

[Chairman: Mr. Schumacher]

[8:34 a.m.]

MR. CHAIRMAN: Good morning, ladies and gentlemen. I see a quorum. I'd like to welcome you this morning and also the people who've arrived to deal with the business of this morning, which is Bill Pr. 1, the Royal Canadian Legion Alberta Property Act; Bill Pr. 2, Canada Olympic Park Transfer of Title Act; and Bill Pr. 7, the Alberta Conference of the Seventh-day Adventist Church Act.

First, I'd like to welcome Mr. Vincent O'Connor, who's appearing as counsel and as witness for Bill Pr. 1, the Royal Canadian Legion Alberta Property Act. It's nice to have you with us this morning, Mr. O'Connor. I'll ask Mr. Clegg to give us his report with respect to Bill Pr. 1.

MR. M. CLEGG: Mr. Chairman, this is my report on Bill Pr. 1, the Royal Canadian Legion Alberta Property Act. The purpose of this Bill is to consolidate existing legislation relating to the Legion, to clarify the property-holding powers of the Legion and the command, and to continue the existing provisions with respect to tax exemption. There is no new tax exemption provided for in this Act, and the Bill does not contain any provisions which I consider to be unusual.

MR. CHAIRMAN: Thank you. Mr. Clegg, maybe you'd like to swear Mr. O'Connor.

[Mr. O'Connor was sworn in]

MR. CHAIRMAN: Well, Mr. O'Connor, if you'd like to give the committee the background leading up to the need for this legislation, we'd be happy for you to proceed.

MR. O'CONNOR: The petition arose out of an attempt which was made a couple of years ago by a branch to register some debt obligations with the corporate registry. The Legion, being a dominion incorporation, is not required, of course, to register in Alberta, and we could not register any debt obligations. It was on the suggestion of the Registrar of Companies at the time, now the registrar of business corporations, that we apply to amend our Act to exempt the Legion from having to file its debt obligations with the business corporations registry.

While doing that, it was suggested that we also consolidate the three existing Acts, which were 1957, chapter 105; 1964, chapter 118; and 1977, chapter 102, into a new Act in effect but with no new provisions. So we are petitioning to incorporate or consolidate those three Acts and add section 1(3) to exempt the Legion from registering its debt obligations. That is the petition before the committee.

MR. CHAIRMAN: Thank you very much, Mr. O'Connor. Are there any questions from any members of the committee for Mr. O'Connor?

MR. WRIGHT: Mr. O'Connor, is it not the case that the Canadian Legion requires by its bylaws that applicants for membership state that they are not communists or members of a communist organization and not fascists or members of a fascist organization?

MR. O'CONNOR: In fact, that's in the general bylaws; that's right. We are applying to amend the general bylaws at the forthcoming convention. The committee recommended that that

be struck from the general bylaws on the basis that it could not be enforced, and who could define it? The dominion executive council voted our recommendation down, so it will stand in the new bylaws unfortunately.

MR. WRIGHT: You will agree that, without putting too fine a point on it, it's an unfortunate bylaw still to exist?

MR. O'CONNOR: I agree.

MR. WRIGHT: Of course, my question is whether we should be anxious to help an organization with what really is a bylaw, in my opinion, inconsistent with the Charter of Rights.

MR. O'CONNOR: Again I agree, and it was our recommendation that that be taken from the general bylaws.

MR. WRIGHT: And it's not a trivial bylaw, because it means you can't get in unless you approve implicitly of the existence of such a bylaw. I speak from personal experience. I mean, I'm qualified to be a member of the Legion, and I will not join because I object to such a bylaw. I'm just wondering why we should be anxious to help the Legion, as you ask, except of course that you have told us that plans are afoot to alter it.

MR. O'CONNOR: Yes, our recommendation will stand before the general convention this summer to remove it, and it will be an item of debate on the floor. Some of the old diehards feel very, very strongly about it, and it will come to a vote on the convention floor.

MR. WRIGHT: Yes.

MR. O'CONNOR: My personal position agrees completely with yours.

MR. CHAIRMAN: Mr. Day.

MR. DAY: Thank you, Mr. Chairman. Just looking at something on page 1 of the actual Act, section 1(1). Just let me preface my remarks to Mr. O'Connor, lest he feel obligated to take back to the other discussion that Mr. Wright was referring to, that this member of the committee has no problem dealing with your request because of that particular bylaw. So don't feel obligated that the committee of this House in majority was saying, "We can't deal with it because of that bylaw." I have no problem with that. That's something for the Legion to work out among themselves, and that's not a stipulating factor.

What happens there in section 1(1): "may sell, convey or otherwise dispose of property in any manner."? Just, I guess, for my information, Mr. Chairman: what happens to property that is sold at a profit? Are there tax implications there that the Legion are exempted from?

MR. O'CONNOR: The Legion does not pay income tax. However, the members are forbidden to take advantage of any profits. They stay in the branch, and if a branch charter is wound up, the dominion command takes the profits. There is no provision for any individual members of the Legion to make any profit whatsoever. Technically, all the funds belong to the command.

MR. DAY: That was my question.

MRS. MIROSH: Well, Mr. Chairman, I would like to echo the same as my colleague from Red Deer-North. I have a very large Legion in my constituency and recognize the wonderful work they do in the community with children and seniors. Anytime that I can help the Legion, I'm here to support them.

MR. CHAIRMAN: Thank you.

MR. O'CONNOR: The assistance the Legion can give is largely due to the position taken by the government, which allows us to distribute the pool ticket moneys and so on. We're very, very grateful for that.

MR. CHAIRMAN: Dr. West.

