

## Standing Committee on Private Bills

8:38 a.m.

[Chairman: Mr. Renner]

THE CHAIRMAN: Good morning, everyone. I'd like to call this meeting to order. This is the meeting of the Standing Committee on Private Bills. Just by word of information before we start – and it has to do with agenda, and we might bring it up at that point – as you are aware, we had planned on dealing with Bills Pr. 9 and Pr. 10 together. However, the groups have asked that we deal with them separately, so I'm going to proceed that way. Also, the group from Lethbridge hasn't arrived – I suspect they may be fogged in in the south – so we'll proceed with Pr. 9 and Pr. 10 first and then go to Pr. 4.

With those amendments to the agenda, then, can I have a motion to accept the agenda?

MRS. ABDURAHMAN: I would so move, with the clear understanding as stated by the chair.

THE CHAIRMAN: Thank you, Mrs. Abdurahman. Any other comments? All in favour? Opposed? Carried.

We also have circulated a copy of the minutes from our last committee meeting. If everyone has had a chance to review those, are there any errors or omissions? If not, then a motion to accept would be in order.

MR. HERARD: So moved.

THE CHAIRMAN: Mr. Herard. All in favour? Opposed? Carried.

We'll then deal with Bill Pr. 9 first, the University of Calgary and University of Alberta Charitable Annuity Act. If you'll just give me a couple of seconds until Ms Marston gets the desks set, we'll bring the petitioners in.

Does everyone have a copy of the submissions? We talked about that at the last meeting. They were circulated by the petitioners in advance of the rest of the material, and they're in the black coil binders. There was also some information from Treasury, advanced education, and Health that pertains to those.

MS HANSON: I forgot to call, and we didn't get them.

THE CHAIRMAN: I think there are some extra copies here.

MRS. ABDURAHMAN: Would it be possible to get a copy?

THE CHAIRMAN: Ms Hanson needs a copy of the submission. You said you had a couple of extra sets.

MS MARSTON: Which submission? Sorry.

THE CHAIRMAN: Bills Pr. 9 and Pr. 10.

MS MARSTON: Oh, I guess I did bring a couple.

MS HANSON: Do you need these returned, or at least one of them?

MS MARSTON: Not necessarily.

MS HANSON: Okay.

[Mr. Rodrigues, Ms Van Hyfte, Mr. Fleming, Mr. Reid, Mr. Chipeur, and Ms Palmer were sworn in]

8:48

THE CHAIRMAN: Thank you, and good morning. Welcome to our committee. We are considering Bills Pr. 9 and Pr. 10. It's my understanding that you want to deal with them separately, so we'll do that. We'll deal with Pr. 9 first, and then those who wish to leave may do so once we've completed that.

Just before we get started, I'd like to take a brief opportunity to have committee members introduce themselves and give you a little bit of background information on what the purpose of our committee is and what we're doing here today. Both the Calgary RHA and the U of C and U of A have petitioned the Legislature to pass a private Bill. The procedure for private Bills is that they receive first reading in the Legislature and then are referred to this committee. The responsibility of this committee is to meet with the petitioners, gather as much information as possible about the Bill, and then as a result of the meeting with the petitioners and any other parties that may have an interest in the Bill, the committee is asked to make a recommendation to the Legislature as to whether or not the Bill should proceed beyond first reading. The point we're at right now is that both Bills have received first reading in the Legislature. This committee will make a recommendation to the Legislature as to whether or not the Bills should proceed. We also have the option of recommending that the Bills proceed with amendment.

This is an all-party committee of the Legislature. Maybe we'll start with Mr. Bracko and have committee members introduce themselves.

MR. BRACKO: Len Bracko, St. Albert.

MRS. ABDURAHMAN: Muriel Abdurahman, Clover Bar-Fort Saskatchewan. Good morning.

MS HANSON: Good morning. Alice Hanson, Edmonton-Highlands-Beverly.

MR. TRYNCHY: Peter Trynchy, Whitecourt-St. Anne.

MR. HERARD: Welcome. Denis Herard, Calgary-Egmont.

MR. PHAM: Hung Pham, Calgary-Montrose.

MRS. LAING: Bonnie Laing, Calgary-Bow. Good morning.

MR. YANKOWSKY: Good morning, everyone. Julius Yankowsky, Edmonton-Beverly-Belmont.

THE CHAIRMAN: I'm Rob Renner, MLA, Medicine Hat. I'm chairman of the committee.

I'd also like to introduce the other two people at the table. Rob Reynolds is Parliamentary Counsel to the committee, and Florence Marston is special assistant to the committee.

With that, I will offer the floor to you, whoever your spokesman may be. If you have a few opening comments, we'll proceed that way.

MR. CHIPEUR: Good morning. My name is Gerry Chipeur. I'm going to be speaking on behalf of the University of Calgary and the University of Alberta this morning in light of a memorandum dated April 10, 1995, from the Hon. Jack Ady, the Minister of Advanced Education and Career Development. Our hearing should be very short this morning.

In the memorandum the hon. Mr. Ady says:

I would like to put forward an alternative way of handling the annuity proposal. I would suggest that the universities' plan for issuing annuities be reviewed by the Lieutenant Governor in Council pursuant to section 26 of the Universities Act. The following would be required for approval:

1. the annuities would be issued for a term certain, or for the life of the donor, whichever is shorter; and
2. the universities could not pay a donor more than the principal of a donation plus interest.

I trust that this clarifies my position.

In light of this position taken by the Hon. Jack Ady, the University of Alberta and the University of Calgary would have no submissions this morning and would propose that there would be no need for any further discussion in this committee with respect to this petition.

If there are any questions that members have, the representatives would be happy to answer to answer them, but they would suggest that none would be necessary.

THE CHAIRMAN: Thank you, Mr. Chipeur.

Are there any questions from committee members? Mrs. Abdurahman and Mr. Herard.

MRS. ABDURAHMAN: Mr. Chairman, through to Mr. Chipeur. I'm curious as to why it would get to this stage without you being aware of the possibility of using the Universities Act. Was there not consultation with the government?

MR. CHIPEUR: There was consultation, but there was no confirmation until yesterday that the minister would take this position. As you can appreciate, there are many things on the government's agenda, and I suspect this was not dealt with until it had to be. It had to be yesterday, so we found out yesterday. We're happy with this development, we're delighted, we think this is wonderful, but there was no way for us to have anticipated beforehand that the minister would have taken that position. So we are not concerned about this development; we welcome it. We do not think there is anything we could have done earlier to have forestalled this hearing, because we did not know the minister would eventually adopt this position with respect to section 26.

MRS. ABDURAHMAN: Thank you very much, Mr. Chairman.

THE CHAIRMAN: Thank you.  
Mr. Herard.

MR. HERARD: Thank you, Mr. Chairman. Speaking for both universities, would it be your position, then, that the committee not recommend this Bill to the Legislature?

MR. CHIPEUR: It may be that the petition should be withdrawn or that the Bill should be allowed to die. I think that is something that may eventually happen. We don't want to take any position at this particular point in time because we've just received the memorandum, but if this in fact is the minister's intention, we think that is the appropriate recommendation to the Legislature.

MR. HERARD: Thank you.

THE CHAIRMAN: Any other questions or comments? Fine. Thank you very much.

We will deal, then, with Bill Pr. 10 separately. Those who are associated with Bill Pr. 9 are free to leave if they wish or free to stay as well. All right; let's proceed with Bill Pr. 10. Again I assume Mr. Chipeur will be the spokesman. If you would like to proceed,

explain the reason for the Bill, what the Bill would do. You did have a fairly inclusive brief, but you may want to highlight some of the key points in your brief.

MR. CHIPEUR: Thank you very much. I will restrict my comments to discussion of a conversation I had with the superintendent of insurance with respect to a proposed amendment to this Bill that's been recommended by Jim Dinning, the Provincial Treasurer, and then I will turn over the time to Nancy Palmer, who represents the Calgary regional health authority.

