

## Standing Committee on Private Bills

8:30 a.m.

[Chairman: Mr. Renner]

THE CHAIRMAN: I'd like to call this meeting to order. This is the regular meeting of the Standing Committee on Private Bills. The first item on the agenda this morning is the actual approval of the agenda.

Before I have a motion to approve the agenda, I would like to ask that the order that the Bills be dealt with in agenda item 4 be changed. I would like to deal with Bill Pr. 2, the Covenant Bible College Tax Exemption Act, first. With that change, I would entertain a motion to approve the agenda.

MR. TRYNCHY: So moved.

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

The next item of business is the approval of two sets of minutes. First of all, I'd like to welcome Ms Marston back to our meeting.

MS MARSTON: Thank you.

THE CHAIRMAN: In your absence we didn't deal with two sets of minutes.

MS MARSTON: We tried for three but ended up with two.

THE CHAIRMAN: Let's deal with them one at a time. The meeting of Tuesday, March 19, a motion to approve the minutes.

MR. BRACKO: So moved.

THE CHAIRMAN: Mr. Bracko. Any errors, changes, or deletions? All in favour? Opposed? Carried.

Next: Tuesday, March 26, 1996, a motion to approve. Mr. Nicol. Any discussion? All in favour? Opposed? Carried.

We move to item 4, Private Bills. Bill Pr. 2, the Covenant Bible College. If you'll refer to your information packets, you'll see that we've received a letter from Mr. Neil Josephson of the Covenant Bible College requesting that we defer further discussions on this Bill. They wish to pursue some possible amendments with their solicitor over the summer and would like to bring this Bill back to us in the fall session. If the committee is in agreement with that, I would entertain a motion to defer discussion until fall. Mr. Langevin. Any discussion? All in favour? Opposed? Carried.

We'll move, then, to Bill Pr. 5, Farmers' Union of Alberta Amendment Act, 1996.

[Nancy Kortbeek, Ron Leonhardt, Marsha Manolescu, and Ron Sczinski were sworn in]

THE CHAIRMAN: Good morning, everyone. I'd like to welcome you to the committee. This is the Private Bills Committee. It consists of members from both government and opposition sides of the House. We have a pretty good geographic distribution on the committee as well, representatives from right across the province. The meeting itself is, well, formal in that *Hansard* is present, and everything from the formality of that perspective would hold. We normally don't ask the presenters to rise while they're speaking. You can feel free to remain in your seats. We're going to give you an opportunity just to explain the reason for petitioning the Legislature and the reasons why you're asking for this Bill, and we then will have an opportunity for committee members to ask any questions of

clarification or concern they might have. Before we do, I would like the committee members to introduce themselves so you have a bit of an idea who we are and where we're from.

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

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

MRS. FRITZ: Yvonne Fritz, Calgary-Cross.

MR. AMERY: Moe Amery, Calgary-East.

MRS. LAING: Bonnie Laing, Calgary-Bow.

MR. LANGEVIN: Paul Langevin, Lac La Biche-St. Paul.

MR. STELMACH: Ed Stelmach, Vegreville-Viking.

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

MR. BRACKO: Len Bracko, St. Albert. Welcome.

DR. NICOL: Ken Nicol, Lethbridge-East.

MR. ZARIWNY: Al Zariwny, Edmonton-Strathcona.

MRS. GORDON: Good morning. Judy Gordon, Lacombe-Stettler.

THE CHAIRMAN: And I'm Rob Renner. I'm from Medicine Hat.

The rest of the people at the table here you've probably spoken with on the phone if not met in person. Rob Reynolds is Parliamentary Counsel, Earl Evaniew helps him out in the Parliamentary Counsel office, and Florence Marston is our administrative assistant.

The process for private Bills is that you have petitioned the Legislature and asked for a Bill to be passed on your behalf. That petition was received by the Legislature. It's then referred to the committee. The committee reviews the petition to make sure it's in order. In your case it was. Then the Bill is drafted, and it receives first reading in the House. After first reading, it's referred back to this committee for our consideration.

The purpose of this committee is to consider your Bill and to make a recommendation to the Legislature on what the process should be for your Bill, and we can make three decisions. We have three options to take back to the Legislature. We can recommend that the Bill proceed as is, we can recommend that the Bill not proceed, or we can recommend that the Bill proceed with amendments. That's the purpose of today's meeting, to help us arrive at that decision.

With that, then, I'll turn it over to whoever wants to be the spokesperson for the group. You can feel free to give us a little bit of background information about the Bill and why you feel it's important that this Bill be passed on your behalf.