DR. WEST: Yes. In section 9, tax exemption, does the Legion pay property taxes on their other buildings?

MR. O'CONNOR: Yes.

DR. WEST: They do.

MR. O'CONNOR: Each branch is an independent corporation, and they're taxed in their own municipality. This is the Legion headquarters in Calgary, which again is a separate corporation.

DR. WEST: So each branch is incorporated independently, is it?

MR. O'CONNOR: By the founding legislation each branch is a separate corporate body.

DR. WEST: I'd just finally like to say that no regulation that you have interferes with my thoughts on this Bill whatsoever. I admire the tenacity you have to bring regulations like that in, and I hope that the Charter of Rights doesn't challenge you too greatly.

MR. CHAIRMAN: Thank you, Dr. West. You've generated another intervention.

Mr. Wright.

MR. WRIGHT: Yes. Well, of course, I believe the Legion does excellent work. It has nothing to do with its performance in fact. I've made my position plain on that.

But this extends the exemption from taxes, I gather.

MR. O'CONNOR: No, it doesn't extend it. It just carries on the existing one.

MR. WRIGHT: Right.

MR. O'CONNOR: Section 9 was already in the previous legislation.

MR. WRIGHT: Yeah. Okay. Is there some reason why the Legion, or the part of it we're talking about, cannot qualify for exemption under the Municipal Taxation Exemptions Act?

MR. O'CONNOR: I can't answer that question right off the bat because I haven't researched it. I just carried forward the legislation as it existed without looking into that area; I'm sorry. I can find the answer for you, if you wish.

MR. WRIGHT: Since the private Act that incorporated the Legion provincially has passed, the Municipal Tax Exemptions Act has been enlarged in scope, and it might be that you'd qualify anyway on that part of it in any event.

MR. O'CONNOR: That could well be, sir. I haven't researched that particular point.

MR. WRIGHT: Okay.

MR. MUSGREAVE: I just have a question, Mr. O'Connor. I'm rather curious. I joined the Legion, 264 branch, about four or five years ago, because I'm within walking distance of it. I don't recall them asking me whether I was a communist or a fascist or anything else. I just wondered if this bylaw you speak of is maybe not observed in all branches.

MR. O'CONNOR: I don't know of any person ever having been refused admission on that basis, to be perfectly frank. It's something there, I guess, to pay lip service to the feelings of some of the older veterans.

MR. MUSGREAVE: Careful.

MR. O'CONNOR: I almost qualify for that. But no, I don't know of any time that has ever been enforced. In fact, I don't know how you would define it.

MR. CHAIRMAN: Well, thank you very much. If there are no further questions . . . Mr. Clegg.

MR. M. CLEGG: Mr. Chairman, I would like to ask the witness if he would clarify the manner in which debt obligations are registered or, perhaps elsewhere, if they're registered under the dominion legislation or if a register of them is kept at the command or Legion headquarters.

MR. O'CONNOR: There is no registry kept, although if a branch wishes to enter into a debt obligation, the command must give its consent; that is, they must approve it. There is no provision currently for registration of the debt obligation that's in this jurisdiction, because as the Registrar of Companies put it, we fall between the cracks, similar to dominion insurance companies and railroad corporations. There certainly is no provision to register debt obligations with dominion command. Each branch, as you know, is a separate corporation and is responsible for its own obligations.

MR. M. CLEGG: Mr. Chairman, then would it be the Legion's position that unless and until the provincial legislation is amended to permit the registration of debt obligations by corporations which are not registered in the province, they have no option but to ask for this exemption?

MR. O'CONNOR: That is correct. We could not obtain standard debentures, for example, because the solicitors for the lending corporations would not give an opinion if we couldn't register.

MR. CHAIRMAN: Well, thank you, Mr. O'Connor. There is provision for you to make a summation, but in view of the straightforwardness of this application I personally don't feel it's required unless some member feels it is. As I understand it,

this is purely to get that exemption plus to consolidate your previous legislation.

MR. O'CONNOR: That's exactly what it is, Mr. Chairman.

MR. CHAIRMAN: So if that's all right with the committee, we'll excuse Mr. O'Connor and go on to our next item of business. I want to thank you very much.

Next is Bill Pr. 2, the Canada Olympic Park Transfer of Title Act, and I'd like to welcome Mr. Jim Miles and Mr. Dennis Kadatz on behalf of that legislation. I'll ask Mr. Clegg to give his report in respect to Bill Pr. 2.

MR. M. CLEGG: Mr. Chairman, this is my report on Bill Pr. 2, Canada Olympic Park Transfer of Title Act. The purpose of this Bill is to deal with an agreement that is to be entered into relating to the ownership of certain property relating to the Canada Olympic Park and to provide, amongst other things, for the exemption of certain conditions under that agreement from the provisions of the Perpetuities Act so that the terms of the agreement may continue without time limitation. The Bill does not contain any other matter which I consider to be unusual.

MR. CHAIRMAN: Thank you. We will administer the oath to the person who will be giving the evidence.

MR. MILES: Thank you, Mr. Chairman. Mr. Kadatz will take the oath.

[Mr. Kadatz was sworn in]

MR. CHAIRMAN: Mr. Miles, at this point I'd invite you to explain the background leading up to the necessity for this legislation and then lead the evidence in support of that requirement.

MR. MILES: Thank you, Mr. Chairman. The purpose of this Bill, as recited by Mr. Clegg, is to permit the transfer of the land title from the federal Crown, the federal government of Canada, of the areas comprising the Canada Olympic Park, which is the area in the municipal district of Rocky View immediately west of the city of Calgary and, as many of you probably know, was the site of many of the exciting events of the XV Winter Olympic Games. I will call Dennis Kadatz in a few minutes, and he will give you some history as to CODA: the purpose of its existence, why it was established, and what its mandate is now.

