

[Chairman: Mr. Schumacher] [8 a.m.]

MR. CHAIRMAN: Could we call the committee to order. We have a fair amount of work to do and not as much time as we originally expected because the Public Accounts Committee will be coming to the Chamber to start their organizational meeting at 10 a.m.

I want to express my appreciation to the members of the committee for coming earlier this morning than originally intended and also to the petitioners for co-operating with us in that regard.

MR. DOWNEY: There is a prior meeting at 9:30 as well, Stan, if we can be out of here by then.

MR. CHAIRMAN: We'll do our best to. First of all, I'd like to introduce the applicants to the committee. The petitioner in this case is the Alberta Synod of the Evangelical Lutheran Church in Canada. Representing the petitioners is Mr. Philip Brose, and appearing on behalf of the petitioners is the Rev. Philip Hink.

The first order of business is the report of the Parliamentary Counsel, Mr. Clegg, in respect to this Bill.

MR. M. CLEGG: Mr. Chairman, this is my report on Bill Pr. 1, Alberta Synod of the Evangelical Lutheran Church in Canada Act pursuant to Standing Order 99.

The purpose of the Bill is to provide for the incorporation of the Alberta Synod and to lay down its constitution. There is no model Bill on this subject, but the Bill is in a similar form to previous Acts on the subject. The Bill does not contain any powers which I consider to be unusual.

MR. CHAIRMAN: Thank you, Mr. Clegg. Now we will proceed with the application. I might point out for Rev. Hink that it is the committee's practice to swear witnesses, and it's universal. We don't make exceptions, and I hope you won't mind that procedure.

[Rev. Hink was sworn in]

MR. CHAIRMAN: Any matters of fact will be presented by Rev. Hink. If there is any argument or interpretation or anything of that nature, the counsel, Mr. Brose, will present

that. Maybe you'd like to introduce the matter to the committee, Mr. Brose?

MR. BROSE: Yes, sir. Should I be standing or seated?

MR. CHAIRMAN: Seated is fine. Whatever is most comfortable for you.

MR. BROSE: Thank you, sir.

Members of the House, I'd like to thank you for this service which we will be asking you to render to us. I have been introduced. I'm the counsel for Alberta Synod of the Evangelical Lutheran Church in Canada. I can perhaps, as it's a matter of public record, give a brief history as to the nature of the church. Ladies and gentlemen, this church comes as an amalgamation of two previous churches. One was the Evangelical Lutheran Church of Canada, which was incorporated by an Act of Parliament in 1960. The second is a body, the Western Canada Synod of the Lutheran Church in America, which territory did comprise Alberta, British Columbia, Yukon, and part of the Northwest Territories. This was the successor organization which was rechristened by an Act of Parliament in 1963. The two churches joined together by mutual decision as of January 1, 1986. Thus, a new church has been nationally incorporated, the Evangelical Lutheran Church in Canada.

As part of a regional expression synods have been set up. We are unable to use the same legal entity as before, because first of all, there has been a change in the apparent structure and a change in the territorial structure. B.C. has formed its separate unit. This new structure will be Alberta, the Yukon, as before, and all of the Northwest Territories.

Of course, the question then arises, first of all, "Why would we incorporate?" We've decided to incorporate because our church has always tried to formalize its structure, certainly tried to submit to the laws of the land. It facilitates its ease of acting in terms of holding land, entering into contracts, and providing a structure for people to be able to deal with and identify with. We have considered the various alternatives in incorporating: the Business Corporations Act, which of course really does not apply — the church is not a business; the Religious Societies

Land Act is really not appropriate for anything larger than a congregation; the Societies Act was pursued and an application made to the registrar of corporations, but there is difficulty in fitting in the Societies Act's requirements for the amendment of bylaws with our own procedures. That left two, which were the Act of Parliament and the Act of the Legislature, and it was thought best to go by the Act of the Legislature.

You have the Act before you. I believe it has very straightforward provisions. It provides for the incorporation, for the management. It provides for accountability by members, and to a certain extent by members of the public. I do not believe there are any special benefits, with the possible exception of no fees for the transfer of lands from either old structure to the new structure. It's a very minor matter. I don't believe there's going to be more than a handful of land, and as I had stated, it would be just a simple matter of transfer of the name of title from one church body to the new church body.

Perhaps my friend, Mr. Hink, the assistant to the bishop, would enlighten the committee as to some of the facts and figures of the proposed new church.

REV. HINK: The synod, as Mr. Brose has indicated, covers all of Alberta, the Northwest Territories, and Yukon. They have about 41,000 baptised members in the church, with 196 pastors, 4 deaconesses, about 150 congregations stretching from Manyberries in the south to Inuvik in the north, from Whitehorse in the west to Provost in the east.

The invitation for merger came initially in 1972, and negotiations have been proceeding since that point, with the combination occurring as of January 1 of this year with the start of the new church, the ELCIC, the Evangelical Lutheran Church in Canada. Our Alberta Synod had its constituting convention last June here in Edmonton and formally adopted the constitution and has been in the process of organizing and getting under way since that time.

Our synod is divided into five conferences: the southern conference around the Medicine Hat area; the southwest conference in the Calgary area; the central Alberta area is divided into two conferences basically following Highway 21 as the division line, east central and west central; and then the northern conference,

which takes Edmonton and everything north. In the Territories and Yukon we have six congregations total. We haven't got that large a contingent in the far north; most of it occurs within the territory of Alberta.

MR. CHAIRMAN: Thank you, Mr. Hink. Do any members of the committee have questions regarding this petition?

DR. WEST: I'd like to ask if they're incorporating this so they will have the same privileges as any corporation in the province of Alberta.

MR. CHAIRMAN: I think commercial corporations incorporated under the Business Corporations Act have different powers. I don't think this gives the church the same powers as a garden variety type corporation under the Business Corporations Act. Mr. Clegg might correct me, but I guess this doesn't give them any more powers than any other religious organization that is incorporated in the province.

MR. M. CLEGG: Mr. Chairman, perhaps the solicitor for the petitioner might wish to expand on that.

MR. BROSE: Incorporation would allow the church to formally become a legal entity, a person, if you would. Therefore, it would acquire the powers of a person in terms of entering into contracts, in terms of — heaven forbid — suing or being sued, the purchasing and holding of land, receiving of gifts, entering into trusts, and things of that nature.

The difference, of course, between the synod and a commercial corporation is that, first of all, any benefits will not go to any members. In a commercial corporation, of course, there are shareholders that will either get dividends or, when the company is wound up, part of its capital. The Bill clearly states that it's an, if you wish, not-for-profit corporation.

MR. M. CLEGG: Mr. Chairman, if I could add one comment to that. As Mr. Brose has said, it's a nonprofit corporation, which is essentially the only limitation on its powers compared with a commercial corporation. It does have the functional powers of a commercial corporation otherwise. It can do things. It can enter into

contracts, and it can own property. Section 4 is the section which deals with the nonprofit nature of the synod, and that is the section which distinguishes the synod from a commercial corporation.

DR. WEST: The point I was making, of course, would be a scenario where large sums of money could be injected into the church on a tax-free basis, and investments could take place from there on by the church itself. I don't know whether that's a fair scenario that I bring up or not, but being that this does have those powers of that type of incorporation, that's why I brought this up at this time. Could somebody respond to that for me, please?

MR. BROSE: I'm sorry, I'm not sure — the concern of the member is that money could be given tax free, which would then be held in perpetuity?

DR. WEST: It would be tax exempt by the member going to the church. The church, of course, having these powers, could invest this money into — you say, "a nonprofit," but it could be to expand the base of the church in the commercial world.

