

**LEGISLATIVE ASSEMBLY OF ALBERTA**

**Standing Committee**

**on**

**Private Bills**

**Wednesday, May 11, 1983**

**8:34 a.m.**

**TRANSCRIPT NO. 83-4**

Chairman: Mr. Stiles

8:34 a.m.

MR. CHAIRMAN: I will call the Private Bills Committee to order. All our petitioners are now here. I believe we'll begin with the two Edmonton convention and tourism authorities amendment Acts, Pr. 14 and Pr. 15. We have Mr. Reagan Walker and Mr. George MacDonald representing the Convention Centre. I guess both of you are going to be giving evidence, so we'll have of you sworn.

*Messrs. Walker and MacDonald were sworn in*

MR. CHAIRMAN: Members of the committee will probably recall that Pr. 14 was one of those Bills that we felt did not require the presence of petitioners. It was not felt to be a contentious Bill at all, in which case we didn't require the petitioners to be present. Since they are here, we may as well deal with it now while they're present. I'll ask Mr. Clegg to give us his report, please.

MR. CLEGG: Mr. Chairman, this is my report on Bill Pr. 14, Edmonton Convention Centre Authority Amendment Act, 1983, pursuant to Standing Order 89. The purpose of this Bill is to increase from five to seven the number of electors who shall be appointed to the authority. There's no model Bill on this subject, and the Bill does not confer any powers which are considered to be exceptional.

MR. CHAIRMAN: Mr. Walker, perhaps in this case you could just tell us what the Bill does. That would probably be sufficient, unless there are questions.

MR. WALKER: Mr. Chairman, Bill Pr. 14 deals with the Edmonton Convention Centre Authority, which is the quasi-public body which administers that august structure in the North Saskatchewan ravine. Members of the board have found so far that five is just too small a group to enable them to deal with the administration of the Convention Centre, and felt that there would be more flexibility and more opportunity for participation from the community that's interested if the board were expanded to seven. So quite simply, it's basically a housekeeping type of Bill which increases the membership of the board to seven; then also makes some other housekeeping changes to the current private Bill, whereby the membership terms are staggered so that there's not a majority of vacancies in any one year.

Thank you, Mr. Chairman.

MR. CHAIRMAN: Are there any questions at all on this Bill?

MR. ZIP: I'm just wondering about that number seven. Is that going to be adequate? Why don't you go to nine?

MR. WALKER: Mr. Chairman, hon. member, the board simply felt that seven seemed to be the magic number. It still is not a situation which will lead to a deadlock, and maybe nine would be too many voices to reach a majority opinion on. I really don't know why they chose seven as opposed to nine, but I assume they just felt it was the magic number that wasn't too big or too small.

MR. ZIP: Subsequent question. Going by the complexity of the operation, I just thought that the more minds you had on this thing, the better it would be. It's not going to be an easy thing to run. It's very impressive. It's

one of the finest facilities, I guess, in North America. Going by what the Calgary Convention Centre experienced, I just wonder about that.

MR. CLEGG: Mr. Chairman, for clarification, and maybe Mr. Walker would want to expand on this, there are other members of the authority besides the electors we're dealing with now. In fact, they only form one part of the total number of the authority. Maybe Mr. Walker could give a run-down of the total membership of the authority.

MR. WALKER: Mr. Chairman, hon. members, the authority has an administrative structure in place which is composed of a general manager and a couple of assistant managers, plus a staff, that is formed to run the Convention Centre. Basically, it's a one-function type of authority. The operations of the centre are mainly administrative. The administrative structure has been in place for several years now and seems to be handling things adequately. It's just that it was felt that participation from the community could be increased a little to be a bit more expansive of the needs of the Edmonton area.

MR. WEISS: Mr. Chairman, to Mr. Walker. Mr. Walker, would you clarify one thing about the appointment of members? Where you presently read "5 electors appointed by the council", I would just like to know the criteria for the make-up of the appointees. For example, we hear complaints from people within the private sector saying they're not represented; on the other hand, we hear from the commercial or the retail merchants saying they don't have strong enough representation. Is there going to be any split or any way that this can be fairly representative of all sectors? Should that not be in the Act?

MR. WALKER: Mr. Chairman and hon. members, once again I suppose the flexibility of having a rather general section in the Act was felt to be the ideal situation here. The original appointment of members of the Convention Centre and the composition of the board, I understand, was based on some recommendations of a joint study by the council and administration of the city of Edmonton, together with the Spirit of Edmonton Committee, which was a group composed of representatives of the Edmonton Chamber of Commerce and other community-based private organizations. There has been an unwritten policy since then to try to reflect in the composition of the board those interests which are the most germane to the operations of the centre.

I suppose nobody has really given thought to putting the criteria for appointment into the organic legislation itself. But certainly the attempts have been there to make it as fair and meaningful as possible from the nature of its operations. That is a good point.

MR. WEISS: Mr. Chairman, if I might, further on that. Perhaps for the flexibility -- I can appreciate, Mr. Walker, it can't be carved in stone, so to speak -- I would certainly ask that you convey to the members and to the authority that consideration is given to a fair representation from all walks of society, because that complaint will be there regardless. I'm sure it's going to be a "darned if you do, darned if you don't" situation, regardless. But we think it's very important, because it's something that has magnitude, in effect, to all Albertans, and we think it's a very, very important facet that everybody has the opportunity.

MR. PAPROSKI: Mr. Chairman, to the petitioners. Do any board members receive payment for their positions and appointments?

