

[Chairman: Mr. Stiles]

[8:30 a.m.]

MR. CHAIRMAN: We'll call the committee to order.

I'd like to welcome the various groups of people who are with us this morning to present the Bills that are before us. Just as a preamble I'd like to advise you that this is a relatively informal process. We don't ask that you stand when you speak or anything of that nature. It's just a matter of the committee members having an understanding of what the Bill is about and then having an opportunity to ask questions of some of you who may be able to fill them in on details that aren't evident in the written materials.

We'll deal with the Bills this morning in numerical order, no one having suggested any better arrangement. That brings us to Bill Pr. 1, the Heritage Savings & Trust Company Amendment Act, 1985. Mr. Clegg, would you give us your report, and then we can swear them in?

MR. CLEGG: Mr. Chairman, this is my report on Bill Pr. 1, pursuant to Standing Orders. This Bill is a petition for an increase in the company's authorized capital from \$5 million to \$50 million. The Director of Trust Companies has received the required fee and voiced no objection to the increase in capital. There is no model form for this Bill, and it contains no provisions which I consider to be unusual.

MR. CHAIRMAN: We require that your witnesses be sworn, because the information you will be giving is actually evidence in support of your petition.

[Messrs. Davediuk and Conway were sworn in]

MR. CHAIRMAN: Mr. Decore, would you like to make any remarks in respect to the Bill, the purpose and reason for it?

MR. DECORE: Yes. Mr. Chairman and members of the committee, the purpose of the Bill is simply to increase the capital and capital capabilities of Heritage Savings & Trust Company. The situation in which Heritage Savings & Trust now finds itself is that it has a capital allotment or ability of \$5 million. In order to take in certain deposits, there is a

ratio allowed to the company under the Act whereby they can take in a ratio of approximately \$20 to \$1 capital. At present Heritage Savings & Trust Company has come very close to the \$100 million mark in its deposits. It will fairly soon find itself in a position where it can't take in any more deposits from people on the street, so to speak, because the Act prohibits it. In order to allow the company to take in more deposits, in order to allow it to expand, and expand it must, the share capital must be increased.

The Director of Trust Companies has informed myself and Mr. Clegg that he has no objection to the increase in share capital suggested in the Bill. We anticipate that when shares will be used in the company and allotted from time to time -- in other words, sold to new shareholders or to existing shareholders, whatever the case may be -- we will be required to obtain clearance of the Director of Trust Companies and also clearance through an order in council. It is through an abundance of caution that we feel we must now amend the Act to allow us to expand the company. Basically, those are the reasons for which the increase in share capital is desired.

Thank you.

MR. CHAIRMAN: Thank you, Mr. Decore. Do we have any questions from committee members with respect to this?

MR. ALGER: Mr. Chairman, do most trust companies start out on what you might say is a low basis, as these people obviously have, and then increase it as they go along? Or are they capitalized first to a greater degree?

MR. CHAIRMAN: Mr. Clegg, perhaps you can explain that.

MR. CLEGG: Mr. Chairman, speaking only from an observation of history in this regard, that is the case. Trust companies have often incorporated with a relatively smaller share capital, but the other factor, of course, is one of inflation. There has probably been a very significant inflationary increase in the amount of money which is taken through a trust company over the last 10 years, and that alone would probably account for a significant increase in the nominal capital needs of a trust

company. But many of the trust companies we have incorporated by private Bill have indeed come back five or 10 years later for an increase of capital.

MR. ALGER: Thank you.

MR. SZWENDER: Mr. Chairman, to Mr. Conway. I wonder if he could elaborate on whether there is a cost involved when there is an increase in the share capital. It seems that that's quite a jump from \$5 million to \$50 million. Would it not be wiser to go in incrementals of maybe \$10 million, \$15 million, \$20 million?

MR. CONWAY: Yes, there is a cost. Each time we apply in this particular fashion, a \$10,000 fee must be paid. The other thing is that the increase is not as significant as it may appear. What we're asking for is two different classes of stock, separated into \$2.5 million each. So as far as the common stock is concerned, we're really increasing it from \$0.5 million to \$2.5 million, but we're making provision for the possible issue of preferred stock, because from time to time preferred stock might be easier to sell and of course at other times the common stock may be easier to sell. So we're trying to prepare ourselves for whatever eventuality faces us.