MR. BROSE: Certainly, our church is more than willing to receive money from people so that we can do our work. It is in fact our only source of funding, as it were. The constraint would of course be that:

All income and property . . . shall be applied toward the furtherance of the objects of the Synod . . . [the objects being] . . . to act as a witness to the world of the love of God, the Father, the Son and the Holy Spirit . . .

It is not intended nor is it foreseen that in terms of a commercial sense the synod will do such things.

I would also point out to the committee that on comparing my copy of the Act with the copy that I believe was presented to the printers, a subsection is missing. Section 4(2) says:

Upon the winding up or dissolution of the Synod there remains, after satisfaction of all its debts, liabilities and obligations, any property or assets whatsoever, the same shall not be paid or distributed generally among the members, but it shall be paid or transferred to the Evangelical

Lutheran Church in Canada, or in the event such organization or a legal successor thereto, no longer exists or does not wish to receive the property or assets, to such other charitable organization in Canada the objects of which, in the opinion of the officers of the Synod, most closely resemble those of Synod.

MR. WRIGHT: Mr. Chairman, that exactly answers the question I had. I couldn't see a dissolution clause. It was inadvertently not printed.

MR. M. CLEGG: Mr. Chairman, this is something which I was just in the process of noting, because I noticed that there was a section 4(1) and not a 4(2). In the copy of the Bill which we sent to the printers — these Bills were printed only over the last two days — subsection (2) apparently has been dropped, perhaps by a print code error.

The form of the Bill which was originally distributed to the committee members for their consideration, which was in typewritten form, contained subsection (2). We will have to consider whether we have the Bill reprinted or whether we add in subsection (2) by amendment, but I would apologize to the petitioners for having done that. I think it may be the course of action to reprint the Bill, but we'll consider what is the least confusing situation.

If the Bill has already been distributed in accordance with the normal mail distribution of Bills that takes place from the Assembly, I think the only way to deal with it without causing confusion is to insert that subsection by amendment. We will do that, and again I would apologize to the committee and to the petitioners for that having happened. It hadn't come to our notice. The Bills only came back from the printers a matter of a day or two ago.

MR. CHAIRMAN: Thank you, Mr. Clegg. Any other questions or comments by members of the committee?

MR. M. CLEGG: Mr. Chairman, I was going to expand on Mr. Brose's answer to Dr. West concerning the commercial powers of the corporation. The synod's objects are restricted by section 3 "to the religious, charitable, social and educational interests" and the witness objects of the synod. It does, in fact, have the

legal power to do things which would result in profit, and it's not unusual for charitable organizations to be able to use their funds in the interim, while they're awaiting direct application, to be able to invest in them, sometimes merely to save them and sometimes to make either interest profit or even entrepreneurial profit, but the ultimate use of the assets is restricted to the objects of the synod.

Their ultimate disposal is restricted by section 4(1) and (2). There is nothing unusual about charitable donations, which would be tax exempt if the synod is in fact registered under the income tax, which I'm certain it is — there's nothing unusual about a charitable organization being able to use some of its funds in the interim and expand those funds for the further benefit of the charity or the religious organization.

MR. CHAIRMAN: Thank you very much, Mr. Clegg. If there are no further comments or questions, I believe it's our practice to take the matter under advisement. We will be proceeding with this and advising you as to our progress in due course. I want to thank the petitioners for accommodating us this morning at this early hour.

MR. BROSE: We would like to thank not only the Bill's sponsor, Mr. Speaker, but the kind suggestions and great assistance of Mr. Clegg and of all the members here this morning.

Thank you.

MR. CHAIRMAN: Thank you, Mr. Brose and Mr. Hink.

We're now going to proceed with Bill Pr. 2. First of all, I had better introduce the applicants we have with us with respect to Bill Pr. 2: Mr. David Cooke, counsel for the Northwest Bible College; and appearing before the committee will be the Rev. Marvin Dynna, president of the college. The procedure will be for the solicitor to make an opening statement giving the background and legal argument for the need for the proposed legislation. Any matters of direct evidence relating to the petition should be presented by the witness, Mr. Dynna. In this connection we have a practice of swearing all witnesses with respect to all petitions. So you will be sworn, Mr. Dynna, but you aren't being singled out. It's just the

committee's practice.

Any evidence will be presented by the witness, by either statement or questions asked by counsel or by members of the committee. Following that, the counsel and/or the witness may make a closing statement. We will then consider matters and report back as to our view of the proposed legislation, whether there should be any amendments or otherwise before it's either proceeded with or not proceeded with.

At this stage I will ask Mr. Clegg to swear in Mr. Dynna. I'm sorry; before that we will have Mr. Clegg's report concerning this Bill.

MR. M. CLEGG: Mr. Chairman, this is my report on Bill Pr. 2, the Northwest Bible College Act, pursuant to Standing Order 99. The purpose of the Bill is to incorporate the college and to provide for its constitution. There is no model Bill on this subject, but the Bill is in a similar form to other Acts on the same subject. The Bill contains an authorization for the granting of academic degrees in divinity. The Bill does not contain any provision of powers which I consider to be unusual.

MR. CHAIRMAN: Thank you, Mr. Clegg.

[Rev. Dynna was sworn in]

MR. CHAIRMAN: Mr. Cooke, would you like to make an opening statement?

MR. COOKE: Thank you, Mr. Chairman. The Northwest Bible College is now going into its 40th year in the fall session. It is a college that has been associated with The Pentecostal Assemblies of Canada. The Pentecostal Assemblies of Canada have various colleges throughout Canada, from Newfoundland through to Vancouver. There are a number of reasons why incorporation becomes necessary as the college expands. For example, college facilities such as a building and land have been acquired in the past in the name of the parent organization, The Pentecostal Assemblies of Canada. Of course, inevitably you get into building programs, and you find that the mortgaging is difficult and somewhat clumsy, so it is best to have title to the facilities in the name of an incorporation. You get into the situation of contracting through the acquisition

of a library and all the various capital expenses that are part of running a bible college. So incorporation is necessary.

We also find that when one applies through federal programs with respect to student loans, they want the incorporation of the college in this form. It's a preferable form, according to them. So there are a number of reasons from the legal point of view why incorporation by this legislation is desirable.

The college is, as I say, a small college. There are about 150 students. It primarily is interested, of course, in graduates going into full-time Christian ministry. Of course, some go into the mission field throughout the world. Many graduates of our college are serving in the province of Alberta and many in the Northwest Territories. We have some in overseas mission positions. We consider their ministry very vital. So the question of incorporation at this time has become important and desirable to us.

That is my submission, Mr. Chairman.

MR. CHAIRMAN: Thank you very much. Do you have any information you want to elicit from Mr. Dynna before questions from the committee?

MR. COOKE: Mr. Dynna could perhaps explain the composition of the college, its history, and its work in a brief statement. I think that would be desirable.

REV. DYNNA: Thank you, Mr. Chairman. We will celebrate our 40th anniversary in the fall. Just by way of being able to position the college in your minds, we use the facilities of Central Tabernacle, their Christian education unit. We have operated night classes. In fact, this past year we had 165 day students plus upwards of 80 night class students. In terms of perspective and the kind of impact I believe the college has had upon the community, we have 23 churches, both ethnic and English, and many of them -- for example, the Millwoods assembly and the Evangel Pentecostal Assembly -- with 700 or 800 in attendance. So the college has had a tremendous impact on the community over the years, I believe as a direct result of the work of the Northwest Bible College.

I think that's all I would share, Mr. Chairman, unless you wish to ask specific questions. Thank you.

