

[Chairman: Mr. Schumacher]

[8:32 a.m.]

MR. CHAIRMAN: Ladies and gentlemen, I see a quorum.

This morning we are dealing with Bill Pr. 9, Hungarian Cultural Society of Edmonton Act. I'd like to welcome Mr. Tony Konye and, with him, Mr. Fred Jajczay and Charles Monus.

The procedure will be for Mr. Clegg to give his report on the Bill, followed by an introduction by counsel as to why we're here, the necessity for this legislation, followed by the evidence. I understand Mr. Jajczay will be the witness. That will be followed by questions and comments by members of the committee, and then there will be an opportunity for summing up.

So, Mr. Clegg, could we have your report.

MR. M. CLEGG: Mr. Chairman, this is my report on Bill Pr. 9, Hungarian Cultural Society of Edmonton Act. The purpose of this Bill is to provide for an exemption from municipal and school taxes from certain property defined in the Bill. That is the only element of the Bill which is unusual. In fact, it is the only provision in the Bill.

I have no further comments on this Bill, Mr. Chairman.

MR. CHAIRMAN: Ladies and gentlemen, I guess I should point out that the city of Edmonton is represented by Mr. Reagan Walker, and with him is Mr. Frank Traynor, who, I guess, are appearing in opposition to the Bill.

So, Mr. Jajczay, Mr. Clegg will administer the oath.

[Mr. Jajczay, Mr. Walker, and Mr. Traynor were sworn in]

MR. CHAIRMAN: Mr. Konye, if you'd like to introduce the matter at hand. It's just whatever is most convenient for you; you don't have to stand. We are more accustomed to having people remain seated, but if you're more comfortable standing, you're certainly free to.

MR. WRIGHT: It's easier to see.

MR. KONYE: Unfortunately, this seat was made for you, not for me.

Mr. Chairman, members of the committee, we are here today as a result of council's desire not to deal with the matter of the Hungarian Cultural Society's plight, in view of the fact that during the last three or four years council's policy on cultural and multicultural societies broke down and was in fact negative to the efforts that were made by council in the previous years. The Hungarian Cultural Society ended up with a huge tax deficit during the last few years, of which it still has over \$30,000 owing to the city.

The evidence you will hear from Mr. Jajczay will depict the society and its activities from its inception during the '40s and leading up to the present days. It will give you an overview of the society's operation and its function. He has been the president of the society for several terms. He participated in the events leading up to council's negative decision a year or so ago, when it decided not to adopt the recommendation from a committee that was chaired by an ex-alderman. Actually, Mr. Jajczay was a member of that committee that made the report. The main thrust of Mr. Jajczay's evidence will be to outline the operation and the function of the club and to assist you in coming to a fair, reasonable decision in your recommendation.

Mr. Jajczay.

MR. JAJCZAY: Thank you, Mr. Konye. Mr. Chairman, members of the committee, I'll try very briefly to give you an idea of what the Hungarian Cultural Society has been doing over the past, let's say, 20 years. As Mr. Konye indicated, it was founded in 1944 and was active for a few years and then sort of went into inactivity. It was revived in the middle 1960s by the new generation of Hungarian immigrants, and it has been quite active since that time.

The society purchased the present property in the late '60s, which used to be Franciscan monastery and church that moved just across the street. We acquired the building from them, and extensive renovations were done to the building to suit the purposes of the society. As I indicated, the property was purchased outright at market value at that time, and a significant amount of money and volunteer efforts went into its conversion to its present state.

The society, as its name indicates, is a cultural organization. Its main and primary objective is to maintain and publicize the rich Hungarian cultural heritage in Edmonton and in northern Alberta. Our programs and activities are aimed, first, at the Hungarian community in the city and, secondly, at the general population of our city. Activities that the society promotes and perpetuates and supports are in the performing arts, the visual arts, the literary arts, and recreational activities for the members of the Hungarian community and the general population.

Let me give you a few examples. Let me start; we have a quarterly newsmagazine, mainly in Hungarian but also with English articles in it. Its main purpose is to inform the Hungarian community of events that have taken place and that are going to take place. It also contains pieces from Hungarian classical literature and from local writers as well.

We have over the past few years sponsored Hungarian language classes within our building and lately, through the Edmonton public school board, for the general public. We have a very active folk dance group that has been in existence in the order of 10 years or so. These dedicated youngsters and children have performed all over North America and Europe and have been very popular within the city of Edmonton. We have also had numerous performances in the Hungarian halls elsewhere in the city by our own performers: singers, comedians, and similar entertainers. We also bring in visitors from other parts of Canada, the United States, and Europe that do a similar thing: provide various performances for the Hungarian community and for the population of Edmonton.

I would like to highlight a couple of instances. I think the Kodály anniversary was four years ago, and the society sponsored an all-Kodály concert by the Edmonton Symphony Orchestra. We brought in a gentleman, Maestro Imre Pallo from New York state, who is the godson of Kodály himself, and he conducted the performance by the Edmonton Symphony Orchestra. We also sponsored the performance of Eugene Fodor, who is American-born of Hungarian origin, a world-famous violinist. We sponsored his Edmonton appearance. We also contributed to Jazz City to bring in a jazz musician from Hungary two or three years ago.

The society has also been an active participant of the Heritage Days festival since its inception. Our dancers and the society itself also participate in a yearly event called the western Canadian Hungarian folk dance festival, that moves across western Canada from Winnipeg to Victoria. Edmonton has hosted the festival twice; last year was the second time. As I said, our dancers and the society itself are strong supporters of this program.

I hope this will give you an idea of what sort of programs we are participating in. Let me mention also another thing. We usually have occasional performances like Mother's Day, a Christmas program for children, performances for the senior citizens of the Hungarian community once or twice a year, and members of the society comprise the board of directors of a senior citizens' home, St. Stephen's, and operate and manage the facility.