MR. WALKER: Mr. Chairman and hon. members, I believe there is a provision for reimbursement of out-of-pocket disbursements. I don't believe at the present time that there's an honorarium or any other form of remuneration.

MR. CHAIRMAN: If there are no other questions, perhaps we can go on to Bill Pr. 15. Mr. Clegg, if you would let us have your report on that Bill, please.

MR. CLEGG: Mr. Chairman, this is my report on Bill Pr. 15, Edmonton Convention and Tourism Authority Amendment Act, 1983, pursuant to Standing Order 89.

The purpose of this Bill is to create a new category of general member and to authorize solicitation of general memberships and the provision of appropriate information to general members. It also includes representatives of the general membership on the Authority. There is no model Bill on this subject, and the Bill does not confer any powers which I consider to be exceptional.

MR. CHAIRMAN: Mr. Walker, if you would like to run us through this one now, please.

MR. WALKER: Mr. Chairman and hon. members, Bill Pr. 15 -- just to make it abundantly clear, since the titles are so close -- deals with the Convention and Tourism Authority and not the Convention Centre Authority. The Convention Centre Authority is concerned with the administration and operation of the building known as the Edmonton Convention Centre. The Edmonton Convention and Tourism Authority is concerned with the convention and tourism industry in the Edmonton area and is composed of a greater interest sphere than the Convention Centre Authority itself.

I have with me today Mr. George MacDonald, the chairman of the Edmonton Convention and Tourism Authority. I am sort of wearing two hats, as solicitor and also as witness for the city, because both the city of Edmonton and the Convention and Tourism Authority are interested in the tourism industry in Edmonton.

Some of you may recall that about a year ago, I appeared before this committee with Commissioner Doug Burrows, the chief commissioner, at which time we answered questions in support of the private Bill setting up the Convention and Tourism Authority. Section 3 of that Bill states that:

The Authority shall have as its object the promotion and development of the convention and tourism industry in the City in a manner consistent with a general convention and tourism policy for the City approved by [city] Council.

Since that time, the Authority has taken shape physically and a board has been appointed. It has actively commenced its duties of promoting and developing the convention and tourism industry in Edmonton. From the city's point of view as well, the city has approved a budget for 1983 for the Authority. It has advanced some money to it in accordance with this budget. We are currently in the process of working out the terms of an operating agreement between the Authority and the city, dealing with such matters as the transfer of personnel, the preparation and submission of budgets, and the transfer of certain real property such as the famous oil derrick site on the Calgary Trail. In addition, we have now shut down and disbanded the city's business development department so the efforts of this Authority would not be duplicated by the civic service.

As so often happens in practice, some minor practical problems emerged that were not foreseen at the time of the legislation. Indeed, here some minor matters require legislative consideration by this committee for a change to

the current private Bill so individuals and organizations might be allowed to subscribe for membership in the authority as so-called general members; so the board of the authority might be represented, in addition to that, by a larger group of people than merely those individuals who live within the actual legal boundaries of the city of Edmonton.

Therefore, there are three sections of interest in this Bill. One is a section which creates a class of person called general members which, as I mentioned, allows for much greater participation from people in the community in the tourism and convention industries than was allowed for in the original Bill. It defines general member, and the second change is that it allows the Authority to solicit general membership. The third change is to allow more flexibility in terms of who can be appointed to the board, so if an individual is not resident within the city of Edmonton but works for a company that pays property taxes to the city of Edmonton and is nominated for membership to the board, he will be allowed membership on the board.

One of the concerns was there are quite a few very talented people who have a very real interest in the success of the convention and tourism industry in Edmonton but who live in St. Albert, Sherwood Park, or places like that, and have been unable to serve on this board because of the narrow restrictions we placed in the private Bill last year.

Thank you, Mr. Chairman. If there are any questions of myself or Mr. MacDonald, we'd be pleased to answer them at this time.

MR. CHAIRMAN: Thank you. Do we have any questions from members?

MR. ZIP: To what extent is there an overlap between the Authority and the Chamber of Commerce? Aren't you basically dealing with more or less the same people?

MR. MacDONALD: Mr. Chairman, the Edmonton Chamber of Commerce has one representative appointed on the board, and that is the only involvement. When the convention bureau itself was operating for the last couple of years, the general manager of the Edmonton Chamber of Commerce had a dual role; he was acting more or less as manager of the convention bureau until it was reorganized under the present status. Now the chamber of commerce has no involvement other than a member on the board.

MR. ZIP: I have a subsequent question. What about the former members of the business development department of the city of Edmonton? Are they now part of the Authority? Is that correct?

MR. MacDONALD: Mr. Chairman, if you're speaking about the staff; yes. We brought some of the staff over from the travel development department. There were some that did not come over, but the key ones came to the new organization.

MR. PAPROSKI: Mr. Walker, you made mention of the business development department. I'm not sure whether I heard you correctly. You said the business development department was disbanded or something to that effect? That's an error, is it not?

MR. WALKER: Mr. Chairman, the business development department of the city of Edmonton was disbanded and no longer exists. Half of them were assimilated by the Edmonton Convention and Tourism Authority. In addition -- just so things are not too simple -- a year ago we also created the Edmonton Economic Development Authority. The other half of the business development department

of the city is now part of that authority. So there is no longer a city of Edmonton business development department.

MR. CHAIRMAN: Are there any other questions? There being no more questions, that will conclude this portion of the hearings this morning. Thank you, gentlemen.

The next group of petitioners before us are from the Canadian Lutheran Bible Institute, which is Bill Pr. 5. We have Mr. Gulbrand Loken, Mr. Arnold Hagen, and Mr. Verlyn Olson. Mr. Clegg, if you would swear the witnesses please.