MR. LEONHARDT: Good morning, Mr. Chairman, hon. members of the Standing Committee on Private Bills. On behalf of Unifarm, I respectfully introduce this petition before you. My name is Ron Leonhardt. I'm a grain producer from the Drumheller area, and I am a member and the elected president of the organization.

Twenty-six years ago Unifarm was formed under the existing Farmers' Union of Alberta Act. This Act gives special meaning to every producer in the province because it means that the government of Alberta recognizes the need for a general farm organization in the province. Over the years the organization has been of benefit to the

well-being of agriculture in this province, and it also has enhanced and strengthened Alberta's position in agricultural policy in Canada. We have been a member of the Canadian Federation of Agriculture, and as such, we have been able to present Alberta's views in a national setting.

You'll appreciate that over the years many changes have taken place in agriculture, and there was a feeling within our organization that the time had also come to examine our own structure. So at the 1994 annual convention of our organization, held in January, a resolution was passed instructing our board to begin examining the structure of the organization and to possibly decide on a name change and other changes that might be required. During the summer of 1994 we held 16 meetings across the province. There was a total attendance of about 500 people at those 16 meetings, and we spoke there about the possibility of a name change. We reported this back to the 1995 annual convention, and we were asked to continue to examine the issue.

**8:40**

In the summer of 1995 we had a council meeting composed of 33 people, and this meeting instructed the board to propose a new name, a new structure, and necessary constitutional changes and to present these to our annual convention in January of 1996. These proposals were brought forward by the restructuring committee. They were put in our official publication that goes out to all our members a month before the annual convention, and we proposed to open that convention to all members as well as delegates. We have about 150 delegates attending the convention. Those delegates unanimously agreed to open the meeting to all who were attending. We had about 300 people in attendance. Those 300 people approved a new name, they approved a new structure, and they approved some changes to the constitution.

I want to emphasize to you that for the past two years we've gone through a comprehensive restructuring process. We're coming here today to ask you to grant the changes that will amend the Act that will allow us to change our name. It will clarify the structure of our organization. We're a producer-driven organization, we're producer funded, and we're supported financially by voluntary membership.

The two main changes we're asking for, of course, are a change in our name and we also want to clarify the fact that we are a nonprofit organization. There is one clause in the Act of 1959 which stated that we were able to distribute dividends to our membership. That has never occurred and it will never occur, and we are proposing today to make a change there so it will certainly clarify that position. We have always been a nonprofit organization and will continue to be that way. We have an audited financial statement made available every year to our membership at our annual meeting.

I want to emphasize that what we have done is restructure the organization within the present Act. I want to assure you that our organization is going to continue to strive to create an atmosphere of communication and co-operation between producers and to ensure that areas of common concern are dealt with in the best possible manner and to the benefit of agriculture as a whole. Our aim is to make sure there is producer input whenever there are decisions made which affect the agricultural industry. So on behalf of Unifarm we're requesting that you give consideration to granting the petition to amend the Act.

I would like to introduce Ms Nancy Kortbeek, who is our legal counsel. She would perhaps want to add something to what I have said.

I appreciate very much the opportunity to make this presentation today. Thank you.

MS KORTBEEK: Good morning. As Mr. Leonhardt said, my name

is Nancy Kortbeek. I'm from the law firm Reynolds Mirth. I just want to supplement Mr. Leonhardt's comments from a legal perspective. Now, there are two main concerns from a legal perspective: first of all, authorization, that the amendments have been duly authorized, and secondly, the nature and the relevance of the amendments.

From the authorization standpoint, as Mr. Leonhardt said, there was a meeting in January where the amendments were proposed and consented to by all members present. Now, there is no provision in the Act which states the requisite authorization. Usually in corporate statutes the consent required is either two-thirds or three-quarters of the members present at the meeting where the amendments are proposed. So in this case it was unanimous consent of all members present. In that meeting they agreed to change the name, they agreed to focus the objectives, they agreed to confirm that it is a nonprofit entity and ensure that all moneys are funneled towards the objects of the corporation. Finally, they agreed that each member will have a direct vote in the organization and not a vote to appoint delegates who will then vote on their behalf in the organization. Now, that deals with the authorization standpoint.

With respect to the rationale behind each of the provisions, I'll briefly address each of the provisions and give a short reason why we have included them. Now, for section 1 of the Bill, that's self-explanatory. Sections 2, 3, and 4(a) all deal with the change of name to Wild Rose Agricultural Producers. We've done a name search, and there are no confusingly similar names that appear, although there are some names that use the words "wild rose."