Let me briefly tell you now our financial situation and our background, how we raise moneys to sustain our programming and activities. The main source of the society's activities funds come from bingos and casinos. Over the past about 15 years we have been avid bingo organizers for obvious reasons. It has, as I indicated, provided the major source of our funding. The casinos, which nowadays come only about every two years — it used to be a year or less a few years ago — provide a significant amount of funds. In addition, our moneys come from membership fees and from various social activities, and cultural activities also provide some revenue in the form of admissions. Our ladies, of course, have been active with the usual bake sales and cooking sales and so on. Heritage Days sometimes provides some revenues. We have also been fortunate to have received a significant amount of funds from various levels of government: from the federal government, provincial government, and the city of Edmonton.

As far as our taxation situation is concerned, as Mr. Konye indicated, we have been struggling with this problem for about 10 years. Over the past four or five years it has been official, on paper, trying to persuade the city administration and city council to consider our situation, which is that we are taxed at commercial or business rates. Since the city of Edmonton has only residential and nonresidential rates and since we are classified as nonresidential, we have to pay taxes at the higher rate.

We have, as I indicated, approached the city several times, have lobbied aldermen, the mayor, to give us a break. We didn't want a free ride. We still don't want a free ride. All we wanted was a break, that we would be paying taxes at a somewhat lower rate. Our members have to work a few bingos or have a casino or whatever for part of that revenue just to pay our taxes. We feel that it's unfair when other social and private clubs and organizations have received significant tax breaks from the city of Edmonton. So in this regard, we have not paid our taxes over the past five years, and as our tax arrears accumulated, it became more and more evident that we have to get some result from somewhere.

Last spring, city council again discussed our situation and decided to forgive our penalties on the tax arrears but required actual tax arrears to be paid by the society. After lengthy and numerous discussion by the members of the society, early this year the society decided to start payment on the tax arrears. So we have made arrangement with the city of Edmonton in this regard to make regular monthly payments on the tax arrears.

Nevertheless, our future tax status is still not settled, and city council has refused to consider it so far. I was there personally early last year, in February, when city council instructed its Utilities and Finance Committee to consider our tax arrears again and our future tax status and asked them to return with recommendations in this regard and, specifically, recommendations on our future tax status. This still has not happened, so we are still in limbo. We are still not told that there would ever be any consideration in this matter.

For this reason, last fall, again after some lengthy discussion within the society by the members, the society decided to pro-

ceed with a private member's Bill to try and get tax exemption through the Legislature of this province.

MR. CHAIRMAN: Thank you, Mr. Jajczay.

I think at this point I'll ask Mr. Walker if he would like to cross-examine the witness, and following that, Mr. Koyne, we'll have a chance for you to rebut if you wish.

Mr. Walker, if you would like to also combine this with bringing your own evidence forward at the same time, you may do that too. Whatever you find most convenient.

MR. WALKER: Mr. Chairman, we don't see the need to cross-examine at this point. If it's your pleasure that we proceed to make our statement, we'd be happy to do so now.

MR. CHAIRMAN: I think that might be the better way to approach it, and then the committee might have the full picture before them before they do their questioning.

MR. WALKER: Thank you.

Mr. Chairman, members of the committee, by now we're probably familiar faces to you as this is not the first time we've been here in opposition to a Bill providing for exemption from municipal and school taxes. We believe that it's a fairly significant thing for the city when our tax base begins to be eroded by the Legislature, and we start off by being generally opposed to this course of action for the simple reason that the Legislature has already set up a method for charitable, nonprofit, religious, cultural, or educational groups to obtain exemption from taxes, and that's under the Municipal Tax Exemption Act. We would observe that the Hungarian Cultural Society has not made an application under that Act, and we would start off by pointing out that in our estimation that is the appropriate place to address the matter, as opposed to here.

Nevertheless, since we are here, we would make a couple of observations about the ethnocultural organizations and their requests for tax exemption, including, of course, the Hungarian Cultural Society. As you've probably heard from us before, they are not the only group that has come to us for tax relief. In addition, we have received requests from, among others, the Hindu cultural society; the Italian Cultural Society; the Dutch-Canadian cultural society; the Sikh Society of Edmonton; the Jewish Community Centre, after a private Bill was passed here; the Edmonton Scottish Society; the Edmonton Chinese Multi-cultural Centre; the Order of Ahepa, which represents the Hellenic, or Greek, community; the Slovenian Canadian Association; the St. John's Institute, again after a private Bill was passed by this Assembly; the Ukrainian National Federation of Canada; the Ukrainian Catholic Unity Association; and the German Canadian Cultural Association.

Now, in all, the relief that is provided to these groups annually exceeds \$1 million of tax revenue. It's a very significant expense to the city. What the city does is review the requests from these various groups and try to apply a fair measure of relief to them, given the fact that, of course, there are never enough dollars around to satisfy everyone and the city has a ceiling under the Municipal Government Act of a half a mill in terms of the relief that it can provide to nonprofit organizations. Thus the city has set up several boards: the art gallery review board; the Parks and Recreation Advisory Review Board; the Cultural Advisory Review Board, of which Mr. Jajczay is a member; the Social Services Advisory Committee; and the Executive Committee of city council. In other words, there are

quite a few checks and balances into the city's policy with respect to such groups.

In addition, to my left is Mr. Traynor. Mr. Traynor is a full-time, in-house employee of the city of Edmonton, who serves as our grants co-ordinator and whose job it is to review applications for public assistance. Mr. Traynor will ask questions such as: will the grant be used for operating assistance, does the applicant receive other city funding, are the activities of the applicant provided to a broad cross section of the citizenry of Edmonton, are they high-quality activities, are there activities duplicated elsewhere, and is other government funding being received? He will also look at the programs and at the financial statements of the applicant, hopefully determining the percentage of time that is devoted to nonethnic programs; the breakdown of the building use; the multicultural outreach programs that it has, such as Heritage Days and K-Days; its list of directors; its annual report; its constitution and bylaws; and its leases.

Now, after having done all of this, recommendations are then made and the city makes a final determination. I've gone through this rather lengthy explanation of the way we do things at the city simply to point out that if this Bill is passed, it will have the effect of providing a perpetual grant of \$8,000 per year to the association without any of the checks and balances and the reviews being gone through, because obviously the Private Bills Committee of the Legislature doesn't have the time or the mandate to go through this ongoing review process.