*Messrs. Loken, Hagen, and Olson were sworn in*

MR. CHAIRMAN: If we could have your report, please.

MR. CLEGG: Mr. Chairman, this is my report, pursuant to Standing Order 89, on Bill Pr. 5, Canadian Lutheran Bible Institute Amendment Act, 1983. The purposes of the Bill are (a) to alter the qualifications for membership of the board of trustees, (b) to alter the description of certain of the officers of the board, (c) to confer on the institute the power to grant degrees in divinity, and (d) to expand the exemption from municipal taxation.

The power to grant degrees in divinity is not one which is reserved exclusively to the universities because of the provisions of section 53 of the Universities Act, which reads as follows:

With the exception of degrees in divinity, no person other than a university may grant or confer any academic degree.

There is no model Bill on this subject.

MR. CHAIRMAN: Thank you, Mr. Clegg. Mr. Olson, would you like to perhaps make some opening remarks to deal with the pertinent features of this Bill?

MR. OLSON: Yes, thank you, Mr. Chairman. As Mr. Clegg mentioned, there are essentially four amendments in this Bill. The first two mentioned, altering the membership of the trustees, is something of a housekeeping matter. Many of the four or five groups, if not all, of Lutheran bodies mentioned in the original incorporating statute no longer exist, due to merger and so on. So we are attempting to make the legislation consistent with what is a reality today as far as the Lutheran Church is in Canada.

The second amendment relates to titles of officers and, again, is something of an internal matter. Within the Canadian Lutheran Bible Institute, the chief administrative officer is presently called the president, and it creates some confusion when the head of the board of trustees is also called president. For that reason we wish to amend the incorporating legislation so the head of the board of trustees will now be the chairman, and likewise the second person, the vice-president, will become the vice-chairman.

There are two other amendments as well, which are probably more substantial in their nature. The first relates to the power to grant degrees of divinity. I'm sure Messrs. Loken and Hagen would be able to expand on that with much more knowledge than I. But I can say that apparently degrees of divinity are consistent with the practice of Bible colleges in Canada. Granting degrees of divinity is not unusual. The other thing that has to be considered is the intention to facilitate activity in foreign mission fields by graduate students and also facilitate their movement into other postsecondary schools. With a degree of divinity, it helps them accomplish these with greater ease.

I have been principally involved with this amendment in the area of tax exemption. The Bible school was before the Private Bills Committee a year

ago. At that time, we were much more ambitious in what we were attempting to obtain in the way of an amendment to expand the exemption. The amendment this time around is much more modest in its nature.

Perhaps the best way for me to approach this is to give you a brief history of what I understand to have been the developments with the city of Camrose. I have to confess to some confusion over what has happened in the past and also to some confusion as to the interrelationship of the private Act, the Municipal Taxation Act, and the Municipal Tax Exemption Act. First, the city of Camrose gave a parcel of land to Canadian Lutheran Bible Institute at the time it was incorporated. It amounted to approximately 1.2 acres; that's the land described in the present section 8 of the Act. If you look on the right-hand side of the page in the draft legislation, you'll see the legal description. At the time, it's my understanding the intention was that that land would be given to the school and would be free from taxes. So for many years there was no tax, as I understand it, except for local improvements and frontage tax, which were provided for in that incorporating document.

The Municipal Tax Exemption Act was amended in April 1969, I believe. Apparently what happened was that the mayors and municipalities were becoming upset with the number of exemptions being given by way of private Acts and pursuant to the Municipal Tax Exemption Act through applications to the Local Authorities Board. The Legislature in its wisdom decided that the discretion should be left to the municipalities. So section 13 of the Municipal Tax Exemption Act was amended to allow a municipality to pass a by-law essentially allowing it to take away the exemption given under a private Act or the Municipal Tax Exemption Act, with the proviso that only certain heads of taxes could be assessed. The exceptions were that they could not be taxed for such things as school and hospital purposes and capital expenditures for recreation.

Shortly after that amendment, the city of Camrose passed by-law No. 988. It's a blanket-type of by-law which says that any exemptions allowed to any religious institution pursuant to a private Act or the Municipal Tax Exemption Act are not exempt. That was the beginning of the problem. The Bible school felt that the city was backtracking somewhat on its original position that the lands would be donated and used tax-free by the school.

In any event, the city has been taxing that parcel to the extent that it could. The problem was magnified several years ago when the school began acquiring more properties on the same block. Due to expansion, increased enrolment, and so on, it was necessary for the school to obtain more facilities. I believe the last house on the block is now being acquired by the school. Once that house has been bought, they will own that whole block. The city has been taxing those houses as if they were non-owner occupied residences. The tax implications for the school were very significant. Of course, the school runs on a tight budget and finds it a hardship to meet these tax payments. As a result, the school has approached the city of Camrose on several occasions and requested that they do something about their by-law 988.

The position of the city of Camrose has been that they've not been willing to do anything with that by-law. In fact, it was the city that originally suggested to the Bible school that it consider petitioning the Legislature for an amendment to the private Act to increase its exemption.

That raises interesting questions. If a further exemption is given by the Legislature, what is the impact on by-law 988? The city's position seems to be that even if you get your exemption, our by-law is all-encompassing and regardless of your increased exemption, we can still tax you on that additional property, these houses, except that we won't be able to tax you for school and hospital purposes and so on.