Section 4(b) is the section which amends the current section 2 and adds a more focused set of objectives. The intention was to emphasize to the members that it truly is an organization for agricultural producers.

Section 5 of the proposed Bill amends the current section 4 of the Act by confirming that the corporation has the "rights . . . of a natural person." Now, the rationale behind this is that private Act corporations are unique creatures at law. Many people don't have a lot of familiarity with them, particularly because they're not covered by either the Companies Act or the corporations Act. The Companies Act provides a whole host of powers to companies incorporated under that Act, and it lists them all. The Business Corporations Act provides that a corporation incorporated under the Act has "powers . . . of a natural person" subject to the terms of that Act. What we've done is adopted that latter format, and that's why we've included that provision in there. The reason for that is to ensure they can contract and do what normal entities at law can do notwithstanding it's a private Act corporation.

Now, section 6 amends the current section 9 of the Act to prohibit the distribution of profits to its members. As Mr. Leonhardt said, it was never intended to be a for-profit corporation, and all moneys were always to be funneled toward the objects of the corporation. The current state of the Act does not say this, and this is a very important change they are seeking. In essence, it's a twofold test. First of all, you want to ensure that during the operation of the entity no profits are distributed, and secondly, upon the winding up of the entity no profits are distributed to its members. It is to be transferred to another corporation with similar objects.

Section 7 of the proposed Bill amends the current section 11 of the Act by deleting the specific reference to officers and directors. Generally, you don't want to reference specific names of officers and directors in a constating Act. So basically there's no substantive change in that section. It's merely to update the Act.

Section 8 of the proposed Bill amends the current section 14 of the Act, and that defines what is an extraordinary resolution. This is consistent with the change in the structure of the company in that each member has a vote for the amendments to the bylaws and the

regulation of rules governing the corporation. That's different from the current situation or the situation prior to January 1996, where the members would vote delegates in who would then vote to amend the Act.

Section 9 of the proposed Bill adds a new section, and this is the section that provides that the corporation is not governed by the Business Corporations Act, the Companies Act, or the Securities Act. With respect to the Business Corporations Act and the Companies Act, this is clear from a reading of both Acts. Both of them only apply to corporations incorporated under their statute. There's a specific exception under the Companies Act, but that doesn't apply to this corporation. So the reason for including those two statutes is just for third parties' benefit, because we are dealing with a unique creature at law. It confirms to people dealing with the company that this is a sole-governing statute; this Act is governed by its incorporating Act.

Now, with respect to the Securities Act, it's unfortunately not quite so clear. It is our position that the Securities Act does not govern this corporation, and that's assuming the amendment to section 9 occurs, and that's the section that allows distribution of profits to the members. But there is an exception under the Securities Act which exempts issuers organized exclusively for benevolent, fraternal, or charitable purposes and not for profit. It is our position that once the amendments go through, this would be that type of corporation, and therefore again clarifies to all third parties dealing with the company that this is not governed by the Securities Act in any respect.

In summary, the main changes that are most important for the corporation are the change in name, the change in focus of the objectives – and essentially that's to emphasize it's an agricultural producer type of corporation – and thirdly, to confirm it's a nonprofit entity. The other changes are for cleanup and for ensuring the parameters are clear to all third parties dealing with it.

Thank you very much. Those are my submissions.

8:50

THE CHAIRMAN: Thank you.

We also have representation from the Securities Commission. Who is going to be the spokesperson?

MS MANOLESCU: Good morning. I'm Marsha Manolescu, one of the legal counsel at the Alberta Securities Commission. This morning we're here to deal with specifically section 18, the proposed amendment that would provide for a general exemption from the Securities Act. Unfortunately, we've not had much opportunity, other than just a few moments before we came into the Chamber to meet you this morning, to discuss the proposed amendments. I think the concern the Securities Commission will raise with you is whether or not there is the necessity for this general exemption from the Securities Act. As Ms Kortbeek has indicated, there already is an exemption in the Act right now from the registration prospectus requirements for not-for-profit organizations such as the farmers' corporation that will become the wild rose producers association. The trend, if you like, is to have very limited exemptions from provisions such as the Securities Act. You will have some experience with the Alberta Wheat Pool Amendment Act, 1996. As well, in Saskatchewan that general exemption has been restricted.

There is a difference. We didn't appreciate that in fact this was a not-for-profit corporation and there would be no share structure. We noted that there was in fact very wide, broad power to set membership criteria. The share structure was not dealt with in the Bill. We wondered whether or not that was dealt with under general bylaw-making powers. We've got that clarification here. I think, though, our concern is that there is no real necessity for such a general exemption. There already is an available exemption under

the Act, and we would prefer that in fact this corporation utilizes that exemption without setting this kind of general exemption in place. If in fact they changed the nature of the corporation and went to a share capital structure and they were doing any kind of public distribution, it would be our view that they should in fact meet the requirements of the Securities Act.