In discussions with Mr. Rodrigues, we discussed the possibility of adding a short phrase or amendment to section 1 of the proposed Bill. If you look at the proposed Bill and look at section 1 and go to the second last line and put a star right after the word "donor" in that line, insert at that point words to the following effect:

and the cumulative payments to the donor do not exceed the principal donation and accumulated interest earned with respect to the principal.

MR. HERARD: Mr. Chairman.

THE CHAIRMAN: Mr. Herard.

8:58

MR. HERARD: How difficult would it be to get that in writing so we can have it for our records?

MR. CHIPEUR: I have it in writing here, and I can provide it to the Clerk.

Words to that effect have been agreed upon by the petitioner and Mr. Rodrigues. We can work out the details later on with this committee, but I wanted the committee to know that we accepted the recommendation of the Provincial Treasurer with respect to this Bill. I know Mr. Rodrigues will be addressing this issue on behalf of the Provincial Treasurer later on in this hearing.

At this time, I would like to turn over the time to Nancy Palmer on behalf of the Calgary regional health authority, but I'd be happy to answer any questions after her presentation.

THE CHAIRMAN: Fine. Go ahead.

MS PALMER: Thank you. Good morning. It is an honour to appear before you today representing the Calgary regional health authority. First, I would like to share with you some general information about planned giving; second, I will speak to you as to what a charitable gift annuity is; third, I will provide some history on charitable gift annuities in Canada; and finally, I will share information with you on the CRHA.

Planned giving very simply is gift planning. It is the process of designing charitable gifts so that the donor realizes philanthropic objectives while maximizing tax and other financial benefits. Generally, any gift of significant size made with forethought about the benefit to the charity and the financial implications to the donor and the donor's family is a planned gift. Planned gifts are often equated with deferred gifts such as bequests, life insurance policies, charitable remainder trusts, gifts of residual interests, and similar arrangements where the commitment is made now and the funds are not available to the charity until some future time. This is true in the case of a charitable gift annuity. The majority of planned gifts are deferred gifts. Planned gifts also encompass outright as well as deferred gifts. A major gift for current needs consisting of securities or real estate structured in time to limit any tax on the capital gain and obtain full benefit of the tax credit is a planned gift.

What is a charitable gift annuity? A charitable gift annuity is an arrangement whereby a donor makes an irrevocable gift to a

charitable organization in return for regular annual income for life. A charitable gift annuity always has a gift element and is therefore different from commercial annuities available directly through insurance. Revenue Canada recognizes charitable gift annuities in interpretation bulletin IT 111R. Revenue Canada permits two types of tax benefits for charitable gift annuities. The Calgary regional health authority is a member of the Canadian Association on Charitable Gift Annuities or the CACGA. The CACGA is an association representing charities who issue or who are interested in issuing charitable gift annuities. The CACGA sets standards and rates for charitable gift annuities.

The history of charitable gift annuities in Canada. Charities in Canada have been issuing annuities for over 80 years. The earliest confirmation of a charitable gift annuity is by the Methodist Church in Canada in the 1900s. It is quite likely that gift annuities were issued before this date; however, accurate records are not available prior to the turn of the century. Not only does the federal chapter 14-15 of George V, 1924, chapter 100, An Act Incorporating the United Church, grant the United Church of Canada the right to issue charitable gift annuities, but this federal Act was also endorsed between 1924 and 1926 by all provinces in separate Acts. The Salvation Army also received permission to issue gift annuities in their federal charter in 1909. We are advised that there are many other charities that issue charitable gift annuities in Canada, including Kingston general hospital and Sunnybrook hospital in Ontario.

Some general information for you about the Calgary regional health authority. The CRHA serves approximately 753,000 patients annually. The operating budget of the CRHA for the next year will be approximately \$678 million. Last year members of the public voluntarily contributed approximately \$14 million to benefit health care and research in the Calgary region. Next year the Calgary regional health authority anticipates that private donations will exceed that limit. The Calgary regional health authority charitable gift annuity program will offer another tool to raise funds from those members of the public who generously donate to health care research and programs in our community.

Thank you.

THE CHAIRMAN: Thank you very much.

Committee members, I also asked Mr. Rodrigues, who is the superintendent of insurance, to attend this morning. I wonder, Mr. Rodrigues, if you have any comments of a general nature, particularly with respect to the Insurance Act and the amendment to the Insurance Act that's requested in this Bill.

MR. RODRIGUES: Yes, Mr. Renner. The Insurance Act regulates annuities that are classified as life annuities. Not all annuities are life insurance. An annuity for a term certain – that is, for a specified period of time, say five years – is not considered to be life insurance, but an annuity that is payable for the life of the person receiving the annuity is considered to be life insurance because it has a life insurance component, it is based on mortality factors: how long will this person live? So it's a question of financial risk that is contingent upon the person living longer or whatever, and therefore it is classified as life insurance.

We have an interest with respect to annuities that fall within the definition of life insurance, but if the annuity does not fall within the definition of life insurance, then it is not regulated under the Insurance Act. Our position is that we are not opposed to a charitable annuity if that annuity does not fall within the definition of life insurance. Our proposal to amend the Act is precisely for that purpose: to make it absolutely clear that these annuities will not be life insurance type annuities and will be straightforward annuities

with no mortality risk associated with them. So that is the purpose of our recommendation: to have an amendment to the Bill to make it clear it's not life insurance.

THE CHAIRMAN: Thank you.

At this point I will open up the floor to discussion. Mrs. Abdurahman.

MRS. ABDURAHMAN: So I have it clear in my mind why there is a necessity for a private member's Bill, I need some explanation. Within the Hospitals Act they allowed the creation of foundations, and foundations did have planned giving. Why is it now that we see the need for this private member's Bill? Certainly from any exposure I've had, we did have exactly what is being described, I believe, by Ms Palmer. The subsequent question to that is: does every hospital foundation now have to come for a private member's Bill?

THE CHAIRMAN: I'll get Mr. Chipeur to answer your question, but I want to clarify that this is not a private member's Bill. This is a private Bill.

MRS. ABDURAHMAN: I'm sorry; a private Bill. I have a habit of doing that.

THE CHAIRMAN: Well, these things get confused every now and then. This Bill is originated by the petitioner. Okay?

MS PALMER: To answer your question, the reason the Calgary regional health authority is bringing this Bill forward, as opposed to the foundations, is that under Revenue Canada rules the charitable organization, not a public foundation, is eligible to issue annuities. The foundations that serve the Calgary regional health authority are all public foundations under Revenue Canada rules. The Calgary regional health authority is the charitable organization; it's actually the organization that carries out the charitable activity. So this Bill will allow the Calgary regional health authority to issue the annuities, and the foundations can have the benefit of those annuities based on the donors' wishes.

9:08

MR. CHIPEUR: Maybe I can just supplement that. In other words, foundations have never been able to issue charitable gift annuities in this province. This is a new concept. The reason it's coming forward is because charitable fund-raising in this province is becoming more sophisticated as the donors become more sophisticated. Donors are demanding that those who are raising funds come up with unique ways in which they can donate. In this case, the donor is interested in, number one, helping the institution they're donating to in a very significant way, but on the other hand, they want to have financial security so that throughout their lifetime they will not be left with no income with which to live. So they want to have both those goals achieved.

In every province of Canada except Alberta, as far as we understand, charitable gift annuities can just be issued by a charity such as the Methodist Church or the United Church or Kingston general hospital, as has been indicated, particularly in Ontario, because the definition of life insurance does not include these kinds of charitable annuities and, therefore, the charitable institution is not covered by their equivalent of our Insurance Act. In Alberta, because of the broad definition given to life insurance in our Insurance Act, it is not possible for any charity to do this without a change in legislation, and that is why it is necessary for us to come here today. It really has nothing to do with the regional health

authority reforms that have taken place, except to the extent that now that we have a Calgary regional health authority, where the hospitals in Calgary have come together for the purposes of carrying on health care in that area, they have, I guess, gotten sophisticated enough to recognize the benefit of this approach for their potential donors and have decided to seek this particular legislative action.