MR. DOWNEY: My question would be: I'd be interested in knowing a little bit about your growth curve and, I suppose, why after 40 years of operation you find it necessary to take this step.

REV. DYNNA: Mr. Chairman, I presume the question is directed to me. The college has of course grown over the years, specifically, in more recent years. It is a fact that today, as opposed to 40 years ago, the technical detail of existence, operation -- for example, only 20 years ago I could personally write a receipt that you could use for charitable purposes, whereas today that is not possible. There's considerably more red tape.

One of the key things would be the Canada student loan assistance. We have qualified for 13 years as a nonincorporated entity, yet this past January after we had just started our spring semester, for whatever reason we received word that we, with some 29 or 30 other institutions in the province, had been disqualified from this assistance. That was a tremendous inconvenience. We had one student who had to return to another community and try to get back a job he had quit and so forth. One of the criteria that has been set out that Canada student loan uses is that the institution should be incorporated by a private Bill of the Legislature. So although we have since been reinstated, part of that reinstatement was with the idea that we would pursue incorporation. That's one area that simply illustrates that today it's very necessary for us to be incorporated, whereas to this point we have been able to exist and to operate as a sort of child of a parent organization.

MR. WRIGHT: Mr. Chairman, I don't see a dissolution clause in this Bill. Maybe I'm overlooking something. In the absence of one I suppose the law of cy-pres applies, but I think it should be set out in the Act.

MR. COOKE: There is not a dissolution clause in the Bill, Mr. Wright. I know we would have no objection to there being such a provision in the Bill. I'm not sure of the procedure, but that would not be an objectionable thing. Ordinarily, when the college obtains the number with respect to charitable donations, the federal government does expect that you will have such a provision. We certainly would not have any

objection to that being inserted in the Bill.

MR. CHAIRMAN: Would it be agreeable if Mr. Cooke and Mr. Clegg worked on an amendment to present to us, Mr. Wright, in that regard?

MR. WRIGHT: Yes, the Bill we've just dealt with is a good model.

REV. DYNNA: If I might say, Mr. Chairman, in the Constitution and bylaws under which we operate, we do have a winding-up clause which states that its properties and assets and so forth shall after payment of all liabilities be donated to the Alberta-Northwest Territories-McKenzie district of the Pentecostal Assemblies of Canada. So we actually do have that in the Constitution under which we operate, and we have no problem with that being incorporated into the Bill.

MR. WRIGHT: Yes, with the ce-pres thereafter, in case that organization ceases to exist.

MR. BRASSARD: Have you been able to grant academic degrees in divinity under your present status?

REV. DYNNA: In the province of Alberta, Mr. Chairman, the Education department does not concern itself officially with the conferring of degrees in divinity. I had correspondence with the minister a few years back, because we were concerned that when we moved into the degree programs, we would come in line with any legislation that exists. They simply stated that they are not specifically concerned. So we have been able to do that and, as far as I know, very legitimately and legally to this point.

MR. DAY: Mr. Chairman, I would preface my remarks by saying that it's a pleasure to walk in and see a couple of faces I'm familiar with. I was a little surprised to see familiar faces on the other side. I've crossed paths with both of these men at different times, maybe not directly in conjunction with the college, but I can certainly go on record attesting to their reputation and integrity, both of which are impeccable. That gives me a degree of peace and confidence before I drill them with a few hard questions. Your teaching staff presently, Rev. Dynna, would they be people with degrees

from various or other institutions?

REV. DYNNA: Mr. Chairman, all of our teachers, with the exception of our music director who is pursuing his ARCT, have at least a masters degree.

MR. DAY: In terms of teaching staff, how many are you presently looking at?

REV. DYNNA: Mr. Chairman, we feel that one of the great strengths of our particular college, which is a nondorm college, is that we have had a high ratio of adjunct faculty members that we draw from the community. We at this point have seven full-time on staff, which would include administrators such as myself and our academic dean, and will have about 13 adjunct members coming in this fall. For example, Broddy Olson, associate director of the Edmonton Symphony, teaches conducting. We draw from various strata of society. Doug Lynn, of the Spruce Grove Community Church, who has been a missionary for many years, teaches in the area of missiology. Often we have a higher percentage of adjunct than we do full-time.

MR. DAY: You are looking at 150 students, and this is your 40th year, you said?

REV. DYNNA: Yes. Actually 165 last year, plus part-time or night-class students and these night class students, Mr. Chairman, would be taking two or four or six hours. We ran five nights a week this past semester. So there would be a full-time equivalency of around 175 to 180 students.

MR. DAY: That's 180 students, 40 years, a minimum masters degree -- I guess I won't be able to teach there. It doesn't sound like we're dealing with a fly-by-night operation here. A question on 3, if I may.

The objects of the college are:

(a) to establish, maintain, conduct, and support an educational institute of secondary and higher learning.

Does "secondary" mean you have upgrading of some kind or that you offer high school courses? What exactly does that refer to?

REV. DYNNA: Which clause are you referring to?

MR. DAY: On the Bill itself this would be 3(a).

REV. DYNNA: Mr. Chairman, we do not offer upgrading. The one exception would be grammar, English, although we're trying to get away from that and have students go to the secular institutions to obtain that. Our primary purpose and involvement is specifically in the area of preparation for Christian ministry as such.

MR. DAY: My one last question, Mr. Chairman, is maybe a little more delicate. If I wanted to come to your institution but did not prescribe to be of your particular faith, is that going to bar me in any way from taking courses of studies at that institution?

REV. DYNNA: Mr. Chairman, we have people from various religious backgrounds. We do specify and require that they be Christian, that they be in agreement with or would not be opposed to or actively disagree and disseminate anti-Pentecostal feelings or oppose our teaching in that sense. So we do have various Christian religious backgrounds represented in the college.

MR. SIGURDSON: Mr. Chairman, I have a couple of questions. One is under section 12 in Bill Pr. 2. It's the account to the Lieutenant Governor in Council. I'm wondering why we don't have the same type of access to records as we saw in the previous Bill, where any person may examine the records referred to during certain hours. In this one:

12. The College shall at times when called upon to do so, render an account in writing of its property and affairs to the Lieutenant Governor in Council.

That's what it's called to do, so I'm wondering why there isn't access for the public.

MR. COOKE: I certainly would have no objection to such an amendment being added. We don't have, on the basis of this being too restrictive -- such a provision, for example, that at all business hours the records would be available for public scrutiny would certainly not be objectionable.

REV. DYNNA: We, as all charitable organizations, are of course required to submit certain information each year which is available

to the public. But you're talking more in terms of people being able to simply come in at any given time?

MR. CHAIRMAN: Your charitable records would really be for Revenue Canada, though, which is really not part of our jurisdiction.

MR. COOKE: Mr. Chairman, the provision that you're referring to is a provision required under the Societies Act for incorporation of any society. There is a provision that says that the records and books shall be available during business hours for scrutiny by any person. Certainly, such a provision is not objectionable generally speaking and would not be objectionable here.

MR. CHAIRMAN: Thank you very much. Any other questions or comments from members of the committee? If not, you certainly have the opportunity to make a closing statement. If you don't wish to, that's fine. I think the members have indicated they're satisfied. Of course, Mr. Cooke, you will be working with Mr. Clegg on the proposed amendments. We will be advising in due course. Thank you very much.

MR. COOKE: Thank you.

REV. DYNNA: Mr. Chairman, I would like to say personally how much I've appreciated especially the help of Mr. Clegg, who has been most helpful and congenial, and his staff. Our thanks also to each one of you for your interest and support this morning. Thank you.