I think very briefly that will outline the concern we have with respect to section 18 in particular.

THE CHAIRMAN: Thank you.

One other point of clarification. Mr. Reynolds, in my opening remarks I indicated that the petition we received was in order, and in fact we had a waiver on that. Can you just confirm that everything has been finalized?

MR. REYNOLDS: Yes. As members may recall, this is the one petition that required a waiver because the advertising had not been completed on time. The committee recommended a waiver, and a waiver was granted by the Assembly. I can advise that I have received statutory declarations from Ms Kortbeek indicating that the advertising occurred on March 5 and March 12 in the *Edmonton Journal* and in the March 15 edition of the *Alberta Gazette*. So all the requirements have been met.

THE CHAIRMAN: Thank you very much. I'll now turn it over to the committee. I would like to remind the committee – not to stifle debate – that we have one more group to deal with this morning and we have to be out of this room by 10 o'clock. But I do want people to ask some questions.

MR. TRYNCHY: A question on section 6. On page 3, (3), you say that if there are any funds left over they be “transferred to some other institution or institutions, having objects and purposes similar or complimentary.” That could be anybody and anything. Could you be more specific in this thing, such as that they could be held in trust until an organization complementary to the farm issue would take over. I support what you're doing, but I'm just thinking that in there you could give it to anybody or any other firm that might lean the same way you do but not precisely the same way. Could that just be strengthened there?

MS KORTBEEK: Thank you, sir. The concern with that is that it is unlikely there will be an organization exactly the same as this particular organization, just with the way nonprofits are set up. If it can go to any type of organization dealing with farming in any general sense, that would be better than it going to the members of the corporation. Generally when you include those kinds of paragraphs in constating documents or in certain statutes, you want to make it general enough so that it can be met.

MR. TRYNCHY: My supplementary, then, would be: if you were to wind up the organization, would the windup have a vote of its members where these funds could flow? Would that take place?

MS KORTBEEK: You have to seek the consent of the members in order to wind up, particularly a private Act statute. So that would be part and parcel of that consent. The members, if they didn't agree with where these moneys were going to be transferred, wouldn't give their consent. It's almost an indirect way of ensuring that the moneys are going toward useful purposes.

MR. TRYNCHY: Okay. So there's protection there.

MS KORTBEEK: Yeah. Ultimately, it comes down to the directors.

MR. TRYNCHY: Thank you.

THE CHAIRMAN: Mr. Herard.

MR. HERARD: Thank you, Mr. Chairman. As the Farmers' Union of Alberta sits today, can you give me some idea of its situation with respect to assets and liabilities? I guess what I'm looking for in particular is: how does the new wild rose agricultural products organization earn its income?

MR. LEONHARDT: The income comes directly from members, voluntary membership in the organization. That's the only source of income. We do own an office building in Edmonton, and that's the only asset we have. Other than that, the organization doesn't have, I can assure you, a lot of assets. It's a struggle to meet our financial commitments and so on. Anytime there has been any surplus in the organization – and that has occurred on a few occasions – it's simply been carried forward into the next year's operation. So there are not a lot of assets involved. We have a building, that's all. Like I say, our income comes from voluntary membership in the organization. Producers pay a hundred dollars a year to belong to the organization.

MR. HERARD: So the organization does not get itself involved in sales and marketing and buying and selling and generating revenues?

MR. LEONHARDT: No.

MR. HERARD: Okay. Thank you.

THE CHAIRMAN: Any other comments, questions?

I would like, then, to just address this situation and the concern that has been raised by the Securities Commission. It sounds to me that if the two groups perhaps sat down and had a little bit more time to discuss the situation, there might be some reasonable common ground. I understand the wild rose producers feel that since the organization is a nonprofit organization, it would already qualify for the exemption under the Securities Act. The Securities Commission has indicated that the same thing is true. But I guess the concern that has been raised is that should the organization at some point in time decide to go beyond where they are at present, the universal exemption could then possibly pose a problem. In the immediacy there is no problem, but somewhere down the road, should your membership decide for whatever reason that it would be advisable to issue some type of share offering, then the blanket exemption from the Securities Commission could be a problem. I wonder if you might address that or, probably even better, be prepared to get together with the Securities Commission in the next couple of days to resolve that and perhaps come up with some wording or a possible amendment that would address that situation.

9:00

MS KORTBEEK: Certainly.