Mr. Konye referred to the defunct cultural commission of the city and the fact that it did not get off the ground. That's true. Nevertheless, the city does have a review process, and the city does review, as I have said. In fact, the city has provided considerable assistance. In 1987 it forgave \$19,000 in taxes to this group. In addition, the city has entered into an arrangement with this group giving them five years to pay their remaining taxes, and I believe that a recommendation is before the city at the present time to grant relief of approximately \$12,000. So it's not as if the city is turning a deaf ear to the Hungarian Cultural Society. The city has considered it carefully in the context not only of the society itself but the many other groups that are before the city.

Mr. Konye, my learned ex-boss, in his opening statement also said . . . I say that because this is a little private dig between him and me. I'm just trying to let him know that I had a good teacher, and I'm trying to follow all the tricks he gave me.

In his opening statement Mr. Konye also mentioned that the Hungarian Cultural Society is in a plight because of the taxes. Perhaps they are, but it's been the assessment of the city that in comparison with other groups, for example, they are not in terribly bad shape and that the relief now being provided to them is fair, if not generous, on the part of the city. For example, the latest financial statements that have been filed — i.e. the 1986 year — would indicate that the society has a surplus or a members' equity of \$311,418, and even though they don't operate at a lot of profit, they generally run between a deficit of about \$12,000 to a profit of about \$35,000. But they do have considerable resources. The same financial statements indicate that as of December 31, 1986, they had cash resources of \$52,165.

I would make another observation about their financial statements; that is, we note that the statement of income and expenses shows an expenditure being made for taxes in the amount of approximately \$8,000 each year. Now, those taxes have not been paid. It's only recently that this arrangement has been entered into. So I can only assume that they do have a reserve, in accordance with their financial statements, with which to pay

the taxes.

Now, there's one other thing that we should mention here at the risk of offending the Hungarian Cultural Society, but it is an important point to make. It would be our submission that this is a group that is not primarily engaged in the provision of activities and services to the community in general. It's a little bit different from, for example, the Jewish centre that was before this committee, which acted more or less as a YMCA for the west end, had a swimming pool, squash courts, et cetera, in which any member of the community could come in, pay a nominal fee, similar to that of the YMCA, and use. The Hungarian Cultural Society is predominantly a private group. Its objects are quite clear on this point. It is the purpose of this organization

to organize the Hungarians in Edmonton and Alberta with regards to cultural, educational and economical lives. To inform its members on Hungarian culture, history, and other achievements.

In addition, it has a fairly restricted membership. Membership is limited to a person who is either Hungarian-born or Canadian-born and members of their families who comply with a number of requirements, one of which is that the application for membership must be supported by two members of good standing. In fact, the application for membership is approved by the board of directors, and if 10 members object, then the membership is annulled. I would submit, Mr. Chairman, that this is consistent more with a group of a private character than it is with a group that is open to the community at large, and that although they do deliver programs to the community — and I've enjoyed them as much as anybody; I think the Csardas Dancers are fascinating to watch, and I think our culture is a little richer for having these programs. Still, that is an effect or a by-product of this basically ethnocultural or private group.

The primary purpose is not to deliver programs to the community or the city of Edmonton at large. Therefore, we would submit that it is more appropriate for relief to be provided to this group in the way that the relief is now being provided; i.e., on an annual review type basis through the city's multicultural programs and its grants and its tax forgiveness as opposed to perpetual relief by the Legislature. Don't forget that the Bill would now provide a total exemption from taxes and probably local improvements as well. Local improvements are not exempt for anybody else. Even the city of Edmonton pays its own local improvement charges. They would provide this relief as long as the facility is being used for the purposes of the Hungarian Cultural Society. Those purposes can be changed by an extraordinary resolution of the members approved by, generally, an ex parte order of a local judge. The objects of the association could be changed in a matter of weeks. There's no review process in the Legislature to keep up with it, but we have it.

We feel that the relief given to them is generous and fair. We would ask that the committee leave the matter in the city's hands. The city will continue to review it fairly and provide fair relief to this group. We submit that's the more appropriate forum for the city's tax dollars to be disposed of.

Thank you for your attention, Mr. Chairman.

MR. CHAIRMAN: Thank you, Mr. Walker.

Mr. Konye, do you have any questions for Mr. Walker, arising out of his answers?

MR. KONYE: No, I have no questions.

MR. CHAIRMAN: Then I'll invite members of the committee to . . .

MR. KONYE: I'd like to reply to some of his — at whatever point you allow me to do so.

MR. CHAIRMAN: If you feel it'd be more effective now, we'll do it now before we go on with the committee, or we can save it for the end.

MR. KONYE: Actually, I believe at the end I might be able to clarify some of the things from questions if there are any.

MR. CHAIRMAN: They have the opportunity before we conclude.

Mr. Wright.

MR. WRIGHT: Yes. This is a question of Mr. Reagan Walker, I guess, Mr. Chairman. Now, you mentioned a large number of groups of a multicultural nature who have applied to you for relief of one sort or another, you being the city of Edmonton. Have any of them or have all of them applied under the Municipal Tax Exemption Act?

MR. WALKER: Mr. Chairman, the Jewish Community Centre applied under the Municipal Tax Exemption Act. There have been several others . . .

MR. WRIGHT: Why did they need to?

MR. WALKER: This was prior to the private Bill. There are several others who have applied. I don't think any of the names that I mentioned to you in that list have applied.

MR. WRIGHT: Okay. Now, you mentioned that the society, if it obtained tax-exempt status via this Bill, could change the use of its premises without review?

MR. WALKER: That's correct, sir.

MR. WRIGHT: Oh, well, I would quarrel with that — I'm not sure how important it is — because of section 8 of the Municipal Tax Exemption Act which allows for an exemption to be set aside if change of use takes place notwithstanding that the exemption has been granted by a private Act. But at any rate that's a legal point.

Thank you.

MR. CHAIRMAN: Mr. Ewasiuk.

MR. EWASIUK: Thank you, Mr. Chairman. My first questions are to Mr. Jajczay. In his presentation to the committee he listed a number of activities or programs the society carries out. I suppose those programs are not much different from any other ethnocultural groups. Your society, however, you say is different. Could you tell us more specifically how it's different in terms of the use of your facility? For example, the rentals to private individuals and so on. How do you feel you could compare your society and your activities of your facility to some of the other ethnic communities?