MR. REYNOLDS: Mr. Chairman, if I might, in answer to Mrs. Abdurahman's question. In the material the petitioner provided – and regrettably, due to changes of the committee, I didn't realize you didn't receive that until this morning – in the interpretation bulletin from Revenue Canada that's attached, I believe, under tab 5 of the petitioner's material, paragraph 2 indicates that while a charitable organization, as Ms Palmer said, may enter into annuity arrangements, a charitable foundation may not do so.

The registration of a charitable foundation may be revoked if the foundation has, at any time since June 1, 1950, incurred debts other than certain debts described in [et cetera, et cetera.]

That, I believe, is why a charitable foundation could not undertake the issuance of annuities. It wouldn't necessarily affect the provincial law, but it certainly would have a negative effect with respect to Revenue Canada, which presumably is one of the reasons people engage in this sort of investment or charitable gift giving.

THE CHAIRMAN: Thank you, Mr. Reynolds.

I have Mr. Herard and Mr. Yankowsky.

MR. HERARD: Thank you, Mr. Chairman. I would agree with Mr. Chiheur that this type of investment and so on is getting to be more sophisticated, but I'm wondering, following on the question of Mrs. Abdurahman, if we really aren't setting ourselves up for having to do this many, many times over again and whether or not this really ought to be an overall policy in regulation development of the Ministry of Health and, that way, covering everybody at one time. I'm wondering what your opinion might be on that process.

MR. CHIHEUR: Can I defer to Ms Palmer?

MS PALMER: No, go ahead.

MR. CHIHEUR: Okay. Why don't you supplement me if I miss anything.

This morning I did receive the memorandum from Alberta Health, the deputy minister indicating that they were interested in reviewing this policy, and we would welcome that. That certainly is a positive thing. I think it would benefit all. One has to keep in mind two things though. Number one, there are already two charities in this province at least that have a special Act and are in fact in a position to grant gift annuities. That has happened over the last seven years or so, and there hasn't been a proliferation of these kinds of applications because of that.

Secondly, it is unlikely that very many regional health authorities would be interested in this, because until you have developed some of the basic gift giving tools, you're not going to go on to some of these more advanced tools. In our investigation in Ontario it was determined that only the most sophisticated planned giving programs in some of the top hospitals in that province, such as the Kingston hospital and probably two or three others in the entire province, even included charitable gift annuities as part of their program. This is not a burning issue for any other authority. I can advise the committee that we advised other authorities of the fact that we were coming here, just as the University of Calgary and the University of Alberta did with respect to their application with other universities. We did not receive any contact from any of the authorities saying,

"We would like to be added to your Bill." If in fact another authority were in the future interested in doing this, they could certainly come to the Legislature at that time and seek a similar Bill, and that's your concern. I would guess that probably one of the other authorities might do that. For example, the Capital health authority may develop its program to the point that once we do this they say, "Hey, let's do it as well."

If in fact this government as a matter of policy or this Legislature as a matter of policy decided they wanted to amend the Regional Health Authorities Act to allow any authority this particular privilege, then that would at that time take away the need for a private Bill. But if you were to not pass this particular private Bill and, instead, say to the Calgary regional health authority, "Wait for Alberta Health to sort this one out and then you can start raising funds," you would probably set them back about a year at least, because this is probably number one thousand on the list of priorities for Alberta Health right now because they have a significant number of issues that are more pressing. If this becomes an issue that other authorities clamour for and the government as a matter of policy wants to introduce legislation, we would welcome it, but in the meantime, there are donors out there who would not be able to take advantage of this particular proposal. Therefore our position would be: if there were something negative about our proposal, we could understand the government or the Legislature saying, "Hold off and wait." But we only see this as positive and therefore the private Bill would be positive. Any public legislation taking away the need for the private Bill would also be positive, so we would see that as a natural development.

In fact, this committee, if it recommends this Bill to the Legislature, could through that process recommend and initiate a public debate or a public policy review that would eventually result in legislation allowing all authorities to do that. However, if this committee were to recommend against it, some may take that as an indication that nothing should be done. We would think that if in fact Alberta Health is serious about doing something, your recommendation would only spur them on to do this very positive thing for hospitals in the province. Therefore, we would continue to seek this particular private Bill from this committee notwithstanding Alberta Health's position that a public initiative might be appropriate.

MR. HERARD: Following on that, it also indicates in the memo from the deputy minister that Alberta Health in consultation with Treasury is developing regulations respecting the borrowing and investment powers of regional health authorities. Would you have a problem if your Bill were subject to those regulations under section 21(1)(f) that may come out of this planning they're currently doing with respect to regulations; in other words, if those regulations apply to your Bill?

MR. CHIHEUR: That would be expected and welcomed. We know that the authority cannot operate outside the regulations that would be coming out, and we do not think there is anything in this particular Bill that would in any way conflict with the regulations, but we would welcome a specific amendment that said right in this Bill that this Bill, or Act at that time, would be subject to the Regional Health Authorities Act and the regulations thereunder.

9:18

THE CHAIRMAN: Thank you.

Just before I go on to our next speaker, I want to point out, probably for Ms Palmer's benefit if no one else's, that today's proceedings are recorded in *Hansard*. So if you see people not taking notes, that doesn't necessarily mean they're not absorbing the

information. All we do is pick up *Hansard* and get a verbatim recording of the entire meeting.

Mr. Yankowsky.

MR. YANKOWSKY: Thank you. I think my questions have been answered, so I'll pass on to the next questioner.

THE CHAIRMAN: Thank you.

MR. BRACKO: Would this apply to other groups besides the regional health authorities? Could it be expanded to any other charitable group? I need some clarification.

THE CHAIRMAN: Well, this Bill is very specific. It would apply only to the Calgary regional health authority, but there's nothing to preclude other groups from coming forward to the committee. There are already two other such Bills that have been enacted in the province, and they're outlined in the memorandum from the Treasurer. We have Canadian Union College and Alberta Conference of Seventh-day Adventist Church. Those two organizations have come to the Private Bills Committee and do have this legislation already in effect. There's nothing to preclude other groups from coming forward.

As Mr. Chipecur indicated, you need some fairly sophisticated management skills if you're going to get involved in something like this, because it's a long-term commitment. There are probably not a lot of organizations in a position to have the administrative skills to manage this fund. I suspect that's why we haven't heard from a lot of them. This particular Bill refers only to Calgary RHA.

Do you wish to supplement?

MR. CHIPEUR: No. That was an excellent answer.

THE CHAIRMAN: Mr. Pham.

MR. PHAM: Thank you, Mr. Chairman. I have four questions for you today. Question number one, to Nancy: based on your experience, are the donors asking for this kind of Bill to be passed?

MS PALMER: I'm sorry. Could you repeat that again? I didn't quite hear it.

MR. CHIPEUR: I've got it here.

MS PALMER: Oh, did you get it?

Right now we don't have donors that are asking for this Bill, partly because we have never marketed it to donors. And that's the process we're engaging in right now: putting together our whole program of the various types of gift vehicles. We would like to be able to include the charitable gift annuity in that program, where we can actively educate people as to what this type of giving vehicle is.

MR. PHAM: My second question. Is there anything in the law today preventing the entity from spending all the principal money in one year and leaving the entity with the unfunded liability to their donors?

MR. CHIPEUR: I'll answer that one. The answer is no, there is nothing in the law today. That is why I understand the Provincial Treasurer has asked for the specific amendment that we proposed this morning and that you have in writing before you. That amendment would prevent the particular entity from spending all the

donation in one year and then leaving nothing for the payment of the annuity over the life of the annuity contract.