The purpose of this Bill is, as I say, to deal with the rule against perpetuities. Quite simply stated, our legal research — that is, the legal research we have done as solicitors for CODA — and the legal research done by the solicitors for the federal government lead us to the opinion that it is not possible for this property to be transferred from the federal government to CODA with a reversionary interest remaining in the federal government pursuant to an agreement which will be entered into between CODA and the federal government, which agreement will provide in part that the federal government at some time in the future may, if it determines that the park is not being operated by CODA in accordance with the agreement, make that determination, and then they can take the park back. For that to happen could offend the rule against perpetuities. I won't recite the rule against perpetuities; I can if you wish. I can tell you that two firms of solicitors have looked at this problem, and we agree that the only manner in which this property can be transferred to avoid that rule is by this Bill.

I think the Bill speaks for itself in the sense that section 3, the effect of the Bill, is rather straightforward. That's the legal reason we're here.

At this point, I'd ask that Mr. Kadatz address you with respect to CODA's mandate and provide you with a brief history of the Calgary Olympic Development Association. Naturally, I would answer any questions that you may have at the conclusion of our presentation.

Thank you, Mr. Chairman.

MR. KADATZ: Thank you, Mr. Chairman and members of the committee. Just for your information, the Calgary Olympic Development Association, affectionately known as CODA around Calgary at least, was incorporated as a company under the Societies Act of Alberta and has been in existence for some 30 years. CODA was established in the late 1950s to prepare bids for the '64, '68, and '72 games. Of course, all of those bids were unsuccessful. CODA was really revived in the late 1970s to prepare the bid for the '88 games, and of course it was successful. CODA led the bid for these games for the Calgary area. Subsequent to the games bid being successful, CODA was restructured to manage the legacy of the games, so CODA is the ongoing authority of the games legacy.

One of the major legacy items involved in these games is Canada Olympic Park. Through various negotiations and agreements with Canada, Canada is prepared to turn over the ownership of the park to CODA. CODA has been operating the park for the past four years under licence agreements, and it has always been the plan for the title to be transferred to CODA as a legal entity.

Therefore, that gives you some background on who we are and why we encourage the passing of this particular Bill.

MR. CHAIRMAN: Dr. West, followed by Mr. Wright.

DR. WEST: Yes. I would like to clarify. You're a society; is that correct? Is CODA a society, such as agricultural societies?

MR. MILES: Yes, it's a company incorporated under the Societies Act. It's an association under the Societies Act.

DR. WEST: What are the qualifications to be a member of that society? After this goes through, if we had to stamp who owns that park: the province of Alberta, the people of Alberta?

MR. MILES: It is a public association. Membership is available to any member of the public, and in fact I think CODA is now embarking on a membership campaign. I believe their membership is approaching 1,000 members. Initially it included, I think, a membership of maybe half a dozen people when it was first created for the purpose of bidding on those Olympic games many years ago, but now it is becoming a broadly based community association.

DR. WEST: So in that association you have a board of directors?

MR. MILES: Yes, there is a board of directors; I believe, 40 directors.

MR. KADATZ: Forty directors, 11 of whom are appointed and 29 of whom are elected by the members. As general manager of CODA I report to the board as the senior staff person.

DR. WEST: So in essence, when this goes through, it turns the complete ownership over to those 40 individuals.

MR. MILES: It's a legal entity. Those 40 individuals are the board comprised of the directorship of that legal entity. The actual asset of the park would be owned by the Calgary Olympic Development Association. The directors, as Mr. Kadatz points out, are elected, or if he didn't say that, you presumably would know that they are elected from time to time. Some are appointed by virtue of their positions with the University of Calgary, the city of Calgary, and the provincial government. They have standing directorships. But to answer your question, it is a public, broad-based, community-accessible association.

MR. CHAIRMAN: As a supplement, would you have any idea what the current total general membership is of the association?

MR. KADATZ: It's approaching 1,000, as Mr. Miles has indicated.

MR. WRIGHT: What are the purposes that the park is to be operated for, referred to in section 2(b); i.e., that stipulated in the agreement, I guess?

MR. MILES: The agreement referred to in the Bill is the agreement which will set out the purposes, as you point out. That agreement is not in place. It will be part of this Bill. We have now, however, an agreement with the federal government; in fact, there are several agreements. They've been executed. The long-term park use agreement, as we call it, sets out the role that CODA has, the role CODA plays with the park.

The park, as you know, includes the jumps and the bobsleigh run, all that sort of thing, and CODA is to operate that facility as a first-class world facility for training and competition for the high performance athletes who would use those sport facilities, as well as for other purposes, including recreational purposes which in fact go beyond the winter activities, which have been, as you might know, alpine skiing and the free-style skiing, and will include now summer activities.

So the federal government wishes CODA to operate the park for those purposes and in a first-class manner and with a view to having it used by the citizens of Calgary, Alberta, and Canada and to have it widely used. If CODA fails in its mandate there, then they're in breach of the agreement. The agreement referred to in the Bill will recite the purposes, the objectives that CODA has undertaken in the earlier agreement, being the park long-term use agreement.

MR. WRIGHT: Between whom is the agreement negotiated?

MR. MILES: It will be between the federal government of Canada and the Calgary Olympic Development Association.

MR. WRIGHT: Who's doing the negotiation?

MR. MILES: Well, Mr. Kadatz has been involved for the last three years. I've been involved for almost that length of time, and the federal government has their representatives, Mr. Gerry Berger and solicitors in Calgary.

MR. WRIGHT: Is it intended that the park will make money?