MR. SZWENDER: Thank you.

MR. CHAIRMAN: If there are no other questions by members of the committee, we thank you for your presentation and your presence here this morning. The committee will be in touch with you in due course.

MR. DECORE: Thank you, Mr. Chairman.

MR. ALGER: Mr. Chairman, I have one more question. I'm not sure who to direct it to, but I don't think it really matters. Are these shares allowed to fluctuate with the earning power or the losses of this particular company? Can, say, a \$10 share become a \$20 share after a while with the demand of purchase?

MR. DAVEDIUK: The answer is yes.

MR. ALGER: Anybody can buy them?

MR. DAVEDIUK: Yes.

MR. CHAIRMAN: Thank you, gentlemen.

The next item is Bill Pr. 2. Mr. Clegg, perhaps we'll deal with the swearing of the witnesses first.

[Ms McPhee was sworn in]

MR. CHAIRMAN: Thank you, Mr. Clegg. Would you give us your report on this Bill please.

MR. CLEGG: Mr. Chairman, this is my report on Bill Pr. 2, pursuant to Standing Orders. This Bill is a petition of the Westerner Exposition Association, which acquired the assets of the Red Deer Exhibition Association in 1979. The Bill would grant an exemption from assessment of taxation for the exhibition grounds while they are used for the general purposes of the exhibition. The city of Red Deer has passed a resolution saying that they have no objection to the exemption. There is no model Bill with respect to this subject matter, and the Bill contains no powers which I consider to be unusual in light of the consent of the city.

MR. CHAIRMAN: Thank you, Mr. Clegg. Mr. Lamb, would you like to give us an introductory explanation of the Bill.

MR. LAMB: Thank you, Mr. Chairman and members of the committee. Perhaps a brief history of our organization is in order to fill you in as to why we think we need this Bill. The Red Deer Exhibition Association was incorporated by Act of parliament in 1965. Up to 1979 it operated in the downtown area in the exhibition grounds, as we refer to it in Red Deer. It operated the usual exhibition activities of an agricultural fair and carnival. In June 1979 the Westerner Exposition Association was incorporated with objects similar to the Red Deer Exhibition Association. That year the Westerner purchased all the assets of the Red Deer Exhibition Association, and this reorganization was apparently done at the time to allow directors limited liability.

In 1980 the Westerner entered into a lease with the city of Red Deer for a new site on the south end of the city. The exhibition was subsequently located there and has continued to be operated from that site, with continuing

development being located on the new site. These are lands to which we are now seeking a municipal tax exemption. They are owned by the city and leased to the Westerner, with all development on the lands being the responsibility of the Westerner.

In 1979 the Westerner obtained from Revenue Canada taxation a charitable tax exemption registration. Prior to and again in 1972 the Red Deer Exhibition Association had obtained a municipal tax exemption from the Local Authorities Board pursuant to the Municipal Tax Exemption Act. This exemption expired when the exhibition was relocated, and in 1984, when the improvements were completed, the city of Red Deer levied municipal taxes approximating \$85,000 on the improvements to the new site. At this time the Westerner applied to the Local Authorities Board for a further exemption. The Local Authorities Board, pursuant to the Municipal Tax Exemption Act, is required to categorize an applicant for an exemption in one of five categories: charitable, educational, religious, benevolent, or welfare purposes. The Local Authorities Board ruled against the Westerner and declined the exemption.

The Westerner now seeks this Act exempting it from municipal taxation. The proposed Bill also effects a cleanup by deleting the former Red Deer Exhibition Association Act. The application for a private Bill of this nature is supported by the city of Red Deer, which has provided a letter verifying that, which Mr. Clegg is in receipt of. The proposed Bill is presented on the basis that the Westerner is a suitable candidate for a municipal tax exemption. It's a nonprofit organization incorporated and operating for the benefit of the community of Red Deer, providing an organization for Red Deer's exhibition, a site for fund raising for charities within the community of Red Deer, and co-ordinating agricultural shows and trade fairs. We submit that the Bill is merited and would appreciate your consideration.

MR. CHAIRMAN: Thank you, Mr. Lamb. Questions?

MR. ALGER: Why would the Local Authorities Board turn down this prayer?