THE CHAIRMAN: I think that would probably be the best way to deal with it. It doesn't appear to be that serious a problem, yet I think it's something we may want to address. Just for your information, this committee will be meeting a week from today to deal with each of the private Bills that have been before us this session, and our intention is to make our final decisions at that time. So if you would put that meeting on a fast track and advise Mr. Reynolds on the outcome of that meeting, then it could be dealt with by this committee next week. Okay?

MS KORTBEEK: Okay. That sounds good.

MR. REYNOLDS: A few points for clarification here. Just so members of the committee are aware of the distinction given that the next matter refers to another Bill in which the Securities Commission has an interest, it's safe to say that the proposal with respect to the Farmers' Union of Alberta Amendment Act, 1996, relates to a company that would be a nonprofit corporation that would not issue shares. That's my understanding, and certainly that's what the Bill would say.

Secondly, with respect to the resolution, I realize that you refer to it in your material. I was wondering if just for our records it would be possible to provide us with a copy of that resolution. If that could be done before the end of the week, that would be much appreciated. Likewise with any possible amendment, if you could advise me or if there's any role our office could play by the end of the week also, given that the meeting of the committee is scheduled for next Tuesday and that's when decisions will be made, that would be most appreciated.

Thank you. Those are my points, Mr. Chairman.

THE CHAIRMAN: Thank you.

MR. TRYNCHY: Just a quick question. You don't have any liabilities?

MR. LEONHARDT: We have an operating loan at the bank, and they take security on the building to cover the operating loan.

MR. TRYNCHY: And the value of the building?

MR. LEONHARDT: The value of the building is probably about \$300,000. We have a \$100,000 operating loan that we use from time to time. Our membership tends to come in at one time in the year because our membership tends to sort of expire. So we do have a surplus part of the time, and then we are running a deficit part of the year.

MR. TRYNCHY: So your liabilities are only the bank loan against the building.

MR. LEONHARDT: Yes.

MR. TRYNCHY: Thank you.

THE CHAIRMAN: Any other questions? Well, I see none, so I thank you for coming out this morning. I would encourage you to get together as quickly as possible. It doesn't sound like it should be too difficult to resolve the problem. Then get back to Mr. Reynolds as soon as you have that resolution and we can deal with it next week.

MS KORTBEEK: Thank you very much.

THE CHAIRMAN: Thank you.

We'll now move on to Bill Pr. 1, the Alberta Wheat Pool Amendment Act, 1996. We'll have a brief intermission while we change the presenters.

I think we're about ready to get started. First of all, I want to welcome everyone back to the committee again. My understanding is that everyone who is with us today was also with us the last time we dealt with this Bill. Is that correct? Okay. The reason I was asking is that that being the case, all of you were sworn in at the last meeting, and I would advise you that you should all consider yourselves still under oath. Ms Manolescu was just sworn in about half an hour ago, so you, too, are advised that you should still

consider yourself under oath.

At our last meeting, if I'll refresh everyone's memory, we dealt with this Bill, and there were concerns raised by both the Securities Commission and Municipal Affairs with respect to the Bill. The committee asked that the parties get together and try to resolve those concerns, and there has been information circulated to the committee with respect to both those concerns and possible amendments the committee may want to consider to deal with those concerns. That's the reason we're here today.

I think the best way to approach it is to turn it over to . . . Mr. Mack, are you going to deal with these, or Mr. Riddell? I'll turn it over to you, and you can explain to the committee your proposals and how you feel you have been able to address the concerns of both parties. Then I'll ask both Municipal Affairs and the Securities Commission to make some brief comments and we'll again turn it over to the committee.

Mr. Riddell.

MR. RIDDELL: Thank you, Mr. Chairman. Good morning, ladies and gentlemen. The chairman is correct. There were two outstanding issues, one with Municipal Affairs and the second with the Securities Commission. We have worked with both those groups and worked out solutions.

The Securities Commission has been satisfied with an amendment which was sent to Parliamentary Counsel and an undertaking as referred to in the amendment. May I ask if you've received that?

THE CHAIRMAN: Yes.

MR. RIDDELL: Okay.

9:10

THE CHAIRMAN: We received that. It's a letter from MacKimmie Matthews dated April 7. We don't have a copy of the undertaking itself.

MR. RIDDELL: Okay. I'll ask Mr. Mack to review the actual wordings and the agreements that we have worked out with these two groups.