MR. MILES: I'd refer that question to Mr. Kadatz.

MR. KADATZ: Yes, all of us hope it would. At this point in time we are projecting some losses as a result of the heavy financial commitment required to operate the bob/luge track and the ski jump facilities. Our projection right now is that we will break even within a five-year period. Any subsidy required for the park, however, is covered off through endowment moneys which have been created as a result of the games. CODA will have under its trusteeship — we have \$70 million right now, and we will receive in addition to that half of any operating surplus of the games, which is projected to be another \$16 million to \$20 million. So CODA in fact will have under its trusteeship and management endowment moneys totaling some \$80 million to \$90 million. Proceeds from that will be used to subsidize this facility and other facilities built for the Olympic Games without being burdens on the taxpayers of Calgary, Alberta, or Canada in the future. That's essentially our mandate.

MR. WRIGHT: I take it that since it's under the Societies Act, it's a nonprofit society.

MR. KADATZ: Yes.

MR. WRIGHT: In the happy event that it will make some money, I take it that the bylaws say how that is to be applied, do they?

MR. KADATZ: Yes.

MR. WRIGHT: Which is?

MR. KADATZ: For the betterment of amateur sport.

MR. WRIGHT: Yes. What privileges does membership give, if any?

MR. KADATZ: We operate the Olympic Hall of Fame out there, and we give members access to the Olympic Hall of Fame free of charge. We also give them tours of the facility free of charge, in a similar way that the Calgary Zoological Society might do for the members of the Zoological Society. That's essentially it. There's a newsletter and an opportunity to attend an annual general meeting and elect the board of directors. That, for the most part, is the benefit.

MR. WRIGHT: And is there any remuneration for the directors?

MR. KADATZ: None.

MR. WRIGHT: Except expenses, perhaps?

MR. KADATZ: Perhaps. These are all volunteers, part of the Olympic volunteer movement in Calgary. None of these people have any — as a matter of fact, we have a statement that all of them have signed with respect to conflict of interest, and none of them are even involved in any business way with CODA and benefited that way.

MR. WRIGHT: Is it expected that it will work similarly to the Stampede board or whatever it's called now?

MR. MILES: I'm not really certain how the Stampede board works; I'm only generally familiar with the Stampede board. I

suppose there are some similarities, although I really can't comment, because I'm not that familiar with the Stampede board.

MR. CHAIRMAN: Mr. Brassard.

MR. BRASSARD: Part of my question has been answered, Mr. Chairman. But I would like to know what taxation implications, if any, would be involved in this transfer.

MR. MILES: In my view, there are no taxation implications. The federal government owns the land now, and they're not paying tax. CODA will become the owner of the land, and the Calgary Olympic Development Association pays taxes on some of its facilities in the normal manner. As I say, it's in the municipality of Rocky View. I see no tax implications at all arising from this Bill.

MR. BRASSARD: Thank you.

MR. CHAIRMAN: Mr. Downey.

MR. DOWNEY: Thank you, Mr. Chairman. A couple of questions here. Is there any party or parties objecting to this transfer; for instance, the MD of Rocky View?

MR. MILES: Oh, no. To our knowledge no one is objecting. CODA naturally is quite interested in seeing that the title be transferred to itself. The federal government is anxious to see CODA take it over because, as Mr. Kadatz stated, CODA has been managing the park and now is the trustee of the endowment fund. There are a number of board members, as I said, who represent other groups and associations: the city of Calgary is represented by a board member, the province of Alberta, the University of Calgary. To my knowledge there's no one in opposition to this Bill. We have certainly not been notified of any objection.

MR. DOWNEY: Another question then. I look at clause 2(c), and I understand the Bill to encompass a transfer of title. Yet I see that the Governor General in Council, the federal government in other words, has the power to put strictures on what you may do with that property after you have acquired title. I'm wondering just what exactly the participation of the federal government is in it after the passage.

MR. MILES: Well, as I mentioned, the federal government has a reversionary interest in this property. They may get it back if CODA defaults, and of course in the interim they don't want CODA doing something which would result in the property being encumbered or would result in them getting something less back than which was conveyed in the first instance. So the purpose of 2(c) is to keep the property, at least the title of the property, clean and in the same state it is when CODA receives it. However, from the negotiations with the federal government it was agreed that if CODA for some reason required to encumber the property, the federal government would possibly provide its consent.

MR. DOWNEY: There are no other strictures, then, on the transfer other than clause 2(c)?

MR. MILES: None.

MR. DOWNEY: Not being a lawyer, I'm just having a little trouble with this perpetuity issue and why, under the circumstances, we need to go beyond the bounds of what is already set out in statute.

MR. MILES: Let me just deal with that for a minute. I did only, I recognize, refer to the rule against perpetuities. The rule simply stated -- and I've written it here as simply as it can be stated, in my view -- is that no interest is good, unless it must vest, if at all, not later than 21 years after some life in being at the creation of the interest. Now, to paraphrase that, it's not possible to transfer property and retain a reversionary interest. It's not possible for the federal government to transfer this property to the Calgary Olympic Development Association and be in a position where they continue to have a reversionary interest; that is, where at some point in the future they will call for CODA to transfer the property back. If that were to happen 21 years after the life and being of a person who is in being at the creation of the interest -- that is, the transfer from the federal government to CODA -- then it's possible that we have offended the rule against perpetuities, which means that the federal government would not be in a position to enforce the reversionary interest.