MR. PHAM: Maybe it's wrong, but the way I read the amendment, it only says that it guarantees that the amount the entity pays to the donor doesn't exceed the total principal plus the principal the donor paid to the entity. However, that doesn't stop the entity from taking \$100,000 from me today, for example. The terms they're going to give me: \$10,000 for the next 10 years. That doesn't stop the entity from going out today and spending that \$100,000 and leaving the people behind who are coming in after them to pay me \$10,000 a year. Of course, that unfunded liability is there. That is the question I pose to you.

MR. CHIPEUR: I see. Yes, there is a difference there, and no, there is nothing that would stop that. Our submission on that, as it was with the previous entities, is that we're dealing with a very substantial organization, an organization that is probably worth well over a billion dollars and has annual income closing in on a billion dollars a year. With that kind of financial clout, we do not think that even if that were to happen, there would be any risk to the donor. In other words, there would always be income there.

Now, if you wanted to put in a clause which was not put into the others that said this money must be set aside in trust, that is what's going to happen anyway, and we would not object to that kind of proposal. That's just wise management. We would suggest, though, that that might not be necessary, because the particular entity we're talking about is solvent and is a very substantial entity and, in fact, receives donations all the time and receives pledges of donations all the time. It is in the business of taking all that into account in deciding how those funds are going to be expended, and it has shown itself in the past – at least the foundations have shown themselves in the past to be quite responsible with respect to funds donated to them.

MR. PHAM: Thank you. You have answered the other two questions I had.

THE CHAIRMAN: Thank you, Mr. Pham.

Mrs. Abdurahman.

MRS. ABDURAHMAN: Yes. Probably this is directed best to Nancy Palmer. With regard to the relationships, I'm trying to sort out in my mind – within the Calgary regional health authority there are many foundations. What would the relationship of the people who manage this annuity be to the regional health authority? Because you're identified as the Foothills Hospital Foundation, is it the Foothills Hospital Foundation that would be managing this, administering it on behalf of the Calgary regional health authority?

MS PALMER: The Calgary regional health authority administers the fund. The contract with the donor is with the Calgary regional health authority. What we allow the donor to do is direct their donation and the gift portion of it to the Foothills Hospital Foundation, the General Hospital Foundation, or the Children's Hospital Foundation, Rockyview. Or they can designate it to a program. They can say, "I want it to go to cardiac research." So either way the donor has the ability to direct where they would like to see the gift portion of the annuity go, but the Calgary regional health authority administers the fund and administers the contracts.

MRS. ABDURAHMAN: Following up on that, through the chair: who will actively be marketing or seeking this type of donation?

MS PALMER: We see the foundations as including in their package of information charitable gift annuities that are offered through the Calgary regional health authority. So the foundations actually are the frontline people that deal and work with the public and the communities on behalf of the various institutions, the hospitals.

MRS. ABDURAHMAN: Looking at how we're trying to get the most effective utilization for a dollar and also get the biggest portion of the dollar donated back to the charity – and this may not be a fair question, Mr. Chairman – would you see where we would end up with one foundation for a regional health authority rather than it being fractured the way it is right now?

MS PALMER: Well, I think that's a very good question. I think we are all going through that process and analyzing exactly the various roles each foundation plays. The Calgary regional health authority has passed a resolution for the Calgary health care and research trust, which is an umbrella type of foundation. That is, as I said, part of the process of determining relationships between the foundations and how we can best maximize resources and cut down costs administratively across the region.

MRS. ABDURAHMAN: Has there been any contact here with public health and the mental health component to ensure it's all-encompassing?

MS PALMER: The Calgary Community Health Foundation is included in that.

MRS. ABDURAHMAN: Thank you, Mr. Chairman.

THE CHAIRMAN: Thank you.  
Mr. Herard.

MR. HERARD: Thank you, Mr. Chairman. Based on your response to the previous question, I'm going to suggest an amendment to the Act. On page 2, after the words "Insurance Act," I want to suggest that we add the words "and subject to regulations respecting the borrowing and investment powers of regional health authorities under section 21(1)(f) of the Regional Health Authorities Act."

9:28

THE CHAIRMAN: Mr. Herard, you realize that amendments per se are not in order at this meeting, but if you want to suggest it and get a response from the petitioners, that's fine.

MR. HERARD: That's exactly what I'm doing. I didn't understand the process, but I'm going to suggest that they suggest the amendment.

THE CHAIRMAN: That's fine. When we get to the point where we're making decisions, then it's in order to make a motion for an amendment. But if you want to just get a response from the petitioners, that's fine with me.

MR. CHIPEUR: We would welcome that particular amendment at the appropriate time.

MR. HERARD: I guess I need some clarification, because we've got an amendment before us. I'm wondering if it would not be appropriate to in fact have this second amendment included with this so that when we do look at making a decision, we're not making the amendment; it's already there.

THE CHAIRMAN: Well, basically that's what's happening. Just by the way we have structured our meetings, the amendment that was distributed by the petitioner will be considered by the committee at the same time as we make our consideration with respect to the Bill, just as the amendment that you have proposed will be considered at that time.

MR. HERARD: Thank you.

MR. REYNOLDS: I was just going to say, Mr. Chairman, perhaps for Mr. Herard's benefit, that I think what happens here is almost an agreement in principle with the petitioners because of the nature of private Bills. It's difficult, as Mr. Herard knows, to amend them without the consent of the petitioners, because you could amend them to end up with something they didn't want in the first place. Like the other Bills – for instance, the First Canadian Casualty Insurance Corporation, where it was decided that there would be an amendment, and I worked with the counsel for the petitioner and Mr. Rodrigues – I imagine in this case Mr. Chipeur has circulated this, and certainly I can work with Mr. Rodrigues and Mr. Chipeur to get this in form as with your proposal so that when the committee does deliberate on these matters, there will be a properly drafted amendment before you.

MR. HERARD: Thank you. That's exactly what we want.

THE CHAIRMAN: Thank you, Mr. Reynolds.

I have no one else on my speakers' list.

Mr. Reynolds, you have some comments and questions of a technical nature?

MR. REYNOLDS: Yes. First of all, this may be overstepping my bounds. I would like to say that certainly in this position as counsel to the committee, Mr. Chipeur always manages to make the job more interesting with his clients and his petitions. Of course, I think it is a curse to live in interesting times, but it certainly is an interesting aspect with Mr. Chipeur.

My questions concern the nature of the amendment you've proposed. Just so I'm clear on this – and we will be following it up after the meeting – the amendment Mr. Chipeur circulated would come, I believe you said, after the words "the death of the donor," which would be at the end of page 1 of the Bill. Is that correct?

MR. CHIPEUR: Yes.

MR. REYNOLDS: Now, after that, would we still have "the payment and the annuity shall be deemed not to be life insurance," et cetera? Would that still be in there?

MR. CHIPEUR: Yes.

MR. REYNOLDS: Okay. Perhaps this is to Mr. Rodrigues. Is this for greater certainty that in fact this is not life insurance, a sort of belt and suspenders approach?

MR. RODRIGUES: It's for greater certainty.

MR. CHIPEUR: I hesitate to say this if Revenue Canada ever gets a copy of this transcript, but let me say it in any case. This has to be considered life insurance for the purposes of the Revenue Canada interpretation bulletin. In other words, this has to be a life annuity for the purposes of the interpretation bulletin, but it can be not life insurance for the purposes of the Insurance Act. That's the reality, because we cannot take advantage of the Revenue Canada

interpretation bulletin unless there is some risk that the donor might die before the end of the term of the legislation. That's the way I interpret that. I may be wrong on that, and if I am, then maybe we are just in the area for greater certainty. But I think it is appropriate for us to frame our annuities in the context of the Interpretation Act, and I'd like to put my client in a position of being able to rely on that interpretation bulletin. In order to do that, we may put ourselves in conflict with the Insurance Act absent this particular private Bill. So I would think this private Bill is necessary and not just a matter of suspenders.

MR. REYNOLDS: Yeah. I just meant that with respect to the amendment, because logically in my mind, if the annuity wasn't life insurance, then there would be no need for an exemption from the Act.

MR. CHIPEUR: It would be life insurance but for this Act, I think. That's the problem.