MR. CHAIRMAN: I'd like to welcome the proponents of the petition regarding Bill Pr. 3, Oxford Trust Company Ltd. Act. Particularly, it's nice to have you with us, Mr. McDill. I'll introduce a couple of you that I've met; then perhaps you might like to introduce the remainder of the contingency to the committee. Counsel is Marvin McDill QC, from Calgary. With him are Mr. Robert Gibson and Mr. Steven Singer, the three gentlemen I've met.

MR. McDILL: Mr. Chairman, the sponsors of the Bill, proceeding from my left, are Mr. Gibson, Mr. Steven Singer, Mr. Don Douglas, Mr. William Presse, and Mr. Walter Barron QC. Mr. Barrett is an expert in trust matters,

and he is here as our consultant and will give evidence.

MR. CHAIRMAN: Thank you very much, Mr. McDill. The next procedural item is the report on the Bill by our Parliamentary Counsel.

MR. M. CLEGG: Mr. Chairman, this is my report on Bill Pr. 3, Oxford Trust Company Ltd. Act, pursuant to Standing Order 99. The Bill incorporates Oxford Trust Company Ltd. and provides for its basic constitution. The Bill is in the form provided for in the regulations to the Trust Companies Act. That form specifies the exact content of the Bill.

MR. CHAIRMAN: Mr. McDill, the procedure we will follow this morning is for an opening statement by you explaining the background and the necessity for this legislation. Then there will be an opportunity for direct evidence relating to factual matters relating to the Bill. This will be followed by questions from yourself, to flesh out anything that might have been missed, and then questions by members of the committee. Following that, there will be an opportunity for a closing statement. Then we will take matters under advisement and will report in due course. So if you'd like to make your opening statement . . . Before that we have to do the swearing of the witnesses.

[Messrs. Gibson and Barrett were sworn in]

MR. McDILL: Mr. Chairman and members of the committee, it is indeed a pleasure to be here today, bearing these circumstances in mind. I suspect that Alberta is undergoing a very difficult time economically, so it is rather a vote of confidence that a group of well-known businessmen, successful businessmen, are at this juncture proposing to establish a new trust company in the province of Alberta. I think that is a vote of confidence in the business community that Alberta will indeed succeed despite its momentary difficulties.

Under the existing law it is necessary in order to establish a trust company that there first of all be a private member's Bill approved setting up the company. That is not the end of the matter. At that point, provided the Bill is passed, the matter must go before the Director of Trust Companies to carry out all the internal regulations to ensure that the consumer is

protected. In addition, as a requirement before commencing business, it is necessary that the approval of the Canadian Deposit Insurance Corporation, which is the insurer of depositors' moneys, be also obtained. So this is just the first step in what we hope will be a successful journey.

The first question that must be addressed to the committee is of course contained in the Trust Companies Act which is, whether or not there is any public necessity for the establishment of another trust company with its head office in the city of Calgary. I will call evidence on that point, although I think some of it is common knowledge. At the present time and in recent months there has been the demise of two western banks, the Canadian Commercial Bank and the Northland Bank. While that has been going on, there has been an increased demand for financial services in the community. Now there are fewer recipients of deposits that can address their attention to the needs of the community in Alberta and in western Canada generally. It seems to us that with those difficult times it is becoming more necessary that a trust company such as the Oxford Trust Company be established so that there are facilities for financial services throughout the province that can meet the needs of the community and, at the same time, succeeds.

When you look at Alberta -- you'll see some evidence shortly -- you will find that there are two main requirements in the deposit industry, not the only ones but certainly a requirement. The demographic distribution of the population is such now that many of the so-called baby-boomers are now into the age range of the mid-30s. They are looking for single family dwelling house mortgages. So we still see a great and ever-increasing market for that type of lending.

Secondly, there is a greater age factor in the population. I think we've all read a great deal about that. More people are now concentrating on depositing money for the purpose of registered retirement savings plans and all the variations thereof. As a matter of fact, in the current year the federal tax legislation will be such that people will be able to deposit more money in retirement savings programs with better tax advantages than they have in the past.

Bearing those things in mind, last but not least the competitive nature of any business

will create efficiencies. We still follow the principle that it is a free-enterprise, capitalist society. We rely upon the business community to, by way of competition, increase efficiency and performance so that they might survive and make a profit at it. While at the same time competing with all of the other institutions, they must bear in mind the interest of the consumer. With respect to trust companies the consumer is, of course, those people that choose to repose some trust in them to invest their money.

Bearing in mind those conditions, we say that on the face of it there is a necessity at this point in our history to establish a trust company, well-financed, which I think you will see this one is, well-managed, which this one has the capacity to be, in a climate in which it can succeed and in a climate in which it is prepared to live with any severe regulatory provisions that both the federal government and the provincial government think necessary to ensure that there are no failures.

Mr. Chairman, those are my preliminary remarks. Having said that, I would like to call to the stand Mr. Barrett.

MR. CHAIRMAN: The microphone will work for you, Mr. Barrett. Remain seated if you wish.

MR. BARRETT: Members of the committee, we have undertaken a fairly detailed and thorough analysis of the market conditions in Alberta for a prospective financial servicing institution. We have in the process reviewed the experiences of other trust companies in this market and identified the situations and problems that have evolved over the last few years in respect to those companies. In particular, as our counsel has pointed out, we have identified what we perceive as being the real and growing demand for services in this province. We have identified specifically that in terms of demographics in this province and in western Canada particularly there is a growing demand in relationship to the aging population and also to the family-formation group, families' requirements for services in the areas which this company itself has identified it will be able to provide.

To give you some general idea of the market parameters that we're talking about and the degree of potential market demand for the type

of services the company is intending to provide, we have identified, for example, that of the total population of western Canada 35 percent is between 18 to 34 years old, and 30 percent or 2 million is between 35 and 64 years old. Most particularly, in terms of the current projections, in western Canada over the next 20 years, the 25- to 44-year-old group will decline from 32 to 14 percent approximately of the total population of western Canada, while the 45- to 64-year-olds will increase from 18 to 27 percent. Essentially what that demographic profile strongly suggests is that there is and will continue to be over the next 20 years a growing demand for personal services, financial services, and products proposed by the trust company. Those are, namely, single family residential mortgages, a wide range of retail savings deposits and savings services, financial planning and savings management services, and other personal planning and estate management services.

In terms of a trust company, in terms of having identified the type of demand for services in the market, it's very important also to be able to identify the ability of the company to fund those demands, particularly loan and mortgage demands. We undertook a detailed assessment of the savings pool -- if you want to call it that -- in western Canada and specifically in Alberta. I think everybody is aware that Canadians as a whole are savers. Essentially right now they save as they've never done before. As we've identified, personal savings in western Canada, for example, have been growing at 15 percent per annum over the last five years, compared to the 7 percent rate of growth in personal disposable income.

The reasons for people saving, of course -- it gets back to the demographics again, because while Canadians historically have been savers, the age bulge today is beginning to enter the net savings phase of the life cycle. The propensity to save has dramatically manifested itself in the recent growth in retirement savings plans, RSPs. As we've indicated in our report, which you have before you, this is a growth industry. There's no question that there's an exponential growth in demand for these types of retirement-related products. It's particularly true in Alberta, as it is in the rest of Canada, probably more so. That is one specific area where we believe there is a need for additional services in this province.

I should touch on the other area which we have identified in the process. That is the area of the total savings pool in this province and the numbers of financial intermediaries that are involved in the intermediation or the reallocation of that pool. At this present point in time, trust companies where the ownership and incorporation is actually based in Alberta number a total of four. Out of a total savings pool in Canada, in terms of using aggregate figures of about \$201 billion, those trust companies that are based and owned in Alberta account for less than 2 percent of that total savings pool. If you narrow that down into the total savings pool in Alberta as a function of trust companies and chartered banks -- I'm not including credit unions in this respect -- the Alberta-based trust companies account for less than 5 percent of that total, and it's a declining function. We've reflected on the fact that this is a trend we were seeing. While the pool is growing larger the numbers of companies and the amount of control that is based in the province related to that pool are moving essentially outside the province.

