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The Honourable Art Eggleton, P.C.
Senator
The Senate of Canada
Ottawa, Ontario K1A 0A4

Dear Senator Eggleton: *Art*

Thank you for your letter of June 22, 2016, regarding the Nortel insolvency proceedings and the treatment of unfunded long-term disability (LTD) benefits in insolvency. I appreciate your perspective given your long-standing interest in the Nortel proceedings and LTD issues.

Let me begin by conveying my shared concern about the difficult circumstances former Nortel LTD beneficiaries and other stakeholders are facing as a result of Nortel's insolvency. Our government understands the importance of secure LTD benefits and the impact of employer insolvency on LTD beneficiaries, as well as current and former employees, pensioners, and their communities.

As the Nortel proceedings are still before the courts, it would be inappropriate for me to comment on specific aspects of the case. While the courts must still resolve many issues in the Nortel case, I would note that the May 2015 decision on the allocation of Nortel's assets was a significant step forward for Nortel's Canadian creditors, including its LTD beneficiaries and other employee claimants.

As Minister of Innovation, Science and Economic Development, my mandate includes responsibility for insolvency legislation, such as the *Bankruptcy and Insolvency Act* (BIA) and the *Companies' Creditors Arrangement Act* (CCAA). Canada's insolvency laws are an important part of our economic framework legislation and play a key role in making our economy stronger. Insolvency legislation such as the BIA and the CCAA works through the court system to strike the proper balance between the competing interests of debtors and creditors.

Canada's insolvency laws enhance the ability of Canadian businesses to access credit, invest, and create jobs for Canadians while ensuring that creditors and other stakeholders, including LTD beneficiaries, employees, and pensioners, are treated equitably.

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With respect to the specific proposals you raise in your letter regarding the treatment of unfunded LTD benefits in insolvency proceedings, I have directed my officials to reach out to representatives of some of the Nortel LTD beneficiaries for further dialogue regarding these proposals. Currently, officials continue to receive input from stakeholders, as well as review the results of the 2014 public consultation on the BIA and the CCAA. The proposals set out in your letter are being considered as part of that ongoing work.

Once again, thank you for writing and please accept my best wishes.

Sincerely,



The Honourable Navdeep Bains, P.C., M.P.