That's basically the position we're at. I spoke to the city assessor yesterday, and he indicated that in his opinion, probably we will have a saving of about \$600 a year by virtue of obtaining this amendment for the tax exemption.

My confusion arises with respect to the Municipal Taxation Act, the Municipal Tax Exemption Act, and the private Act. Section 24 of the Municipal Taxation Act provides that a school such as the Bible school is exempt on lands up to one-half acre and on buildings which are used for divine service, public worship, or religious educational purposes. So to that extent the Bible school always has been untouchable, notwithstanding any by-law the city of Camrose has passed. The city of Camrose, in recognition of that fact, passed a by-law last fall, probably something of a token conciliatory move maybe, which stated that the half-acre exemption on the land would be increased to the full 1.2 acres. That is probably a significant move in the sense that it shows a willingness on the part of the city of Camrose to help out with the tax burden, but in dollars and cents it's my understanding that it doesn't help out an awful lot. And it begs the question of what happens to these additional properties which have been acquired.

I think we would have to concede that the solution to the problem lies with the city of Camrose doing something with their by-law. But it is our hope that this would at least show an intention on the part of the Legislature, if we obtained the exemption -- and as I say, I believe it to be a modest exemption -- which might help us go back to the city of Camrose and lobby further.

We're presently trying to put together information received from various other Bible schools in the province. We understand that a number of them are totally exempt. Some of them are in the same position as we are. The whole situation is also complicated, or at least made more interesting, by the fact that there's another Bible school in Camrose which is being treated the same as Canadian Lutheran Bible Institute. As well, Camrose Lutheran College is within the city of Camrose. It's my understanding that its exemption on its residences arises by virtue of section 25 of the Municipal Taxation Act, and the city of Camrose has not passed a by-law, as it could pursuant to section 25, to tax Camrose Lutheran College on its residences. But in the present state, Canadian Lutheran Bible Institute is being taxed on its residences, at least these additional houses.

I should mention that these houses are used primarily for students and staff. They're not being rented out for profit generally speaking, although I believe they may be used as rental properties for several months in the summer. Perhaps one of my clients could clarify that. In any event, the result is an inequity. We have two Lutheran schools, both associated with the Lutheran church; one of them is exempt on its properties, its residences, and the other one is not. That's another of our motivations for seeking some sort of remedy.

I think those are all the comments I would like to make, unless somebody would like to ask some questions at this time.

MR. CHAIRMAN: Thank you, Mr. Olson. A question from the hon. Member for Vegreville.

MR. BATIUK: Mr. Chairman, I really have no qualms as far as the exemption for educational purposes, but my concern is whether there would be opposition from the city of Camrose as far as the students and staff are concerned. To look forward, would this be a precedent for many other such religious institutions across the province? When you mentioned one is exempt and the other isn't, was one exempt by a private Bill, or how did that exemption come about?



MR. OLSON: It's my understanding that Camrose Lutheran College is exempt on its residences by virtue of section 25(1) of the Municipal Taxation Act. That section states that a college or any institution affiliated with a university under the Universities Act is exempt on its residences and is also exempt on the land in relation to those residences. But at the beginning of section 25 there are words to the effect that unless a municipality, by by-law, takes away the exemption, it is exempt. So what I'm saying is that the city of Camrose has never passed a by-law which addresses itself to that exemption, pursuant to section 25(1) of the Municipal Taxation Act, but it did pass a by-law which addresses itself to any exemptions which are available under the Municipal Tax Exemption Act. Those would be exemptions given by the Local Authorities Board or pursuant to a private Act. That's the category that Canadian Lutheran Bible Institute falls into. It's an exemption under the private Act, and by-law 988 of the city of Camrose addresses itself to that type of exemption and says, no, we don't want that land to be exempt.

So the city of Camrose is free to tax Camrose Lutheran College on its residences; it just has seen fit not to. It's my understanding, though, that at least some members of the council seem to think they don't have that power.

MR. HYLAND: Part of the question I was going to ask has been asked, but it leads to another. It was just said that the other Lutheran college in Camrose, because it's affiliated with a university, is tax exempt. The Canadian Lutheran Bible Institute is not affiliated with any university in any way?

MR. OLSON: Mr. Chairman, no, it's not affiliated with any university. That's my understanding.

MR. HYLAND: To this time, then, the city of Camrose has refused to give you the exemption according to their powers that exists in the municipal Act. Did you say they advised you that the best approach would be to go to Private Bills Committee to obtain an exemption from it?

MR. OLSON: Yes, that's correct. I believe it was December 1981. The city of Camrose finance committee, in reporting to committee of the whole, recommended that the proper way for Canadian Lutheran Bible Institute to deal with the problem would be to obtain an exemption by virtue of an amendment to their private Act. But I firmly believe that there is some confusion over the effect of this amendment. I believe that at that time, possibly, they maybe misunderstood what the result of an amendment would be, although it's possible they were considering that we would be asking for much more than we're asking for today.

I could mention again that last year when we were here, the amendment was worded essentially the same as what you have before you except that at the beginning it said: notwithstanding any other Act. In other words, it would override even a public Act. It would mean that the city of Camrose by-law 988 passed pursuant to the Municipal Tax Exemption Act wouldn't do it any good, because our private Act would override the Municipal Tax Exemption Act. The other part of the amendment, which you don't see now, is a retroactivity provision. So maybe what the city of Camrose was saying to us was, if you can get the Legislature to give you an amendment which will override other public statutes, more power to you; you can get your exemption that way, but we're not going to give it to you by taking away our by-law.

