LEGISLATIVE ASSEMBLY OF ALBERTA

Standing Committee

on

Private Bills

Wednesday, May 27, 1981

8 a.m.

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Chairman: Mr. Knaak *8 a.m.*

MR. CHAIRMAN: . . . committee. I would like to take this opportunity to welcome the solicitor and petitioners for the Eau Claire Trust Company Act and, as well, the petitioners from the city of Edmonton for The Edmonton Ambulance Authority Act. Our procedure this morning will be to request initially the petitioners of!rs;lthe Eau Claire Trust Company Act to proceed with the opening statement, give evidence, answer questions of the committee. Then we will proceed with the city of Edmonton Ambulance Authority Act.

We are an open forum. It's not strictly formal. The petitioners and the solicitors have a choice whether they'd like to stand to address the group or whether they would like to remain seated. It's strictly a matter of personal preference. You'll notice that a green light will go on when you're speaking, and it's quite easy to hear you whether you stand or sit.

At this time then, I would like to call on the solicitor for the Eau Claire Trust Company and to ask whether he has any opening statements. Mr. Foran.

MR. FORAN: Thank you, Mr. Chairman. Good morning, ladies and gentlemen. My name is Frank Foran, and I appear for the petitioners in this matter.

In support of this petition, we have prepared a booklet comprised of four parts, which we have handed out to members of the committee. The first tab contains a copy of the statement of Mr. Boswell, who will be the executive vice-president of the company, and which statement will be read in as Mr. Boswell's evidence in a moment. The second tab contains the curriculum vitae of the petitioners. The third tab contains references concerning the petitioners, as to both their character and their financial capabilities. The fourth tab contains evidence of a public need for this trust company, as required by Section 7 of The Trust Companies Act. In his statement, Mr. Boswell will also elaborate on that need.

Three of the petitioners are present to answer any questions; they are Dr. Eli Scheinberg, Mr. Kenneth Boswell, and Mr. Jean Krieger.

Briefly, Dr. Scheinberg is a professor of biology at the University of Calgary and a businessman, and his impressive academic qualifications are set out in tab 2 of the material. There is a reference in there also, as I said, of his financial capabilities.

Mr. Lloyd Kenneth Boswell's qualifications and work experience are also set out. He holds a Batchelor of Science degree in business administration from the University of Tulsa, and he has had work experience with banks and investment companies, and as a financial consultant.

Mr. Jean Krieger's qualifications are set out. He's had 15 years experience with the Royal Bank in Alberta.

With that, Mr. Chairman, perhaps I could ask Mr. Boswell to make his statement.

(Mr. Boswell was sworn in)

MR. FORAN: Mr. Boswell, would you please make your opening statement, sir.

MR. BOSWELL: Hon. members, good morning. We the petitioners are seeking incorporation of Eau Claire Trust Company pursuant to the provisions of The Trust Companies Act of Alberta, for the purpose of fulfilling a public need which we feel currently exists in rural Alberta.

Calgary will be our originating point in which we plan to organize Eau Claire Trust Company and locate our corporate head office. Personnel and product information must be acquired prior to commencing our formal operation, which Calgary currently offers. Once this has been finalized, our rural branch expansion program anticipates the establishment of our first branch office in Carstairs, followed by Brooks, Camrose, and Peace River by September 1984, and the subsequent establishment of other branch offices.

Our primary objective is to provide a range of trust account services, estate services, investment certificates, trustees' services for the safekeeping of valuable documents, precious metals, and estate management services. Related services will also be available, including savings accounts, chequing accounts, term deposits, and lending facilities.

We fully realize that Alberta has a large number of trust companies providing the aforementioned services in large centres such as Calgary, Edmonton, Red Deer, Medicine Hat, and Lethbridge, and in a few other smaller towns throughout Alberta. However, we intend to concentrate on servicing smaller centres throughout the province of Alberta. Smaller centres such as Blairmore, Edson, Bow Island, Rocky Mountain House, Peace River, and Slave Lake are locations which will be examined with a view to establishing branch offices.

It is anticipated that our branch offices will be small in size and staff. However a full range of services will be provided in the trust services area. Personnel will be sought from within Alberta currently employed in the trust services area. It is hoped that we may gainfully employ personnel from within each centre, and provide them with the necessary training to fully serve the public. Our training department will be staffed with experts in various trust services who have a spectrum of technical expertise and will be responsible for the professional development of every employee.

The hours of operation of our branch offices will not only be designated to accommodate the residents of smaller centres that we intend to serve, but also to accommodate the farming and ranching residents of Alberta by staying open in the evening during the week and remaining open on Saturdays.

We are also considering offering a mobile information service consisting of selectively trained staff travelling to the centres in which we are not located, and offering information relating to RSPs, wills and estates, estate management, and lending. By making the outlying residents aware of Eau Claire Trust Company, it allows these people the opportunity to use our services without having to travel to the larger cities.

During the investigative part of our marketing search, we randomly telephoned several small centres and discussed that concept of Eau Claire Trust Company with the mayors, local lawyers, and various business people. We have enclosed their replies, which eventually led to the petition for the passage of an Act incorporating Eau Claire Trust Company. If our petition is successful, we hope to open our head office and begin our rural branch expansion program by September 1981.

It is apparent that most trust companies operating in Alberta will not provide services throughout all of rural Alberta, particularly in the smaller centres we propose to concentrate on. We emphasize that a public necessity does exist in rural Alberta for a trust company. It is our hope that we can fill this need for the rural residents of Alberta.

Thank you.

MR. CHAIRMAN: Thank you very much, Mr. Boswell. Is there any other individual who wishes to make a statement, Mr. Foran?

MR. FORAN: No, Mr. Chairman, there is not. Two others are available to answer questions, but Mr. Boswell is the only person making a statement.

MR. CHAIRMAN: Well, I believe we'll open the discussions for questions to the committee now. Are there any questions committee members have? I might point out to the petitioners that prior to coming in, we were in camera and we discussed our own information which addressed the question of need as well. So we have some information on that.

If there are no questions I would like to thank you, Mr. Foran, and the petitioners for . . .

MR. THOMPSON: I'd like to ask a question or two, Mr. Chairman. Obviously this is a fairly small trust company. Are you having a working arrangement or affiliation of any kind with one of the larger ones back east?

MR. BOSWELL: No, we're not. It's strictly an Alberta-owned and Alberta-incorporated company. It has nothing to do with any other trust company, bank, or institution of any kind.

MR. CHAIRMAN: Mr. Speaker.

MR. R. SPEAKER: Thank you, Mr. Chairman. Are the partners listed in the Bill equal partners or equal contributers? Just quickly looking through the -- is Dr. Scheinberg supplying the capital for the trust company?

MR. BOSWELL: Dr. Scheinberg is a major supplier of the equity, and Mr. Krieger and I will be managing and directing the company.

MR. CHAIRMAN: Do you have an additional question, Mr. Speaker?

MR. R. SPEAKER: I'm trying to read through the material.

MR. CHAIRMAN: Mrs. Cripps.

MRS. CRIPPS: You talked about rural Alberta. What need did you perceive to be in rural Alberta that is not now presently being fulfilled by the trust companies that are here?

MR. BOSWELL: We feel that the trust companies do not represent every community in rural Alberta. There are some smaller centres in rural Alberta where you don't have your trust companies and your related trust services that pertain to a trust company.

MRS. CRIPPS: But you were talking about a need in rural Alberta. What were those needs that you see your trust company fulfilling?

MR. BOSWELL: It is that there are centres in Alberta where there aren't trust companies located, so we hope to provide the trust company services that these people would like: estate management, wills, and the services that I mentioned in that document.

MR. CHAIRMAN: Mr. Pahl.

MR. PAHL: Thank you, Mr. Chairman. I certainly commend the principals for the initiative of diversifying their efforts throughout the province, but I wonder whether as a small -- everyone starts small, and that's a necessary element. How strongly committed would you be to going into the rural areas? Wouldn't you want to develop a strength first in a major urban area where -- and I apologize for not having had the opportunity to read it all. But won't you be spreading yourselves a mite thin if you head out into the country right away? As a matter of interest, Mr. Chairman, I wonder whether the strategy might be explained as being first in Calgary or . . .

MR. BOSWELL: May I ask that Dr. Scheinberg be sworn in, and participate in that answer?

(Dr. Scheinberg was sworn in)

DR. SCHEINBERG: Members, I would like to comment on the question from the floor. We can indeed start our operation in larger centres, but in no way can we compete efficiently with existing out-of-province and in-province trust companies that have been in existence for a long period of time. We will attempt to pioneer in rural Alberta. We are willing to take the financial risk. I've recently taken a fairly large risk by being the first tenant in the industrial park of Carstairs, which was opened officially this Friday. Since it's my own money that was earned in Alberta, I do feel as a citizen of Alberta that I owe Alberta quite a bit of what I own today. I think that it is one way of showing my appreciation to Alberta. If it touches my pocketbook, then I have a few dollars less, but I attempted to do something in return to the community.

MR. CHAIRMAN: Thank you. Any further questions? Then I would like to thank you again, Mr. Foran, and the petitioners for appearing. It's been very helpful to us. In due course, when the committee has considered the matter, I'll be in touch and advise. Thank you.

MR. CHAIRMAN: We now have before us Bill Pr. 7, The Edmonton Ambulance Authority Act. Mr. Burrows, would you like to be sworn and have an opening statement? Mr. Barrington did you have some introductory comments or solicitor's statement prior to taking formal evidence.

MR. BARRINGTON: Yes, Mr. Chairman, with your permission, if I may.

MR. CHAIRMAN: Yes, please proceed.

MR. BARRINGTON: Thank you, Mr. Chairman, members of the committee. My name is Bruce Barrington, and I am the solicitor for the city in this matter. With me today are four additional individuals. On my far right is Mr. D. F. Burrows. He is the chief commissioner of the city of Edmonton. On my far left is Mr. T. E. Adams. He is the commissioner of economic affairs for the city of Edmonton. On my immediate left is Mr. Peter Warwick. He is the acting general manager of the proposed Edmonton Ambulance Authority. On my immediate right is Ms. Mary Mulloy, who is intergovernmental affairs officer for the city of Edmonton.

Mr. Chairman, I propose to make a number of remarks to introduce this matter and set it before you generally, primarily from a legal point of view, and for the purposes of reviewing the Act that is in front of you. Then, with your permission, we propose that Mr. Burrows make formal submission on behalf of the city of Edmonton.

Mr. Chairman, the Bill before you has been petitioned by the city of Edmonton for three readings and, hopefully, Royal Assent at this session of the Legislature. It is a private member's Bill, as you can see. It is very similar, and in many respects it is identical, to two previous private member's Bills petitioned for by the city of Edmonton. Namely, they are The Edmonton Convention Centre Authority Act, Statutes of Alberta 1979, Chapter 75; and The Edmonton Research and Development Park Authority Act. This is Bill Pr. 2 passed in 1980.

Bill Pr. 7 creates a non-profit body corporate to be known as the Edmonton Ambulance Authority. This authority is proposed to have the power to establish, develop, maintain, manage, and operate an ambulance service in the city, and to have the power to enter into agreements with certain other parties, including the government of Canada, the government of this province, and other municipalities, to carry out these said services with them.