Our research and the research of the federal government's solicitors came to the opinion -- we concluded, that yes, there could be a problem with this rule against perpetuities. We, of course, are aware of the Alberta Perpetuities Act and that it states that the Crown can make a disposition and not offend the rule. But in looking at that statute closely, we were not satisfied that it had been judicially considered, and the federal government was not prepared to effect the transfer to the Calgary Olympic Development Association by a transfer under the Land Titles Act. Frankly, out of an abundance of caution our opinion concurs with theirs, that yes, we may be offending the rule against perpetuities to do this in the normal manner under the Land Titles Act. So that is the legal purpose of the Bill. I hope that gives you the answer you were seeking.

MRS. MIROSH: Mr. Chairman, to Mr. Miles. I have heard from many Calgarians that they are expressing a great deal of concern with regards to the operating costs of the Canada Olympic Park. I'm wondering -- even though you have money now, down the road perhaps there will be some problems with the cost of the upkeep and maintenance of that park. Do you anticipate coming back to this province for financial assistance, or, if that occurs, what sort of long-range plan do you have with regards to the financial situation of that park?

MR. MILES: Well, I'd like to direct that question to Mr. Kadatz. I know there is a long-range plan, and I'm sure he'll be pleased to answer that question.

MR. KADATZ: I referred to the endowment moneys which are being created as a result of these games. I want to point out that there is a policy in place of spending only 5 percent of the market value of the fund; i.e., if it's \$70 million, we will spend only 5 percent of \$70 million, or \$3.5 million, in any one year. Any revenue generated by that fund over and above 5 percent will always be added to the fund. So the fund is expected to grow at at least the rate of inflation. We are limiting our expenditures of the funds to enable us to carry on for years to come, the theory being that the 5 percent return would be the real return and any other return on the investments would be due to inflationary

reasons. With this sort of policy in place, we feel we can perpetuate the commitment that we have made to all of the venues with respect to training and competition opportunities for Canadian youth of the future.

MRS. MIROSH: Well, it's been the experience in the past that the luges in other Olympic parks or other Olympic events have been taken down because it hasn't been very profitable to operate. In case you don't meet that goal, would you anticipate coming back to the taxpayers of Alberta to assist you? Or is that an unfair question?

MR. KADATZ: Well, I certainly hope we don't. It's our overwhelming mandate to do this. That's why CODA was created or restructured, to manage the legacy of the games, to ensure that these games facilities would operate without being a cost to the future taxpayers of Canada. It was a one-time project. It was a very successful project both artistically and financially, and the financial benefits from it we are reaping, and we feel we are acting in a very responsible way in terms of being able to carry out our mandate. We're not undertaking any more than we can manage financially. I think that you will find that this will be a unique and special way of operating Olympic facilities, and we are in fact being considered a model for future Olympic Games.

With respect to games facilities being torn down, I've been to every facility in the world that's been used for winter Olympic Games. The only two facilities that are not still up are the '68 bob/luge facility, which was a natural facility at Grenoble, and the one at Sapporo, Japan. All other games facilities are still in place and are being used.

MR. WRIGHT: Do I gather, then, that the sole reason for this Bill is to quieten doubts about the application of the perpetuity rule?

MR. MILES: Correct.

MR. WRIGHT: Then why is clause 3 cast in such wide terms, since it says that no part of the agreement shall be void by reason only that the Agreement . . . infringes any statute of the Province of Alberta or rule of law applicable in the Province of Alberta relating to the ownership, use or alienation of real or personal property.

Because the reference to the Perpetuities Act and the perpetuities rule is simply an inclusive point. It's not confined to that. It seems to me you've written — I hope inadvertently — a complete exemption from all property rules into clause 3.

MR. MILES: Well, we are as well concerned about, I guess, the restraint on the alienation of an absolute interest. We want to be in a position where there is no doubt, with respect to the agreement we're reaching with the federal government, that they will be in a position to take this park back in the event the Calgary Olympic Development Association defaults.

MR. WRIGHT: But the only impediment there is the probability that the agreement as it stands is contrary to the perpetuities rule.

MR. MILES: The rule as stated in the Act and the common-law rule and also the rule which deals with the restraint on alienation of an absolute interest — the entire. Our concern goes beyond

just the Alberta statute dealing with perpetuities. We're also concerned with the common-law rule, all common-law rules on perpetuities and alienation.

MR. WRIGHT: But what's the problem about the alienation of an interest with a reversion? It happens all the time. It's just that you've got to watch out for the perpetuities.

MR. MILES: Well, it's just out of an abundance of caution that it's worded in that manner. We want to be absolutely certain that it cannot be attacked.

MR. WRIGHT: Okay. I understand that, although I don't agree with it, except in respect to the perpetuities rule. But you've gone way beyond that. You've exempted it from any rule, any rule at all. It could be any rule of law respecting ownership of property, the use of it. You could use this to exempt yourself from zoning bylaws, if they are applicable, and maybe they aren't anyway — taxation, anything. I think it should be tightened up.

MR. MUSGREAVE: I have a question on a different item, Mr. Chairman. I just wondered — if you found that some facilities were a severe drain on your financial resources, do you have the right to remove them from the park, or do you have to go back to the federal government?

MR. KADATZ: I'm sorry, Mr. Musgreave. Could you repeat the question please?

MR. MUSGREAVE: I said if you found that some of the facilities were a severe drain on your financial resources and you wanted to remove them from the park, do you have to go back to the federal government to do this, or do you have that right?

MR. KADATZ: You're stating, for instance, if the bob/luge track becomes a drain on us and we . . . I would say that we would have to go back to Canada if we wished to remove it. Now, Canada has representation on our board of directors, and I suppose if for a very, very good reason we should not continue to operate that and it was decided that it should be removed — if the sport had gone into obsolescence, there was no need for it, and we couldn't afford to do it — we would get Canada's concurrence. I mean, the fact remains that if we don't operate it successfully and can't operate it, it reverts back to Canada. Canada gets stuck with the same problem that we had, so they're going to be very sympathetic to doing anything which is a reasonable solution.