MR. HYLAND: They might also have been saying that if you can get your exemption, then immediately a letter comes from the mayor of the city of Camrose to the Minister of Municipal Affairs saying, hey, you removed that

power from us so you're due to pay that tax dollar on that property you exempted.

How many dollars are involved in total taxes? At one place, you said it would only make a difference of \$600. I got the idea that there would be more taxes involved. What are you looking at on the exemption in taxes?

MR. HAGEN: I can answer that, hon. member. It's just a fraction under \$10,000 in total.

MR. HYLAND: Are there any public funds involved in the operation of your institute, or is it all private donations?

MR. HAGEN: Private donations.

MR. THOMPSON: Mr. Chairman, to Mr. Olson. I would like to get cleared up. You've got two organizations there. Is there any affiliation, tie-in, or interrelationship between the two schools at all? They're both operated more or less by the Lutheran church, as I understand it. I'm talking about things like professors and teachers going back and forth, and that type of thing. Or are they distinct, separate entities? I know they're distinct entities, but I was wondering if there's any tie-in at all between the two schools in any way.

MR. OLSON: Perhaps one of my clients would be better able to answer that. But I think I'm safe in saying that there is no relationship of that nature, where professors are employed by both or cross back and forth, with the possible exception of a few sessional lecturers from the Bible school who may also teach the odd class at the college. Maybe one of my clients would have something to add to that.

MR. HAGEN: As far as ownership is concerned, the Camrose Lutheran College is owned by the Evangelical Lutheran Church of Canada. The Canadian Lutheran Bible Institute is not owned by any one synod; it's owned by an association of Lutherans from the various synods, as the amendment sort of indicates, too, regarding the board of trustees and how they are chosen. We have good fraternal relationships. We do have interchange of chapel speakers every once in a while. We will visit back and forth. Right now, we don't directly have an interchange of professorships. We do have, as a part-time teacher, a wife of one of the professors of the college. But directly, organizationally, we are separate.

MR. PAPROSKI: Mr. Chairman, this is a clarification question to Mr. Clegg, if possible. With respect to the new section 8, would you say that this would be a precedent with respect to the tax exemptions, if they were approved?

MR. CLEGG: Mr. Chairman, there are very many private Acts of the province -- dozens of them -- which grant exemptions to various different kinds of organizations, particularly teaching and religious organizations. Almost all of them were passed more than 10 or 12 years ago, prior to the assignment to the Local Authorities Board of the responsibility for determining municipal tax exemptions. That is the normal route that is pursued now in general terms. But indeed there are very many exemptions of this type. Since the Municipal Tax Exemption Act was passed, I think there are only one or two cases where exemptions have been granted by this Assembly as opposed to being granted by the Local Authorities Board.

MR. OMAN: Mr. Chairman, I want to pursue the idea of exempting residences from taxation, just on the basis of what is fair. I have no problem at all with

the school itself being exempt as a service to the community, in effect. But I do have some problems with residences, because the people in them are sending their children to the public schools, as the case may be, and benefiting from municipal services as individuals. In the case of, I believe, church property in a municipality, the church building as such is tax exempt, but I don't believe the church manses are. I wonder if Mr. Olson would want to comment on just that aspect of putting the residences on tax exempt status, whether that's a fair way to do it.

MR. OLSON: Mr. Chairman, I think I would like to comment again that the city of Camrose is ultimately going to have most of the say or power in deciding what is and is not going to be exempt. Even if we do obtain an expanded exemption from this Assembly, the city of Camrose by-law 988 says that all property which is exempt pursuant to private Act is not exempt. The only difference is that the Municipal Tax Exemption Act, which allows the city of Camrose to pass that type of by-law, restricts the city of Camrose in that it can take away the exemption but it cannot assess and tax you for certain specific, restricted purposes such as school, hospital, and several others.

To answer your question directly: first of all, perhaps the assumption is being made that the people who are living in all of these houses have children and are sending them to school. From time to time, I suppose that may or may not be the case. It's my understanding that some of those houses, at least, are being used by students. They're residences for students just as the dormitory is up the street. I believe that some of the houses are being used for staff as well.

I would just point out again that the ultimate say is going to be with the city. If they in their wisdom see fit not to grant us the exemption for the significant portion of the taxes, they have the power to do that.

MRS. KOPER: Mr. Chairman, my question is related to the hon. Member for Cardston's question. It's regarding the program, I guess, of the college. I wonder if the degree in divinity in the program would be equivalent to that offered at the Camrose Lutheran College. Is there any tie-in there? I wonder if there is any standardization of the kinds of programs and the final result in the degree.

MR. LOKEN: Mr. Chairman and hon. members, I would like to answer that particular question. In Canada we have an Association of Canadian Bible Colleges, that now constitutes around 40 colleges. Most of them at the present time are granting degrees in divinity. That's a rather general term. They will probably be labelled more specifically as a bachelor's degree in Christian education or religious education, or a bachelor's degree in Biblical studies, Christian literature, sacred music, or this type of thing. These are the typical ones. There are other Bible colleges that do not work in conjunction with seminaries, that are themselves almost seminaries for that particular synod. They will grant bachelor of theology degrees. It is not the intention of the Canadian Lutheran Bible Institute in any way to grant degrees of bachelor of theology -- that would be handled by our seminaries -- but to give degrees in the areas of Christian education, Biblical studies; this type of thing.