The authority is proposed to be composed of the mayor of the city of Edmonton, one commissioner of the city appointed by council, the medical officer of health for the city, one member recommended by the Edmonton Academy of Medicine and appointed by the council, one member recommended jointly by hospitals within the city and appointed by the council, and six electors or members of the council appointed by the council. The first members are to hold office until the first organizational meeting of the council, and thereafter hold offices for three years, except for electors, whose term may be varied.

The Act allows the city to provide funds to the authority that are, in the opinion of the council, necessary for the operation of the authority and permits the city to guarantee by by-law the payment of capital and interest of moneys borrowed by the authority.

The city does exercise, or at least has the power to exercise, some review and control over the authority in four general ways. One is that without the approval of council, the authority cannot do a number of things. For example, it could not acquire and sell real property, lease any real property for a period greater than one year, acquire or alienate shares in the capital stock of any corporation, enter into an agreement requiring an expenditure by the authority in excess of $25,000, or such other sum as the council may, from time to time, designate by resolution money for the purpose of making a capital expenditure, or enter into an agreement under Section 3(2), which is an agreement to carry out the service outside the city.

The second way is that the authority is required to prepare an annual audit of its accounts at least once in every fiscal year, and submit the annual audited statement to council. In addition -- and this is new in this private member's Bill, not in the Convention Centre Authority Act -- council also has the power to require that a detailed estimate of probable revenues and expenditures -- that is to say, a budget -- for each year be submitted to council within the time required by council for approval. It also has the power, as it has in the two other Acts, for the city to take over the management and the assets of the ambulance service.

As I've indicated, Mr. Chairman, members of the committee, these provisions are similar, and in many cases identical, to those provisions given in the previous two Bills mentioned.

As to the particular legal basis of this Bill, Mr. Chairman, as you know yourself, being a lawyer, the city of Edmonton is a creature of statute and , as such, can only do those things it is empowered to do by its enabling legislation. The Municipal Government Act, in sections 165 to 167, contemplates in part that the city of Edmonton could, if it chose, carry on an ambulance service but such service would have to be carried out as a department of the city. The city cannot -- as it can with hospitals, for example -- delegate to a board or a commission or a corporate body, the operation and maintenance of an ambulance service.

Section 201 of The Municipal Government Act gives to the city council very specific and broad powers to appoint persons to boards for the purposes of taking over purchasing, erecting, operating, maintaining, and regulating hospitals. As 200 says, a council may pass by-laws providing for taking over, purchasing, erecting, operating, maintaining, and regulating hospitals, either directly or by means of a commission, corporation, board, or other body constituted for that purpose. Section 201 carries on this intent. I won't read it in its entirety but it does allow and provide by by-law for the city to appoint a board of governors for the purpose of managing control and operating any hospital belonging to a municipality and may define the powers and duties of the board and fix the remuneration of any members.

Mr. Chairman, the city has determined, and Mr. Burrows will elaborate, that the city wishes to create an Edmonton Ambulance Authority in the manner that's been set out in the Bill. But without the proper legal authority to do so, we feel that we are prevented from doing it in the manner in which we wish to go about doing it and for the reasons that we wish to do it.

Those are general legal reasons for the Bill. Mr. Chairman, with your permission, I would now turn the floor over to Mr. Burrows to make a submission.

Thank you, Mr. Chairman.

MR. CHAIRMAN: Thank you. That's a very clear presentation.

(Mr. Burrows was sworn in)

MR. CHAIRMAN: Mr. Burrows, you may commence your presentation.

MR. BURROWS: Thank you. Mr. Chairman and members, the city of Edmonton wishes to have an autonomous agency for the provision of city ambulance services. It would operate at arm's length from the city, under the direction of a board representing the city, health services within the community, and its consumers. The creation of an ambulance authority is a structural response to the transition of ambulance care from a transportation service to a critical

element of pre-hospital care. Its advantages: it focusses and enhances accountability for performance of local ambulance service; it allows a better liaison to be developed with community hospitals, the provincial government, and educational institutions such as NAIT in the transition to a paramedic system.

Autonomous status in a community based board structure would allow maximum flexibility in meeting the province's proposed legislative plans for ambulance standards and funding. Officials of the ministry of Hospitals and Medical Care are supportive of the principle of a community ambulance board, with consumer and medical community input, including a close link to local hospitals.

An authority approach allows the development of a contractual relationship between contiguous ambulance services, thus facilitating regional emergency service planning. For example, a regional dispatch service could be created to serve a number of local ambulance services. The adoption of the authority concept has proven to be a valuable organizational structure when the need exists to integrate the concerns of various interest groups.

For its operating and financing methods, the city of Edmonton is in the process of purchasing the assets and operating systems of Smith's Ambulance (1962) Ltd. Service will be improved through an upgrading of vehicle and equipment standards, and through a reduction in response time by putting extra vehicles on the road. In addition, on a phased basis, service would be raised to the advance life support or paramedic level of service, which would have ambulance personnel doing medical procedures in the field, under the direction of emergency department physicians. This improvement to the paramedic level of service is costly due to the necessity of having an advanced level of staff, vehicles, medical equipment, and communication equipment in the field.

Smith's Ambulance (1962) Ltd. now operates as a private, for profit company. The proposed Edmonton Ambulance Authority would continue to use most of the logistical and operating systems of Smith's, thus trying to retain the cost-effective philosophy that now exists in private ambulance services. Due to immediately requiring upgrading an ambulance service, and due to the fact that public companies such as the authority politically cannot impose huge increases in ambulance rates on local citizens, some form of deficit financing is inevitable. The yearly budget and deficit of the ambulance authority would be negotiated yearly with the city council.

MR. CHAIRMAN: Thank you very much. Mr. Barrington, is there any other member of your delegation who wishes to make a comment at this point in time?

MR. BARRINGTON: No, Mr. Chairman. Thank you very much.

MR. CHAIRMAN: Fine, thank you. Perhaps we can open questions now from the committee.

I have a preliminary question, and perhaps just as a matter of explanation. I presume the creation of the authority has been passed by council.

MR. BARRINGTON: Council has approved that this private member's Bill be submitted to this legislature.

MR. CHAIRMAN: And the establishment of the authority, subject to the passing of the Act?

MR. BARRINGTON: Well, Mr. Chairman, we will need to pass an additional resolution after the Bill is passed.

MR. CHAIRMAN: Okay, thank you. Mrs. Cripps.

MRS. CRIPPS: On page 2, special powers, Section 4(b), "to acquire and hold any real or personal property or any estate or interest . . .", et cetera, et cetera, et cetera, and (f), "to buy, sell and deal in any goods". Those two clauses seem to be all encompassing and certainly don't appear, at least I can't see any place in the Bill where they are limited to the efficient operation of the ambulance service. Is there any place in this Bill that is limiting that wide all-encompassing power to the efficient operation of the ambulance service?

MR. BARRINGTON: Mr. Chairman, Section 4(b) and Section 4(f) -- I'll direct my attention to 4(b) first. That power is necessary for the ambulance authority to have if it wishes to acquire real estate for the purposes of running its operations from buildings or land. Section 4(f) is necessary because it must purchase, in the course and conduct of providing an ambulance service, a certain number of goods. Its general object is to establish, develop, and maintain an ambulance service, and it doesn't have the power really to do anything else. The powers set out in Section 4 -- my submission must be read as being exercised in furtherance of the main power referred to in Section 3. Section 4 says "Without limiting the general authority of section 3 and subject to section 5, the authority shall have the power". Section 5 goes on to place in the council a power to give the approval to acquire and sell real property to the authority before it can do so, and to lease property and a number of other things. So there is going to be a check and balance on the use of the Edmonton Ambulance Authority's powers in furtherance of providing ambulance service and not just for anything it wishes.

Is that sufficient, Mr. Chairman?

MRS. CRIPPS: Mr. Chairman, it doesn't tell me exactly what limits the special powers in Section 4 to the supplying of efficient ambulance service in the city of Edmonton.

MR. BARRINGTON: Well, Mr. Chairman, another thing that would do that is that Section 20 requires the authority "in each year to prepare a detailed budget in a form prescribed by the City of the probable capital and current expenditures . . .". That's another control.

As I have indicated before, the general object and power of the authority is to provide an ambulance service. It really doesn't have the power to carry out, for example, a trust business or a retail store business. The powers in Section 4 are there to help it carry out its main object, which is the Ambulance Authority. I hope I'm understanding the member, Mr. Chairman.

MR. CHAIRMAN: I guess we were just looking at the last Act, The Edmonton Research and Development Authority Act. In that Act, the word "object" is used rather than "power". I think the general law is that you create an object, and then all the powers are confined solely to fulfilling that object. So if you create an object, then the powers -- the wording in this particular one uses powers in two different senses. I'm just wondering if there is a special reason for that, or if there is any objection to changing it to objects. I think that would clarify the situation.

MR. BARRINGTON: Section 3, Mr. Chairman?

MR. CHAIRMAN: Yes.

MR. BARRINGTON: We have no objection to that, Mr. Chairman.

MR. CLEGG: Mr. Chairman, I agree with Mr. Barrington's analysis of the subsidiary nature of the functional powers which are contained in Section 4. But it would be clearer that they are functional powers toward a general object if we were to use the word "object". I can draft an amendment which would fulfil that, if that's the committee's wish.

MR. CHAIRMAN: Thank you. Mr. Clark.

MR. L. CLARK: For clarification, Mr. Chairman. I was just wondering if -- and it's to do with your privately run ambulances. Is it your intention to eventually take over the ambulance service from the private concerns in the city?

MR. BURROWS: Mr. Chairman, you never know. The reason that this Bill is drafted in the form it is, is to allow such things to occur if they are required. If anybody was to operate in a private fashion and wish to integrate with it, that availability would be there. I think it is the intent of the city of Edmonton to establish a basic -- to the terms -- organization ambulance structure, onto which could be added all the things that occur in the future under provincial requirements, and would accommodate, as the Smith's Ambulance are doing to them at the moment, some form of ambulance service outside the boundaries of the city of Edmonton. We did not wish to disturb those things. It is to incorporate private and/or this particular service, and/or looking at the future as to whether the province has some mandatory decree that there shall be a regional type of ambulance service.

MR. CHAIRMAN: Mr. Lysons.

MR. LYSONS: Mr. Chairman, on the copy of the Bill here, in 1(g) there's a typographical error. "Mayor means the Mayor of the Cityad", whatever that means. Does that have to be deleted?

MR. BARRINGTON: I presume that that is a typo error. It is normal in the last and penultimate paragraphs that it should read "and", I believe.

MR. CLEGG: Mr. Chairman, that has been noted and can be corrected on an editorial basis.

MR. CHAIRMAN: Thank you.

MR. LYSONS: On 4(c), where it says "to engage the services of any bank or treasury branch and to enter into agreements with any bank or treasury branch", I'd like to see added in there trust company or credit union.

MR. CHAIRMAN: It's just a permissive clause, and the permissiveness is now restricted to a bank or a treasury branch. Perhaps it's a good idea that trust company and credit union is included. It doesn't obligate anything. Mr. Barrington do you have a comment on that suggestion by Mr. Lysons?

MR. BARRINGTON: We have no objections to that, Mr. Chairman. That's satisfactory.

MR. CHAIRMAN: Mr. Thompson.

MR. THOMPSON: Thank you, Mr. Chairman. I've got three or four general questions.

In Section 3, "the power to enter into agreements with the government of Canada . . .". Would that be to do with veterans' hospitals or something like that?