MR. REYNOLDS: Is that still your view, Mr. Rodrigues?

MR. RODRIGUES: No, I do not agree with that view. If it's not life insurance, it's not life insurance, but I think the petitioners want to be absolutely clear that it's not life insurance for the purposes of the Insurance Act. I'm not averse to that clarification, but technically if they were to engage in this activity as proposed under the Act, we would not be able to enforce the Act against them once the annuity that is given is structured in accordance with what's in the private Bill.

MR. REYNOLDS: But for an Act, then it's conceivable that if they started issuing annuities, you could consider that life insurance and, as it were, they'd be in violation of the Act.

MR. RODRIGUES: If they were to issue life annuities that were not captured by this scope, then they would be in violation of the Insurance Act, because it's only the limited classification here of annuities deemed to be exempt. Not all annuities are exempt.

MR. REYNOLDS: No.

Just one other question with respect to Mr. Pham's question. Following up on that, it's my understanding – and I certainly have no expertise, none at all, in the area of annuities – that when one enters into an annuity, that is a contract. Is it?

MR. CHIPEUR: Yes.

MR. REYNOLDS: So in that contract presumably there would be repayment provisions with respect to how much a donor would receive back from, in this case, the RHA.

MR. CHIPEUR: Yes.

MR. REYNOLDS: In answer to Mr. Pham partially, if the RHA defaulted in any way, then it would be in breach of its contract, and I imagine the usual civil remedies would apply.

MR. CHIPEUR: That's right. His question was: what if you do default and you've spent all your money? I acknowledge that that is a potential problem, but I suggested that because of the general solvency that currently our regional health authorities have and their cash flow and their asset base, anyone who had a judgment against them under such a contract would in fact be able to enforce it.

MR. REYNOLDS: My point was simply that there are remedies available to the donor if in fact there is a problem. I'm certainly not suggesting that there would be. Thank you. I just wanted to clarify that.

Thank you, Mr. Chairman.

THE CHAIRMAN: Thank you.

MRS. ABDURAHMAN: Just following up on the exchange that took place, this is a concern, Mr. Chairman. We're dealing with public funds when we're looking at regional health authorities or donated dollars from Albertans. Certainly looking at the history of health care in Britain, indeed the public-funded system has ended up in a deficit situation where beds have been closed, so it's not beyond the realm of possibility. I think we should acknowledge that at this point in time.

THE CHAIRMAN: Well, I think the issue has been raised, and it may be something that, should this Bill be passed, the groups – if I were a potential donor, I think I would have some reservation and concern, and I would want some assurance that that annuity is going to be there for me. Mr. Chipeur indicated the reality that these funds would go into trust, and I think that would be spelled out very clearly when the contract is made in the first place. I wouldn't give the money, quite frankly, unless I was guaranteed that it was going into trust until my death. Then the trust fund is freed up, and the foundations have access to the money. Presumably, that's the way it would be done, and the donors are going to insist on that.

9:38

MS PALMER: In fact, the policy being developed – and this is pretty much standard policy – is that the principal is kept in a segregated account, and none of it is spent until the donor dies. So it's very conservative to that extent, that only the interest or the annuity rate is paid out and the principal is not touched.

THE CHAIRMAN: Mr. Bracko, then Mr. Yankowsky.

Mr. Reynolds, you opened up a can of worms.

MR. REYNOLDS: Sorry.

MR. BRACKO: I have a question. The health authority will be responsible for the funds. Are you hiring someone, or who is going to be investing it and looking after the investments? Is it the health authority, or have you got a company? How is that going to work?

MS PALMER: The health authority does have, obviously, their financial committee reviews, because they have a lot of funds that they invest over time, as you probably know. Within their budget they have quite a substantial amount of money. So within that policy they would also, as I said, in a segregated account manage these funds. We are also required through the CACGA to have an actuarial valuation every three years. So there is that process in place to ensure that.

THE CHAIRMAN: Mr. Yankowsky.

MR. YANKOWSKY: Thank you, Mr. Chairman. I'm just looking through some of the material I have here in my binder from the Minister of Health's office, and there's a letter here to Mr. Reynolds from Bernard Doyle. My question is to Mr. Rodrigues. I see that maybe we're premature in indeed even discussing this Bill because it says here that

Alberta Health, in consultation with Alberta Treasury, is currently developing regulations respecting the borrowing and investment

powers of regional health authorities under section 21(1)(f) of the Regional Health Authorities Act. These regulations should be in place in the near future.

There may be some restrictions and so on, and it goes on to say that this should indeed be examined as overall policy for all authorities.

THE CHAIRMAN: Mr. Yankowsky, if I could answer that, and Mr. Rodrigues certainly is free to supplement. That's specifically the area that Mr. Herard was addressing in his proposed amendment. His proposed amendment is that this would be subject to the regulations that you refer to.

MR. YANKOWSKY: Okay.

THE CHAIRMAN: The other part that you mentioned is, you know, the wider debate, as to whether or not there should be a governmentwide policy. Mr. Chipeur addressed that earlier in his comments when he said that they would be pleased if there was a governmentwide policy; however, they feel that it's prudent for them to proceed at this point in time.

MR. RODRIGUES: Just one comment, Mr. Chairman. I think those policies with respect to investments are not specific to this Bill but more general with respect to regional health authorities but which may have application to this activity also.

Another point of clarification is that we would not allow the regional health authorities or any charity to issue a life annuity. The provision that we're proposing would limit them to making payments that would not exceed the total principal. If they were to undertake an obligation to issue an annuity whereby they would make payments for the life of the annuitant, that has the possibility of exceeding the payments, has the possibility of exceeding the total principal. So we would like to make it clear – and I've heard it mentioned here a few times with life annuities – that that's not what we would like to see, and we don't see that in the Bill.

What they're proposing is to issue for a term certain which should not exceed the total principal plus interest, but if the person dies before that term expires, then the annuity will cease. So there is no risk that if the person lives beyond the specified period they would have to continue making payments. That is clearly life insurance, and we will not allow them to get into that activity. So it's not a life annuity that we are allowing them to sell. Now, I don't know how this would conflict with the federal legislation, but that's an issue for the petitioners to deal with.

MR. CHIPEUR: We've reviewed the legislation, and we've reviewed the interpretation bulletin. We're very comfortable with the position advanced by the Provincial Treasurer and Mr. Rodrigues. We accept that particular amendment because that is in fact how the charities intend to operate in any case. There is still a potential that we would be in conflict with the Insurance Act if we did not have this kind of limitation in place, and therefore we would still require this, in our view, in order to both satisfy the provincial government and the Revenue Canada interpretation bulletin.

We thank the committee for their consideration of our submissions.

THE CHAIRMAN: Thank you. I have no other speakers on my list. We have one other petition to hear from this morning.

With that, then, I would thank you for coming and let you know that it's the intention of the committee to meet later on this month to make our decisions. I will have Mr. Reynolds contact you as soon as that decision has been made so that you may know what the status is. I suspect that Mr. Reynolds will also be in contact with you over

the next few days to finalize the wording on these proposed amendments that were discussed today.

MS PALMER: Thank you very much.

THE CHAIRMAN: Thank you.

We'll take about a two-minute recess and have the representatives from Galt join us.

[The committee adjourned from 9:46 a.m. to 9:52 a.m.]

THE CHAIRMAN: I will call the meeting back to order again. I'm going to ask Mr. Reynolds to bring the petitioners in. They'll be sworn in.

[Ms Karl and Mr. Abells were sworn in]

THE CHAIRMAN: Thank you, Mr. Reynolds.

Good morning. I want to welcome you to our committee meeting here today. Just before we get started, I would like to briefly summarize the process and the procedure and also give the committee members an opportunity to introduce themselves.