I think those are some of the key components of what we identified. We certainly would be only too glad to answer questions in respect to our presentation we've made to you in writing.

MR. McDILL: Mr. Barrett, I'd like you to outline your qualifications with respect to trust company business.

MR. BARRETT: My education background is that I have an economics degree from the London School of Economics. I worked with the Bank of Canada in Ottawa for five years. I was general manager of the banking operations of Royal Trust for five years in their head office. I spent four or five years with a national investment dealer specializing in financial institutions. Since I've been in my consulting practice, I have primarily been involved in providing consulting services to new and start-up situations, mergers, and conversions. The only thing I can add is that I've been able to do most of that for the last 10 years out of Edmonton, Alberta.

MR. McDILL: Mr. Barrett, do you see a continuing necessity for the utilization of financial services provided by a trust company in Alberta?

MR. BARRETT: Yes, I do.

MR. McDILL: And you think that is on the short term or the long term?

MR. BARRETT: I see both. I certainly see it in the short term because of what has happened in the industry. Certainly, economic conditions could change some of the demographics as a result of migration patterns, but essentially the core group of the aging population tends to be less mobile than the younger group. From a short-term perspective I think that suggests that there will continue to be strong demand for the retirement-related type of financial services that this company is set up to provide.

MR. McDILL: I have no further questions, Mr. Chairman.

MR. CHAIRMAN: Thank you very much, Mr. McDill and Mr. Barrett.

MR. WRIGHT: I have a few questions. Mr. Chairman, I wonder whether the incorporators or any substantial number of them have any particular connection with any of the recently deceased banks or with any existing or recently deceased trust companies. Of course, the banks I'm thinking of are Northland and CCB. First minor question.

The second is: I take it that in the ordinary course of things, under the Trust Companies Act there will be a substantial set of bylaws.

MR. McDILL: A draft has been prepared and submitted, but before registration can take place, approval of those bylaws will have to be made by the director of trust companies.

MR. WRIGHT: Quite.

The next point that perhaps can be answered is something that's been troubling the public in Alberta quite recently; that is, it does appear that two prominent trust companies in the recent past have been acquired by well-known capitalists who simultaneously arranged the sale of their assets to the trust company, which appears to have sucked into the assets a considerable proportion of the trust company's assets, leading to the financial difficulties of the trust company itself. I know the public would be extremely happy if, as long as it's humanly possible without undue red tape and so

on, this sort of situation could be avoided in the future. I don't make the slightest imputation that anything like this is on the cards for this particular proposed incorporation. But if some assurance could be given that the setup of this proposed trust company is such that it would be difficult for that sort of scenario to occur in the future, it would be of some comfort I think.

The next question is just a matter of fact. How many trust companies are currently operating in Calgary, and how many credit unions with wide-spectrum financial services? Is there anything different from others in the case of this particular proposed trust company? Is there some idea you want to tell us about that will mark it off, apart from superior management and concept, I suppose? Lastly of my questions: is it intended to operate extraprovincially?

MR. McDILL: Two or three of those questions are not necessarily factual, and I think I can address those. Firstly, the question of the equity base, if you will, of the trust company: it's intended to be a \$5 million cash basis and not the transfer of assets in from other businesses of the owner of the trust company. That is not the intention. We would think at this point in time that, those types of things having been difficult in the past, CDIC would insist upon that before any insurance would be granted. So it is the intention, as you will see from the business plan contained in the booklet we have distributed, that there would be \$5 million cash equity advanced at the outset.

The second part of your question I believe I can answer without having to canvass. I don't believe any of the sponsors have any connection whatsoever with either of the two institutions, the CCB or the Northland Bank, which you mentioned.

MR. GIBSON: One subsidiary of Alsten is actually a borrower in the amount of slightly under \$4 million from the Northland Bank on a loan that was funded two-plus years ago.

MR. CHAIRMAN: I think Mr. Wright also mentioned former trust companies.

MR. WRIGHT: Existing or recently deceased trust companies.

MR. GIBSON: We have no ownership interest,

but I believe we have loans in various subsidiaries.

MR. WRIGHT: Who doesn't?

MR. McDILL: There's certainly no business connection, if that's what you're driving at, Mr. Wright.

I don't believe I'm prepared to answer the question with respect to the credit unions. But with respect to the number of trust companies, if you're talking about what I call an Alberta-based trust company operating in Calgary, I believe from my list there are -- you can correct me if I am wrong, Mr. Barrett -- the First City Trust Company, the First Western Trust Company, Heritage Savings & Trust Company, and the North West Trust Company. Of course, Principal is the other Alberta one, but I believe that would be said to be an Edmonton-based company.

MR. BARRETT: Mr. Chairman, could I address the question on credit unions? I think the key point to refer to here is that the statute the credit unions operate under cannot provide fiduciary services. The key thing we should emphasize is that the only institutions under Canadian provincial and federal law that can provide fiduciary services are trust companies. Banks particularly are specifically precluded from providing those services. The point we're trying to make essentially is that a large proportion of those demands for financial services will be and are fiduciary related.

MR. CHAIRMAN: Mr. Wright, are you satisfied?

MR. WRIGHT: The extraprovincial operations?

MR. McDILL: It is the intention to deal with western Canada, although it will be an Alberta-based company. The management all will be here, but it will expand its activities throughout the west primarily. That is the area of activity in which the principals are very familiar, and that was another significant matter. It would certainly be based in Calgary; all of the people are based there. But it would seek to enlarge its horizons beyond Alberta alone in terms of investment possibilities.

MR. WRIGHT: My last question was whether

there was any novel idea present in the incorporating proposals.

MR. McDILL: In terms of the services rendered by the trust company to the public or in terms of its own internal operation?

MR. WRIGHT: Either really. Not that this is at all essential, mind you, but it's of interest.

MR. McDILL: I think I could say this. I'm not giving evidence, Mr. Chairman. It would be apparent from the reading of the material that it is the intention of the trust company to be very much aware of the sins of the past and of others. It's very much aware of the green paper, that is now out, from the federal government's standing committee on financial services. So it is addressing very carefully these problems of conflict of interest within the company and self-dealing. I think you will see statements in the material that there will be no loans made to any directors or officers of the trust company and that sort of thing. The intention is to be absolutely squeaky clean, so that the trust company image is restored to a little more respectable perception than it may enjoy at the moment.

MR. CHAIRMAN: Thank you, Mr. McDill.

MR. MUSGREAVE: Mr. Chairman, my question is a difficult one. I'm nervous sitting here. When you see the scene in Alberta right now and being the recipient of letters from constituents of mine who have lost money in institutions that are not covered by the federal insurance scheme for whatever reason — people on the street don't understand the ins and outs of these kinds of things.

Mr. Chairman, much of what's in this booklet is a justification on behalf of why they are making this presentation. I'd like you to clarify for me exactly what it is that this committee should adjudicate on. Let's do that and not worry about the other part of it. I would like to make sure that my role is protecting the interests of my constituents, and I think these other questions that are being raised are not in our area of concern. I'd like you to clarify that for me.

MR. CHAIRMAN: In order to do so, I'll ask Mr. Clegg to assist.