MR. MUSGREAVE: Mr. Chairman, the other question I had, which may not be relevant, is: you are quite convinced that you don't have a municipal tax problem with the district of Rocky View in the future?

MR. KADATZ: For the past four years we have been paying a grant in lieu of taxes on behalf of Canada as operators of Canada Olympic Park. We assume that we will carry on paying taxes in the same fashion as we have been, except rather than doing it as a grant in lieu of taxes, we will in fact be paying taxes directly.

MR. ADY: In your preamble you indicated that some members of the board were appointed. Are they appointed from inter-

ested parties such as the city of Calgary, the government of Canada, the province? Who appoints those members who are appointed, as opposed to elected from the general membership?

MR. KADATZ: In the case of the city, each year we write the mayor of the city of Calgary and ask him to bring this before their appointment committee, and the city of Calgary appoints two representatives. It happens to be an alderman and his chief commissioner at the present time. In the case of the province we write the hon. minister Norman Weiss and ask him for two appointments. Currently that's Dwight Ganske and Barry Mitchelson, the Deputy Minister. In the case of Canada we write the Minister of State for Fitness and Amateur Sport. So there are representatives named by the appropriate ministry, if you wish, with respect to various levels of government.

MR. CHAIRMAN: Mr. Wright.

MR. WRIGHT: Yes. Have you run this Bill past the municipal district?

MR. MILES: I don't know if we have in the sense of actually providing them with a copy. We have published in the *Gazette* as required. I can't answer that question.

MR. WRIGHT: The *Gazette* doesn't print the Bill. It's just notice of intention, isn't it?

MR. MILES: Yes. To my knowledge there's been no review of the Bill in a formal manner with the municipality.

MR. CHAIRMAN: Mr. Clegg.

MR. G. CLEGG: Thanks, Mr. Chairman.

Would you clarify that you paid the federal government money in lieu of taxes? Is that what you said?

MR. CHAIRMAN: Mr. Clegg, he said that they paid the MD of Rocky View a grant in lieu of taxes on behalf of the federal government. CODA paid the MD of Rocky View a grant in lieu of taxes on behalf of the federal government.

MR. G. CLEGG: Oh. Okay. When this Bill is passed, in fact the only taxation you would have would be for any local improvements like water and sewer?

MR. KADATZ: That's right. The municipal taxes.

MR. G. CLEGG: You wouldn't have any taxes on any of the buildings at all?

MR. MILES: Well, CODA is subject to a tax exemption with respect to certain facilities that were provided for purposes of the Olympic Games. Other facilities comprising the park, which are, I suppose, of a commercial nature, would be taxed at the usual rate by the taxing authority, being the municipality in this case. So CODA will pay taxes to the municipality, and CODA has been paying a grant in lieu of taxes, but that has been by agreement inasmuch as the park has been owned by the federal government.

MR. G. CLEGG: I don't really follow why you would be paying on any of the facility except the local improvement. Be-

cause under the Act as it is now, no nonprofit organization would in fact — churches, recreation facilities, none of them pay property taxes except local improvements, and that's water and sewer and so on.

MR. CHAIRMAN: I think maybe Mr. Clegg has some information as a result of a former Private Bill that we passed with regard to tax exemptions that might be helpful.

MR. M. CLEGG: Mr. Chairman, in 1986, following a review by this committee, the Assembly passed a Bill called the Canada Olympic Park Property Tax Exemption Act, which contains various provisions. Section 2 reads:

For so long as CODA is the owner of the ski jumps, Maintenance Building, Training Centre and bobsled and luge run, the ski jumps, Training Centre, bobsled and luge run and 50% of the value of the Maintenance Building shall be exempt from assessment and taxation by the Municipality.

Of Rocky View, by implication.

MR. WRIGHT: But the agreement proposed, if this Bill goes through, would not be subject to that.

MR. MILES: No; I'm sorry. Could you repeat the question?

MR. WRIGHT: Because of the wording of clause 3, the agreement proposed would not be subject to that statute in respect of "the ownership, use or alienation" of land, because that is one of the laws of Alberta.

MR. MILES: I believe the effect of 3 is to deal with the perpetuities and alienation and not the taxation.

MR. WRIGHT: I'm sure that's the purpose of it, Mr. Miles.

MR. CHAIRMAN: Mr. Clegg.

MR. M. CLEGG: Mr. Chairman, the wording of section 3 is cast in quite broad terms, but it does talk about an agreement not being void because it infringes an Act of the province. Not having seen the text of the agreement, I wouldn't be certain, but it's quite likely that the agreement might not, in fact, in any way infringe or even refer to the previous Private Bill and therefore wouldn't make it no longer operable.

But on this point I would, if I may — on the issue of the scope of section 3 — ask Mr. Miles whether he has a particular concern about the use of the land, and whether the word "use" in section 3, the fourth line from the bottom, represents a particular concern, or whether that word is put there just out of abundance of caution.

MR. MILES: It was put there at the request of the federal government, out of their concern. It is an abundance of caution on their part. The "use or alienation" — I read it as being the same. I don't believe that when you read section 3 it can relate to anything other than the agreement that will be reached between the federal government and CODA. It's the agreement between the federal government and CODA which cannot or will not, by virtue of this Bill, infringe the rule against perpetuities or any restrictions on the right of alienation.