You have petitioned the Legislature to pass a Bill on your behalf. That petition was received by the Legislature, referred to this committee, found to be in order, and as a result the Bill has received first reading in the Legislature. It then is referred back to this committee for our consideration where we have a chance to discuss the Bill with you. We also have a chance to discuss the Bill with anyone who should be interested in the Bill. That's why you're required to do advertising: should there be individuals who want to address some concerns about the Bill to the committee, they have the opportunity to be here this morning. Then the committee makes a recommendation to the Legislature as a result of this hearing whether or not the Bill should proceed through second reading, Committee of the Whole, and third reading. We also have the ability to recommend amendments to the Bill that would be passed in the Legislature. So that's the purpose of our meeting this morning.

The committee is an all-party committee. It consists of both government and opposition members and pretty much a good geographic cross section of the province as well. So if I could have the committee members introduce themselves. We'll start with Mr. Bracko.

MR. BRACKO: Good morning. Len Bracko, St. Albert.

MRS. ABDURAHMAN: Muriel Abdurahman, Clover Bar-Fort Saskatchewan. Welcome.

MS HANSON: Alice Hanson, Edmonton-Highlands-Beverly. Good morning.

MR. TANNAS: Don Tannas, Highwood.

MR. TRYNCHY: Peter Trynchy, Whitecourt-St. Anne.

MR. HERARD: Denis Herard, Calgary-Egmont.

MR. PHAM: Hung Pham, Calgary-Montrose.

MRS. LAING: Bonnie Laing, Calgary-Bow.

MR. YANKOWSKY: Julius Yankowsky, Edmonton-Beverly-Belmont.



MR. JACQUES: Wayne Jacques, Grande Prairie-Wapiti.

THE CHAIRMAN: My name's Rob Renner. I'm chairman, and I'm the MLA for Medicine Hat. We also have at the table with us Rob Reynolds and Florence Marston. I'm sure that you've met, or if you haven't met, you've been on the phone having discussions with both Mr. Reynolds and Ms Marston. Rob, as you know, is Parliamentary Counsel to the committee, and Ms Marston is the administrative assistant to the committee.

With that, then, I will turn the floor to you and give you an opportunity to describe the Bill, why you feel that this Bill should be passed on your behalf, and any information that you feel would be of benefit to the committee in helping us to make our decision.

MR. ABELLS: Thank you very much, ladies and gentlemen. We're privileged to be able to address you today and present this petition. My name is Lorne Abells. I'm a lawyer with Virtue & Company in Lethbridge, and with me today is Donna Karl, who is president of the petitioner, the Galt School of Nursing Alumnae Society of Alberta. I will talk first to give you some idea as to the history of this legislation and why we're here before you today again, and then I'll turn it over to Ms Karl to enlighten you a bit about the society itself.

Simply put, we're here today because of the disestablishment of the board of the Lethbridge regional hospital and nursing home district No. 65. The board, from 1986 until now, administered a trust fund called the Alexander Galt trust fund. I might take you back to 1909 and give you the history behind this trust fund.

The Galt hospital was enacted by legislation in 1909, and it operated in Lethbridge, Alberta, until 1954. The late Sir Alexander Galt established a trust fund for operating this particular hospital. The capital of the fund was to remain intact, and only the income was to be used for operations. The trustees of the Galt hospital administered that fund until 1913, when the fund was then transferred to Royal Trust corporation for administration. Then in 1954 there was an amendment to the Galt Hospital Act, and it provided that the income from this fund was to be paid to the Lethbridge municipal hospital, because the Galt hospital was torn down and replaced by the Lethbridge municipal hospital. It was to be used by the board of the Lethbridge municipal hospital in the following way: one-half of the income was to be used for the maintenance and operation of the Galt School of Nursing, and the balance of the income was to be used for scholarships for nurses of the Galt School of Nursing to provide training and postgraduate scholarships.

Well, then in 1979 the Galt School of Nursing closed, and that precipitated further amendments to the legislation. I was before this committee as it was then, in 1986, petitioning on behalf of the Lethbridge regional hospital board to transfer this trust fund from Royal Trust to the board. Because the school of nursing was no longer in existence, we had the Legislature enact provisions which provide that all of the income was to provide scholarships for graduates of the Galt School of Nursing and nurses employed by the board as it was at that time. So the fund has been administered by the board.

Now as of an order in council of March 15, 1995, the board was disestablished. So knowing that this was coming, the society wanted to petition to the Legislature to ask the Legislature to transfer the trust fund from the board to the society for further administration. The purposes would for the most part remain intact; in other words, the income from this fund would be used for graduates of the Galt School of Nursing – again, the Galt School of Nursing having closed only in 1979 – and also to continue the promotion of providing

scholarships to nurses who are employed at the Lethbridge regional hospital, and it's still now known as the Lethbridge regional hospital.

So that provides you with an overview of the history behind the trust fund. It's a fascinating history, and there are some interesting legal documents from the early part of the century setting up the trust and the transfer of the trust to Royal Trust. In any event, at this particular time the trust fund has a balance of approximately \$124,000, of which \$63,000 is capital established by Sir Alexander Galt and the balance is accumulated income.

The Chinook regional health authority was contacted and has blessed this transfer, has given its consent, and I have filed with the committee the written consent of the Chinook regional health authority to the transfer of the fund to the society, to the petitioner. Mr. Reynolds pointed out that there is no date on that consent, but I can give evidence to the committee that I received that consent in my office this year February 24, and it was signed and sent the preceding day to me.

10:02

I wish now to address a technicality which has arisen because of timing. When we filed the petition, which had to be filed by the end of February, the board had not yet been disestablished, so the petition was along the lines to transfer the fund from the Lethbridge regional hospital board to the society. As of March 15, with Order in Council 159/95 and the disestablishment of the board, all of the affairs of the Lethbridge hospital board were taken over by the Chinook regional health authority.

So the petitioner would like to ask for amendments to the Bill, which are before you. The amendments would consist of two which I think, with Mr. Reynolds' assistance, would cover off the timing problem that we had. We thought in the preamble we would add the words: whereas the board of the Lethbridge General and Auxiliary Hospital and Nursing Home District No. 65 was disestablished by Order in Council 159/95 on March 15, 1995, and its affairs were taken over by the Chinook regional health authority.

Then in the definition section where we refer to the definition of the word "Board," instead of "the Lethbridge General and Auxiliary Hospital and Nursing Home District No. 65" we'd substitute there "the Chinook regional health authority." Because of that order in council, you see, the affairs of the former board were taken over by the CRHA. I think those technical amendments should cover off the timing problem.

So with that, I'll leave the legal matters and turn over to Ms Karl to tell you about the society itself.

MS KARL: Okay. We're about 1,100 strong; that means there were 1,100 nurses that graduated from the Galt School of Nursing. At this time we're in contact with about 850. We send out a newsletter yearly to these members. We became a society in 1980, and our purpose is mainly to keep alive the history of the Galt School of Nursing. We, as well, provide scholarships at the Lethbridge Community College. This past couple, three years we had made a beautiful monument in recognition of the Galt School of Nursing, and it's on the site of the regional hospital. I want to say that we were formed in 1945. This is our 50th anniversary year. We are very much looking forward to taking over this fund and administering it.

MR. ABELLS: In summary, I'd like to acknowledge and thank Clint Dunford for his sponsorship of this Bill and also acknowledge and thank Mr. Reynolds and Florence Marston for their assistance in the process.

Thank you.

THE CHAIRMAN: Thank you very much. I will invite committee members' questions. Mrs. Laing, Mr. Herard, and Mr. Tannas.

MRS. LAING: Thank you, Mr. Chairman. Welcome. With it being transferred over to the society, would that mean that you wouldn't have to continually keep coming back periodically to have your Act changed then?

MR. ABELLS: I agree to that. No one anticipated in 1986 that we would ever be back before you. You know, it was necessitated because of the change in the provincial structure. The society – and I've canvassed this with Ms Karl – as we see it or submit, has a long life to it. The youngest graduate would be approximately 30.

MS KARL: Thirty five years old or thereabouts.

