

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C-36, AS AMENDED

AND

IN THE MATTER OF THE *CANADA BUSINESS CORPORATIONS ACT*, R.S.C. 1985, c. C-44

AND

IN THE MATTER OF THE *BUSINESS CORPORATIONS ACT*, S.B.C. 2002, c. 57

AND

IN THE MATTER OF CATALYST PAPER CORPORATION
AND THE PETITIONERS LISTED IN SCHEDULE "A" TO THE PETITION FILED
JANUARY 31, 2012

APPLICATION RESPONSE

Application response of: Her Majesty the Queen in Right of Canada as represented by the Attorney General of Canada (the "application respondent")

THIS IS A RESPONSE TO the notice of application of the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union, Local 1-1937 dated February 13, 2012.

Part 1: ORDERS CONSENTED TO

The application respondent consents to the granting of the orders set out in the following paragraphs of Part 1 of the notice of application on the following terms:

Not applicable.

Part 2: ORDERS OPPOSED

The application respondent opposes the granting of the orders set out in the following paragraphs of Part 1 of the notice of application:

2.1(e).

Part 3: ORDERS ON WHICH NO POSITION IS TAKEN

The application respondent takes no position on the granting of the orders set out in the following paragraphs of Part 1 of the notice of application:

1, 2.1(a), (b), (c), (d), and (f).

Part 4: FACTUAL BASIS

1. Section 4 of the *Wage Earner Protection Program Act* ("WEPPA") states that WEPPA is established to make payments to individuals in respect of wages owed to them by employers who are bankrupt or subject to a receivership.
2. Subsection 36(1) of the WEPPA states that if payment is made under the Act to an individual in respect of unpaid wages, Her Majesty in right of Canada is, to the extent of the amount of the payment, subrogated to any rights the individual may have in respect of the unpaid wages against (a) the bankrupt or insolvent employer.
3. Section 81.3 of the *Bankruptcy and Insolvency Act* ("BIA") states that the claim of a "clerk, servant, travelling salesperson, labourer or worker" who is owed "wages, salaries, commissions, or compensation by a bankrupt" for services rendered within the period beginning on the day that is six months before the date of the initial bankruptcy event and ending on the date of the bankruptcy is secured to the extent of \$2,000. Secured wage claims under s.81.3 of the BIA have a super-priority over all secured creditors in relation to the bankrupt's current assets.

Part 5: LEGAL BASIS

1. Proposed paragraph 2.1(e) would extend the priority granted under section 81.3 of the BIA. The application respondent submits that such an order is not appropriate in these circumstances.
2. *Wage Earner Protection Program Act*, S.C. 2005, c. 47, s. 1.
3. *Bankruptcy and Insolvency Act*, R.S.C., 1985, c. B-3, as amended.
4. *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended.

Part 6: MATERIAL TO BE RELIED ON

1. Such materials as counsel may advise and this Honourable Court may allow.

The applicant respondent estimates that the application will take 60 minutes.

- ☐ The application respondent has filed in this proceeding a document that contains the application respondent's address for service.

- ☒ The application respondent has not filed in this proceeding a document that contains an address for service. The application respondent's ADDRESS FOR SERVICE is:

Department of Justice
900 - 840 Howe Street,
Vancouver, B.C. V6Z 2S9
Attention: Donnaree Nygard

Facsimile: (604) 775-5942

Dated: February 13, 2012



Signature of

- ☐ application respondent
☒ lawyer for application respondent

Jasvinder S. Basran,
Regional Director General

for: **Per: Donnaree Nygard**
Department of Justice
British Columbia Regional Office