MR. BARRINGTON: Mr. Chairman, yes. It is allowing that possibility. There are some arrangements at the moment with some of the government hospitals here, through Veteran's Affairs and the like. Rather than ruling it out, there may very well be a possibility that that's a desirable thing to be added in to the total, whatever that total may be.

MR. THOMPSON: Secondly, what do you feel your annual operating budget would be?

MR. BARRINGTON: Mr. Chairman, we are looking at somewhere about $1.1 million deficit on the total.

MR. THOMPSON: Deficit. Is that what you feel it's going to cost to operate the thing?

MR. BARRINGTON: Right.

MR. THOMPSON: I have some concern, Mr. Chairman, that all these authorities that are asked by the city of Edmonton . . . I can understand the convention centre, it's a pretty complicated type thing, and maybe even this research authority that they set up. But an ambulance service seems a fairly simple, straightforward operation that could probably be under the city administration. You said in your statement that you had some good reasons for going this way. Could you maybe elaborate a little bit more? I'm just an old grain farmer, and I have real problems understanding why you feel it's necessary or even desirable, instead of working under a department, to set up a separate authority which dilutes council's authority in this area.

MR. BURROWS: Mr. Chairman, I think the principal reason behind the desire of the city to enter into this form of agreement is to allow the areas around the city of Edmonton, the regional area of Edmonton, to become part of this, and still leave it under the major body for control. There is no question that it probably could operate as a department, but it would not have that autonomous operation which I think is a desire of the city in this case, so that it would be free to enter into agreements with other bodies without necessarily being restricted by the municipal operation, but always relying back on the municipal operation for its funding and deficits. Now working out those sorts of deficits as they occur in other areas will be part of the terms of reference that will have to be drafted out from this eventually, and in conjunction with whatever other body we deal with.

I think that's the primary function of it, to broaden its base so that it may be responsive to many groups and organizations as well as the city, if necessary.

MR. THOMPSON: Just generally speaking, what would you feel is the region that you're involved in here? How far from the city of Edmonton? Would it go out to St. Albert, for instance, and past that? What general area do you feel you could service if they wish to enter into this agreement -- economically, that is.

MR. BURROWS: Mr. Chairman, I think that is something that would have to be drafted out. It might very well mean under a regional type of operation that there would be subsidiary stations that would be established in other areas and still part of the whole. St. Albert certainly would be attractive, I would imagaine, to be attracted to this type of operation, if it were an efficient one and met up with their very efficient operation at the moment. As you probably know, St. Albert has gone long way toward paramedic operation.

In other parts of the region in Edmonton's immediate vicinity, there is a possibility there that any group that wanted to participate could. I don't think it's eliminated. I think the structure of it, if you look at the regional type of development in England, for example, which is done nationally, they have this sort of operation where you move from the smaller areas into the larger area, and from a larger area to a still larger area, depending on the severity of the case and depending on the requirement. But it works very efficiently.

MR. CHAIRMAN: Mr. Stromberg.

MR. STROMBERG: Mr. Chairman, to Mr. Burrows. The $1.1 million deficit: what does it cost the city of Edmonton now with the private contractor Smith's Ambulance?

MR. BURROWS: Mr. Chairman, $36,000 is what we pay as a direct subsidy. Then there are other costs which are chargeable to the city of Edmonton. For example, if there is a call by our 911 service to the ambulance service, and they turn up and there is no body there, it's a prank call, then the city has some responsibility in those charges as well. But it's rather insignificant compared to what we're moving into at the moment. But that is appreciated. Council has debated that, and they understand it. They do wish a better ambulance service, and they do wish it to be moved to a paramedic type of operation.

MR. STROMBERG: If it was still left with a private enterprise and upgraded, would it cost the city that $1.1 million?

MR. BURROWS: Mr. Chairman, I think the end result of that, if it was left in private hands, would be another completely new ball game. It would probably result in the charges to the patient being considerably higher in total. There probably wouldn't be any subsidy to the extent that is proposed here. I think it would be the user of the service who would be facing a much larger bill.

MR. STROMBERG: A further supplementary, Mr. Chairman. Does this Act follow fairly close to what Calgary has, their authority?

MR. BURROWS: Mr. Chairman, I'm not sure that that's the case. Certainly we did look at it in the early days, but I think there are some differences here to what is being used in Calgary. I stand to be corrected. I should have

known this. That is a subdepartment in Calgary, so it's obviously under the city's environs. As a matter of fact, it operates, as I understand it, through a subdepartment of the fire department.

MR. STROMBERG: This is my last supplementary. Other cities such as Winnipeg, Toronto, Vancouver, have you compared what their services are?

MR. BURROWS: Mr. Chairman, within every province and within every region, there seems to be a variety of ways to go about it. In Winnipeg, it has been tried under a different type of organization, which hasn't really been too successful, which was partially the city of Edmonton [sic], partially the province, and partially private. I don't think they ever came to any conclusion that was satisfactory. I think there is still a debate on whether that's the best way for them to operate. It does appear that there is a large variety of departments, private organizations, independent organizations, operating in this manner.

MR. CHAIRMAN: Any additional questions of the committee? Perhaps we could ask Mr. Barrington or Commissioner Burrows to make a concluding comment.

MR. BURROWS: Mr. Chairman, members, we would wish that you deal with this Bill and request in a favorable light. It is our desire to move very strongly from our present position of a transportation type of ambulance service into the paramedic field.

We are now drawing up job descriptions and requirements, and we intend to start advertising for the people to fill the jobs that will allow us to make that transition, to provide a better type of service for the city of Edmonton and, ultimately, for any other body that may require this type of service and wishes to join into it.

We are in the throes of purchasing the assets of Smith's Ambulance, and those assets will be in the city very shortly. From an administrative point of view, the service that exists with Smith's will carry on as is, temporarily, and we will move from that stage into our final requirements as fast as humanly possible.

So we would ask you, Mr. Chairman, to view the Bill not only as an advantage, an upgrading for the city of Edmonton, but also to place in front of the people of our area, around Edmonton and the surrounding areas, the possibility of moving into a type of regional ambulance service of a very high grade, up to paramedic levels, if so desired.

MR. CHAIRMAN: Thank you very much Commissioner Burrows and Mr. Barrington for appearing before the committee and making the presentation. The committee will be taking the evidence and the matter under consideration. I'll be in touch to advise of the outcome in the very near future. Thank you.

If the committee is agreeable, for the next 10 or 15 minutes we should move in camera and deal with Eau Claire Trust. Possibly it may take longer, it may not. If it doesn't take longer, we have it done. We don't have to sit after 10:30 or 11. If it is agreeable, then we need a motion to move in camera.

Motion to move in camera made by Mr. Oman

Motion carried

MR. CHAIRMAN: I would like to take this opportunity to welcome the petitioners for Bill Pr. 4, The Calgary Golf and Country Club, and the petitioners for the Calgary Research and Development Authority. I'd also like to welcome the solicitors for the opponents of Bill Pr. 4, Mr. Goddard and Mr. McLaws.

The meeting this morning is an open meeting. The procedure will be to hear from the petitioner, then to hear from any opponent to the petition, to open the discussion open for question. Any person who is giving direct evidence will be sworn so that the evidence is under oath. If the solicitor intends to give any direct evidence as well, he should be sworn as well. If not, he does not need to be sworn. If an individual wants to stand to address the committee, he may do so. If he does not wish to, he can remain seated. The mics, as you notice, carry the sound very well. So it's not necessary to stand merely for the purpose of acoustics. There will be a possibility for a closing comment by both sides subsequent to the questions. We'll have the closing comments in the same order. In other words, the petitioner would make his closing comments first, and the opponent second. Subsequent to that, the petitioners would be free to leave the Chamber. There's no need to stay, because we don't address the matter at that point in time. We move in camera with the committee at some subsequent time to discuss the issue, and then advise both sides as to the result.

At this time then, I would like to call on Mr. Rollie Lange, solicitor for the petitioners of the Calgary Golf and Country Club, to make an opening statement and to introduce the petitioners with him.

MR. LANGE: Thank you, Mr. Chairman. I have with me, to my left, Mr. Ken Germand, the current president of the Calgary Golf and Country Club; and to his left, Mr. John Rule, the current vice-president of the club. Although I am prepared to make a preliminary statement or an opening statement with respect to the application, I understand that my friend Mr. Goddard wishes to make a preliminary application, Mr. Chairman, and this may be the appropriate time to do that.

MR. GODDARD: Thank you, Mr. Chairman. With me today is Mr. Don McLaws, who is a shareholder in the Calgary Golf and Country Club. Mr. Chairman, in order to bring this matter squarely before your committee, I felt it proper and appropriate at this time to advise you that an action has been commenced in the Court of Queen's Bench of Alberta by Mr. Benton McKidd, who is a shareholder in the Calgary Golf and Country Club, against the Calgary Golf and Country Club. That action was commenced yesterday. It was commenced at that time because I just received instructions last week, and was not able to get the matter before the court prior to that time.

To advise the committee, the action that's being commenced is seeking a declaration that the resolutions that were passed at the general meeting of the Calgary Golf and Country Club on November 24, which resulted in the petition that seeks this private member's Bill, be set aside and held null and void. The statement of claim further seeks that a declaration be given by the courts to hold the resolution that brought forth the petition null and void, and an injunction to restrain the club, or any officer or servant or agent of that club, from proceeding with the petition to seek a private member's Bill.

It would be my respectful submission, Mr. Chairman, that in view of the fact that such an action has been commenced and has not yet been adjudicated upon

by the courts, it would be appropriate for your committee to defer the presentation of this private member's Bill to the Legislature.

MR. CHAIRMAN: Thank you very much, Mr. Goddard. Mr. Goddard, not having had the opportunity to study the statement of claim, am I correct in saying that the challenge is to the manner in which the meeting was called, in which the vote was taken to pass the resolution for the petition?

MR. GODDARD: Mr. Chairman, in fact -- and this would be part of my submission, if I were going to make one after Mr. Lange had done so. Briefly, what is sought is something more than just the procedure that was followed being held invalid. What the statement of claim is alleging is that the by-laws that were incorporated by the company in fact have been used in this instance to affect the constitution or the Act that incorporated the company, and they've gone beyond their powers and jurisdiction in doing that. So it wasn't just the manner of the procedure that was followed, but that the by-laws under which they operated themselves, are *ultra vires* the enabling legislation that brought the club into existence. In other words, sir, they're . . .

MR. CHAIRMAN: Would you repeat that last point once more, Mr. Goddard?

MR. GODDARD: What I'm stating is that the by-laws under which they operated in bringing forth the resolution are invalid and void, and contrary to the provisions of the Act that incorporated the club. So what you have before you is a petition that followed that resolution that's invalid. It's more than just the procedure.

MR. CHAIRMAN: Thank you, Mr. Goddard. Mr. Oman, do you have a question or comment at this point in time?

MR. OMAN: Just to clarify by way of question. I understand, therefore, that they probably acted in accordance with the by-laws presently existing, but you're challenging the validity of the by-laws which have been brought into existence previously.

MR. GODDARD: That is correct, sir.