MR. ABELLS: Thirty five years old. So it's something that may or may not go on in perpetuity; that's hard to say. At least it has, you know, maybe a 30- to 40-year life span, and who knows who might be the subsequent members of the society itself.

MRS. LAING: By naming who you're going to sponsor directly, would that be one of the problems that require you to come back? You know, you said the regional health authority and the Lethbridge regional hospital, and I wonder if being so specific about who you will fund is a problem with the changes and things that are happening today.

MR. ABELLS: Well, I think the society itself is focused on assisting its own graduates, and then with the 1986 legislation it was expanded to include employees of the board at that time. I think what we'd like to see is a consistency there, so the nurses employed formerly by the board are now employed at the Lethbridge regional hospital facility. It's important to the petitioner that the benefactors of the trust continue to be nurses from that facility who are employed at that facility and are graduates of the school.

MRS. LAING: Okay.

Does Royal Trust still do the actual management of the fund?

MR. ABELLS: Yes. The board has continued to retain Royal Trust to assist in managing the fund and give advice and directions.

MRS. LAING: Is that sort of the route that you would go in the future, with the financial entity looking after the actual day-to-day management?

MS KARL: Yes.

MRS. LAING: Okay. Thank you.

THE CHAIRMAN: Thank you.  
Mr. Herard.

MR. HERARD: Thank you, Mr. Chairman. Is there a potential for this fund to grow through additional donations by whomever?

MS KARL: No, there is no potential for it to grow, except just on the interest that it would generate.

MR. HERARD: I guess I'd have to ask: why not?

MS KARL: Well, the initial donation was from Sir Alexander Galt. There was no one else to donate to that fund. So it's just generating it's own interest along the years.

MR. HERARD: Okay. I was just thinking in terms of the large number of people who are alumnae, that perhaps some of them might have that interest in mind. The other thing, of course – I really hate to mention this, but I was wanting to make sure that we weren't getting into another situation where we could be looking at annuities and things like that with respect to this. So those were my questions.

THE CHAIRMAN: Thank you.

Mr. Tannas and Mrs. Abdurahman.

MR. TANNAS: Thank you, Mr. Chairman. I have a few questions. First of all, the object of Sir Alexander Galt was to of course assist nurses and to perpetuate the Galt name, which has a very proud history in the community of Lethbridge. My question is: since the Galt School of Nursing as such has closed down, have you explored any possibility of having – and I don't know how to say this – the Galt name associated with a class or a section of the nursing school at the Lethbridge Community College or the nursing faculty of the University of Lethbridge? Have you explored anything in terms of connections to continue that name and continue, of course, the good work of the money?

MS KARL: Our alumnae at this present time does give two scholarships out to the community college, and they're from the Galt School of Nursing alumnae. We didn't have these funds at this present time, so the donations that we make to these members at the community college are from our own funds that we have generated through the years and through donations. We do get a fair number of donations from our members.

10:12

MR. TANNAS: That more or less gives rise to another question. I don't know whether Mr. Herard wants to ask that again. He asked the question as to why there wasn't an addition to this Galt fund, and now you're mentioning that there's another fund which is strictly the society's. Is there going to be commingling of these two funds?

MS KARL: I would think not, no. The Sir Alexander Galt was set up to assist nurses with education, and our society has set up two scholarships at the community college. We use our funds for archives, social events like save the monument of the Galt School of Nursing. In the past we printed a history book of the Galt School of Nursing. That's what our funds would be for. There would be two separate accounts.

MR. TANNAS: All right. Truly, we're here on the Galt fund.

As I understand it, then, only a graduate RN is entitled to a scholarship. Is that so? Could someone have a bachelor of nursing degree?

MS KARL: Yes.

MR. TANNAS: The scholarship could be also for postgraduate nurses who wish to go on for their master's or their doctorate in nursing?

MS KARL: Yes.

MR. TANNAS: Okay.

The next thing is the qualification now, since there is no longer a Galt school. We don't like to talk about advancing age, but as you say, your youngest graduate would be 35, and presumably in another 25 years or so few of those will want to continue in their studies. How long does a person, a nurse, have to work at the Lethbridge regional hospital in order to qualify to get a scholarship, and must they be working?

MS KARL: Well, that question has never been posed before, but any employee – I'm sure that if you worked there for a month and if the board felt that you were entitled and you were going to put your knowledge to good use . . . One of the stipulations is you must come back to the regional hospital and be employed there for one more year.

MR. TANNAS: So it's a bursary then. It's a scholarship and bursary, where there's a hook attached to it.

Okay; I think those are the questions I have. Thank you.

THE CHAIRMAN: Thank you.

Mrs. Abdurahman.

MRS. ABDURAHMAN: Yes, for clarification. In the definitions we're making reference to the board of the Lethbridge general auxiliary hospital, and we've been talking about the regional hospital. I'm not clear in my own mind, because my understanding is that they're not a legal entity anymore, yet here we have in legislation a definition of something that isn't a legal entity.

THE CHAIRMAN: I think that was addressed in the proposed amendments. The proposal was to recognize the fact that the Lethbridge board is now rolled into the RHA, and then from that point on, the board referred to will be the RHA.

MRS. ABDURAHMAN: And legally that is an acceptable way to go?

THE CHAIRMAN: I don't see anything wrong.

Mr. Reynolds.

MR. REYNOLDS: Perhaps I'm not understanding.

MRS. ABDURAHMAN: Well, what I'm trying to get clear in my mind is that because there's a specific direction of where the moneys would be awarded, which was the board of the Lethbridge general hospital, and the regional health authority becomes the board, would this legislation definitely be limiting in the direction of where those . . . Are you following me?

THE CHAIRMAN: Yeah, I understand. Actually, I had the same questions.

MRS. ABDURAHMAN: It then goes beyond that. I'm optimistic that people are going to see the light eventually, and 25 years from now we'll start to see some of these wonderful nursing schools return. I don't have the same concern as some of my colleagues do, but I just want to make sure that the spirit, the intent of the scholarship indeed will continue.

THE CHAIRMAN: Let me rephrase the question, and if you don't feel that I'm asking it, fine, then you ask it again. My question was

going to be along the same line. Is it reasonable to specify that they must be employees of the Lethbridge regional hospital when in fact there really won't be employees of the Lethbridge regional hospital? Everyone will be employees of the regional health authority, some of whom may work in the building now known as Lethbridge regional hospital.

You talked about someone who wanted to upgrade their education and agreed to come back and work in that same building. Well, it may well be that they're working in that building now, they upgraded their education, and there is another role for them within the RHA that isn't in that specific building. They might be in another building within the city of Lethbridge. Wouldn't it be more reasonable to specify this for people who are practising nursing in the city of Lethbridge, you know, if you want to limit it so that it's not into the whole RHA? But I think that over time, the buildings that now are identified as entities will lose that entity. There is an RHA that is responsible for health care in the region and whether the individual is working in building A, building B, or building C, they're still employees of the Lethbridge RHA. Is that basically what you're saying?

MRS. ABDURAHMAN: Exactly, Mr. Chairman. But I would like to take it beyond that and put it to the petitioners: what if the actual facility, the physical facility, closed?

THE CHAIRMAN: Exactly. That could certainly be the case.

MRS. ABDURAHMAN: The spirit of what you're attempting to do, I think, would then be questioned.

MR. ABELLS: We understand the question and the concern too. We thought about it and addressed it. There is always the possibility that there may be other buildings in Lethbridge where nurses are employed to do nursing. The facility which is now known as the Lethbridge regional hospital may cease to exist, and that's quite a possibility. I think that the major focus is to ensure that nurses employed as nurses in Lethbridge, because that maintains the spirit of Sir Alexander Galt's wishes, would qualify.

MS KARL: We feel that the fund was set up to help the Galt School of Nursing and the graduates of the Galt School of Nursing. But in 1986, I think it was, they opened it up to employees of the Lethbridge regional hospital. If we're able to manage the fund, it will be just for those employees employed at that one facility even though there is the regional board. That's why we petitioned to get this fund for our alumnae to run it, because it wasn't set up for employees at the St. Michael's facility or the Cardston facility or other facilities. It was set up for the Galt School of Nursing and employees of the Lethbridge regional hospital.