MR. M. CLEGG: Mr. Chairman, the control on the commencement of any new trust company is twofold, as Mr. McDill has explained. It is first necessary for an Act of incorporation to be passed by the Legislature. It is thereafter necessary for fairly complex requirements of the Trust Companies Act to be met. That is administered by and controlled by the director of trust companies, and at that point the capitalization and the various other fiscal controls are checked and regulated. They do not get permission to operate until they have satisfied the requirements of the Act. So the technical control on their functioning and essentially the main hurdle for their functioning is the second stage.

In that connection I would note that this Legislature through this committee has dealt with a large number of trust company applications in the last 12 years. More than half of the trust companies that have been incorporated did not pass the second hurdle. That is why there are still so few. We have had probably half a dozen incorporating Acts through this committee since 1975, which companies did not subsequently go into operation either because they chose not to because of changing conditions or because they did not in the end meet the very strict requirements of the director of trust companies under the Trust Companies Act.

The Trust Companies Act specifies that each trust company be incorporated by private Act. There is a passive function here and an active function. The passive function really is that because of the advertising requirements, the public nature of the debate in the Assembly, and this committee's deliberations, it is of public record and generally widely known by the time a trust company is incorporated who is involved. If any person in the province felt that any of the applicants were not people who should be incorporated, they would be able to appear before this committee and act as intervenors. That is a passive situation. The advertising is out there in the public at this moment, and no intervenors have appeared.

The second is an active function of the committee. The Act requires the committee to determine whether or not there is a need for another trust company in the area in which the trust company proposes to operate. To a certain extent this is a slightly old-fashioned consideration, because many years ago when

that concept was first put into the legislation, trust companies tended to operate very locally. That is not the case now, and the witnesses have said that they intend to operate throughout western Canada. However, they have put argument before the committee on this matter, and that is the proportion of trust business which is handled in Alberta by Alberta trust companies.

Just to complete my comments, Mr. Chairman, I'd like to add for explanation to members that trust companies operating in Alberta are not only those which are incorporated by this Legislature. Most of the trust business handled in the province is by trust companies that were incorporated elsewhere, either under Canadian federal law or in another province, perhaps Ontario, and have registered interprovincially to operate within Alberta and have not therefore had to come through the Legislature for their Act of incorporation.

Thank you, Mr. Chairman.

MR. CHAIRMAN: Does that clarify matters, Mr. Minister? Do you have any further questions?

MRS. MIROSH: I'm not a lawyer, and I don't plan on cross-examining you, but I too have concerns about my role in this area. My role is to protect people and my constituents. We get a number of letter of complaints of companies that have gone under and what is the government going to do about this; how are you as a Legislature going to protect my investments? People find that when their money is gone it is very, very serious. I am familiar with the Singer family in Calgary and the Belzbergs; they are very prominent investors. I commend you for this, but there is a lot of criticism about the trust companies and the banks that are going under currently. My question is: have you got any security for the people that are investing if business does go sour? As you alluded, things are not that good in this province right now, and I'm surprised that you want to do this. But I would certainly not discourage free enterprise in this system. I would like you to just give me a little more secure feeling of how you would secure people's money so that if the business does go sour — what would I say to my constituents who are investing?

MR. McDILL: Mrs. Mirosh, I think I pointed out that the Canadian Deposit Insurance Corporation is the organization that is established for the purpose of insuring the depositors up to \$60,000. So when we're talking about small depositors and the ordinary person, those deposits are insured through that agency so that nobody would lose any money. The purpose of that institution, of course, is to preserve some integrity in the financial institutions of Canada. That kind of insurance embraces all of the banks and all of the trust companies.

The Canadian Deposit Insurance Corporation of course doesn't want to lose money either. That's why I pointed out earlier that although we hope to have this Bill passed, we still have other hurdles to overcome and one is the Canadian Deposit Insurance Corporation, who will insist on some very strict requirements before they will issue the insurance policy which would enable us to commence accepting depositors money. So all of your constituents are certainly protected to that level.

Of course, as in any organization nobody can guarantee the success of the business. You start out in the best possible way, financed in the best possible way, and hope that your management will turn that into a profitable enterprise. Government or nobody else can guarantee that it will succeed. Economic climates and conditions change, and things happen. What the government and what the public is protected by, however, is that insurance provision by the Canadian Deposit Insurance Corporation. So the consumer need not fear as long as his deposits are within those limits.

MRS. MIROSH: Most of your investors will probably come from my constituency, Calgary Glenmore.

MR. McDILL: That is the device, of course, which over the years has been adopted. I believe the Canadian Deposit Insurance Corporation came into effect in about 1968 to provide some stability in the marketplace for financial services so the public wouldn't be hurt. But it can't save everybody. It can only save them within those limits.

MR. CHAIRMAN: Any further questions?

MR. DAY: I, too, share a little nervousness here, from the point of view of the present environment and things that have been happening in the financial community. Those members who know me, of course, will know that I'm freewheeling, enterprising, and marketplace-competitive oriented. So my questions aren't concerning whether there is a need for the company. I think the marketplace should really determine that, but I hope you can appreciate our concern with the present environment.

There may well be another stage you have to face and maybe even more rigorous ones in terms of questions you'll be asked because you'll be dealing with people more expert in their fields, but I too have to think of constituents. If something happens to this company down the line, constituents will be asking me, "Did you recommend to the Legislature that this Act be approved?" I want to be able to look them in the eye and say, "I did all I could in terms of questioning and determining viability and security of the operation." So allow me to ask some quick questions, and forgive my ignorance in this field, and don't be afraid to tell me the question is ignorant if it is.

In the area of your market opportunities and objectives you've targeted a portion of it as being corporate trustee and agency service, and you mentioned the stock transfer operations business. With the Alberta stock savings program coming on line, do you see that particular aspect of your business as being significant? What percentage are you projecting to be involved in that particular area?

MR. McDILL: Could you answer that question Mr. Barrett, please?

MR. BARRETT: Essentially, as we've indicated in our document, a memorandum of intent, it is not the intent of the sponsors to enter into this market aggressively in the early stages of the game, simply because we identified very clearly that certainly the latter type of business you mentioned -- the stock transfer and that type of business -- does require efficiencies of scale. In other words, the fee structure is very competitive, and it does require a fair commitment to data processing equipment and that type of thing. It's the type of business that the company will structure itself to enter into

over time as profitability of the company and its own internal market assessments and cost/benefit analyses determine entry into that market on a staged and gradual basis. It certainly will not be a precipitate entry.

As far as personal services, to use the broad general description of the fiduciary or personal estates and this type of thing -- estates trusts and agencies, as it's referred to in the business -- again the company is committed on a long-term basis to being able to provide services as market and demand justifies and as their ability to provide that service is determined.

In reflection to our identification of the demand, there's certainly no question that there is a demand for it. There is one other trust company that provides those types of services that is based and incorporated in Alberta. There are no other companies that provide it that are based in Alberta, and it will again be on the basis of a staged and carefully planned entry into that market based upon the resources of the company and its profitability.

MR. DAY: Mr. Chairman, is the company also pursuing a federal charter or just a provincial charter?

MR. McDILL: A provincial charter, Mr. Day.

MR. DAY: Again, I don't feel it's my place to determine your potential for success, but do you not see the Alberta market as being somewhat limited? Would not a federal charter be beneficial to the operation??

MR. McDILL: I don't think it's really important where the charter was obtained. What's important is where the management is located.

MR. DAY: I'm thinking in term of the company's ability to operate in other areas.

MR. McDILL: It would have to do so with the consent of each of the directors of trust companies in the various provinces. That is customarily done by pretty well having common laws, if you will, or common regulations throughout the country. They aren't completely common at this moment, but they are virtually that.