MR. M. CLEGG: Mr. Chairman, I appreciate your point that this doesn't mean that CODA could use the land in a manner which infringed provincial laws but that the agreement itself

wouldn't be void merely because it touched on the use of the land. But we don't have the agreement before us, and the agreement theoretically could contain some provision or some undertaking that the land would be used in a manner which actually is contrary to provincial planning law. I think that's the essence of Mr. Wright's point, and I'm just wondering whether the need for that word as it stands could be reviewed.

MR. MILES: The word "use"?

MR. M. CLEGG: Yes, because we don't have the agreement in front of us, and we don't know whether it would deal with a potential use of the land which would, in fact, be contrary to provincial law. We don't anticipate that it would. We're not aware of what it would — it might not even deal with the use of the land except to continue its use as a park for the purposes for which it was built.

MR. MILES: That word could be deleted if that provided the measure of comfort that maybe some of the members are seeking. It's not essential to the Bill as far as we're concerned.

MR. M. CLEGG: Thank you, Mr. Chairman.

MR. CHAIRMAN: Thank you.

Any other questions by any committee member?
Mr. Wright.

MR. WRIGHT: Why couldn't clause 3 simply say that the agreement should be good, notwithstanding the Perpetuities Act or any perpetuities rule? Leave it at that.

MR. MILES: Well, I think it must go a little further to deal with restrictions on the right of alienation. It represents some considerable negotiation that the Calgary Olympic Development Association has had with the federal government, and this is the wording that we had agreed upon. I think if the word "use" is removed, the scope of section 3 still relates only to the perpetuity question and the question of the right of alienation with respect to the rule of personal property referenced in the agreement. It's the agreement that . . .

MR. WRIGHT: I still haven't understood what is the difficulty on the alienation apart from the perpetuities.

MR. MILES: The concern is any common-law rule that may exist outside the Perpetuities Act which restricts the right of alienation . . .

MR. WRIGHT: That prevents the Crown in the right of Canada giving away or transferring assets?

MR. MILES: Taking the property back is where the . . .

MR. WRIGHT: That's the perpetuities rule.

MR. MILES: But it could be argued that that also is a restriction on alienation. It's a two-part problem; it's not just what is codified in the Perpetuities Act. The federal government is also concerned about being offside with respect to any common-law rule that restricts alienation of property, restriction of an absolute interest. It's a two-part concern. It's not just the rule against perpetuities as restated . . .

MR. WRIGHT: Then, why isn't something like this necessary every time they transfer property to anybody?

MR. MILES: Because in most cases there is not necessarily a revisionary interest, as set out in the agreement, which will be completed between CODA and the federal government.

MR. WRIGHT: So at the time we come back to the perpetuities rule, because they can certainly say in an ordinary contract that the property is to revert to the government if certain conditions are not fulfilled; that's quite frequent.

MR. MILES: If there is an agreement that says that property can revert, yes, then there's a possibility that that reversion could offend the rule against perpetuities and any common-law rule as well.

MR. WRIGHT: Yes, I understand that.

MR. KADATZ: Mr. Chairman, I think it should be pointed out that Canada is not really selling this property to us. I mean, they're selling it to us for a dollar. I guess if we were paying full market value for it, they wouldn't care what we did with it after we bought it from them, but they are in fact giving it to us as a gift and along with that are giving us \$30 million in endowment moneys to operate this thing in a first-class fashion on behalf of the citizens of Canada. Therefore, if CODA in some way defaults, they want to make sure that something can be done and if a succeeding organization, or whatever, can operate it as they wish to see it operated.

MR. CHAIRMAN: I guess my own impression is that really CODA is acting as trustee for Canada with regard to this property as a result of this agreement and the Bill authorizing the agreement.

MR. MILES: Well, it's not really a trust in the sense that it's an irrevocable trust. I mean, you know for us to have a trust, either you keep the property, the trustees manage the property, and the settler doesn't get the property back. But in this sense, I suppose yes, the Calgary Olympic Development Association must operate the park in a manner prescribed, and that has been prescribed under existing agreements. And yes, if CODA does default, then the property does go back to the federal government, and then I suppose in that sense there is a trust relationship. But it's not a trust in the legal sense.

MR. CHAIRMAN: Mr. Miles, if you would like to just sum up, I guess this is the point to do it. I myself look on it as a fairly straightforward Bill, but I'd like to give you that opportunity if you . . .

MR. MILES: Mr. Chairman, thank you. The summation, I think, would be repetitive. We are here for the reason stated: to effect the transfer of title so as to not offend the rule against perpetuities and the common-law rule against restrictions on the right of alienation. It is the opinion of counsel for the federal government and Calgary Olympic Development Association that a private Bill is necessary to achieve that objective. You've heard some history as to the establishment of CODA, why it was formed and what its mandate is now. I believe we've answered your questions relative to your concerns with respect to operating costs, and I can add really nothing further to what I

have said and to the answers we have provided. I don't believe Mr. Kadatz has anything to add.

So on that point, thank you very much for your time and your questions, and thank you, Mr. Chairman, for hearing this submission.

MR. CHAIRMAN: Thank you very much, Mr. Miles and Mr. Kadatz. Just for clarification. Our procedure is to consider what we've heard later and try to come up with a recommendation to the House as to how to proceed. But if this word "use" becomes a problem, you have no problem with the Bill being amended?

MR. MILES: For the record, we certainly would consent to the deletion of the word "use" if that happens to be the recommendation of the committee.

MR. CHAIRMAN: Thank you very much.

Members of the committee, we have one other Bill to consider. This hasn't happened before, although Mr. Clegg has explained that it has — I mean, it hasn't happened with this particular committee, but it's happened with previous committees, that we are being asked to proceed without the benefit of hearing counsel or evidence. It's just wanting us to proceed on the basis of Mr. Clegg's report. So I will ask Mr. Clegg to give his report regarding Bill Pr. 7.