MR. JAJCZAY: Yes, Mr. Ewasiuk and Mr. Chairman. As I indicated to you in my testimony, our main revenue for the so-

ciety's activities comes from gaming functions and funds that we raise ourselves and from various levels of governments in terms of grants. Our building could be rented quite extensively. It has a main hall that would seat about 200, 250 people, a lower floor which is a sort of club or restaurant-type facility with all the kitchen facilities down there. It could seat about 80 or 100 people. These rooms could be rented for any or whatever sort of function that are suitable for them.

Unfortunately, over the past few years the facility has been rented maybe 10, 15 times a year, let's say, to the members, to anybody who approached us, other ethnic organizations for suppers and dances, for banquets, for weddings, and so on. So the revenue for us from the rental of the building, the use of the building, is quite minimal. To most of our members and other ethnic organizations we have usually charged fees that probably basically covered our own expenditures; that is, utilities, cleaning, laundry bills, and similar things. To the general public we usually charge the going rate that would be comparable to other facilities in this regard.

Now, we feel that we don't have revenues from our facility like other ethnic organizations have that operate restaurants in their facility or have, like the Jewish Community Centre, facilities for the use of the public that they charge admission fees or participation fees or whatever.

MR. EWASIUK: Just to follow up, then. Now, you say your rentals of your facility are minimal. Outside your own membership could you give us some indication of how many times per year you would rent your facilities to someone like myself, someone that's totally outside your society?

MR. JAJCZAY: Well, I would guess maybe up to half a dozen times a year for members, a similar number of times to other ethnic organizations, and possibly the same number to members of the general public that come to us saying, "We know you have a hall; we'd like to rent it for a wedding or a banquet," and so on. So roughly in the same proportion for the three different types of rental arrangements.

MR. EWASIUK: So basically what you're saying is that the facility is used almost primarily for your own society's use and not as a commercial venture, as some others may use theirs.

MR. JAJCZAY: That is correct, Mr. Ewasiuk.

MR. EWASIUK: You also have other activities of the society. I know the society has a senior citizens' lodge. How do you tie that in with your society? I understand you also provide some assistance to this senior citizens' group. How do you do that?

MR. JAJCZAY: Yeah, that is correct, Mr. Ewasiuk. As I indicated, the members of the society comprise the board of directors of St. Stephens senior citizens home. The society, since the opening of the building — I think it's been over two years, if I am correct — have provided assistance to the tenants there in the form of a television set and a shuffleboard. We have decorated the main hallway, supplied artifacts for it. We have supplied things like coffee pots and similar sorts of things for their recreation room, and we usually, every two or three months, hold afternoon teas for the tenants of the building. We also supply flowers and other things for the garden around the building. That about covers it.

MR. EWASIUK: Mr. Chairman, again, would it be fair, then, to say that your society really kind of works within itself? It's totally cultural. There's really no commercial aspect to it, so that your request for this particular tax exemption is based on the fact that you are not a commercial venture but a society primarily for the preservation of the Hungarian culture and the other activities that you contribute to the city. Would that be a fair statement?

MR. JAJCZAY: Yes, it certainly would be. I indicated that we provide programming and activities not only for the Hungarian community, the members of the society, but to the general public. Usually there are very few of them that there are admission charges, at these programs and activities. Our performers, dancers, have participated at Canada Day festivities, Klondike Days, as I indicated, at Heritage Days. These people travel to or perform at hospitals and senior citizens' homes. Within the activities of the Edmonton Folk Arts Council these performers also go to several locations within the city to provide programming and go to smaller communities around the city as well. So in this regard certainly the activities are, I would say, almost completely cultural, and we don't really have any significant source of revenues that derive from a business-type operation.

MR. EWASIUK: I have one more question to Mr. Reagan Walker. I know the city also does provide tax exemptions to some other groups in the city like the Mayfair Golf and Country Club, the Glenora club, the Legions, the Highlands Golf Club. All those, I believe, are exempt from paying the taxes which you're asking this particular society to pay. How does the city rationalize exception to those groups as compared to the cultural groups?

MR. WALKER: Mr. Chairman, I believe the short answer is that the city does provide relief to the cultural groups and that it's not inconsistent at all for other groups to obtain relief when they are viewed as being in the business of providing worthy recreational facilities for the citizens of Edmonton. I don't believe there's any inconsistency at all; it's just a matter of how much the city can afford and where the priorities are determined by city council.

MR. EWASIUK: Well, maybe just one question. How do you rationalize granting concessions to those groups that I just mentioned compared to the cultural community as a whole?

MR. WALKER: Mr. Chairman, as I just said and as ex-Alderman Ewasiuk full well knows, having been a member of council, the city council doesn't just give tax relief to cultural groups. It gives relief to any number of worthy enterprises, some perhaps more worthy than others, but it must review a number of programs and determine how best to provide the relief. As ex-Alderman Ewasiuk will recall, oftentimes these go directly to council for a determination on a one-by-one basis. The rationale is that they're all in varying degrees worthy and that we are not denying relief here; we are giving relief to both groups.

I do hope that answers the hon. member's question.

MR. EWASIUK: Thank you, Mr. Chairman.

MR. CHAIRMAN: Mr. Brassard.

MR. BRASSARD: Thank you, Mr. Chairman. Could you tell me, Mr. Konye, what percentage of your fund-raising is through direct donations to the society?

MR. KONYE: Mr. Chairman, are you referring, sir, to donations within the group or donations from governmental agencies?

MR. BRASSARD: No, I'm not referring to grants. I'm talking about straight donations from members of the organization or so on.

MR. KONYE: It appears that some years it is better, and other years it is not that good. It varies between 5 to 25 percent.

MR. BRASSARD: So between 5 and 25 percent of your revenue each year. Would you be in a position to tell me what your current debt load is or your financial status, just in round terms?

MR. KONYE: We could elaborate on the statement made by Mr. Walker with respect to our 1986 financial picture, as I think it would be appropriate if we picked up on it perhaps now. Could you elaborate on this situation, Mr. Jajczay? Mr. Walker mentioned that in 1986 we had so much money in the bank, and we had so much surplus in the bank. How do you account for that?