MR. CLEGG: Mr. Chairman, just for the benefit of the committee, the effect of this would be, if they were to succeed either with respect to the legal validity of the by-laws created under this club's original constituting Act or with respect to the alleged procedural defects, then the foundation for the petition which is before this committee, which is the resolution of the club to come to the committee for a Bill, would then disappear. As the members will recall, we had asked for a copy of the resolution that had been passed, so that we were certain that the members of the club wanted the Bill. The effect of the challenge is to challenge the validity of that resolution completely. So the allegation and the statement of claim does go to the root of the matter before the committee.

MR. CHAIRMAN: Having conferred with the counsel to the Private Bills Committee, and exercising a chairman's prerogative, I think we should proceed hearing evidence from the petitioner and from the opponent to the petition, on the following basis. The Legislature, although it will take into consideration any matter that's before the court, is certainly in a position

to grant the petition if it is satisfied that the majority of members of the golf and country club wish this action, since the Legislature itself is not bound by any Act whatsoever. Nevertheless, getting past the hurdle to hear the petitioner and the opponent in terms of the evidence, the Chair and the solicitor will have to examine the matter further, subsequent to the evidence. In any case, I'm sure the committee will take into consideration the legal proceedings and give it the appropriate weight, after studying the matter as to what weight it should be given.

So at this point, I would ask that Mr. Rollie Lange proceed with the submission on behalf of the petitioners.

MR. LANGE: Thank you, Mr. Chairman. What I had intended to do -- and I would like to just check the procedure with you. I would like to just outline, in a brief fashion, the history lying behind the resolution which forms the basis of the petition. Rather than being sworn to give testimony myself, I would then invite those gentlemen who are with me to confirm the accuracy of the history as I've outlined it, just for brevity sake, and then make them available to both you and the other members of your committee to answer questions. Their evidence would then be the evidence rather than the submissions that I make. Is that satisfactory?

MR. CHAIRMAN: That's satisfactory, Mr. Lange.

MR. LANGE: Do you have before you, Mr. Chairman, the petition and the documents that have been filed?

MR. CHAIRMAN: Yes we do.

MR. LANGE: That being the case, let must just go straight into the heart of the application.

The Calgary Golf and Country Club was incorporated by private Act of the Alberta Legislature in 1910, with a capital of $50,000 divided into 1,000 shares of $50 each. The Act states that only those holding at least one share in the said corporation shall be a member of the said corporation in full standing. All 1,000 shares were issued at least 40 years ago. The club has followed a practice for many years of approaching persons who still hold a share but are no longer active in the club, or their families, or their estate, requesting that they sell their shares back to the club for $50 per share, which repurchased shares are then reissued to new playing shareholder members at the same price; the purpose being to have active playing members also being shareholders of the club. A large number of the issued shares have been lost or are not traceable by the club, and some holders of shares have declined to transfer shares in their custody back to the club. As a result, for several years a number of playing members have been without shares, and a growing number of shares are being held outside the playing shareholder membership.

The board of management believes that not only must it resolve the problem arising from playing shareholder members not owning shares, but it must also take steps to ensure the continuation of the club for future generations.

The by-laws of the club, Mr. Chairman, dealing with club operations, prescribe who can vote at a general meeting. These by-laws restrict voting on matters on which a poll vote is taken to playing shareholder members holding shares. So you can see the importance of these people being in a position to hold a share. There are no provisions in the Act of incorporation concerning

voting. The board is not prepared to express an opinion on who could vote on matters not covered by the by-laws. I don't think that needs to be part of our debate here this morning.

Just an historical outline of things that have brought us to this point:. firstly, at the extraordinary general meeting of the club held on May 28, 1979, the membership approved, by a very small margin, the board petitioning the Legislature for an increase in the authorized capital. It was proposed at that time, because of legal problems raised by the club's own constitution committee, that the new shares would not participate in the assets on a liquidation of the company.

After a lengthy discussion subsequent to the vote, it was concluded by those members present that the board should move cautiously on the whole question and should find a solution that would not be divisive within the club. They were concerned with the small margin by which that move had been passed. The board therefore decided not to proceed with the petition to the Legislature at that time, and to endeavor to find some equitable solution, short of that petitioning.

Secondly, by following a long-term practice of reaquiring shares and issuing these reacquired shares to new playing members, the number of members without shares was reduced from 92 to 47 between June 1979 and November 1980. As shares were returned by no longer active participants in the club, they were reissued to active playing members of the club. Although this lessened the problem which we referred to earlier, Mr. Chairman, it has not eliminated the problem. We continue to be faced with the same problem today.

Thirdly, the board has considered a number of alternate courses of action. The only viable alternative, in the boards' judgment, which would ensure the preservation of the club, is to add a section to the Act of incorporation providing that upon winding up the club, the assets would be paid to charity. A resolution to this affect was presented to the shareholders at the annual meeting on November 24, 1980.

Mr. Chairman, do you have before you the form of the resolution that was presented to the annual meeting at that time? I have additional copies here available for distribution if you do not.

MR. CHAIRMAN: Do the members have a copy of the actual resolution? No. I guess we will at some subsequent time, have them. Do you have sufficient copies there?

MR. LANGE: Yes I do.

Mr. Chairman, that material that has just been passed around was sent out to the playing shareholder members of the club in accordance with the provisions of By-law No. 78, which deals with notice of meetings. It says the annual meeting of the playing shareholder members of the club shall be held in the month of November, at such time and place as the board may direct. Ten days' notice of the annual meeting shall be given by mailing notices to playing shareholder members, at the addresses shown. It was indeed to those playing shareholder members to whom notice of that meeting was given. I don't think it's necessary for us to debate the lawsuit which my friend has referred to at this point. But I wish it to be pointed out that that is the fashion in which the notice was given.

This is the notice, or at least a portion of the notice, that was given at that time. It deals with two resolutions. I won't take the time to read them in their entirety, but Resolution A deals with the question of the distribution of assets, if you like, or dividends from the club. The proposal

is that upon winding up of the club, in whatever legal fashion that should occur, the equity in the club would be given to a charity.

Then the club asks that if Resolution A is approved -- that is, if the playing membership likes the proposition that is proposed -- then the board of management seeks authorization to increase the authorized capital of the corporation so that 2,000 shares can be issued at $50 a piece.

What is attempted to be achieved here is twofold. Number one, that we put a share into the hands of the active playing members, each person having at least one share, and that in order to avoid further concerns with what will happen to the club's assets when everything is said and done, it's provided that it will go to a charity so there will be no vested interest in the persons holding the shares, other than to the extent of a very nominal value of $50 per share.

This is not a unique proposal, Mr. Chairman. I can draw your attention to two such situations which have occurred previously. One, an amendment to the Calgary Petroleum Club Act in 1956, in which a portion of that amendment refers to the assets of that club going to a non-denominational charitable organization that shall be designated by a resolution of the members of the corporation. So in that particular case it's been done. It's my information, Mr. Chairman, that in addition the Glencoe Club of Calgary has also adopted a similar provision within its documents which would permit that to happen on a winding up.

Mr. Chairman, at the annual general meeting, the directors of the club gave a number of reasons for supporting the proposed Resolution A and the proposed Resolution B. These were several of the items that were raised in support by the directors themselves. They were concerned that unless a permanent resolution is attained, the situation may become more serious. That is, there will be an increasing possibility that, over time, more shares will be held by non-playing members. Amendment of the Act of incorporation in accordance with Resolution A should reduce the number of shares held outside the playing shareholder membership and would permit the club to increase its authorized capital and issue further shares.

Secondly, the purposes for which the club was formed, as set out in the Act of incorporation, are the following: to promote the physical welfare of its members, and encourage the games of golf, tennis, bowling, and other games, hunting, or other form of exercise, and for social purposes. In addition the objects of the club as set out in the by-laws state: the objects of the club shall be the conducting of an association for the purpose of social enjoyment and physical culture, and the promotion of wholesome and healthful outdoor sports and pastimes, particularly the game of golf.

These purposes and objects are still valid today and contemplate the continued operation of the club. All the issued shares of the club were issued in light of these purposes and objects. It is clear from these purposes and objects, Mr. Chairman, that the club was not incorporated nor were the shares issued with the object that shareholders would make money on their shares. It's our respectful submission, Mr. Chairman, that it was always contemplated, in light of these objects, that those shares would only retain a nominal value.

In the opinion of the board, Mr. Chairman, it's unlikely that the corporation would ever be liquidated. In fact, the board feels that it is obligated to take all possible steps to guard against liquidation. For these reasons -- that is, those that I have outlined as having been stated on the floor of the meeting and set forth in the notice of the annual meeting -- the board was of the unanimous opinion that the outstanding 1,000 shares do not

have a value significantly greater than the $50, and that the members should support Resolution A.

There was general discussion at the meeting. Part of that general discussion, Mr. Chairman, centred on the fact that doing what has been proposed to be done here would have the effect of confiscating property presently belonging to those who hold the shares that have now been issued. That was debated, I'm advised, at some length on the floor of the meeting. It was the director's position that confiscation was not involved at all because it was never the object of the club that the shares would have other than a nominal value, and where they do not have other than a nominal value, to issue more shares, and to spread the ownership, if you like, of the club in a wider distribution is not to take away anything because nothing other than a nominal value existed in the first place.

The results of the voting at that meeting in November 1980, Mr. Chairman, were that 142 supported Resolution A, 15 opposed Resolution A. Resolution B was passed unanimously.

Just so that we're very careful, Mr. Chairman, if you have in front of you the notice of the annual meeting which I asked to be distributed a moment ago, I'm informed that under Item 3, Resolution A, where it talks in Part 3 about upon winding up, there was an amendment on the floor of the meeting which deleted from the considerations the University of Calgary as being a beneficiary of those moneys. So only direction of the money to a non-denominational charitable organization was before the meeting at the time of the vote. It is for that reason that the Bill which we are here to consider today was proposed in the form that it is. It's not that it is contrary to vote taken on the floor. It's completely consistent with it because that item was deleted before the vote was taken.

You have before you, I believe, Mr. Chairman, the Bill Pr. 4. Rather than going through it in any detail, I'd like to just briefly highlight what it is that that Bill proposes to do from the club's standpoint.

The effect of the proposed private Bill is to amend the Calgary Golf and Country Club Act. The nature of the amendment is essentially threefold. Firstly, the addition of Section 8.1 to provide that on liquidation of the corporation all assets will go to a designated charity rather than be distributed to the members of the corporation. This again, in our submission, is consistent with the objects of the club that it was not for personal gain, but was for a continuing recreational purpose without the thought of gain right from its inception.

Secondly, the amendment of Section 4(1) in order to create an additional 1,000 common shares of the club, to alleviate the present problem of playing members not holding a share and therefore unable to vote in the ongoing activities of the club.

Thirdly, the amendment of Section 2(1) to delete the present reference to declaration and payment of dividends. It's our respectful submission that that would be inconsistent with the objects of the club, and for that reason it ought to be deleted from the legislation to make it align with what is truly the object of the club; that is, that the moneys would be retained forever and, upon winding up, go to a charitable organization.

Mr. Chairman, it's my respectful submission that, given that history and the objects of the club and the purposes for which this private member's Bill is sought, not only is the ground work in place that makes this move logical, but in all the circumstances it's equitable that it be handled in this particular fashion and that the material which has been filed, along with these submissions and the evidence which I anticipate will be given by Messrs.

Germand and Rule, are sufficient to cause this Bill to be given positive consideration by your committee.