MS McPHEE: I guess we wish we knew too. We

aren't sure why. They said we didn't fit in the categories that are listed: charitable, educational, religious, and benevolent. [interjection] They didn't feel we did.

MR. ALGER: Is that a quasi-judicial board, my learned friend?

MR. CHAIRMAN: Yes, it is.

MR. ALGER: Were the downtown exhibition grounds leased in the first place, or did this company make a huge profit by selling that territory?

MS McPHEE: They were leased from the city of Red Deer.

MR. ALGER: This property was therefore owned by the city.

MR. McPHERSON: Chairman, in response to the Member for Highwood, my understanding is that the Local Authorities Board rendered a decision based on the Municipal Tax Exemption Act. Because it is a quasi-judicial board, it renders that decision and, having made that decision, leads me to the question: is there any opportunity now for the Westerner Exposition Association to go back and retroactively relieve the tax that was assessed by the city of Red Deer, by necessity, because it came on the assessment roll?

MR. LAMB: We're not seeking retroactive legislation. For 1984 we're forced into a negotiation position with the city of Red Deer and are seeking a grant to assist us to cover the 1984 taxes.

MR. McPHERSON: Mr. Chairman, as I understand it, this Bill would remedy the situation vis-a-vis assessment and tax for the Westerner Exposition Association forever, for as long as the Legislature gives you leave to do. Obviously, another Legislature could change a Bill sometime along the way, but this remedies the problem for the foreseeable future?

MR. LAMB: Yes. It isn't necessarily forever. The Bill has certain parameters that the Westerner must basically conduct the type of activity it has been conducting.

On the issue of the Local Authorities Board decision, I might say that the Westerner and formerly the Red Deer Exhibition Association have conducted the same activities on the new site that they did on the old. Where we were granted an exemption on the old site, we were not granted one on the new one, although I suggest that the activities of either association have not changed whatsoever.

MR. McPHERSON: Finally, Mr. Chairman, if I may. You mentioned, Mr. Lamb, that there is complete concurrence with the city, and advertisement on this was duly placed in all public vehicles so that there is no dissenting view towards this at this time.

MR. LAMB: That's correct on both points. We have the written approval of the city of Red Deer for our Bill.

MR. CLARK: Mr. Chairman, just for clarification, it is my understanding that if they wish, a municipality of any type can exempt taxes on any property within their boundaries. Does the Local Authorities Board decision on this prevent the city of Red Deer from exempting the taxes if they so desire?

MR. LAMB: It's my understanding that there are certain parameters and guidelines that the city must follow in levying its taxes. To obtain an exemption, you must qualify under the Municipal Tax Exemption Act and be so qualified by the Local Authorities Board. It is not within the discretion of the city of Red Deer to elect not to tax us. That is, unless we get the exemption from the Local Authorities Board or this Bill, the city must tax us and has no choice in that matter. That's my understanding.

MR. CLARK: I was of the opinion that they could vary the taxes, or they could take them off completely. But that's not right, not without permission from the Local Authorities Board.

MR. ALGER: Mr. Chairman, I'm wondering about the Calgary Exhibition and Stampede grounds, the Edmonton Exhibition grounds, Lethbridge, and all the other big cities that have this style of city territory tied up that must obviously be serviced by the city

services. Are all of them under the same jurisdiction by local authorities boards? Is this where the demand whether or not they're taxed comes from? I guess what I really want to know is: are all the other exhibition grounds paying taxes, or are they all exempt? If it's fair for one, it's fair for all.

MR. CHAIRMAN: That isn't within the scope of my knowledge. It would depend to a large degree on how many of them own their land and facilities and to what extent the city owns the land and facilities in conjunction with an authority or with an exhibition association, which is often the case. Mr. Clegg, perhaps you could . . .

MR. CLEGG: Mr. Chairman, I can only add that a number of exhibition grounds are covered by exempting legislation such as is being proposed to the committee today. Some others are still owned by the city involved. I can get the members a little bit more information on the major ones prior to the committee's next deliberation of this Bill.

MR. CHAIRMAN: Thank you.

MR. ALGER: I guess it's not terribly important, Chairman, because this is an individual case. It sounds like The Westerner Exposition Association is a nonprofit group, but I have to presume that there are salaries paid and a lot of people hired and that style of thing. Do they have annual audited statements?