MR. DAY: As far as capitalization and ownership goes, the majority of shares are held

by Alsten Holdings; is that correct?

MR. McDILL: Yes.

MR. DAY: Will any one person actually own more than 10 percent of Alsten Holdings?

MR. McDILL: You'll see from the chart that there are two shareholders each owning 50 percent of the common shares and one shareholder owning 100 percent of the preferred shares. I think you could say that Alsten Holdings is a very closely held corporation.

MR. DAY: Mr. Chairman, is the company intending to roll any fixed assets into this trust company?

MR. McDILL: There is no intention to do that.

MR. DAY: Just a final question to Mr. Presse: how's the rugby team doing?

MR. PRESSE: So-so.

MR. CHAIRMAN: Do any other members wish to advance any questions or comments?

MRS. MIROSH: Do you have any connection with Oxford realty? I believe it's Oxford Development company.

MR. McDILL: Oxford Development, no.

MR. M. CLEGG: Mr. Chairman, on the same subject. I note from the documents which you filed with us a Nuans report, which is a report on name search, that there are of course a number of companies with the name Oxford as a part of the name. You have received an opinion from the searching company that your name is not confusing and, similarly, that you shouldn't have any difficulty in registration and that you have a reserve reservation until the middle of August.

I would just note for the committee's benefit that there are, of course, a number of companies with the word Oxford in them, and therefore nobody would appear to have any exclusive right to the use of that word. The more there are, the easier it is to add one. I would just note for the record that in the unlikely event that it was necessary to change or qualify your name, you would have to come

back to us for an amendment to your legislation next spring.

MR. McDILL: We're very much aware of that, Mr. Clegg.

MR. CHAIRMAN: If there are no further questions, if there's a closing statement . . .

MR. McDILL: I would like to have Mr. Gibson say a few words in evidence, Mr. Chairman, just to sort of round out what has gone on and what are the purposes of the trust company. Mr. Gibson, could you just quickly outline for the committee the general objectives and business plan of this new trust company?

MR. GIBSON: I think that first I'll introduce myself as general manager of Alsten Holdings primarily, which is the company referred to. The common shares of Alsten Holdings are held by two family trusts. Each trust is governed by a three-man board of directors: one of the trusts representing the beneficiaries of Alan Singer and one of the trusts representing the beneficiaries of Stephen Singer.

In looking at investment opportunities in western Canada, which is our primary focus and primary home base, the opportunity to enter the trust company business as a business segment of the financial intermediary business and the fee service business has been of interest for approximately 10 years directly. That's at least the length of my involvement. The economic situation as has evolved in Alberta over the past years has created an increasing opportunity, we feel, for the provision of well-founded and well-managed institutions that are regionally based, with regional experience and regional knowledge.

A number of the problems that have occurred in the financial intermediary industry in western Canada have resulted from an exodus of available funds from western Canada. The steep decline in real estate values, which ultimately created great problems for a number of companies, came about largely by a diminishment of available capital for reinvestment in that market. A large portion of that, in my opinion, was as a result of a lack of enthusiasm by companies that were based outside the region to continue to sustain an investment program within the region.

We have been based in Calgary, Edmonton,

Winnipeg, and Vancouver, with properties in Regina, Saskatoon, Grande Prairie, Lethbridge, Red Deer, et cetera, for a number of years. We've been active participants in various sectors of the investment market in western Canada over the past five years. In 1986 our investment through the real estate subsidiary in Alberta alone will represent close to \$50 million of new projects. Each of them is profitable. Each of them has been financed primarily by eastern institutions, and each that made the financing was comfortable that in spite of the situation as is generally reported in Alberta, opportunities do exist for properly conceived and properly executed business opportunities.

We've been active through a subsidiary in the drilling business, which everybody knows is terrible, and we've been profitable in it. We have been profitable in the real estate enterprise in western Canada every year for the last five years in spite of how bad it apparently is. The opportunities that we have chosen to focus on within the trust company are the financial intermediary services: drawing of deposits, which we feel will come largely in the form of tax deferral and tax sheltering schemes, the RRSPs, and funding into the single family mortgage market, which is a market in which there are great opportunities to make conservative and sound investments. There has been that opportunity throughout the years. Not everyone has done it. In times when there is aggressive competition for product, some people have been tempted to go further and get themselves extended a little bit. We feel there's also a substantial opportunity in participating in the real estate advisory services, as I choose to call them — property management and real estate advisory services — to other institutions who find themselves the proud possessors of many properties in western Canada and need people who can provide them with accurate, current, and realistic market advice.

United Management Canada, which is another subsidiary of Alsten Holdings, has been recently into the fee side of the property management business. It has managed the assets of United Management since its incorporation and has attracted the interest of a number of larger institutions to service their properties profitably on a fee basis. Real estate advisory services in terms of assisting investors in solving significant problems with

their portfolios is another profitable alternative.

If the Alberta market improves in general, we feel there are excellent opportunities for success. If the market stays as it is today, we feel there is a good opportunity to make money. If the market gets worse than it is today, there will be an increasing demand for regionally based skilled operators for the other institutions that don't have that base here, and the fee structure and the fee opportunities will increase. It's quite obvious that we have a strong belief in the foundation of the economy of Alberta. We also recognize that we've been through one of the longer recession periods in the history of Alberta. But we strongly believe that over the long term the trust company provides an opportunity for Alsten Holdings to participate in an industry which can be profitable, conservatively operated, and provide for long-term benefits in the area in which it'll market.

You can't market a product that's not wanted, you certainly can't profit from a product that's not wanted, and you certainly can't profit over the long term by doing anything poorly. We think we target any sector of the economy in which we choose to invest. We ask ourselves whether or not we strongly believe that we can be in the top 20 percent of the participants in that industry from a quality point of view and from a capitalization point of view. We strongly believe that in this situation we have the ability to do both.

We can't guarantee, beyond using the best of our skills and contributing the cash equity that we're contributing, that we will be successful. As in any business investment, there is some level of calculated risk. We certainly wouldn't be risking the \$5 million cash if we had any expectation that there was any imminent chance of losing. If Canada Deposit Insurance covered \$500,000 per depositor, it still wouldn't cover the \$5 million of equity. That is our initial and major projection. That is the first money that is at risk. More than the \$5 million, because we can replace the \$5 million, we will not endanger the reputation that we've built over the past years of being successful and competent operators. There's no need to get into a business which we would expect could grow in assets in five years to be approximately what we do in Alberta in one year with no problem at the present time. The size of the

company, the breadth of our relationships with other financial institutions, with other participants in the industry, is such that we cannot and would not endanger that reputation we've developed.

Another item which is of concern and has been expressed, I believe, by Mr. Wright and others is whether or not this is another trust company that's going to be a highly leveraged participant in the real estate development industry. The Alsten group has two major real estate development companies: one based in western United States and one based in western Canada. Both of them are doing very well, and both of them have access to substantially more capital than there are opportunities available to meet their investment objectives.

The purpose of the trust company is not to participate in the real estate development industry but to participate in the financial intermediary sector, where we believe the knowledge and the experience we have gained can help develop a system to ensure cautious, careful, conservative, and productive investments in mortgages and can provide a base through which to market that expertise on a fee basis, which involves no capital risk to the enterprise but involves substantial opportunities for earnings. I think that the combination of those factors — the opportunity of providing real estate advisory services, mortgage brokerage and syndication, administration services, and estate trust and agency services — is the next step beyond which we look in a 15-, 20-, 25-year range. The demand for what trust companies were originally set up to achieve — the provision of management and supervisory skills to a person's estate to ensure the proper administration of that and a division of the assets, et cetera — is going to become again a very important industry. I think that more and more people in western Canada, in Canada, and in North America are recognizing that it behooves them to take some responsibility for their own retirement and that the trust company vehicle provides the perfect opportunity to provide all of the services that are needed to achieve that objective.