MR. JAJCZAY: Well, Mr. Chairman, I am sorry I cannot give you exact figures. I would say the society in recent years had revenues and expenditures in the order of \$100,000, \$120,000, you know. In most years we had an operating surplus in the order of -- I don't know -- \$10,000, \$20,000, or in that ballpark. As I say, please don't take these as very exact figures.

Now, as Mr. Konye asked me to reflect on our operating surplus or funds in our bank accounts at the end of 1986, I would like to clarify that in that sense. At that time earlier that year we had received a \$20,000 grant from Alberta Culture for the preparation and organization of an exhibit titled 100 years of Hungarians in Canada. This was a matching grant, so we were obligated to put \$20,000 beside the grant money, and we used those funds to prepare this exhibit, which was opened officially in February of 1987 at the Provincial Museum by Mr. Dennis Anderson, then Minister of Culture. Since that time it has traveled to several locations in Canada and will do so for the next two years from coast to coast.

Now, at the end of 1986 we had spent about \$15,000 of that required \$40,000; that is, the \$20,000 grant money and \$20,000 of the society's own fund. So \$25,000 of the \$52,000 was spoken for. If we didn't use that amount of money for the purposes specified, then Alberta Culture could have come back to us saying, "Okay, you didn't use the money as we agreed on; the moneys are to be returned." So that's one point.

The other point is that, as I indicated, any gaming revenue that we derive from bingos and casinos -- the Gaming Commission strictly holds us to the purposes we specify in our application for a licence, that we use those moneys for those purposes. So we cannot take moneys that were targeted for cultural activities, for recreational activities, for our newsmagazine, and similar activities. I cannot give you an exact figure, but I would say any gaming revenues, at least -- well, about 50 percent has to go to activities other than maintaining and operating the society and the Hungarian hall. So the remainder of the other \$25,000 at the end of that year, half of that probably was tar-

geted for other activities than the maintenance of the building and the property.

MR. BRASSARD: Mr. Chairman, the bottom line. What is the financial position of your society right now? Are you in the black or the red? Just in general terms, I don't want to be specific.

MR. JAJCZAY: In general terms I would say, yes. As our president informs me, we have in the order of \$80,000 in our bank accounts at the present time. Of this, we have received a \$24,000 CRC grant through the city of Edmonton from the province of Alberta for renovations of the building and parking lot, so we have to match this with another \$24,000. So out of the \$80,000, \$48,000 is targeted for the major renovations. The remainder of the \$30,000, I would say again, would probably be split roughly in half: half of it to use for the maintenance of the building and the other half for other activities, mainly cultural activities.

MR. BRASSARD: Could you tell me, over the last, say, four or five years, just how much CRC and other cultural grants you have been able to access between the city and the province, on a rough average? Would you say \$20,000 a year or \$40,000 a year?

MR. JAJCZAY: Mr. Chairman, I would say major grants . . . Other than the \$24,000 CRC grant we received last year, we haven't received for probably five or six years prior to last year. We have received from the city of Edmonton grants-in-aid for operational purposes, I think twice, \$1,000 a year. We received, I believe from the secretary of state, some funds for our language classes in the order of \$5,000 in '86. From Alberta Culture we haven't received any funds for the last three years at least. So except for this \$24,000 grant last year, I would say probably our grant revenues haven't averaged more than \$5,000 or \$6,000 a year for, let's say, three or four years prior to last year.

MR. BRASSARD: Well, one final question then. Is it because of your financial condition that you feel that it's not necessary to charge any more than the bare minimum for your services, for the hall rental, for concerts, and this kind of thing? Is it as a kind of a bonus for membership in the organization that this is available to them at a minimal cost?

MR. JAJCZAY: Mr. Chairman, yes. First of all, we of course like to give a break to our members in this respect. Secondly, as I indicated, we have been giving breaks to other ethnic organizations that have rented our facilities. Other than that, we would be more than happy to charge the full price to a large number of people and organizations that would want to rent our facilities; it would be much better for us, of course, provide some revenues for us.

As far as not charging admission fees or very minimal admission fees for cultural activities, I don't think that ourselves, the society, or our performers or dancers could go to a senior citizens' home or to a hospital and ask the people to pay some money to see these performances, or if they participate in Canada Day celebrations that they go out and ask the audience to pay an admission fee. These things are beyond our control. We are asked to participate, so we do so. As I said, even if we wanted to, we couldn't charge admission fees or even minimal

admission fees.

MR. CHAIRMAN: Are you finished, Mr. Brassard?
Mr. Walker, was there something arising out of that?

MR. WALKER: Yes, Mr. Chairman. I was going to make the suggestion that perhaps we might table the latest financial statements that the society provided to the city. Perhaps it might be of assistance to the committee if we tabled the financial statements that were provided to us.

MR. CHAIRMAN: For what period of time, Mr. Walker?

MR. WALKER: The latest ones that were given to us by the Hungarian Cultural Society. It's for the fiscal year ended December 31, 1986.

MR. CHAIRMAN: I was going to ask later, if it didn't come up, but maybe I'll do it now: would it be possible for the committee to receive the '87 statements sometime in the near future? Not necessarily today, but in the next week or so?

MR. JAJCZAY: Mr. Chairman, we are waiting anxiously from our accountant to come up with a final version that went back for correction weeks ago. I hope it will be available within the next few days, and we'll submit that to you of course.

MR. CHAIRMAN: Thank you.
Mr. Wright.

MR. WRIGHT: Mr. Jajczay, you mentioned in reply to Mr. Brassard that in the last little while only \$5,000 of grant money had come from the city of Edmonton.

MR. JAJCZAY: No, Mr. Chairman. I indicated to the best of my recollection - I just forgot. As I indicated to you before, we received a \$20,000 grant from Alberta Culture in 1986. The \$24,000 CRC grant, which is provincial funds administered by the city of Edmonton, was in '87. Except for those two large grants, we have received, as I indicated, twice \$1,000 a year as operating grants from the grants-in-aid program, and the moneys for the language classes came from the secretary of state and government of Canada. Other than that I don't recall any major grants from the city of Edmonton, as I said, within the last four or five years.