MR. MACK: Thank you, Dale. Good morning. As Dale mentioned, the April 7 letter from MacKimmie Matthews, which has been distributed to the committee, sets forth an amendment to section 39 of the Alberta Wheat Pool amending Act. That subsection in substance says that the exemptions from the Securities Act provided for in that section are subject to a written undertaking given by the Alberta Wheat Pool to the Securities Commission. I can advise committee members that we have prepared such an undertaking, have reviewed it with the Alberta Securities Commission. Our understanding is that they are content with the substance of the undertaking.

With respect to the Department of Municipal Affairs, we did meet with them and had a good session. We explored their concerns. As the result of that, we suggested an amendment to new section 18 of the Alberta Wheat Pool Act, the substance of which is to say that if Alberta Wheat Pool wishes to make bylaws which would permit it to issue shares outside its employee or member group or certain persons closely connected with that group, then two things would need to happen. The first is that the bylaw permitting this exceptional share issuance would have to be approved by three-quarters of the delegates instead of the normal three-fifths. So a stronger majority of the delegates would need to support it. The second thing we've agreed to is to provide that any such exceptional share issuance would also require the approval of the minister

appointed to administer the Co-operative Associations Act.

So in summary, if Alberta Wheat Pool wished to issue shares to this investing group, you might choose to call them, not only would they need a stronger majority of their delegates in support of it but they would also need to satisfy the minister that this was being done on a basis the minister finds acceptable. Most of the substance of the amendments – would it be helpful if I reviewed the undertaking to the Alberta Securities Commission?

THE CHAIRMAN: I think it probably would be good to summarize it, yes.

MR. MACK: The undertaking to the Alberta Securities Commission really says three things. It says firstly that Alberta Wheat Pool will not issue a security without going through Securities Commission approval process unless the security is in the nature of a share issued to a described group of people outlined in the undertaking or, alternatively, is in the nature of indebtedness of Alberta Wheat Pool under its member loan program or employee savings program, both of which are long-standing programs that have been operative for a number of years.

Secondly, the undertaking goes on to say that Alberta Wheat Pool will not expand or enlarge its eligibility for membership unless it also satisfies the commission that that's in order. To digress on that one for a moment, a concern expressed at the previous hearing was that the ability of the pool to regulate membership criteria through its bylaws might permit Alberta Wheat Pool to in effect do a public offering without calling it such, and that would be because it would, for example, define its membership criteria so liberally as to permit virtually anyone to become a member. As I understand the pool's intent, that is not their intent. So we've given the Securities Commission this undertaking, that we would not use our membership criteria as an indirect public financing vehicle.

The third undertaking Alberta Wheat Pool has proposed to the Securities Commission is that if Alberta Wheat Pool undertakes any other activity which would make it a reporting issuer under the Securities Act, then it would comply with the usual requirements of the securities legislation.

So in summary, the undertaking deals with three things. The undertaking says that the Wheat Pool will not issue securities except certain types of shares to certain types of people who are closely connected with the organization, or unless the security is in the nature of indebtedness under the Wheat Pool's member loan or employee savings program. The second thing the undertaking does is to give the Alberta Securities Commission the ability to examine the criteria for membership, and the third thing the undertaking does is to say that if we in some other way become a reporting issuer under the Securities Act, then we will deal with the usual requirements of that result.

The schedule to the undertaking describes what Alberta Wheat Pool's current criteria for membership are under its bylaws as recently passed, and a schedule in the undertaking also describes the persons to whom shares can be issued. Again, to speak generally, it is people who are either members, associate members, or employees of the pool or persons within their immediate family.

THE CHAIRMAN: Mr. Mack, can you briefly discuss your letter of April 10 regarding the status of the undertaking?

MR. MACK: Certainly, Mr. Chairman. Thank you. I understood that some committee members were questioning whether or not it would be a useful thing to put the text of the undertaking in the Alberta Wheat Pool Act itself, and we were given to understand it might be helpful if we were to explain why that hadn't been done.

We didn't do that really for two reasons. First of all, the Securities Commission currently enjoys direct supervisory jurisdiction over Alberta Wheat Pool. Putting the undertaking in place as we've proposed it simply maintains that direct supervisory jurisdiction insofar as the undertaking itself goes. So the Securities Commission currently has the ability to tell us the way in which we can deal with the public, and within the scope of the undertaking, it maintains the same jurisdiction. That's the first point.

The second point is that we felt it would be inappropriate to include the text of that undertaking in the legislation, because if we wished to do something outside the scope of the undertaking, we would be put in the position of having to come back for an amendment to the Alberta Wheat Pool Act which would be unlike the situation other corporations would find themselves in. Other corporations in that situation would simply deal with the Securities Commission and comply with the requirements. We would not only have to do that; we would also have to come back before you and explain to you why that's being done. I can think of no reason why the public interest needs to be served in that way. My view is that maintaining the supervisory jurisdiction of the Securities Commission the way the undertaking has defined it is enough to protect the public interest, and that's the reason we proposed it that way.