The reason for it is that the demand across the world in our global village today is simply that if a worker wants to go to another land to serve as a missionary, as a teacher, the entrance requirements are increasingly: do you have a degree? If you don't have a degree, the probability is you will not get into the country to serve as a missionary, teacher, or a worker. Consequently, the degrees proposed to be granted ahead in time by the Canadian Lutheran Bible Institute are very different from the degrees proposed by the

Camrose Lutheran College. They will be offering degrees in liberal arts. There will be a bachelor of arts type of degree which, in affiliation with the university, will be very parallel to some of the degrees granted there, concentrating on secular subjects primarily but in the liberal arts arena. The Canadian Lutheran Bible Institute would be offering degrees in Christian education, not in the sense of teaching public schools but in being able to instruct in church institutions relative to Sunday school work and this sort of thing, leaders in that area, and in foreign lands where a degree is required before you can even be admitted.

So there's quite a difference between the two. We have to use the term divinity degree simply because that is the way the Universities Act reads. It covers this area very nicely in the sense that in Alberta, there are 10 Bible colleges at the present time that are connected with the Association of Canadian Bible Colleges. Seven of these grant degrees in divinity at the present time. There are two Pentecostal Bible colleges that do not desire to grant degrees because as a matter of philosophy they have decided they don't want to have that at this point in time. The Canadian Lutheran Bible Institute is the only other school that does not grant degrees in divinity at the present time. We're trying to be in line with what the pattern, the potential, is in this area and to open doors where our students can serve in a more tangible way. Also, in having these degrees, there are many other colleges and universities in North America that accept that basic degree as a stepping stone to a higher degree, especially at the master's level.

MR. STROMBERG: Mr. Chairman, I just want to point out that in discussions I've had with the city manager and mayor of Camrose, I indicated to them that if they had any concerns with the present Bill, they had the option to appear here personally or to write to the Clerk, indicating their concerns by letter. I would also like to point out -- it hasn't been mentioned, but there are approximately 80 students enrolled at the Bible institute, with a staff of about 16.

In reply to Mr. Oman's remarks, I would just like to read into the record a letter from Berean Bible College, situated at 480 - 31st Avenue N.W., Calgary. It reads as follows:

This is a follow-up through to my telephone conversation with you yesterday regarding the tax structure we have currently with the city of Calgary. You will notice from the enclosed tax form copy that we are exempt education and municipal taxes totally, except for a small levy for local improvements on the property. I think this is somewhat standard. Obviously, the amount that we are assessed is a very small fraction of what we should actually be paying were we assessed at the full rate. This indicates that our residence and our dining room facility is totally exempt as well.

MR. HYLAND: Mr. Chairman, to the Member for Camrose. You say you met with the mayor and the city manager and said that if they had any problems with the Act, they could write to the Chairman or the Clerk. Conversely, though, did they write a letter of support for the Act? Maybe they didn't oppose it, but did they write a letter of support for the Act?

MR. STROMBERG: They have given support verbally, that they are comfortable with this Bill. They've given it to Mr. Olson and, I believe, Mr. Hagen. Is that correct? Could you fill me in on that? The city manager has given it to me verbally, too.

MR. HYLAND: When you start talking tax dollars -- I spent five years on a council before, not nearly as big as the city of Camrose. Talking and writing are really two different things as well, because people and ideas can change. I would think that if the city really wants this college and it's a real asset to the city, which I assume it is, \$10,000 on their budget, with the power they have to release that \$10,000, is not a whole lot of money. They may support it verbally, but if they won't support it written and won't give the exemptions, I would almost question their sincerity, because it's not a big item in their city budget.

MR. HAGEN: Mr. Chairman, hon. member, may I respond here, please? I was at an official city council meeting when it was verbally stated there -- and it may be documented; I don't remember if I have it in that form or not -- that they recommended to CLBI that we have our private Act amended so it include the additional properties beyond the original 1.2 acres. At that time, it was a recommendation directly to us that we take this action.

MR. HYLAND: Do you know if that was part of the minutes? Was it part of the accepted minutes? I think that would have an affect on it, if it's part of their minutes rather than just part of the general discussion that might have occurred at a city council meeting.

MR. OLSON: Mr. Chairman, if I could respond to that. First of all, I would say that we complied with the advertising requirements, and I think the onus is on the city to object. If they don't object, I think they should be deemed to have consented. At least, I don't think it should be assumed that they object to what we're proposing.

I believe the reason they didn't take this particular amendment too seriously was that, as I say, we toned it down considerably from what we were talking about last year. Last year, the Private Bills Committee met on very short notice, and it was not possible for a representative of the city of Camrose to be at the hearing. But the city manager did prepare a letter very quickly, and we delivered it up to the committee when we appeared here. I believe that his position at that time was that the city of Camrose didn't have any objection to the exemption provided that it would not override any public Act; in other words, that it wouldn't override the Municipal Tax Exemption Act and thereby take away the power of their by-law 988.

With respect to whether or not there is any written documentation of the action of the city of Camrose, I'm sorry that I don't have minutes of a meeting of city council. What I do have with me is a report from the finance committee to the committee of the whole dated December 14, 1981, wherein it says:

While the private Act for CLBI provides for a total exemption on Lot A, Block 13, Plan XXVIII-A, by-law 988 passed pursuant to the Municipal Tax Exemption Act provides the authority for the city of Camrose to levy municipal mill rate on that portion of the assessment that is residential. In order for by-law 988 to apply to those properties that are single family and owned by CLBI, the private Act must be amended.

It goes on to say,

pursuant to section 3 of the Municipal Taxation Act, all property is assessable and taxable except those properties that are exempt by the private Act or those properties exempted under the provisions of section 25 of the Municipal Act. If CLBI property was not covered

by the private Act or by-law 988, then the entire assessment would be taxable as per other properties in the city except for that portion of the assessment that is chiefly used for religious education or public worship that falls within section 25(5) of the Municipal Taxation Act.