MR. WRIGHT: Okay. But you agree that they gave you \$19,000 relief on your taxes last year, did they not?

MR. JAJCZAY: That's correct. Well, I don't know whether you consider that as a grant, or if you want . . .

MR. WRIGHT: Well, it's not a grant, no. But it's . . .

MR. KONYE: Mr. Chairman, those were forgiven penalties. They weren't tax relief in a true sense.

MR. WRIGHT: Forgiven penalties.

MR. KONYE: And the city did that with other cultural associations as well.

MR. WRIGHT: I see. Also, Mr. Walker mentioned \$12,000

this year, I think. Is that also relief from penalties, or is that relief from taxes?

MR. JAJCZAY: No, that one is a grant in the grants-in-aid program by the city of Edmonton. It's an outright grant for operational purposes.

MR. CHAIRMAN: The \$12,000.

MR. JAJCZAY: Yes, that we have just received. Well, we haven't received it, but city council's decision was announced that we will do so.

MR. WRIGHT: I see. That's all right. But to Mr. Konye. I take it, then, it is correct that your society has not made an application under the Municipal Tax Exemption Act.

MR. KONYE: Mr. Chairman, Mr. Wright, it is correct and it's incorrect.

The city was considering -- that's why I alluded to this whole issue of taxing the cultural associations under the city's policy that was being developed for such a long time during the last four or five years. What in fact happened, Mr. Jajczay and his group of volunteers were working with the aldermen on a committee that was bringing in a recommendation to council about two and a half years ago. Now, that recommendation ended up not being supported by council, and the result of that was that because of the recommendations, these people really didn't do anything formal. When I say these people, I include four or five clubs in the club row, as I know it, on 137th Avenue that lease city land. They pay no rent other than what they consider to be rent in lieu of taxes to the city. So there's a distinction between some of those people and the Hungarian cultural association.

MR. WRIGHT: The association owns its property, does it not?

MR. KONYE: The association owns it, bought it, and refurbished it from scratch, so to speak. The basement of this hall used to be rooms for the monks, and upstairs was, I suppose, either a church or a bigger hall. That's what it consists of. Again, to answer you, I'm not too sure if I follow the argument of Mr. Reagan Walker with respect to the lack of application from the Hungarian club, because the matter of tax relief was before the executive committee properly in '85, and the executive committee granted these clubs the relief sought. The fact of the matter is that the council then, for reasons of their own, turned around and purported to reverse it. It's a question of law whether we still owe this tax or not -- but it hasn't been raised yet anywhere, as far as I know -- because the argument one would have readily is that once executive committee in its power is able to forgive taxes, then council cannot reverse it after.

MR. WRIGHT: Mr. Konye, you're talking about an application by the club to the city to help you out with the taxes, right? What I'm talking about is a claim for exemption pursuant to section 3 of the Municipal Tax Exemption Act. Has that claim ever been advanced to the city?

MR. KONYE: Not to my knowledge.

MR. WRIGHT: The club is a nonprofit organization, I take it.

MR. KONYE: That's correct.

MR. WRIGHT: Is it not the owner of property that is used chiefly for a charitable, educational, religious, benevolent or welfare purpose

MR. KONYE: That's correct.

MR. WRIGHT: Then there is perhaps some question of whether it is or is not

to . . . the general public advantage or benefit.

You would agree -- I mean, I feel free to ask you this question, because you are a lawyer and were, of course, the chief city lawyer for many years. I'm just wondering why this Act is not tailor-made for your club and many others.

MR. KONYE: Mr. Jajczay would like to answer, and then I'd like to add whatever I have to.

MR. JAJCZAY: Mr. Chairman, Mr. Wright, I would like to make the comment in response to your question that, as Mr. Konye indicated, over the past four or five years we have approached city administration and city council time and time again to get forgiveness for our tax arrears and consideration for our future tax status. Now, as Mr. Konye indicated, city council and administration and various committees have tried to address this issue, and at no time, at no time whatsoever, were we ever told that we could apply under that Act to get straight tax exemption as far as our future tax status goes. At no time were we ever pointed in that direction.

Thank you.

MR. KONYE: Of course, I would have to add to this that in light of the atmosphere and philosophy in existence in city hall, it would be futile to make this application. That is the essence of our feeling in response to Mr. Reagan Walker's questions.

MR. WRIGHT: Mr. Konye, you also have to know that that's not the end of the story. If the city wrongly refuses an exemption which is laid out in the law, there are other recourses. Right?

MR. CHAIRMAN: Are you finished, Mr. Wright?
Mr. Clegg.

MR. G. CLEGG: Thank you, Mr. Chairman. I said this last year, and I'll say it again: it always bothers me when any group or organization or private club asks for an exemption for taxes. I'd like to ask Mr. Walker if he feels that there is a flaw or if changes should be made under the Municipal Tax Exemption Act. Because, you know, when in fact exemptions are given, regardless of to whom it is, somebody else has got to pay. And maybe, maybe -- I use the word "maybe" because really, do you feel that there's a flaw in that Act that should be changed? Because that's always been my belief, that if there is a flaw, then that's the way we should be changing it rather than have different groups coming here and asking for an exemption.

One other question I'd like to ask him at the same time, and maybe I heard him wrong, is that he mentioned the words "local improvements." Maybe I heard wrong, but I don't think they're asking for the local improvements to be exempt.

MR. WALKER: Thank you. Mr. Chairman, in response to Mr. Clegg's two questions. Number one, yes, I'm a great believer in the fact that the Municipal Taxation Act itself, which contains the various exemptions for various groups, should be amended to be more consistent and fair to everybody. The Municipal Tax Exemption Act that Mr. Wright was referring to, of course, allows a one-by-one sort of application.

In response to the second question, the wording of Bill Pr. 9 is such that it exempts the Hungarian Cultural Society of Edmonton from "all municipal and school taxes of every nature whatsoever." That is so broad. I agree there is perhaps a question as to whether or not that includes local improvement taxes, but certainly local improvement taxes are municipal taxes, and I think there's a very strong argument that they would be exempted by the Bill. That is just one of the things that causes us some concern.