MS. McPHEE: Yes, we do.

MRS. KOPER: Mr. Chairman, I believe my question is to Mr. Clegg, but I'm not sure. I'm concerned about the wording of section 1(a). It seems a little bit fuzzy as to whether activities would be allowed there that -- I'm thinking of a rock concert or something like that where there is a money-making purpose. Would they be refused use of the Westerner? The way it reads to me -- and I'm not a lawyer -- there are quite a few days that perhaps the Westerner isn't used at all. Is it taxed for those days and not taxed for the others? What happens when there is a profit-making group in it? Are they refused admission?

MR. CHAIRMAN: In answer to the first part of

your question, I believe if you follow through on the Bill, section 1(a) is a condition with respect to the tax exemption. In other words, the tax exemption would only be allowed providing the property is used at least for holding of agricultural fairs and expositions. It doesn't mean that it's precluded from holding other events on those premises.

If you go further on to (b), the association is a nonprofit organization and no moneys are distributed to shareholders. But that certainly doesn't mean that they can't lease out the premises to profit-making events. The proceeds of leasing the premises, of course, would go to the association and the organization putting on the event would make the profit. I don't believe this Bill limits the activities of the association. The Bill is for the purpose of providing a tax exemption, providing the association continues to conduct those kinds of activities that are listed in the Bill.

MRS. KOPER: It doesn't preclude others.

MR. CHAIRMAN: No, it doesn't preclude others.

MR. CLEGG: Mr. Chairman, I'd just like to add that the Bill does include the phrase "and other public amusements," which would cover the kind of event the member is considering. As the chairman has explained, being a nonprofit organization does not mean that you may not receive revenue. It means that if you have an excess of revenue over expenses for the year, you cannot distribute that excess to your shareholders.

Section 1(b) provides that it's a condition of the exemption that it remain nonprofit and not pay dividends and not distribute assets to its shareholders. As long as it does not distribute whatever revenue it acquires from its activities -- and the activities are limited to these sporting events and public amusements -- it doesn't lose the exemption. It would lose the exemption if, for example, the property were used for development and not for public amusement and fairs in general terms, something different in that regard. The Bill does limit the type of use to which this is put, and it prevents the distribution of profits to the shareholders. Any surplus would have to be returned to the purposes of the association.

MR. ALGER: Speaking in generalities again, Mr. Chairman, when we claim that it's a nonprofit organization and distributes no assets, it runs in my mind that in most cases there aren't assets. It seems to me that most of these things run in the hole half the time, don't they? They have a difficult time keeping their heads above the water. Would there be any history in Red Deer of how you generally make out on exposition grounds?

MS McPHEE: As you said, we certainly don't make large profits. Because it is a community organization, we try to keep the costs to our user groups to the point where we aren't charging them exorbitant prices. We try to keep the prices down to aid the community as a whole and our user groups. We aren't trying to make a large profit, and we never have made a large profit. As you say, we try to break even so that we're not a burden on our taxpayers.

MR. McPHERSON: Mr. Chairman, some of the questions have prompted me to make one other comment. What I understand we're doing with this Bill is that we've got a circumstance where the Westerner Exposition Association, formerly the Red Deer Exposition Association, has for many, many years been exempt from municipal property tax. There was a change of location. There was a move of the actual property, which for some obscure reason in some obscure Act that I'm not aware of required that they were all of a sudden assessed on the city tax roll. So they were faced with this dilemma. All of a sudden they were faced with being taxed by the city of Red Deer, not to the wishes of the city of Red Deer, the Westerner Exposition, or the citizens of Red Deer. All of a sudden for some reason, they were now on the assessment roll.

Faced with that, the Westerner, through counsel and others, appeared before the Local Authorities Board. For some other obscure reason of which I'm not aware, they found that through its prerogative, the Local Authorities Board ruled that they did not qualify under the Municipal Tax Exemption Act. We're faced with a circumstance where we have an organization, a public body which does public work in the city of Red Deer and area, which is all of a sudden taxed. So the essence of this Bill is simply to remedy a problem that has surfaced and to put them back into the same position they've been in throughout history.