MR. CHAIRMAN: Thank you, Mr. Lange. I don't know whether you had an opportunity at all to research the issue raised in the statement of claim. But do you have any comments -- and perhaps this is unfair. While I was sitting here, one of the things or issues that seems to have arisen out of the statement of claim is whether this committee is properly petitioned. I was looking at the petition, and the petition is not by two individuals but the petition is signed by the Calgary Golf and Country Club as a corporate entity. I suppose one of the issues is whether the petition is properly before the committee, if in fact the challenge is supported by a court. Perhaps it's unfair -- if you have no comment, we're going to listen to the evidence in any case. But that's one of the issues that we will have to get some legal advice on.

MR. LANGE: Mr. Chairman, I have not had an opportunity to consider that issue or any of the other issues raised. I was alerted yesterday to the fact that a statement of claim was about to be issued. I received it at 9:15 this morning. Although I could offer some off-the-top of my head comments, I'm not sure that they would be instructive.

MR. CHAIRMAN: That wouldn't be fair to you, Mr. Lange. We'll just proceed. We'll hear from Mr. Goddard on that point, I hope. But does Mr. Germand or Mr. Rule wish to be sworn and to give some evidence at this time?

MR. LANGE: We do wish to have them sworn, Mr. Chairman, so that they might adopt the factual presentation as I've given it to you and make it their evidence, and then to be available to answer any questions at a later time, if that's convenient.

(Mr. Germand and Mr. Rule were sworn in)

MR. CHAIRMAN: We may proceed.

MR. LANGE: Mr. Germand, do you adopt on behalf of the petitioner the factual evidence as I have presented it this morning?

MR. GERMAND: I do personally, as president of the club, and on behalf of the board of management of the club.

MR. LANGE: Mr. Rule, I put to you the same question. What is your response?

MR. RULE: I concur with Mr. Germand's.

MR. LANGE: Thank you. Mr. Chairman. I don't believe these gentlemen have any evidence to give of their own, but are available for questioning.

MR. CHAIRMAN: I had initially suggested that the procedure be that both parties be able to make their statements prior to commencing questions, and I think that would probably be appropriate. I notice consensus so, Mr. Goddard, I would like to call on you to make your opening comments. Perhaps you could address that issue I just raised, because I think you've dealt with that point.

MR. GODDARD: Thank you, Mr. Chairman. Mr. Chairman, before I begin, I understand the procedure you outlined, that you're going to afford both Mr. Lange and myself an opportunity to rebut, but in the interests of putting this into a cogent form, perhaps I could deal with some of the points that he brought up in his opening statement and make them part of mine, so that they flow in the context of what I'm presenting to you.

Mr. Chairman, Mr. Lange has indicated that the by-laws of the company provide for the method of voting, and that no provision is made in the Act that incorporated the club as to who can vote. I would just like to point out to the committee that under Section 2(2) of the Act, and I'm quoting from the Act:

> 2(1) The members of the corporation shall have the sole power to frame a constitution and to make by-laws, rules and regulations for the management of the affairs of the corporation . . .

It goes on, sir, under Section 2(2) to state that:

> The constitution, rules, by-laws and regulations of the corporation shall be formulated at a general meeting thereof called for that purpose and of which at least ten days' notice shall be given by public advertisement or otherwise to all members thereof, and the constitution, rules, by-laws and regulations then adopted shall, subject to the approval of the Attorney General, have full force and effect in so far as the same shall not be inconsistent with the laws in force in the Province of Alberta and the provisions of this Act, provided always that the said corporation may from time to time alter, repeal and change such constitution, rules and regulations in the manner herein provided.

It is my submission, sir, that that section of the Act does in fact outline who can vote, and the people who can vote are the members of the club.

Another point that was brought up by Mr. Lange was that the resolution was presented to the shareholders at an annual meeting. In fact, the document that Mr. Lange put in front of you is a notice of the annual meeting, and that notice was directed to the playing shareholders. I just wish to point out that the playing shareholders are not all of the shareholders of the club.

The other point my friend brought up was that he gave you a number of examples where a club such as the Calgary Golf and Country Club has provided in its incorporating document that the assets can be distributed, upon liquidation or winding up, to a charitable organization. I take no opposition to that. I'm confident that that can be done. But it's not germane to the points I'll be making today, which are that the procedure that's followed in getting to that point must be one that's consistent with the rights of the members of any such organization.

Those are preliminary points, Mr. Chairman. I'd like to outline, if I may, the position of the parties who are opposed to the Bill.

Mr. Chairman, I represent a number of shareholders in the Calgary Golf and Country Club. In particular, I've been retained by the Hon. Mr. Marsh Porter, Mr. Don McLaws, and Mr. Benton McKidd. These gentlemen in turn represent a number of shareholders in the club, who I will not specifically name but who are, along with my clients, opposed to the petition that has put the Bill to amend The Calgary Golf and Country Club Act before you today.

Mr. Chairman, as you're no doubt aware, and my friend has pointed this out, the club was incorporated by an Act of the Legislature in 1910. Subsequently, sir, the by-laws of the club, which my friend again has referred to, were put into effect. Those by-laws, Mr. Chairman, purportedly intended to provide for the internal management of the club. That's consistent with what the by-laws can be used for under the incorporating Act. Unfortunately, Mr. Chairman, those by-laws have been used in the manner which is inconsistent with the Act that incorporated the club, and in particular the provision in the by-laws that restricted voting to playing shareholders only, which, by virtue of the incorporating Act can number no more than 400, has the affect of depriving legitimate shareholders of a say in the affairs of the club.

I should point out to you, Mr. Chairman, that by definition, according to the by-laws, a playing shareholder member is one who has been elected as such by the board and who is registered on the books of the company or the club as an owner or entitled to become an owner of at least one share in the club. As a result of that definition, a person who is not in fact a shareholder at the particular time of a meeting such as the one that was held on November 24 that brought forth this petition, but merely entitled to become an owner of a share, has a vote or could have a vote on the affairs of the club, whereas a legitimate shareholder would not if he's not a playing shareholder member.

Now, Mr. Chairman, in fact the by-laws, which we maintain are invalid and contrary to the Act which incorporated the club, provide that notice of any such meeting as the one that was held on November 24 need not be given to any shareholders unless he's a playing shareholder member. It's my information, and Mr. McLaws can confirm this when you question him, that in fact notice of that meeting was given only to playing shareholder members.

I'm also advised that, and I believe my friend brought this out, that of the 1,000 shares that are issued in the club, only 157 shares were represented at that meeting. Now, sir, I have already referred to the Act and outlined one of the sections, but at the risk of being redundant I would like to point out again that the Act that incorporated the club states specifically in Section 2(1) that, and I quote:

> The members of the corporation shall have the sole power to frame a constitution and to make by-laws, rules and regulations for the management of the affairs of the corporation . . .

Section 4(1) of the Act specifically provides that, and I quote again:

> . . . only those holding at least one share in the said corporation shall be a member of the said corporation in full standing.

Section 2(2), which I referred to previously, states that:

> The constitution, rules, by-laws and regulations of the corporation shall be formulated at a general meeting thereof called for that purpose and of which at least ten days' notice shall be given . . . to all members thereof . . . provided always that the said corporation may from time to time alter, repeal and change such constitution, rules and regulations in the manner herein provided.

I emphasize, sir, that "in the manner herein provided" refers to the fact that notice must be given to all members, and by definition of the Act members are shareholder members holding at least one share.

Mr. Chairman, I've already pointed out to you that notice of the meeting was only given to playing shareholder members. By virtue of the incorporating Act, which I've referred to, I would submit to you that non-playing shareholder members, so long as they're shareholders, are entitled to notice, and they were not given notice.

In addition, Mr. Chairman, even if non-playing shareholder members were present at that meeting, they were not allowed to vote by virtue of the by-laws, which I've outlined to you before, which restrict voting to playing shareholder members only. It's our respectful submission that that provision is contrary to the incorporating Act.

Mr. Chairman, it's therefore our respectful submission that the resolution which was passed bringing about the petition that has caused this Bill to come before the Legislature is invalid. In the result, sir, you have before you a proposed Bill as a result of a petition which flows from an invalid resolution of the corporation. That's the legal position that I believe you wanted some comment on.

I would also point out to you that if this Bill is passed, it will have the effect of confiscating the equity of the shareholders in the club, many of whom have not had the opportunity to express their willingness or their lack of willingness on certain events occurring to turn the assets of the club over to a charity. I'm not suggesting for a moment, Mr. Chairman, that that might not be something that comes about. It may well be a very appropriate thing to do. But surely it's proper that all members, shareholders of the club, have the opportunity at least to cast a vote in determining whether or not that is what will take place.

My friend indicated in his argument that there was no intention ever that members of the club would make any money on their shares. I can't comment on whether that's right or not, but I would point out that Section 2(1) of the incorporating Act specifically provides that the members of the corporation, in determining the internal management, can deal with the matter of the declaration and payment of dividends to shareholders. Now that's certainly inconsistent with the shareholders never being entitled to make money on their shares. Whether or not they do is something to be determined in the future, but I don't think that my friend can suggest legitimately that it wasn't contemplated that something like this may occur.

Mr. Chairman, I've already advised this committee that Mr. Benton McKidd, who is a shareholder in the club, has brought an action in the Court of Queen's Bench of this province seeking a declaration that the purported resolution that I've referred to previously is null and void, along with the petition that flowed from it. They're also seeking an injunction, sir, to restrain the club from pursuing this resolution and seeking the amending Act.

It's our respectful submission that the manner in which the resolution came about is subject to some criticism in terms of the lack of representation of shareholders at that meeting or the ability of them to vote at that meeting, and to put this matter before the Legislature at this time could have a very unjust effect on those people who were not there or not represented. It's therefore our respectful request that this committee act to defer the presentation of this Bill to the Legislature pending the outcome of this litigation.

Thank you, Mr. Chairman. If I could, consistent with my friend's procedure, ask that Mr. McLaws be sworn so that he can adopt the factual information I've put forward. I would ask that that be done.

MR. CHAIRMAN: Thank you, Mr. Goddard. We'll have Mr. McLaws sworn.

(Mr. McLaws was sworn in)

MR. CHAIRMAN: You may proceed.

MR. McLAWS: Mr. Chairman, members of the committee, I wish to say that I adopt what counsel has said in the presentation they have made to you. I might just say two or three other words in support of the position he has taken. One of them is that at the meeting in which this resolution was approved, I think 157 shares were represented, about 15 per cent of the issued shares. While I can't give exact figures, I'm certain in my own mind that the shares owned by the shareholders who were not given notice of the meeting and who did not attend the meeting would be more than the 150 shares that were represented at the meeting.

I would also like to say that while counsel for the club has claimed that this is not confiscation, I think it is the most blatant confiscation that I am aware of. Mr. Porter calls it the 'Lalonde Bill'. He says, what Lalonde did to Alberta's gas is nothing to what they're trying to do to the country club shareholders.

The value of the property is about $25 million. There's no suggestion, certainly as far as I know, that the club be dissolved at this time or at any time in the foreseeable future. But there are circumstances which could dictate that the club would have to be dissolved. Municipal taxation, for example, might make it uneconomical to continue the club, in which event there may be no alternative but to have the club dissolved. Under those circumstances there is no reason why the shareholders of the club, many of them who have been shareholders since the inception of the club, should be deprived of the value of the asset even though it be sort of a windfall profit.

