under the previous system, since their employer's assets would go to creditors, who took priority. Payment of claims was also dealt with after other proceedings, which could take up to three years. Now, the WEPP, in addition to a new provision within the Bankruptcy and Insolvency Act, places wage claims ahead of creditors in the division of remaining assets.

"The changes ensure Canada's insolvency legislation remains fair, flexible and responsive to the needs of workers in an ever-changing marketplace," added Jim Prentice, Minister of Industry.

Individuals in the program will sign over wage claim rights to the government in return for payment through the Act. The government will then assume the interests of wage earners against the bankrupt employer.

The Program will cost an estimated \$35 million per year and will be funded from general tax revenues. Amounts of payments will vary from year to year, depending on economic conditions.