MR. CHAIRMAN: Thank you, Mr. McPherson. I'm sure with that summing up I don't need to ask Mr. Lamb to sum up his presentation. There being no further questions, thank you very much, Mr. Lamb, Ms McPhee, and Mr. Good.

MR. LAMB: Thank you very much.

MR. CHAIRMAN: Next is Bill Pr. 3, the David Michael Skakun Adoption Termination Act. Mr. Clegg, would you swear in Mr. Skakun, please?

[Mr. Skakun was sworn in]

MR. CHAIRMAN: Mr. Clegg, would you give us your report on this Bill, please?

MR. CLEGG: Mr. Chairman, this Bill is a petition of David Skakun to terminate the order of adoption that was made in his regard which will terminate the parent/child relationship between him and Mr. and Mrs. Livermore. Mr. Skakun has already applied for and received a change of name pursuant to the Change of Name Act in Saskatchewan. Both the Livermores, who are his adopted parents, and Mr. Skakun's natural mother have filed affidavits saying they have no objection to this Bill. The Bill is required because there is no provision in the public law to terminate an adoption order, apart from within a very brief period of time. There is no model Bill on this subject, and the Bill contains no material which I consider to be unusual, apart from the termination of the adoption order.

MR. CHAIRMAN: Thank you. Mr. Robinson, would you like to give us the background on this, please?

MR. ROBINSON: Thank you, Mr. Chairman and members of the committee. Basically, the clear purpose of the Bill is to terminate an adoption order. Perhaps a little bit of background and some of the salient facts would assist the committee in evaluating the reasons for the Bill. Mr. Skakun is 31 years of age and presently resides in Saskatchewan. He's not married. He was made a ward of the province of Alberta immediately upon his birth. He was born out of wedlock, and from the age of approximately nine until he was adopted just prior to his 18th birthday, he resided with the Livermores.

Mr. Skakun advises that he was searching for his natural parents all along, and after he left the Livermore residence and after the adoption order, he managed to locate his natural mother. When the Livermores were made aware of that fact, for whatever reason they suggested to Mr. Skakun, who was then using the surname Livermore, that he change his name to Skakun. A discussion took place at that time, and basically Mr. Skakun felt that if he was going to change the name as requested by the Livermores, he ought to perhaps restore the complete legal position.

Basically, that is why we're here today. The natural parents were both located. They immediately provided their consent. The Livermores had no difficulty providing the consents and releases, and I guess that's consistent with the initial suggestion they made to Mr. Skakun that he change his name.

I'll terminate my comments there. If the members of the committee have any questions, it might be best from here on to address them directly to Mr. Skakun.

MR. CHAIRMAN: Thank you, Mr. Robinson.

MR. SZWENDER: Mr. Chairman, in the description of the Bill there is the name Johanna Kuka Borysko. Could counsel indicate who that is?

MR. ROBINSON: Yes. That is the natural mother.

MR. SZWENDER: A supplementary. How did the name Skakun arrive?

MR. SKAKUN: That's my father's name. I don't see it indicated. Oh yes, Michael Skakun.

MR. SZWENDER: Thank you.

MR. PAPROSKI: Mr. Skakun, in your own words, you have no objection to this Bill at all?

MR. SKAKUN: No.

MR. APPLEBY: Mr. Chairman, I wondered what age Mr. Skakun was when the original adoption took place.

MR. SKAKUN: A month before my 18th birthday.

MR. ALGER: Mr. Chairman, in this Bill are we asking the parents that adopted him to release that adoption so he can take his natural status in life?

MR. CHAIRMAN: That's correct.

MR. ALGER: The reversal of some of the things we've done.

MR. CHAIRMAN: That's correct.

Thank you very much. There being no further questions, Mr. Robinson and Mr. Skakun, I believe that is all we require this morning. We'll be in touch.

The next Bill we must deal with is Pr. 5, Les Soeurs de Sainte-Croix, Province Sainte-Therese -- Sisters of Holy Cross, Saint Theresa Province Act. We have a witness here.

[Sister Georgette Payeur was sworn in]

MR. CHAIRMAN: Could we have your report, Mr. Clegg, please?