There are other steps which the club could take to achieve what they desire. The present board seems to have an idea that the shares aren't worth anything. Most country clubs, most golf clubs, the shares command a respectable price. Even in Edmonton, in the Mayfair golf club, which is on rented property and doesn't own it, the shares there bring some thousands -- I don't know the amount, but I know it's in the thousands of dollars. Other clubs in Calgary much more recent, the shares there bring a price which is respectable.

The reason that the shares in the country club are not available is because the board will not allow the shares to trade at what would be a fair market value. The reason that people are holding back shares is because they think some day they might be of some value. If the shares were allowed to trade and offers were made for the shares, then certainly these shares which are in hiding or are not being made available to new shareholders, would come out in the open and would certainly be available to any new shareholder who is prepared to pay the price. The price would be determined on an ordinary supply and demand principle, that whatever the share would bring or whatever somebody would be willing to pay for it, that would be a fair price. If that policy were adopted, then the problem which the club is faced with now would dissolve.

Thank you, Mr. Chairman. That's all I have to say.

MR. CHAIRMAN: Thank you very much, Mr. McLaws. We will now invite questions from the committee members.

I might just point out there are really two issues, and we as a committee have to be satisfied, which I think will take some time, as to whether or not the petition is properly before us. We as a committee, and I as the chairman,

would need some legal advice on that. That's the first hurdle. The second hurdle would be the merits, which we would discuss later on. But it's now appropriate to ask questions on both issues. Mrs. Embury.

MRS. EMBURY: Mr. Chairman, I'd like to address my question to Mr. Lange, please. I wonder if you'd care to make any comments in regard to what you might consider the urgency of this matter that you've brought before us.

MR. LANGE: I could make a comment in response to your question, and I think Mr. Germand could make a better comment, if I might defer to him to answer that.

MR. GERMAND: Ma'am, we like to think that the business of the club is in the hands of the playing shareholder members. Our by-laws are not quite as clear as perhaps our opposition infers. For a poll vote it's clear that the by-laws require that a man not only be a playing member, but that he have a share, that he not be deemed to have a share but that he have it actually issued and registered in his name.

In 1979 we had 400 playing shareholders and only had shares in the hands of 308, thereby restricting the business of the club to a limited number. We undertook an exhaustive one-year long campaign of writing to all the shareholders of record and asking would they be interested in turning their share back to the club. I was successful, by one means or the other, in finding 47 shares. They were reissued to the younger members or those who didn't have them. That didn't answer our question or the problem. We felt that we should come up with sufficient shares for this, the oncoming membership plus the generations that we trust will come along behind us.

The problem has really doubled on us. Today we stand short 70 shares. So those we found eliminated a part of the problem, and it has arisen now to the level to where we are almost back where we were in 1979.

I think the urgency is that we would like shares to be in the hands of the players so that they might vote on all matters that pertain to the club.

MRS. EMBURY: Thank you.

MR. LANGE: As supplementary to that, I think that if the suggestion my friend is making that the petition is premature and that it should await the outcome of the lawsuit he has commenced, I can tell you from experience that that lawsuit is likely to be a year or two years down the road, if it follows the normal course of lawsuits in this province in terms of timing, and that the problem the club now faces will only be compounded during that interval.

MR. CHAIRMAN: Thank you. Mr. Oman.

MR. OMAN: Mr. Chairman, I'd like to ask Mr. McLaws, if I could, with regard to share value or the capitalization or value of the club itself, do I understand correctly that the land on which the club is located is owned by the city of Calgary?

MR. McLAWS: No, sir. It's owned by the club.

MR. OMAN: Was it not -- I thought it was leased land.

MR. McLAWS: (Inaudible) title fee simple.

MR. OMAN: Where did that come from, sir?

MR. McLAWS: You mean where did the land -- well it was acquired about 70 years ago by the original members who put up the original $50 a share to buy it. It was at all times a private enterprise and had no assistance from any government agency or from the city. Originally of course the land was well outside the boundaries of the city of Calgary. But all the financing of the club has been done internally by the membership.

MR. OMAN: All right; I'm pleased. I informed the committee falsely on that. I must have you mixed up with one of the other clubs whose land is owned by the city.

AN HON. MEMBER: Earl Grey.

MR. McLAWS: Earl Grey is the one.

MR. OMAN: Okay.

MR. CHAIRMAN: Mrs. Embury.

MRS. EMBURY: I'd like to just clarify something that Mr. McLaws said. Did I understand that you said that some members who have shares who are non-playing members would possibly be willing to sell their shares if they were available at some type of market value?

MR. McLAWS: That is correct. A large number of the shares -- I can't give you the exact number; maybe Mr. Germand can -- are owned by estates, for example. The executor of an estate, acting in his proper judgment, would be very criticized to sell a share in the country club for $50 if the true value was many times that. A large number do reside in estates where the executors will not sell.

MRS. EMBURY: Thank you very much. Mr. Chairman, may I ask a further question, please? I'd like to direct this to either Mr. Lange or one of the other gentlemen. Could you please explain why you do not want the shares to sell at market value today?

MR. GERMAND: I believe I would like to answer that, ma'am. We feel that the position of the club within the city of Calgary is such that the land has been declared parkland by the city and backed up by the government of Alberta, and we're taxed accordingly. As parkland, it is private in that, as Mr. McLaws explained, it is fee simple and was purchased and lies in the control of the club. We would not care to set a price that would be prohibitive from the sense that young members could not come along. We have an entrance fee which supports a part of the expenditures and expenses of the club during a given year. We feel that if the price were built up according to Mr. McLaws' approach and what the speculative value of the land might be if it were turned to real estate development, we would certainly be taxed unfairly as far as parkland is concerned.

Secondly, we don't feel that it's necessary to operate the club in that manner. We foresee that we would keep the club as we propose, with the shares in the hands of the playing shareholders, at a nominal value to those generations coming along.

MR. LANGE: I might just add that that follows with the objects of the club in terms of it not being an investment as such, but it is a club.

MR. KNAAK: Mr. Pahl.

MR. PAHL: If I could address the question to either opponent. I apologize for coming in late.

I think I heard Mr. McLaws indicate that the estimated value of the assets of the club were in the order of $25 million. Would there be an opportunity perhaps to separate the land value from the other value, so that perhaps there could be unanimity on the part of all the shareholders with respect to alienating the land to a public purpose and still having some profit reflected in the other assets, both extended use and physical assets.

MR. McLAWS: The figure I gave was a figure given to me by a well-known real estate agent and developer in Calgary, and was purely on the basis of the value of the land for urban development. The buildings of the club of course are valuable, but they are not considered so when you're talking about land development. I don't think that in the figure I gave you that any value particularly is put on the buildings.

If I understand the rest of your question correctly, sir, I don't think it's feasible, and certainly would not recommend that the club be in some way divided in that part of it be dedicated to one purpose and part to another purpose.

MR. PAHL: Mr. Chairman, if I may pick up on that. Is the land not zoned or classified as parkland so any deemed value would have to reflect that, which would be considerably less. There would be no redevelopment implied, if I understood the first explanation.

MR. McLAWS: I think that's probably correct. If the club wanted to sell it, I'm sure that the parkland zoning could be changed to residential zoning. Also if I may say, sir, I don't think that the shareholders who are holding their shares are thinking about a price any place approaching the $25,000 a share which would be represented if he took a $25 million value. Shares of clubs of a like nature in Calgary and Edmonton and other cities sell some place between $2,000 and $5,000. I think a value in about that range would bring forth all the shares that are needed to supply the demand of the players who do not have shares.

MR. PAHL: I guess I might comment that there would appear to be some room for some common ground here. This is not our function, so I guess I'll stop there. Thank you.

MR. McLAWS: I agree with you, sir.

MR. CHAIRMAN: We have several more members wishing to ask questions. Mr. Lysons, then Mr. Stromberg, and then Mr. Mickey Clark.

MR. LYSONS: Yes, thanks, Mr. Chairman. I don't know just who to address this question to, but I would like the question answered. When you say that shares are tied up in estates and they won't be released, would it not be possible for a playing member to go to the estate and make a deal saying, we'll give you $1,000 or $10,000 or whatever for a share, and buy it that way?

MR. McLAWS: That's exactly what we are recommending be allowed to take place. But the club -- maybe Mr. Germand better speak for the club.

MR. GERMAND: The by-laws provide only that the shares shall be recognized for registry and approved by the board. There is a price set on the shares. The club pays the returnee for the share at the rate of $50, and reissues it to a member in need of a share for $50, plus a $5 registration fee. We've never felt that the club itself had the right to become involved in the transaction between a holder of a share and a buyer of a share for anything different than the $50 mentioned in the by-laws.

MR. LYSONS: Mr. Chairman, my supplementary question to that would be: would it not be possible for someone to designate who their share would go to in the event . . . Let's say you had an estate that wanted to sell a share to John Anderson. Would the club not authorize that sale?

MR. GERMAND: For $50 yes, sir.

MR. LYSONS: Fifty dollars. Mr. Chairman, if . . .

MR. GERMAND: Just a minute. The purchaser by necessity would have to be, in order to be registered, a shareholder of the club, or a playing shareholder of the club.

MR. LYSONS: Yes, but now couldn't Mr. Anderson pay the estate, Mr. Chairman, say $1,000 under the table.

MR. GERMAND: I don't know about that. We have never had a sub rosa dealing that we're aware of.

MR. CHAIRMAN: Just for clarification. The way I understand it is that a shareholder, in order to be a shareholder under the by-laws, must be accepted by the board as a playing member. If he's accepted as a playing member, then the board will put him on a list for a share to come up. If a share does come up, he'll pay $50. Is that the procedure?

(Inaudible)

MR. STROMBERG: Mr. Chairman, for clarification. In the club, in choosing their playing members, what circumstances surround that? You mentioned that you wanted a group of younger people to come into your club, not limited by financial means. How are you picking your playing members? By draw?

MR. GERMAND: I'll let Mr. Rule speak to that, if I may, please.

MR. RULE: We have a wait list that's basically first-come, first-served. Proposed members to the club are nominated, proposed by a playing shareholder member. They are seconded by a playing shareholder member. They are referred by three playing shareholder members, and are also acquainted with two members of the board of management. Through the procedure of making sure that the file is in order, their names are posted. The membership has the opportunity to comment if they so desire. The prospective member's name is approved. It is then placed on a wait list. That wait list basically, as I say, is just a wait list. When there's an available position under the playing shareholder

category, which is limited to 400, the first person off the list takes that position.

MR. STROMBERG: A supplementary. How many are on your waiting list now, and approximately what is the average length once you're on the waiting list? Does the prospective member have to wait until someone dies?

MR. RULE: Well there are various methods of transfer. The actual length of wait list is approximately 225 people. That is sometimes very hard to say, because we do have a social category. We have a limit of 225 on the number of social members. With respect to the length of time it is taking to, let's say, become a member, a playing shareholder member, presently it is eight and a half -- I think the last member who came off the list was 1973. So it's about eight years.

As far as methods of transfer, one method obviously is through death. Another is people resigning from the club. Also we have a provision that a playing shareholder may transfer. If he happens to move away from the city, he can become an absentee member. In effect, he opens up a position. Another category is that of a senior member. That is defined as somebody who has been a member in good standing for 15 years and has attained the age of 70 years. The only advantage of the senior category is really just getting a reduction in the dues. That's about the only method of transfer in terms of opening positions.

MR. CHAIRMAN: Mr. Clark, then Mr. Thompson, then Mr. Hyland.