MR. G. CLEGG: Well, my concern was that when I think about local improvements, I think about water and sewer and pavement. That's what I think when I think local improvement, not what the Bill said.

The second question, Mr. Chairman, I'd like to ask to Mr. Jajczay is: we've heard from Mr. Walker on the membership of your society; could you clarify that that is the way the membership is, in fact, picked or that that's how you become a member?

MR. JAJCZAY: Yes, Mr. Chairman. Mr. Walker was right when he read those paragraphs from our bylaws that are presently in force. I am not sure what is so restrictive. The bylaws state that anybody of Hungarian origin and Canadian-born can be a member of the society if he or she fulfills the requirements. And the requirements, other than what he indicated, are to be of proper moral background, age limitations, and so on. So I am not sure whether one can consider that restrictive. As far as getting two members to recommend a new member, I think, if I am correct, that this requirement — I'm not sure anyways. And the fact that 10 members in writing can protest the application of the new member — but the point is that the membership, at a special meeting, would then decide whether this application by the 10 members not to allow the new individual to become a member should be upheld. It's decided by the membership themselves.

We felt that these sorts of specifications are fairly liberal and don't limit anybody from becoming a member of the society. We don't have rules that the person has to buy shares in the organization worth \$5,000, \$10,000, or \$20,000 and then get recommendations by two or more members along the similar lines that we have. So we feel that since there are no monetary restrictions, our bylaws are as liberal as can be. And since they were approved by the appropriate authorities, then we feel that they are acceptable.

MR. CHAIRMAN: Thank you, Mr. Jajczay.
Mr. Walker, did you have something to say?

MR. WALKER: Thank you, Mr. Chairman. I was just going to suggest that if you have no objection, it might be of interest to the members of the committee to file with the committee a copy of the bylaws that Mr. Jajczay was referring to.

MR. CHAIRMAN: Thank you, Mr. Walker.
I'll have to go according to the list, Mr. Wright.
Dr. West.

DR. WEST: Well, a lot of the areas have been covered, but I have about three questions. What is your total adult membership, and the fee you charge yearly for them to belong to your club?

MR. JAJCZAY: Mr. Chairman, the yearly membership fees at the present time are \$35 per family, for as many members as that family has, and \$25 for individuals. For senior citizens these figures go down to \$25 and \$15 respectively. I would say at the present time we have . . . Right. Our president informs me that at the present time we have 65 to 70 memberships, of which most are family memberships. So it may include at least two or as many as three or four members within that family. I'm sorry I cannot be more specific than that. In past years I think total membership, in terms of families comprised of adults and younger children or teenagers, if you like — our membership usually was in the order of 200 to 300.

DR. WEST: Thank you. Now, one question. A private club: you know, many Albertans look, and I guess Canadian Albertans — we're all Canadians; we're all Albertans. But they look at these cultural organizations or associations as private clubs. And that's not to offend you, but how many times would, say, the Sikh association or the Chinese association be inside your building?

MR. JAJCZAY: Well, Mr. Chairman, I would say when we have — I cannot put a number on it — but representatives of other ethnic . . .

DR. WEST: Maybe I could reword that. I mean, like, you don't have them at your meetings. You have a closed association for your Hungarian association. You don't have any intergroup association on a day-to-day basis.

MR. JAJCZAY: Mr. Chairman, our organization is not closed. Every time we have a function in the building, it's open to the general public. Anybody . . .

DR. WEST: To be realistic about it, though. I mean, we're talking common sense, realistic.

MR. JAJCZAY: At our functions we have people of all kinds of race, colour, and religious beliefs, and we have members who don't speak a word of Hungarian, never heard of Hungary probably up till one, two, five, or 10 years ago. Does that answer your question, sir?

DR. WEST: Yes, indirectly. I guess what I'm getting at is that I have a lot of people ask me: in Alberta, why would organizations that are so self-reliant and independent — and many of them have come from countries or cultural backgrounds where they want to get away from government and government telling them how to run their organizations and everything else — why would they not want to be self-reliant and get away from asking for tax exemptions? Why don't they want to pay their share as they go and be able to run their organization clean, simple, and to the point?

MR. JAJCZAY: Well, Mr. Chairman, your point is well taken. We would like to be as independent as possible. What I would like to point out is that if we had not asked for relief of our tax burden or any other expenditures we have, then we would have

to raise it ourselves, of course, by our own activities, at gaming events and through donations or other functions and so on. Now, if we were forgiven our taxes, or let's say that in the future we wouldn't have to pay taxes or paid taxes at a lower rate, then of course when we applied for grants or for anything, we would need to ask for lesser amounts. Now, if we are — how should I put it? If we don't ask for anything, then obviously we wouldn't be able to operate at the level that we are doing at the present time, meaning that we could afford to provide less service to the Hungarian community and to the general public within the city of Edmonton.

MR. SIGURDSON: Mr. Jajczay, you mentioned that you offer Hungarian language programs at the club and that they're sponsored or acknowledged by the Edmonton public school board. How many people take advantage of the language program?

MR. JAJCZAY: Mr. Chairman, let me clarify that about three, four, or five years ago we held language programs within our building, in the Hungarian hall. These were mostly — well, not children: teenagers or adults mostly. People like, let's say, a wife or a husband of a person of Hungarian origin that wanted to learn Hungarian or children born here of Hungarian parentage that weren't efficient in the Hungarian language and similar situations. At that time these classes ranged from five, 10, to 15 people, and usually they were probably a fall and a spring sort of session, if you like: different courses, sometimes at the beginner's level, sometimes at a higher level.

At the present time, since the fall of '86, the program that we support is through the Edmonton public school board. They organize it; that is, continuing education. People ask, "Well, is there a Hungarian program offered through the school board?", and then these people are channeled to a lady that is the teacher of that program, and she organizes it and runs it. There are fees charged for that, and then of course we pay the salary of this lady who teaches the program. These have been also offered on, I think, 12-week courses either at the beginning or intermediate levels. With the last course — I think it was an intermediate level — there were eight participants. Now, in addition to this — as I indicated, these are continuing education or adult programs. Besides that, the Roman Catholic Church runs a school that is, I believe, officially accepted to provide credit in the Hungarian language. From grade 1, it runs to grade 8. This is where the children attend. In addition, the Calvin Hungarian Presbyterian church also operates a language school for children of Hungarian origin.