MR. CLEGG: Mr. Chairman, this is my report on Bill Pr. 5, pursuant to
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This Bill is a petition from the Sisters of the Holy Cross for an Act which is essentially a consolidation and revision of their previous Act, plus its five subsequent amendments. It includes some drafting improvements, but the main purpose of the Bill is to re-enact what is a revision of the present Act and amendments. The result of the amendments is such a complicated matrix that it will give a very significant advantage to the order if they have an Act which has been drafted as a single document rather than a number of amendments. There is no model Bill on this subject, and the Bill does not contain any provisions which I consider to be unusual.

MR. CHAIRMAN: Mr. Desrochers, would you like to give us the background on this, please?

MR. DESROCHERS: Mr. Chairman, I have very little to add. We are making this into this, which is in itself an advantage. There is the other added purpose; namely, changing the name of the province to a name which

corresponds with the new trends within the larger congregation of the sisters. That and eliminating from this legislation a number of things that are no longer required, namely tax exemptions on properties, are the only purposes of this Act.

MR. CHAIRMAN: Do I understand you to say that you're removing the tax exemptions?

MR. DESROCHERS: From all but one property, because these other properties have been disposed of.

MR. CHAIRMAN: I see.

MR. CLEGG: Mr. Chairman, I would like to add one explanation for members which I didn't give in my report. Members may wonder why this situation arises with respect to this private bill which doesn't arise with all government bills. Members will remember that approximately every 10 years there is a revision of all the public Acts of the province. We have recently issued the Revised Statutes of Alberta 1980. That process carries out essentially what is being done here. It takes the previous public Act, plus and minus all the amendments that have been passed and any editing changes or changes necessary pursuant to other amendments, and issues a new statute which then becomes a revised statute. This process takes place about every 10 years now. This process is not available for private Acts. There is no system in the province where private Acts, which may also have been amended many times, can be officially revised by the province. This is why they have to do it by a re-enactment; it can't be done by the process of revision.

MR. HARLE: Mr. Chairman, I just want to review section 14. Is that exemption on that property presently in place? I assume there's no difficulty with the city of Edmonton over that particular exemption.

MR. DESROCHERS: That is the situation, and I know of no difficulty with the city. We have not sought out their reaction, but that's been the situation for years and there hasn't been any change.

MR. CHAIRMAN: There being no other questions from the committee members, Mr.

Desrochers and Sister Georgette, thank you very much for coming this morning. We'll be in touch in due course.

There are two other Bills to be dealt with this morning. These are two Bills for which the Committee agreed we would not be asking the petitioners to be present. Mr. Clegg, perhaps you could give us your report on Bill Pr. 7.

MR. CLEGG: Mr. Chairman, this is my report on Bill Pr. 7, pursuant to Standing Orders. It is a petition from St. Louis hospital, Bonnyville, to change its name to Bonnyville Health Centre. That is the sole purpose of the Bill. It changes the title of the Act and the title of the organization which is incorporated thereby. There is no model Bill on this subject, and the Bill does not contain any provisions which I consider to be unusual.

MR. CHAIRMAN: Any questions by Committee members?

HON. MEMBERS: Agreed.

MR. CHAIRMAN: And Bill Pr. 12, please.

MR. CLEGG: Mr. Chairman, this is my report on Bill Pr. 12, pursuant to Standing Orders. This is an Act to repeal the Highfield Trust Company Act in view of the fact that the company never became active as a trust company and has since been liquidated. It is the result of a petition by the liquidator of the company to have the Act repealed and was partly at the request of the Registrar of Trust Companies, who wished to have the Act removed from the books as it is now totally redundant. There is no model Bill on this subject, and it doesn't contain any unusual provisions.

MR. PAPROSKI: Who is the liquidator of the company?

MR. CLEGG: Mr. Chairman, I have that name on the file. It is an accountant in the city of Calgary, and I'll find it in a moment. Gordon A. Reid is the liquidator of Highfield Trust Company pursuant to court order.

MR. CHAIRMAN: Any other questions?

HON. MEMBERS: Agreed.

MR. CHAIRMAN: Those are all the matters before the committee this morning. Can we have a motion to adjourn?

MR. HARLE: I so move.

MR. CHAIRMAN: The Member for Stettler has moved adjournment. Are we agreed?

HON. MEMBERS: Agreed.

[The committee adjourned at 9:13 a.m.]