MR. L. CLARK: My question has just been answered. Thanks.

MR. CHAIRMAN: Mr. Thompson.

MR. THOMPSON: Thank you, Mr. Chairman. I'd like to ask my question to Mr. Germand. It's to do with Resolution No. B, which everybody seems to be in favor of. But I have a real problem here. Mr. Germand, you restrict your playing members to 400 and your social members to 225, was it? You want to increase the shareholders to 2,000. What are you going to do with these other people?

MR. GERMAND: I said increase the shares, not the shareholders. If I might give you the present situation as to the holding of shares, we issued 1,000 in 1910. They were distributed finally in the year 1937; all 1,000 had been issued. I'm sure there were some that worked back in and were reallocated to other members, but in 1937 all shares were out. At that point they began to keep track. The files exist from 1937 to current date. Of that 1,000, 31 per cent have been lost. We have no record in our files of anybody prior to 1937 as to where the shares were. We know their names, but we don't have an address for them. We have 53 shares held in a corporate standpoint, which do not have voting privileges. We have 321 active out of 400 playing. We have 32 per cent of the shares held by inactive members, or by estates. We would only issue those which were necessary. There are some members that do hold more than one. All people or all members of the club are restricted, where they cannot hold more than 10. So we were providing, as I say, for the future in asking for an additional 1,000 shares.

MR. THOMPSON: Mr. Chairman, my questions are answered.

MR. CHAIRMAN: Mr. Hyland, I think that will be the last question we can take, and then we'll ask for concluding comments.

MR. HYLAND: My question is: you said that there was an entrance fee or something to start with? What would that be?

MR. RULE: The entrance fee presently for playing -- it depends on the category, but for playing shareholder membership, presently the entrance fee is $8,000. For other categories of membership -- we have a corporate membership, which is $10,000 and a social membership is $3,500. But the $3,500 for the social membership -- if the individual wants to attain the playing shareholder membership category, that $3,500 is obviously applied to the entrance fee.

MR. CHAIRMAN: Was it just mentioned that in order to become a playing member, one has to pay $8,000? Then you pay $50 for the share.

MR. RULE: That is correct.

MR. CHAIRMAN: I see.

MR. RULE: Excuse me, Mr. Chairman, to maybe clarify that a bit. At the time the applicant becomes a playing shareholder member, he is already a social member. Therefore he has paid the social entrance fee of the day, eight years ago, which may have been $500. For a recent social member attaining playing shareholder status, the entrance fee is $8,000 but he gets credit for having paid $3,500 for social. So the net cost to himself to move from social membership to playing shareholder would be the difference between the two categories.

MR. CHAIRMAN: Thank you very much. Now I'll call Mr. Lange for a concluding comment.

MR. LANGE: Mr. Chairman, I'll make my comments brief and really only deal with them as two points. The matter of confiscation has been raised by Mr. McLaws, and he sees that as being the heart of our differences. With respect to that matter, Mr. Chairman, I can only say that the position as we have urged you to consider it today is, in our judgment, entirely consistent with what has been the object of the club from its inception, and that the proposals or the amendments to the legislation which are being sought do nothing more than to carry out which has been the spirit of the club throughout those years.

I think the best example which demonstrates the spirit of that club which has been carried forward is the fact that in response to Mr. Germand's efforts, people saw fit to return their shares to the club so that they could be issued to playing members, and received a $50 nominal value within a very recent time span, which is demonstrative of the spirit which has carried this club from its inception, and that the arguments with respect to confiscation and the arguments with respect to the fact that the shares as now issued should hold this great value, as has been suggested, are, in our submission, inconsistent with that spirit as it's been exemplified over the years.

With respect to the technical matters which my friend Mr. Goddard has raised, I must say, Mr. Chairman, that it is rather unfortunate that the vote, having been taken in November 1980, these technical matters were not raised at a time shortly after the vote was taken, and that they have only been raised

on the eve of this application. I can't help but think that the issuing of the statement of claim has been timely from a tactical point of view and that it is not really representative of the spirit that lies in dealing with this application. If they were truly interested in seeing that the vote was, in their judgment, properly taken, I would have thought that these objections might have been raised early, which would have given the club an opportunity to hold another meeting, if that appeared to be the appropriate thing to do in the circumstances, and that the matters which are now being challenged could be reput to a vote, after there having been a circulation of the entire membership rather than just the playing membership.

I don't, by making those comments, concede to my friend's arguments, but at least that might have been done. As things have now been done, I believe there's only one interpretation that can be placed to those efforts. That is, it is a tactical maneuver used solely for the purpose of thwarting this application, this petition. It is their hope no doubt that, having brought the action, these efforts on behalf of the country club will be either thrown out entirely or at least delayed. In our judgment, it's unfortunate that things have been done in that particular fashion.

Mr. Chairman, I won't reiterate the points I've previously made. I think I've said about all that can be said with respect to our position. I thank you and your committee for your time.

MR. CHAIRMAN: Thank you, Mr. Lange. Mr. Goddard.

MR. GODDARD: Thank you, Mr. Chairman. I as well will be brief. Mr. Chairman, and members of the committee, it may well be that what the petitioners seek is appropriate. Mr. McLaws has outlined what he thinks would be alternatives to that. I think the committee -- and I suggest with respect that the committee should give consideration to some of these alternatives in determining whether or not the Bill itself should go forward.

Let me say, however, that whether or not it's appropriate that the Bill be passed, surely this committee has to give consideration to the fact that without the ability of all shareholders to have a say in what is done with the club, contrary to the incorporating Act of that club, would put an injustice on them and would deprive them of their rights. It's my respectful submission that without the shareholders, all of whom are entitled to vote on such a matter, having the opportunity to do so, that it in fact does amount to confiscation because they don't have the right or the ability to have a say in the matter. If there's a full meeting of the shareholders and if it, in their judgment, the club should be dealt with in the manner that's proposed, well then fine. But the situation before you is one where all the shareholders have not had a say in the matter. In fact, by my friend's own admission, something like only 157 of the active playing shareholders were represented at that meeting.

My friend, and I think with no malice, has indicated that he thought the issuance of the statement of claim was timely. I can only tell this committee that there have been ongoing negotiations since November with the board of the club by those shareholders who are not in favor of what they're proposing to do. They have been able to come to no resolution of their matter or compromise. It was only when the matter got to this stage that they were driven to the point where their recourse was to the courts.

I thank you very much, Mr. Chairman, for listening to me today.

MR. CHAIRMAN: I wish to thank Mr. Lange and the petitioners, and Mr. Goddard and the petitioner. The committee will take the matter under consideration later today, and I'll be advising the solicitors shortly of the outcome of the deliberations of the committee. Thank you for appearing.

MR. CHAIRMAN: The item before the committee now is The Calgary Research and Development Authority Act, Bill Pr. 5. We have Mr. Frank Foran appearing again on behalf of the petitioners. I would ask Mr. Foran to make his introductory comments.

MR. FORAN: Thank you, Mr. Chairman. I appear on behalf of the petitioners, who are the University of Calgary, the city of Calgary, and the Calgary Chamber of Commerce. With me is Mr. D. P. McLaws, who is here not as an opponent but as a proponent and not as a witness but as counsel for the University of Calgary, and Mr. Del Huemshagen, city solicitor of the city of Calgary. Also with me is Mr. Al Ross, who is the past-president of the Calgary Chamber of Commerce, the chairman of the Calgary Chamber Research Committee, and chairman of the Calgary Research and Development Authority.

Mr. Chairman, I don't propose to make an opening statement. I believe Mr. Ross can explain the Bill and the purpose and necessity for it. Perhaps he can be sworn in.

(Mr. Ross was sworn in)

MR. FORAN: Mr. Ross has a statement, sir, and perhaps he can read it in.

MR. ROSS: Ladies and gentlemen, I am here today representing the Calgary Research and Development Authority, which is a joint venture between the city, the chamber, and the university. Originally it had been intended to form a company under The Societies Act, but since the city could not hold shares it became necessary to proceed by means of a private member's Bill, and hence the proposal before you. In order to explain the objectives of our Bill, I would hope the following comments will be of some help to you.

The city of Calgary, the chamber, and the university believe that Calgary's heavy dependence on growth, on depleting resources, makes Calgary very vulnerable, and diversification over the next one or two decades is imperative. One method to broaden Calgary's economic activity is to use research parks to attract research and research-based activities. In order to assess the outlook for attracting research, Calgary's potential as a prospective site and how to structure a project, Dr. R. A. Davenport of R. D. Associates was engaged. His findings indicate that the Canadian government is anxious to increase research, the Alberta government is interested in stimulating research, industrial research activities appear to be reviving, and there's a strong interest in a number of companies in exploring locational possibilities for facilities in Alberta.

His study indicated the risks are small, the costs modest, the potential for substantial increasing benefits over time is highly promising. As an example of some of the potential benefits, I can quote to you from various parks in other parts of both this country and the United States.

The National Research Council had a 1978-79 budget of about $200 million, and employs about 3,000 people, including 1,300 professionals. The Sheraton Park in Mississauga employs about 2,000 scientists, engineers, and support staff and has 18 companies. The Colorado Industrial Research campus between Boulder and Denver has 22 tenants, $190 million in investments, and employs 15,000 people. But in addition, on that corridor, Kodak has 20,000 employees, (Inaudible)-Packard 10,000, Water-Pic 2,000, and General Electronics 4,000, and there are other groups there too.

The SRI International, formerly Stanford Research Institute, started in '46 with 12 employees, now has 3,000, of which two-thirds are professionals in over 100 disciplines, and they pioneered such things as the magnetic ink characters for cheques and various chemotherapy agencies. The Stanford Industrial Research Park has 68 tenants, employs over 23,000 people, of which 10,000 are professionals. So I think this gives some idea of the potential benefits that could flow from research and research parks.

However, it's extremely important to recognize that in order for a research park to be successful, dedication, patience, and technical knowledge are necessary, and ongoing sustained effort for 10 to 20 years is required. In order to provide the direction and the continuity, the city, the chamber, and the university have formed the Calgary Research and Development Authority, and currently it's as a joint venture. The Bill before you is to implement the initiative by way of a private member's Bill so that the joint venture can be folded into the authority once it's approved, if the Legislature does that.

The organization will be directed by an influential and science-oriented board of directors, the technical advisory board, and a full-time president knowledgeable and recognized in the scientific community. It's believed that by properly promoting research parks now, Calgary will be sowing the seeds necessary to reap a continuous harvest of diversification projects for its economy for the future, when non-renewable resources and related construction activities decline.

I think the Bill is pretty straightforward. I would think that perhaps it would be best that I answer any questions that apply in the area to which I can speak. As far as some of the legal matters, either Mr. Huemshagen or Mr. McLaws would be very pleased to answer any questions there.

MR. CHAIRMAN: Is there any other person who wants to speak at this point in time, Mr. Foran?

MR. FORAN: No thank you, Mr. Chairman.

MR. CHAIRMAN: We would ask Mr. Clegg, legal counsel to the Private Bills Committee, to read his report at this time.

MR. CLEGG: Mr. Chairman, this is my report, pursuant to Standing Order 89, on The Calgary Research and Development Authority Act. The purpose of the Bill is to incorporate the authority and give it powers to promote research and development. The Bill is similar to a Bill previously passed in respect to the city of Edmonton, but it is not identical to it.