I'm sorry if I've lost you with all that.

MR. HYLAND: I'm sure that in my time on municipal council, if push comes to shove, you can really rebate anybody's taxes by passing a by-law. That's the prerogative of a council, and you wouldn't need exemptions in other Acts to do it, even the exemptions that come automatically. I think you can make a by-law to exempt anybody. It's often done with something that's needed in the community, say a bowling alley or something like that that's private but you're trying to assist it to get started. I think it could be done with a school or whatever, if you really wanted to.

MR. LOKEN: Mr. Chairman, members of the Assembly here today, I think there's one aspect of this that we probably are just missing at the moment. Originally we were given approximately a third of this large block which we now own in total, as a gift from Camrose city in order to establish the Canadian Lutheran Bible Institute way back in the '30s.

The Bill that was passed and became Act in 1947 is very specific in its description. You have it on page 2 of Bill Pr. 5. It describes in detail the exact nature of that block which is tax exempt and covered by the phrase

while used for the purpose of the Corporation shall be exempt from all taxes, rates, levies and assessments of every nature and kind, except local improvements and frontage tax.

But the description is limited to that third of the block, approximately, that we were originally given as a gift from Camrose way back in the '30s. As our school grew over the years, it became necessary to buy other properties within that same block, so that we now own the totality of that block. Since the Bill that was originally passed and became Act in 1947 covers only that third, with no reference whatsoever to the balance of the block, it became necessary and expedient to amend this particular Act of the past so that now we have some type of protection covering that as well.

Then we have to leave it to the good wishes of the city of Camrose as to whether or not they care to apply some of these potential possibilities they have under the Municipal Taxation Act. We're counting on their good will, that once we have covered the total in description they will retract on the balance of the way. We do this for two reasons. First of all, we have had numerous meetings with the council and have established that, in essence, their good will is there. It is complicated by the fact that in Camrose we have three institutions belonging to Lutheran churches. That includes Camrose Lutheran College as well as Bethany home and hospital. There's an inequitable approach, in the sense that the other two are completely free of taxes and we have been brought under the gun by this local by-law they have, due to the fact that we have no provision whatever for the late acquisitions of property. If this particular Bill goes through, it will say to everybody that yes, the conditions now apply to what you had in the past and to what you have now added; consequently, we will make a new decision on that. We feel that their decision will be favorable. We have every assurance from that.

I suggest that if you have any problems in this area, you either write to or phone the mayor. I think he will assure you that the problem is that the new acquisitions are not under the specific description that's in the old Act.

The new Bill broadens the thing to cover all property that we may own in the city of Camrose. This is the door we're seeking and hoping for as an answer to our problem. We believe sincerely, after several meetings with the city in the formal situation of the city council meeting, that we have their good will. It's been expressed in many ways.

Thank you, Mr. Chairman.

MR. CLEGG: Mr. Chairman, with respect to the question of the city's consent, I can confirm that last year when this Bill was before the committee, the city manager wrote a letter, which we have on file. It said that if the Bill was not drafted in a way that would override their by-law, they would not object to it. This Bill is not drafted so that it would override the by-law.

The Bill has been advertised the normal way, and it is generally regarded as the onus of interested parties to come to this committee with their objections if they have them. I think it would be consistent with past practice in this committee that silence indicates consent from the interested parties. From the testimony we've heard, we must assume the city is aware of this application. They were aware of the last application, and the difference in this Bill complies with the city's request last time.

MR. CHAIRMAN: If there are no other questions -- Mr. Olson, if you have some brief closing remarks, or perhaps not; it's up to you.

MR. OLSON: Yes, I'd just like to add one or two other comments. First of all, Mr. Clegg mentioned that to obtain an exemption by virtue of an amendment to a private Act is a relatively uncommon practice these days, in that common practice is to go through the application to the Local Authorities Board pursuant to the Municipal Tax Exemption Act. We may have done that. In fact that was considered, but there were the other three amendments we wanted to take care of. So it seemed prudent to do it all at one time.

With regard to by-law 988, I would also like to say that I think I mentioned at the outset that I have some question as to what the effect of an amendment would be on by-law 988. Certainly this amendment does not override any public statute. Whether or not it has any impact on by-law 988 is somewhat of a question in my mind. Again, I spoke to the city assessor about that yesterday. It seems to me that if the city does have any question about it, they can always pass another by-law just to confirm their position. They've certainly got that power pursuant to section 13 of the Municipal Tax Exemption Act. So if there is any question in their minds and their position hasn't changed, they can pass another by-law. The only thing we were going to gain is, as I say, approximately \$600, I'm advised by the assessor for the city of Camrose. Even if they do take away the exemption, it would not relate to those certain restricted purposes, which would amount to about a \$600 saving per year.

Thank you.

MR. CHAIRMAN: Thank you, Mr. Olson. Gentlemen, that concludes this portion of our committee meeting this morning. Thank you very much for your attendance.

We'll move now to Bill Pr. 9, the Paramount Life Insurance Company Amendment Act. We have Mr. John Iredale, Mr. Rudy Dyck, and Mr. Harold Hanen here for the Paramount Life Insurance Company. Mr. Clegg, would you swear Mr. Iredale's witnesses, please.

*Messrs. Dyck and Hanen were sworn in*

MR. CHAIRMAN: Could we have your report please, Mr. Clegg.