THE CHAIRMAN: But what if the Lethbridge regional hospital doesn't exist a year from now? I'm not saying that that's the case, but Mrs. Abdurahman is correct: at some point in time decisions could be made that that facility is closed and relocated to another site or amalgamated with something else. Who knows what's going to happen?

MR. ABELLS: Well, that's a possibility, because in the last 10 years we've seen the destruction of the old Lethbridge hospital and the erection of a multimillion dollar new facility. I think this new facility has quite a long life to it, probably as long as the society is going to exist. I think that's what they'd probably submit to the

committee. So while the question is relevant, I think the petitioner is saying that there's likely to be longevity to both the facility and the society sufficient enough that we probably won't be back here for another 20 to 30 years.

THE CHAIRMAN: Any other questions?

Mr. Reynolds, you have a very brief one?

MR. REYNOLDS: Indeed, I hope it is, Mr. Chairman. I just wanted to confirm that the Galt School of Nursing Alumnae Society is incorporated in some manner. Perhaps you could expand on that.

MR. ABELLS: Yes. We brought proof of that for you if you wish to see it. It was incorporated as a society under Alberta law, July 11, 1980.

MR. REYNOLDS: You have bylaws, et cetera, for the organization?

10:22

MR. ABELLS: Yeah. I reviewed those this morning, and part of the object of the society is to receive and administer scholarships, which I was pleased to see. Their bylaws are in accordance with Alberta law.

MR. REYNOLDS: Thank you. That's my question, Mr. Chairman.

THE CHAIRMAN: Thank you.

Seeing no other questions, then, I want to thank you for coming. We will not be making our final decision today. We will be meeting towards the end of the month and considering all of the Bills brought forward at that time. Once we have made a final decision as to whether this Bill should proceed, we will be advising you. Over the next while would you be sure and be in contact with Mr. Reynolds with respect to the amendments? I assume that you already have been in contact. Are you comfortable with the amendments at this point in time?

MR. REYNOLDS: Well, Mr. Chairman, I think they'd be in a form that could be presented to the committee in two weeks. I could certainly confirm the wording with Mr. Abells after I've reviewed the *Hansard* transcript, but we're in agreement basically with the amendment.

THE CHAIRMAN: Well, the committee will be meeting again on the 26th of April, and that wording must be finalized by the time we meet again; okay?

MR. ABELLS: That won't be a problem.

THE CHAIRMAN: Okay.

Mr. Tannas.

MR. TANNAS: I wanted to go back to the question of the scholarship bursary. Right now I can understand that the Galt School of Nursing society has a particular point of view. In the awarding of the scholarships and the terms attached thereto, do you take any input formally or informally from the regional hospital authorities?

MS KARL: No, we don't.

MR. TANNAS: I'm still worried a little bit about the question that I think Mrs. Abdurahman pointed out. What happens to a person who receives your scholarship because she – presumably a she. A nurse working at the regional goes in, takes graduate or postgraduate work, comes back, and the regional health authority says, "We want you to be the nursing administrator of St. Mike's." Now she has to pay back the scholarship.

MS KARL: Well, that's a hard question to answer. I'm sure they would have to. According to the Galt endowment fund, they would have to be employed for one year. That was set out. Because there have been so many changes in the running of the hospitals in the last few years, that may be one the amendments we may have to make as we administer this fund. At this point we have never thought of that. I guess we're proud to be Galt alumnae graduates, so we just want to work in the place where we feel good, and if they've helped us, we feel we should be dedicated to them as well.

MR. TANNAS: All I was getting at is that maybe the person involved, not through a willful part of their own – if they decide they want to go to Grande Prairie or something, okay, they have broken the contract. This way, the contract so far as the scholarship could be broken for them by the lawful authority of the employer that they left in order to take the scholarship: after secondment or whatever, leave of absence, they're posted somewhere within their governance but not at the building that you want them in.

MS KARL: I understand that too.

MS HANSON: I just wanted to say something very briefly. In the climate for employment for nurses today there's always a possibility that the graduating nurse might not get a job. There might not be space at the hospital. Through that, there's something for you to consider.

MS KARL: Well, she will be employed there before she could apply for any funding from the Galt endowment fund, so her job would be secure for her if she went off to take whatever.

MS HANSON: That would have to be a condition – wouldn't it? – given these times when the job could disappear while she was at university.

MS KARL: Yes. But I know our administration would hold that job for her. I know that.

THE CHAIRMAN: Mrs. Abdurahman had a question.

MRS. ABDURAHMAN: It's not so much a question, Mr. Chairman, as a suggestion. I would think that it would be very appropriate and essential that there is a communication directly with the regional health authority because of the historic changes that are taking place. The intent of the scholarship is excellent, and the intent of the person coming back within that employment circle is a good one as well, but we have to acknowledge that things have changed. Without that communication with the regional health authority, I think we could see some difficulties in the future.

THE CHAIRMAN: But we do have communication from the regional health authority. They have written correspondence . . .

MRS. ABDURAHMAN: Specifically on that.

THE CHAIRMAN: They indicated that they have no objection to these funds being administered by the society.

MRS. ABDURAHMAN: I was speaking about the continuance of employment for that one year as a condition of the scholarship or the grant, just that specific portion. I think there should be a direct communication on that.

THE CHAIRMAN: Well, I think that would be the day-to-day operational bylaws of the society as they administer the funds. I'm not sure that that would be part of this Act.

MRS. ABDURAHMAN: Mr. Chairman, I'm obviously not expressing myself well enough. There was a condition attached that you would return for employment for another year.

AN HON. MEMBER: It's not really attached.

MRS. ABDURAHMAN: But I'm hearing that as a condition, if I was hearing correctly.

MR. ABELLS: It may be contemplated. I'm not sure that these are necessarily now cast in stone, you know. I think the society has to have an opportunity to feel out what is best in the Act. The Act does provide that it's enabled to make rules governing such things.

MRS. ABDURAHMAN: And it's that rule that I was . . .

THE CHAIRMAN: Just a final comment. I want to remind all committee members that this is a fund that was created by private donation. The society does not solicit public funds, public donations to this fund. They are administering a fund that was set up many, many years ago, and there are no public dollars involved. So really the only issue we have here is deciding who should be responsible for administering that fund. Historically the society has had a strong influence on the disbursements of the proceeds of that fund, and at this point in time, in light of the changes from a regional health point of view, they want the legislation changed to reflect their ability to continue to control the administration of that fund. I think that pretty much sums up the reason for the petition. How they choose to administer that fund, although it makes for interesting discussion at the meeting, really is not our business. That's their business.

MRS. ABDURAHMAN: Mr. Chairman, I would hate to beg to differ with the chair, but the content of the private Bill, I would suggest, is the business of the membership of this committee. That was where the concern was coming from.

THE CHAIRMAN: All right. I see no more comments then.

With that, I thank you for coming. As I indicated, Mr. Reynolds will be in contact with you with respect to the decision of the committee. I wish you a safe trip back home.

MR. ABELLS: Thank you very much.

THE CHAIRMAN: Committee members, this concludes the agenda for today.

Just before I entertain a motion to adjourn, I'll remind all committee members that the committee does not sit next week, but we will be sitting two weeks from today. At that time we will be discussing each of the Bills that has come forward, so it's imperative that we have a good turnout at that meeting. I would recommend

that members from both caucuses make a point of talking up that meeting and ensuring that we have as close to a hundred percent as possible at that meeting, because I think we need to be sure that all committee members are involved in the discussion regarding the disposition of the Bills.

With that, then, I will entertain a motion to adjourn. Mr. Pham. All in favour?

HON. MEMBERS: Agreed.

THE CHAIRMAN: Opposed? Carried.

[The committee adjourned at 10:30 a.m.]