MR. SIGURDSON: Is continuing education still using your facilities?

MR. JAJCZAY: Pardon me?

MR. SIGURDSON: Is continuing education, the Edmonton public school board, their continuing education program — are they still utilizing your facilities, or are they using one of their own?

MR. JAJCZAY: They are using one of the schools. Right.

MR. CHAIRMAN: Ms Mjolsness.

MS MJOLSNESS: My question was in regards to the application for the municipal tax exemption, and it has been answered.

Thank you, Mr. Chairman.

MR. CHAIRMAN: Thank you.
Mr. Downey.

MR. DOWNEY: Well, Mr. Chairman, in view of the time I'm going to be very brief here. I'd like to confirm — in your opening statements, Mr. Jajczay, I believe you said that you're not looking for a free ride; you're just looking for a tax break.

MR. JAJCZAY: That is correct, Mr. Chairman.

MR. DOWNEY: My question, then, would be: why is the Bill asking for a total exemption from all taxes of any nature whatsoever?

MR. JAJCZAY: Mr. Chairman, as I indicated to the committee in my statement, we have tried for several years to get consideration from the city of Edmonton. And as I indicated, we have not received such a consideration. We have not been made aware that we could make application under the municipal tax Act directly to the city of Edmonton. This was the only other alternative that we could find to try to get something happening.

MR. DOWNEY: If I may just continue. The evidence presented here today would indicate that the city of Edmonton has made considerable accommodation in regards to your representations: a \$19,000 forgiveness, another \$12,000 being considered. My impression, hearing the evidence this morning, is that the city is doing its best to accommodate you, and yet you're asking for a total tax exemption from this body. I'm having trouble with the consistency of your position.

MR. JAJCZAY: Mr. Chairman, my response is as I indicated. That \$19,000 forgiveness of our penalties, which are mainly interest, was well appreciated, but we are still required to pay our tax arrears. Furthermore, as I indicated, our future tax status is not considered and has not been considered by the city of Edmonton at all, so we shall be required to pay taxes at a non-residential rate until the city decides to make a decision otherwise. So the \$12,000 that we were informed very recently we'll receive is for operational purposes, which of course includes the payment of taxes. Now, how the society will exactly use those funds we are not certain at the present time.

MR. CHAIRMAN: Thank you.
Mr. Wright, as the final person on my list.

MR. WRIGHT: Thank you. Mr. Walker, would you not agree that the membership rules are normal for an ethnic association?

MR. WALKER: Mr. Chairman, they appear to me to be slightly more restrictive. The other ethnic associations that we have looked at very often will allow members of the public to subscribe to their membership as long as they support the ideals and objectives of the organization. This would appear to be limited to people of Hungarian birth or of Canadian birth with Hungarian origins.

MR. WRIGHT: But you would agree that there's nothing wrong with that?

MR. WALKER: No. We're simply making the point that it's

private as opposed to public.

MR. WRIGHT: Thank you.

MR. CHAIRMAN: Mr. Konye and Mr. Walker, as you are probably well aware, you do have the opportunity of summing up, but we do also have the other problem of the Public Accounts Committee wanting to start their meeting at 10 or very shortly thereafter. So I will ask you to take the opportunity to sum up, if you wish, in the briefest possible time. I'll maybe ask Mr. Walker first so that Mr. Konye has the last . . .

MR. WALKER: Mr. Chairman, I don't believe it's necessary for us to do a summing up. I think the issues have been canvassed adequately.

Thank you.

MR. KONYE: I'll try to be as brief as possible. Mr. Chairman and members of the committee, there are a few points that I'd like to make and will try to make it as brief as possible. What I have to point out to you most emphatically is this: this club is a social and cultural club. It is distinct from the Jewish club on 156th Street insofar as this club does not have the same means and does not have the same facility that is available to the public at large, if you will, immediately in the neighbourhood. This club is small, and its area of operation is cultural in the main. The service it provides for the community at large therefore is related to that area. It is unfortunately not a revenue producing function. Consequently, it totally relies on its own resources, which are not very wide, and on grants from various governments. The difference also, as I tried to point out before, between this organization and some other clubs in the city of Edmonton is that these people own their own land and building, and they are taxed as a business. This is not a business; there is not the slightest argument in that direction. It is unfair from that point of view.

We are here not because these arguments are untenable; we are here because council did not do what it ought to have done during the course of the last few years. We are here because we feel that you as the ultimate lawmaker in the province of Alberta can do justice in this situation. We are here not to avoid what

ought to be the responsibility of the club, such as paying for utilities or some of the other services that are obtained by the club from the city; we are here to avoid payment of taxes. We are here to ask you to consider the relief of about \$6,000, \$7,000 that would help this small club in providing those social and cultural services that it does. There is no difference between that kind of a service that this club provides for the [inaudible] Edmonton than community leagues throughout the city of Edmonton. Those community leagues, receiving almost 100 percent financing from the city, receive their land from the city, their buildings from the city. They do raise money for other purposes as well, but there is no difference as far as the social and cultural activities are concerned. That's the distinction that I think is being overlooked by members of council, and that's why we are here to ask you to consider that point.

In essence, the association feels that the amount of money the city would lose in collecting taxes from a club of this size is nothing compared to the amount of money the province gives the city free of any ties to spend on anything they feel like spending. Therefore, I think the argument that the city's going to lose a lot of tax money, a million or so, is irrelevant when you see the outside grants from the province to the city throughout the year. I suggest to you that because of the social and cultural nature of this club, the request is appropriate and that you should consider it favourably.

MR. CHAIRMAN: Thank you, Mr. Konye.

Now, members of the committee, we really must adjourn, because the next committee is here and I'd like to entertain them.

MR. YOUNIE: I so move.

MR. CHAIRMAN: Mr. Younie. All in favour?

HON. MEMBERS: Agreed.

MR. CHAIRMAN: Thank you. Carried.

[The committee adjourned at 10:03 a.m.]