MR. M. CLEGG: Thank you, Mr. Chairman. This is my report on Bill Pr. 7, the Alberta Conference of the Seventh-day Adventist Church Act.

The purpose of this Bill is to consolidate the present legislation relating to the church. It is to discontinue the present situation, whereby the Alberta Conference of the Seventh-day Adventist Church is operating as an unincorporated body alongside the Alberta Conference Corporation of the Seventh-day Adventist Church in the province, so that there will be only one body and to give that body the name of the Alberta Conference of the Seventh-day Adventist Church. It provides for the constitution of that corporation in almost identical words to the previous legislation, with some consolidation and some modernization which has been achieved during the examination stage between myself and the petitioners.

We've made some changes to their proposal, and they are satisfied with those changes, Mr. Chairman. As the Bill stands, it contains no matter which I consider to be unusual. Although there is no model Bill on this subject, it follows quite closely the type of legislation which has been granted to other churches in the past.

MR. CHAIRMAN: Dr. West.

DR. WEST: Yes. I guess there's a philosophy or principle that I'd like to be brought up to speed on in reference to this type of Bill or models that have gone before. Where does the tax implication come for an incorporated church that has the power set out as I see in sections 5(3), (4), (5), and 6(1) and (2) for borrowing and owning property, selling and divesting, and taking land and property in? If a church was set up with a membership, and somebody out there makes themselves \$100,000 in their operation, could they then contribute that to the church on a tax exemption, and then the church turn around and invest it in property that they had the individual manage on a nonprofit basis? So what I'm saying is: is this an avenue to go into busi-

ness through a church vehicle? Of any church — I'm not specifically saying Seventh-day Adventist. I'm saying: could any church use these types of Bills as an avenue to accept surplus cash from members that would be tax exempt, or a portion thereof, and then reinvest it back out into the business world to build property investments?

MR. M. CLEGG: Mr. Chairman, it is certainly possible for anyone to make donations to any registered charity, which this church probably is, under the Canada Income Tax Act, and claim that donation as a deduction within the limits of the income tax legislation. Secondly, the church does have the power to involve itself in activities which would make a profit and return those profits to the corporation, which is the church. Thirdly, the church itself is a nonprofit organization, in that section 11 provides that no part of its income can be made available for the personal benefit of any member except in limited circumstances defined in the bylaws which provide for remuneration and expenses for offices and employees of the church.

So it is certainly true that it would be possible for members of the church to make charitable donations to it and for the church to involve itself in some commercial enterprise and the benefit and profit from that enterprise to go back into the church. I think that is something which any church or any nonprofit organization can do to raise funds for its own purposes. But the moneys so raised have to be used for the purposes of the church, and presumably anyone donating money to the church would or should be aware of that fact when that is done. There is no restriction in this Bill on the manner in which the church may choose to remunerate its officers or pay their expenses. This Bill does not purport to regulate or make reasonable or subject to public scrutiny the manner in which the church would use that portion of its funds for that purpose. I would assume that that would be something which the membership of the church would decide for themselves as an internal matter.

MR. CHAIRMAN: Just before I recognize Mr. Ady. There's nothing in this Bill that gives the church any tax exemption with regard to real property holdings or any income subject to income tax?

MR. M. CLEGG: That is correct, Mr. Chairman. There are provisions in the Municipal Tax Exemption Act which permit churches to apply for tax exemptions, but that is in common with all church organizations in any municipality. This Bill does not deal with that issue. There are no special exemptions here, and its tax liability would be the same as the tax liability of any nonprofit organization. Essentially, it puts them into a favourable tax position.

MR. ADY: On the point of taxation and Dr. West's comments, as I understand it, anyone making a large gift to a church is a charitable donation and they're exempt at 20 percent under the federal taxation statutes. By the same token, if the church peels money off to a member, it becomes taxable in the hands of the member; that's income. So there really isn't an avenue . . . As I see it, I don't think there are any tax ramifications in this Bill that they don't already have, because they can presently do all of the things that they'll be able to do after this Bill is passed as it pertains to taxation, as a church.

MR. M. CLEGG: Mr. Chairman, I would agree that the status of this organization, as a corporation created by a private Bill,

from a tax point of view is the same as the status of any registered society which operates on a nonprofit basis. In fact, the church is already incorporated by private legislation. The purpose of this is to bring together the registered corporation and the unincorporated body which is presently operating the church and make them one and the same. I do not see any tax implications in that particular move.

If I may add, the petitioners were not able to come to this meeting, as the Chairman has pointed out, but of course are willing to explain any matter to the committee should the committee have any questions of them at a later date.

MR. CHAIRMAN: Does any other member have any concerns or questions?

Mr. Wright.

MR. WRIGHT: The petitioners did deliver us a copy of their bylaws, I guess, so we're in a better position to judge this than the previous two applications, Mr. Chairman.

MR. CHAIRMAN: Well, members of the committee, that apparently concludes our business for this morning. Just for your information, next Wednesday we will be dealing with Bill Pr. 3, the Paul Mark and Cheryl-Lynne Mary Ibbotson Adoption Act, and Bill Pr. 5, the Patricia, Alejandra and Marcello Becerra Adoption Act.

Is there any other matter to be brought before the committee before entertaining a motion to adjourn?

Mr. Clegg, you're moving to adjourn?

MR. G. CLEGG: Yes, I am. I'll move that we adjourn.

MR. CHAIRMAN: All those in favour?

HON. MEMBERS: Agreed.

MR. CHAIRMAN: Opposed? Carried.

[The committee adjourned at 9:45 a.m.]