I don't know if there are any items that I haven't covered, but I'd be happy to answer any other questions.

MR. CHAIRMAN: Thank you very much, Mr. Gibson. I think we're under a little bit of time

constraint now, because another committee wants to move into these premises. On behalf of the committee I'd like to thank all of the participants who came to present the petition before us this morning for their helpfulness in assisting us in our consideration of the matter.

MR. McDILL: Mr. Chairman and members of the committee, thank you for a very courteous hearing.

MR. CHAIRMAN: Members of the committee, I think we'll not proceed with Bill Pr. 4 at all because something has come up that requires an amendment to that Bill, so we'll just put that off. I would like with your indulgence to quickly deal with Bill Pr. 6, the Timothy Z. Marshall Bar Admission Act, because I think it can be dealt with very expeditiously. I hope it can. I'll ask Mr. Clegg to give his report.

MR. CLEGG: Mr. Chairman, this is my report on Bill Pr. 6, the Timothy Z. Marshall Bar Admission Act, pursuant to Standing Order 99. The purpose of this Bill is to authorize the Law Society to admit Mr. Marshall to membership, notwithstanding that he is a British subject and not a Canadian citizen. Normally, it is a requirement of the Legal Profession Act that an applicant be a Canadian citizen. Mr. Marshall needs to be admitted to a Commonwealth Bar before he is able to practice in Bermuda, where there is no provision for local legal education. The Law Society is aware of the application and has made no intervention. The Attorney General of Bermuda has written to support the application. There is no model Bill on this subject, and it contains no other unusual provision.

Mr. Chairman, I would like, if I may, to read into the record the letter from the Attorney General of Bermuda addressed to the committee through me.

Mr. Timothy Z. Marshall has informed me that he is petitioning the Legislative Assembly in Alberta to be exempted from the requirements of the Legal Profession Act limiting admission to the Alberta Bar to Canadian citizens. I am writing in support of his petition.

Mr. Marshall, a Bermuda resident, has been offered a position with a Bermuda law firm where he plans to practice as soon as he is qualified.

Bermuda has no law school or Bar admission programme and relies entirely on other recognized Commonwealth jurisdictions to train and test prospective Bermudian lawyers. To be entitled to practice in Bermuda a lawyer must first be entitled to practice in a recognized Commonwealth jurisdiction.

I understand that Mr. Marshall, who graduated from law school in Ontario, obtained articles with the Calgary firm of Burnet, Duckworth & Palmer in March 1984 and was then informed that, being a British subject, he would qualify for admission to the Alberta Bar. When he commenced articling in July 1985 the Law Society of Alberta confirmed to Mr. Marshall that, as a British subject, he would qualify for admission.

In September 1985 Mr. Marshall was informed that the Legal Profession Act had been recently amended to limit admission to Canadian citizens. Because Mr. Marshall has committed himself to the Alberta Bar admission programme he would now be seriously prejudiced if he had to start the qualification process again in another jurisdiction.

I would appreciate every consideration that can be given to Mr. Marshall's case in these circumstances so that he may return to Bermuda and commence practicing as soon as he has completed the Bar admission programme [in Alberta].

Yours faithfully,
Andre M. Garneau, Q.C.
Solicitor General

The letter from the Law Society of Alberta is dated June 25:

I am informed that . . . Mr. Marshall is asking for the passage of a private . . . bill which would permit him to become a member of the Law Society of Alberta. This letter is to advise you that I am instructed by the Executive Committee to tell you that in all the circumstances of the case the Law Society has no objections to the passage of such a bill.

Yours . . . truly,
W.B. Kelly
Secretary

MR. JONSON: One question, Mr. Chairman, just trying to follow this, can we then conclude

that except for this one detail with respect to his citizenship status, he would otherwise be fully able to practice law in the province of Alberta?

MR. M. CLEGG: Yes, Mr. Chairman, that is the case. The Bill as drafted recites all the additional requirements which he by law has to meet. Notwithstanding the fact that he is a British subject and not a Canadian citizen, he could still be admitted to the Alberta Bar. That is the only concession which this Bill would grant.

MR. WRIGHT: It's to be noted, Mr. Chairman, that there is serious doubt about the constitutionality of that amendment, but in any case it's obviously something we should in my respectful opinion just waive through.

MR. M. CLEGG: Mr. Chairman, Mr. Wright is of course referring to the constitutionality of the provision which now exist which limits Alberta Bar admission to Canadian citizens. The very restriction, which is limiting Mr. Marshall at this point in time, is the one which has some constitutional question attached to it, and it is not the Bill that he's brought before us which has a constitutional question.

MR. CHAIRMAN: Any other questions or comments? Do we need a motion to proceed with this? We'll discuss this in camera.

MR. M. CLEGG: We'll discuss this in camera at a later date, I would suggest, Mr. Chairman.

MR. CHAIRMAN: There's only one other matter remaining before us this morning before we adjourn, and that is the question of our business for next week. I'm advised that Bills Pr. 5, Pr. 7, Pr. 8, and Pr. 11 are now complete. There will also be the question of Pr. 4, which is to be amended. I don't know if it will be ready for next week, but it probably will. So we will take it that we will try to deal with Pr. 4, Pr. 5, Pr. 7, Pr. 8, and Pr. 11 with your permission and consent. Pr. 7 may not need any appearances. Can we deal with Pr. 7 without appearances? That's the Calgary research and development authority amendment Act, which is merely to change the title of an ex-officio member. I think his job classification will change.

MR. M. CLEGG: That and also to clarify the power to take property on lease and sublease, which might be available anyway. There's some argument about whether the present wording is broad enough.

MR. CHAIRMAN: Does anybody require anybody to come up from Calgary on that one? Mr. Musgreave, would you mind making a motion that we try to deal with these matters and that we don't require any of the proponents in number 7.

MR. MUSGREAVE: I move that we don't require the attendance of the petitioners.

MR. CHAIRMAN: Any disagreement with that motion? Hearing no disagreement, I declare it carried then.

MR. WRIGHT: Can we say the same about Bill Pr. 6 then, Mr. Chairman?

MR. CHAIRMAN: We just dealt with Bill Pr. 6.

MR. WRIGHT: It's on the same basis with no representation?

MR. CHAIRMAN: Yes. Does anybody have any desire to talk to the proponents of Bill Pr. 8, the utility franchise agreement extension Act?

MR. WRIGHT: Obviously, it has to be extended if there's no alternative, but I wouldn't mind asking a few questions about that.

MR. CHAIRMAN: We will have the people come on that. Is Public Accounts going to change their time? They're going to stay on Wednesdays? They're not going to move to Tuesdays? There was some talk of them moving, because cabinet meets on Wednesday, you see, and a lot of ministers are involved. So should we say 8:30 a.m. or 8 o'clock?

MR. DOWNEY: Mr. Chairman, it's the intention of the Private Bills Committee to meet on Tuesdays.

MR. CHAIRMAN: You mean Public Accounts.

MR. DOWNEY: Public Accounts, pardon me.

MR. CHAIRMAN: We'll meet on Tuesdays. Then we'll call it for 8:30 a.m. next Wednesday. That being understood, I'll entertain a motion to adjourn.

MR. JONSON: So moved.

MR. CHAIRMAN: All in favour?

HON. MEMBERS: Agreed.

MR. CHAIRMAN: Opposed, if any? Carried. Thank you very much.

[The committee adjourned at 10 a.m.]