One of the provisions of the Bill which I conclude to be unusual is a provision that there be a statutory limitation on liability to protect the university and the authority from any liability relating to the lands used by the authority but owned by the university. I consider this unusual because liability in these circumstances is normally covered by an indemnity from one party to the other, or by insurance. The effect of the requested section will

be to bar any action against the university or the authority, and therefore deny any remedy to a person who may have suffered from their negligence or in respect of any other legal liability which they would otherwise have had with respect to the land.

There is no model Bill on this subject.

MR. CHAIRMAN: In light of that comment, perhaps we can have Mr. Foran address those two issues raised, prior to opening for questions.

MR. FORAN: I may defer to Mr. McLaws on the point of the university limitation. The way I read the Bill -- and I didn't draft it -- is that the limitation in Section 18 is on any member of the authority, and the members of the authority are the people who are the four designates of each of the proponents of the Bill, together with the president that is appointed. So I believe it speaks in terms of members as opposed to the authority itself, with the specific exception of the university. Perhaps Mr. McLaws could address that point.

MR. McLAWS: Mr. Chairman, ladies and gentlemen, as Mr. Ross indicated, when this idea germinated with the Chamber of Commerce and was presented to the university and to the city, the original concept was that a company would be incorporated to carry out what is now proposed to be carried out by the authority. If that plan had been followed, the shareholders of the company, who are the same people as the authority would be, and the university, and the city, and the chamber, as shareholders they would have had the usual indemnity that any shareholder has for the debts and liabilities of the company. Unfortunately, the scheme was not able to proceed along the preconceived ideas because the city of Calgary -- and, I presume, every other city in the province -- is prohibited by law of holding shares in a company.

What we are asking for in this clause is nothing more than we would have had had we been able to incorporate an ordinary company to carry out the objects of the authority and what we're asking to have incorporated. I think -- if I may take some disagreement with Mr. Clegg -- there are many other statutes passed by this Legislature which have provisions preventing actions against the members of a board or against the board itself. One which I happen to have is the hospital boards' statute -- I think it's called -- if I can find it. There are others of a like nature. I don't think there's anything unusual about it. There's nothing unusual about limiting the liability of shareholders of a company, particularly as far as the university is concerned. To those of you who are lawyers, there is a principle in law called Rylands and Fletcher, which briefly is that a landowner is liable for any injurious matters which come off or spill over from his land, whether there's negligence involved or not. The objects of this authority will include experiments in very technical and perhaps dangerous fields of endeavor which might, under the Rylands and Fletcher doctrine, impose liability on the university because of its landowning position, quite apart from any negligence on the part of the university and quite apart from the fact that the university would not be able to control the activities. The university feels very strongly that they cannot run that risk. It was at the insistence of the university that this clause was included in the Bill.

Thank you, sir.

MR. CHAIRMAN: Thank you, Mr. McLaws. Do you acknowledge that that evidence was given under oath, and that your prior oath still holds?

MR. McLAWS: Yes, sir.

MR. CHAIRMAN: Thank you. Mr. Clegg.

MR. CLEGG: Mr. Chairman, I agree. I think the point with respect to this liability is that there are two separate issues here. I agree with the point Mr. Foran made that Section 18 restricts liability of members of the authority, and I agree that that is not an inappropriate, nor is it unusual. What really caught my eye was the fact that the university, which is not a member of the authority, also wishes to be indemnified because they are landowners. Mr. McLaws has quite correctly and unarguably pointed out there will be risks which they won't have control over, and that they would indeed be liable under Rylands and Fletcher if they allow something to accumulate on the land and it escapes from the land and does harm.

To deal with the two separate areas, my position and my concern, which I want to express to the committee, was mainly with respect to the university's position. Maybe my report was not too clear on that point. Insofar as the individual members of the authority should be protected from liability, I don't feel that is unusual or unreasonable, because the authority, at the corporation which we are creating by legislation, the authority itself would be liable. However, there may well be some liability which the university should properly hold. There may be already accumulations on that land which have nothing to do with the operations of the research and development park. There may be accumulations of water for which the university may be liable. My feeling is that it is much more usual, where a person allows a third party to use his land for some purpose, either under a tenancy agreement or by grant, that that tenant indemnifies the landlord under an ordinary commercial indemnity between the two parties, which is backed up by insurance, to protect the landowner from liability, and that he is not given a statutory indemnity which would bar an action against him. I would withdraw my objection to the members being indemnified, but I still object -- I do not see why it's necessary for the university to have a statutory indemnity.

MR. CHAIRMAN: I think that those issues, other than asking questions on it now, we'll discuss in camera, except for asking questions now for clarification rather than discussing the merits of it. The questioners so far: Mr. Lysons and Mrs. Cripps.

MR. LYSONS: Mr. Chairman, my first question has just been answered. I don't know as I completely understand it, but it's been answered. The other one would be the same motion I made previously this morning. Section 4(c), banking authority, where I'd like to see trust company or credit union inserted in there as well.

MR. FORAN: We certainly have no objection to that, Mr. Chairman.

MR. CHAIRMAN: Thank you.

MR. FORAN: We like to keep it as broad as possible and if that helps, we'll certainly do it.

MR. CHAIRMAN: Mrs. Cripps.

MRS. CRIPPS: I guess my concern, Mr. Chairman, is the same as earlier this morning on another Bill. It's with special powers, number 4. I'm looking at (a), (f), (g), (p), and (q). I'm not sure whether I understand whether we're talking about the acquisition of property, transposition of this property, and the investment of moneys accrued, or development of the property. This isn't a method for the city of Calgary to come in the back door and do things which are contrary to city authority under the municipal Act. Maybe I wrong. Maybe the city of Calgary is only a member of this authority and it's not set up under the city as an arm of the city of Calgary. But I would like that clarified, because those powers are all encompassing again. They appear to be giving more authority than is needed, if I understand it right.

MR. FORAN: Maybe I could comment on that initially, and perhaps Mr. Huemshagen or Mr. McLaws would care to join in.

Firstly, the city of Calgary is a participant only to a third of the seats of course -- less than a third because the 12 members then appoint a president. So to that extent I don't think the city of Calgary would have any more say in the authority than the university or the Chamber of Commerce.

These are just that: powers. Maybe Mr. Huemshagen can elaborate.

MR. HUEMSHAGEN: If I may, Mr. Chairman. Yes, I can assure the committee that the city of Calgary is not endeavoring to do anything through the back door that it couldn't ordinarily do. This matter was presented to the usual committee of council and was debated by full council. They have approved unanimously that the city be a participant in this authority.

MR. CLEGG: Mr. Chairman, can I just add something which might help Mrs. Cripps?

MR. CHAIRMAN: Yes, please.

MR. CLEGG: This Bill is drafted a bit more specifically, in that it does have an objects clause. Clause 3 uses the expression "objects of its main purpose", and the powers which it has pursuant to clause 4 would have to be carried out in the furtherance of those objects and for no other reasons. I'm not certain that the city of Calgary could do everything which it's doing in here if it didn't have this piece of legislation. I think The Municipal Government Act restricts cities from doing all kinds of things. We have discussed that before. I don't think this is quite a back door way. It is a special exemption which they're seeking for this special purpose. I don't know whether Mr. Huemshagen felt the city of Calgary had all the powers it needed and that it wasn't necessary to come here, because I'm not quite sure I understand that because the Chamber of Commerce and the university probably had the authority to do these things. I think there must have been some lack of clear statutory power in The Municipal Government Act which precipitated the need for this.

MRS. CRIPPS: There are some specific requirements under the municipal Act which precludes cities from doing certain things. That's what I'm talking about.

MR. CLEGG: In my opinion, this would enable the city of Calgary to do something that it could not do without this piece of legislation. But they're

coming here and saying, we want a specific exemption and an additional provision to allow us to do this. Is that your position, Mr. Huemshagen?

MR. CHAIRMAN: Let me just comment. One of the obvious ones, they want to have one corporate entity through which three different parties can function, which you can't do any other way but creating it this way.

MRS. CRIPPS: The reference to the objects may solve my problem with this all-encompassing legislation.

MR. CLEGG: (Inaudible) would be directed or to the achievement of the objects.

MR. CHAIRMAN: The powers are all encompassing, but only with respect to achieving those objects. They can't go into the land speculating business to make a profit, presumably. Mr. Pahl.

MR. PAHL: I was just going to speak in support of the principles and the need within a research and development authority to have the sort of latitude that would be, in effect, afforded a private corporation in attracting research and industry that I think is pretty important for our Alberta economy. However, as an Edmontonian, and having taken an interest in the Edmonton research and development Act, and knowing the capabilities of the president of the Calgary one, I would say that there will be a deal of healthy competition that perhaps as an Edmontonian, I might fear somewhat.

MR. CHAIRMAN: Mr. Pahl, you've always been quite a competitor. I think we'll be all right. Any other questions? Mr. Speaker.

MR. R. SPEAKER: Just to confirm what you said. This is the only way to bring the three bodies together, the three responsible bodies. If you just confirm that, I think I'm satisfied with what you are doing.

MR. ROSS: Very definitely. We wouldn't be here if there was some other way to do it. We tried other ways first and had to end up here.

MR. CHAIRMAN: Thank you, Mr. Ross. Any additional questions from the committee members? I would like to provide an opportunity for Mr. Foran to have some concluding comments.

MR. FORAN: Thank you, Mr. Chairman. Perhaps just in commencing, I will dwell for just one moment on Section 18 again. I'm not sure whether I heard Mr. Clegg correctly when he said that there may be existing claims against the university at this time which would be covered by the indemnity. I think it is important to read the indemnity or the limitation of liability clause and realize that the limitation is against any act or omission of the authority or its members. Of course the authority or its members will come into effect when this Act comes into effect. So any existing claims I don't think will be caught by this section.

MR. CLEGG: I was thinking about Rylands and Fletcher. I was thinking about existing accumulation or existing risks. For example, there might be an accumulation of water on that property which might be released onto other land as the result of actions of the authority. It's a rather remote case but it's one which would point out why I feel the university should be liable. Or they

should not be freed from liability by statute, but should take their chance in court, to be more specific.

MR. FORAN: In any event, Mr. Chairman, I don't think I could really add much to Mr. Ross' initial statement. I believe it's in the public interest to foster research in this province, and it's our submission that the research activities can best be carried out by the establishment of research parks. We would encourage the passing of this Bill. Thank you, sir.

MR. McLAWS: Just speaking to the question of the university's liability and Mr. Clegg's remarks about insurance. As I understand it, there's liable to be nuclear developments on this property, or developments where the magnitude of the losses could not be covered by insurance. I think that it's hardly a case where insurance is adequate protection. I don't know if this is an appropriate remark to make or not, but I'll take a chance. If the university is made subject to a major financial claim which it couldn't handle, then of course the liability would fall back on the province of Alberta as a whole, since it is a government body. I think what you're really doing is protecting the whole province, not just the university, from any catastrophe that might take place on those lands.

MR. CHAIRMAN: Thank you, Mr. McLaws. We've got to proceed. If we don't get through by 12, this goes to the fall. So that's about the timing frame. If you'd like to chat some more, we'd be happy to.

I'd like to take this opportunity to thank Mr. Foran and the petitioners. We've appreciated your attendance and the report.

We could entertain a motion now to move in camera, please.

(Motion to move in camera by Mr. Pahl)

(Committee moved in camera at 11:55 a.m.)