MR. CLEGG: Mr. Chairman, this is my report on Bill Pr. 9, Paramount Life Insurance Company Amendment Act, 1983, pursuant to Standing Order 89. The purpose of this Bill is to increase the capital stock of the company. There is no model Bill on this subject. The Bill does not contain any powers which I consider to be exceptional.

MR. CHAIRMAN: Thank you, Mr. Clegg. Mr. Iredale, if you'd like to open with some remarks respecting the purpose of the Bill.

MR. IREDALE: Mr. Chairman, hon. members, Paramount Life Insurance Company is a public company in Alberta. It currently trades on the Alberta Stock Exchange. At present, all its common shares are issued.

The purpose of this Bill is twofold. The first purpose is to increase the authorized capital of the company. Currently, the authorized capital of the company consists of \$40 million aggregate of preferred shares which may be issued and another \$3 million worth of common shares which may be issued. The company has deemed it advisable to increase its common shares. In order to do that, of course, it must amend its Act, as it was incorporated by private Act. The number that the company has determined as a suitable authorized capital amounts to an additional \$16.2 million, which would be facilitated by means of authorizing an additional 5.4 million common shares. The purpose of that is, in the company's view, to increase flexibility in the field of corporate finance.

The second part of the amendment is to write down the par value of the existing common shares. What that means is that presently the par value of the common shares is \$5. What the company wishes to do is write down the par value to \$3.

So the Bill itself is a two-phase Bill to amend the capital of the company. There is no other amendment to the Act contemplated under Bill Pr. 9.

I might just add that the \$40 million of preferred shares is authorized but is not capable of being issued without the permission and consent of the Superintendent of Insurance. What that involves is, in fact, preparing beforehand detailed share rights and having them approved. At the moment, we have no necessity of doing that and, therefore, we are simply wanting to authorize additional common shares to provide, really, additional flexibility in raising capital through common shares.

Mr. Chairman, I have nothing further to say at this point in time.

MR. HYLAND: Mr. Chairman, two questions: firstly, why the decision to reduce to the shares from \$5 to \$3; along with that, the second part of the question is what will happen to all those who hold these \$5 shares? Are they going to get a share and two thirds, or will they just lose the value they have in the company?

MR. IREDALE: I'll answer one part of the question, perhaps, then I'll have Mr. Dyck answer the other part. As far as writing down a par value share from \$5 to \$3, it does not mean that a shareholder has lost money. Par value is simply the amount recorded on the books of a company as to the value of that company. In this particular case these stocks trade, so the value of the stock is determined by the market place, not by what the company records that share worth on its books, which may or may not have relevance to book value of that share on the company's books. It may be totally irrelevant to the value of the stock on the stock market. Therefore, writing down a share has no determinative value as far as a shareholder is concerned.

MR. HYLAND: Would it not have value if one owned a large block of shares, or would it not make any difference if you're purchasing a large block of shares,



say, to take control of the company? You formerly had some at \$5 and all of a sudden they're only worth \$3 in the total value of the company.

MR. IREDALE We get into various concerns with marketability of shares. That's really what we're saying. The write-down of shares from \$5 to \$3, as I've indicated, is simply an internal bookkeeping entry of a company. It's what the company has recorded those shares for on its books.

As far as somebody who has control of a company having their shares written down from \$5 to \$3 -- firstly, they would have to consent to it, of course, because the write-down is approved by shareholders. In this particular case, that has been done. It was put to a shareholders' meeting and was approved. Secondly, the question of value of those shares: in a controlled situation, the par value and the value are unrelated. One is dictated by market place; the other is simply an internal record keeping for corporate purposes.

MR. CLEGG: Mr. Chairman, I should for completeness advise the committee that I have on file a letter from the Superintendent of Insurance confirming that he has no objection to the application for a private Bill amendment. That approval is made subject to the Lieutenant Governor in Council having earlier approved the reduction in par value to \$3 per share. I'd just ask Mr. Iredale to speak to that particular point, for the record, whether the approval has been granted by the Lieutenant Governor in Council.

MR. IREDALE: Mr. Chairman, the approval for the write-down -- we proceeded in this fashion: the approval of the Superintendent of Insurance is required for the write-down. He in fact has directed that we do write it down. We've taken the approach of amending the Bill outright with the petition to both the Lieutenant-Governor and the Legislative Assembly as a method of obtaining the overall consent to the write-down and, at the same time, facilitating the increase in capital.

MR. CLEGG: Is it your position that the grant of this application for a private Bill will stand in place of the approval of the Lieutenant Governor in Council?

MR. IREDALE: Yes.

MR. CHAIRMAN: If there are no other questions, Mr. Iredale -- unless you have something to say in the way of closing remarks?

MR. IREDALE: I have nothing further to answer or advise the House, Mr. Chairman.

MR. CHAIRMAN: Thank you. That concludes your presentation.

We do have a few minutes remaining. Public Accounts is going to be coming in at 10 o'clock.

AN HON. MEMBER: Public Accounts is meeting at quarter to.

MR. CHAIRMAN: In that case -- I don't think we have any more petitioners to appear at this point in time. There is a possibility that we could deal with the two remaining private Bills in this sitting that we thought we might deal with in the fall.

Next week, I suggest that perhaps we should deal with the Bills that have been before us that we haven't discussed in camera.

On the understanding that we would be meeting again next week at 8:30, I would entertain a motion to adjourn.

MR. HYLAND: I move we adjourn.

MR. CHAIRMAN: Agreed?

HON. MEMBERS: Agreed.

*The committee adjourned at 9:48 a.m.*