

Bankruptcies soar 43%

Last Updated: Friday, November 20, 2009 | 12:14 PM ET [Comments 194](#) [Recommend 77](#)
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The number of bankruptcies across the country was 43 per cent higher in September than at the same point a year ago, government data shows.

The latest figures provided by the Office of the Superintendent of Bankruptcy Canada show the increase is disproportionately slanted towards consumer bankruptcies over business insolvencies. The September figure for the former was up by 45.5 per cent in the last year; the latter by only 1.6 per cent.

"It's been like this the whole time. The recession has hit consumers harder," said Andy Fisher, a partner at bankruptcy trustee A. Farber & Partners.

'A lot of businesses are just closing their doors'

—Bankruptcy trustee Andy Fisher

"It's got to do with unemployment," he said. "It's consumer driven in part because unemployment continues to rise, which makes it hard to keep up with bills. But companies are better structured to handle the recession because they weren't as debt-addled as consumers," he said.

For the last 12 months as a whole, total insolvencies increased by 33.6 per cent compared to the 12-month period ending Sept. 30, 2008.

But business insolvencies specifically were 6.5 per cent lower in the 12 months leading up to the end of September. The construction, transportation, warehousing, agriculture, forestry, fishing, hunting and retail trade sectors all saw reductions in the number of insolvencies.

Bankruptcies among utilities were among the few risers, up 320 per cent when the two 12-month periods are compared. But the sample size was small. Only five utility bankruptcies were recorded up to September 2008 whereas 21 were registered in the year up to September 2009.

Consumer driven

Consumer bankruptcies are disproportionately showing up in the data, Fisher suggests, because they must ultimately go through the bankruptcy process when they can't keep up with their bills.

"In order to have a bankruptcy process, you have to have some sort of asset sale," he said. "But a lot of businesses are just closing their doors," which wouldn't necessarily result in a formal insolvency filing, he said.

Another factor is that consumers are more likely than businesses to wait too long to address the problem.

"People hope they can hold on, then they wait too long and all they're left with is bankruptcy," he said. "But corporations are a lot more financially sophisticated and are generally better at seeing the warning signs."

Provincially, total insolvencies were up 70.2 per cent in Alberta, the highest level across the country. The gain of 18.1 per cent in Nova Scotia was the smallest increase.

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[Erik Hansen](#) wrote: Posted 2009/11/23

at 11:46 AM ET We can only thank ourselves and our own stupidity for the current state of affairs.

By believing the utter bull shit being spun by the financial and real estate sectors we have been condemned to a vastly over valued 'residential' real estate market which in turn has taken the majority of our disposable income out of the REAL ECONOMY, costing REAL jobs, and in the end forcing people into bankruptcy.

Living beyond our means, 35-40 year, zero down mortgages, and other parasitic policies, coupled with governments' total lack of commitment to policy which could have controled the madness in the finacial sector. These are all factors which have brought us to this place. These are all failings that could have saved a lot of the problems we are currently experiencing, but heh, we are all too damn self absorbed to think outside the corporate (double digit annual profit) box, aren't we?!?!?!?!

Shame on US for being so narrow minded!!!!!!

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[Voska1](#) wrote: Posted 2009/11/23

at 10:03 AM ET I think these bankruptcies have more to do with debt load than they do with the Recession. It would have happened anyways. I mean when I see people making half my income with a huge house, two brand new cars/trucks, all the toys like big screen TVs, and an RV in the driveway I can't figure out how they can afford it. It doesn't make any sense. I have debt too but how do these people afford these things on half my income when I can't afford it. My only guess is they must have massive debt like \$100,000 or more not including the mortgage. Or what they call consumer debt which excludes mortgage and student loans.

I know people who were headed for bankruptcy regardless of the recession. It was just a matter of time. Your expenses can't exceed you income for ever. The recession just bumped it up.

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[Obama Harper](#) wrote: Posted 2009/11/23

at 8:18 AM ET Has one penny Harpo spent done any good at all? Jobs are not created by Governments but business. As we can see in the story this isn't working to well .

820

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[Jim Bob@heaven](#) wrote: Posted 2009/11/23

at 6:33 AM ET I quite agree with Jackbrian (10:12 11/22...look at what these people in government get paid, as he said his MLA making more than 200 thou a year, while so many are becoming unemployed and poor. Our system cannot withstand the bankruptcies and new users of the unemployment system...with the loss of so many private sector jobs, an estimated 300,000 plus manufacturing jobs here in Ontario, and more to come, governments have to be robbing peter to pay paul so to speak....there are just too many payroll deductions lost.

We have become too much of a socialist country, and need to go back to some basics...dissolve some of the government hierarchy, and with it the huge payrolls, and benefit schemes...because the only people sitting back and watching this mess of a country unfold around us, and not worry too much about their own paychecks are those in government.

And as we as a country continue to deteriorate, the public sector unions all demand more...federally, provincially and municipally...

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[comment online](#) wrote: Posted 2009/11/23

at 5:04 AM ET global markets are up today....will the TSX and the DOW rally?

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