THE CHAIRMAN: Thank you.

MR. MACK: Thank you.

THE CHAIRMAN: Mr. Palovcik, do you have any comments regarding the amendment proposed to address the concerns of Municipal Affairs?

MR. PALOVCIK: Thank you, Mr. Chairman. Good morning, ladies and gentlemen. At the previous hearing we identified several issues that were of concern to us and that we wanted to raise. The two major ones, of course, dealt with the issuing of shares or the authority to issue shares under section 18 of any type and kind beyond what we understood had been authorized, and the second one related to provisions relating to exemptions from the securities legislation. Both of these issues have now been addressed or there's a proposal to address them, and if these amendment proposals are incorporated in the legislation, then the AMA is prepared to support the requested amendments to the Alberta Wheat Pool Act.

THE CHAIRMAN: Ms Manolescu, would you like to comment on the Securities Commission proposal?

MS MANOLESCU: Thank you. The concerns expressed by the Securities Commission we feel have been properly dealt with in the form of undertaking that is being offered by the pool. As well, the addition of subsection (5) to section 39 will confer, in effect, statutory authority for that undertaking and will make it irrevocable unless there is consent by the Securities Commission to whatever changes the pool might choose to propose in the future. Without the amendment in sub (5), an undertaking would be left without a lot of authority in terms of the provisions of section 39 outweighing it. So with the undertaking and that proposed amendment, that will satisfy, we feel, our concerns.

9:20

THE CHAIRMAN: Thank you.

I'll turn it over to the committee. Do you have any comments or questions?

Mr. Herard.

MR. HERARD: Yeah. Mr. Palovcik, you indicated that if the changes are incorporated in the legislation, you'd be happy with it, but we just heard that they won't be with respect to some of these things now. Did you really mean that, or are you satisfied that the undertakings are put into the overall context of what is happening here to satisfy your concerns?

MR. PALOVCIK: If you're referring to the undertakings, yes, that would satisfy us. There are, as we understand it, some provisions going into the Bill, and those would be satisfactory from our standpoint. We're basically deferring on securities issues to the Securities Commission. Our main issue was the provision under section 18 allowing the Wheat Pool by bylaw to issue any type and kind of share when it was our understanding and the representations that had been made all along were that all they wanted to do was issue shares to members and employees and family members. Our main concern was that given the broad, open-ended legislative mandate with no further supervision, the pool could very easily in a short period of time go public and that would have no supervision whatsoever. So our major concern or our major issue has been addressed and is being addressed by a proposed amendment. The securities issue: if the Securities Commission is satisfied, then we're satisfied.

MR. HERARD: Thank you.

THE CHAIRMAN: Any other questions from the committee? Mr. Evaniew, do you have any clarification points to make?

MR. EVANIEW: Thank you, Mr. Chairman. I have one question for Mr. Mack. Mr. Mack, you've indicated that the form of the undertaking has been reviewed with the Securities Commission. I wonder if you could tell the members: when does the Alberta Wheat Pool intend to actually give this undertaking? It's my view that it would have to be given before this Bill is ever passed. Can you comment on that?

MR. MACK: Yes. Thank you. Mr. Chairman, we agree with Mr. Evaniew's view. For it to have any meaningful context, the undertaking would have to be in place before the amendment is passed. Otherwise, theoretically we could be in the position of having the broad discretion the section gives us without having the undertaking in place. It is our intention to give that undertaking before the amendment is passed.

MR. EVANIEW: Will you be able to provide Parliamentary Counsel with an undertaking before next Tuesday?

MR. MACK: Yes.

MR. EVANIEW: Thank you.

THE CHAIRMAN: Any other questions?

MR. STELMACH: Just a quick question. The letter we received says: "to add the following subsection to new section 18 of the Act." Then it's sub (4), but in the new section in the Act you have 18(1) and there are no (4) subsections there. Is that supposed to be (1)?

MR. EVANIEW: Perhaps I can comment on that, Mr. Stelmach. This is a proposed subsection (4). If you look at the Bill, this would be subsection (4) of section 18, but it's section 6 of the Bill. This would be an amendment to section 18 of the Act as it presently exists. It's under section 6 of the Bill you're holding.

MR. REYNOLDS: Mr. Stelmach, it's page 5 of the Bill.

MR. EVANIEW: Page 4.

MR. REYNOLDS: But I think it continues on to page 5. You end up with sub (3).

MR. STELMACH: Page 5 of this Bill?

MR. EVANIEW: Yes.

THE CHAIRMAN: It starts on page 4, ends on page 5.

MR. STELMACH: Oh, I see. Okay.

THE CHAIRMAN: You add it after the clause that talks about "characteristics, rights, privileges."

MR. STELMACH: So 18(1), you still have by resolution three-fifths. Then 18(4) would be: if they choose to issue shares beyond what's in the Act, then they need three-quarters.

THE CHAIRMAN: And the approval of the minister.

MR. STELMACH: And the approval of the minister. Okay.

MR. EVANIEW: Mr. Stelmach, I might also add that just from a drafting point of view – and I've discussed this with Mr. Mack – I think there would also need to be an amendment to the beginning of section 18(1), something to the effect: subject to subsection (4). Then just print subsection (4) in.

MR. STELMACH: Okay.

THE CHAIRMAN: Well, I have no other speakers on my list. As I indicated to you last time we were here, it's not our intention to make a decision on this today. We really wanted to have an opportunity to ensure that the committee had a full understanding of what you had been able to accomplish over the past couple of weeks. I congratulate both you as well as Municipal Affairs and the Securities Commission. I think you've done an admirable job of resolving any problems that were in place. The committee will be dealing with this Bill as well as the other Bills that are before us next Tuesday and finalizing our decision. I will be making a report to the Legislature subsequent to that, probably on either Tuesday, Wednesday, or Thursday of next week. At that point you'll be aware of what our decision is, and then the Legislature will have to deal with the Bill.

MR. RIDDELL: Mr. Chairman, I'd like to thank members of the Securities Commission and also Municipal Affairs. They were great to work with, and we respect what they're doing. Also for you and the members of your committee: we learned great appreciation for what you're doing in this province as well. Thank you very much.

THE CHAIRMAN: Thank you.

We then move on to the next item of business, which is agenda item 5, Other Business. I have one item I would like to discuss, and I don't think anyone will be too upset about it. I would like to propose that next week's committee meeting begin at 9 o'clock rather than 8:30. If there are any objections . . .

HON. MEMBERS: Agreed.

THE CHAIRMAN: I don't hear too many objections, so we will set

the start time for next week's meeting at 9 o'clock. That's the end of other business.

MRS. FRITZ: Mr. Chairman, under Other Business I do have an item I'd like to discuss just after the hearings today. Perhaps you might direct me as to whether or not I could have a conversation with you in regards to it and have it reviewed. I quite frankly am very concerned that the groups coming before us are not meeting with the appropriate bodies that they should be. The first Bill that was before us – the Alberta Securities Commission or the legal counsel for the commission anyway was quite clear that they had not met with the petitioners until just moments before they came into this Chamber. Quite frankly, I think that as far as process is concerned that should be looked at, because that's not the first time I've seen that with our committee.

I know that you may be working on that, Mr. Chairman, but whether you write to us as to how that . . . If there's any other change in process that can resolve that issue, I don't know. Do you have any comments?

THE CHAIRMAN: Well, I think it's a valid point. Certainly you know that Parliamentary Counsel encourages each of the petitioners to make contact with appropriate authorities on any of these Bills. I think it's sometimes an issue of timing. Sometimes people just don't understand the urgency and the necessity of it. But I think your point is well taken. Perhaps in the future we might even propose a change to the kit that goes out when someone makes an inquiry about private Bills and have a highlighted enclosure in that kit that would emphasize the need for them to discuss with regulatory authorities or affected government agencies prior to their coming to the committee.

9:30

MRS. FRITZ: Well, I appreciate knowing that you are reviewing the process in that way or will review the process as to how it can be one where groups come before us and their issues are resolved, hopefully, to the satisfaction of each rather than having it here in the chambers that they haven't and we send them away to come back again.

MR. TRYNCHY: Just following up on that, I asked the same question on March 26 in *Hansard*. I also asked a number of other questions that I asked the Wheat Pool to come back with in regards to information I thought we should have, and they haven't done it. How do we get that? It's in *Hansard*, but nobody has responded. I didn't want to ask that today, but maybe I should have. Do they respond to those questions that we've raised in *Hansard*? You might ask them as legal counsel to go through *Hansard* and respond to whoever raised the questions. They said they would, and we haven't got it. That's all.

THE CHAIRMAN: We can follow up on that.

MR. TRYNCHY: Okay.

THE CHAIRMAN: Any other comments or questions? Seeing none, a motion to adjourn is in order. Mrs. Fritz.

[The committee adjourned at 9:32 a.m.]

