

CANADA

**PROVINCE OF QUEBEC
DISTRICT OF MONTREAL**

No. 500-11-036133-094

SUPERIOR COURT

**Commercial Division
(Sitting as a court designated pursuant to the
Companies' Creditors Arrangement Act,
R.S.C., c. C-36, as amended)**

**IN THE MATTER OF THE PLAN OF
COMPROMISE OR ARRANGEMENT OF:**

ABITIBIBOWATER INC.

and

ABITIBI-CONSOLIDATED INC.

and

**BOWATER CANADIAN HOLDINGS INC.
and the other Petitioners listed on the motion**

Petitioners

and

ERNST & YOUNG INC.

Monitor

and

**HER MAJESTY THE QUEEN IN RIGHT OF THE
PROVINCE OF BRITISH COLUMBIA**

Respondent on the Motion

**CONTESTATION OF THE RESPONDENT HER MAJESTY THE QUEEN IN RIGHT OF THE
PROVINCE OF BRITISH COLUMBIA IN RESPONSE TO THE PETITIONERS' AMENDED
MOTION FOR THE ISSUANCE OF A RE-RE-AMENDED RECEIVERSHIP ORDER IN
RESPECT OF 4513541 CANADA INC.**

**(Section 11 of the Companies Creditors Arrangement Act ("CCAA") and 243(1) of the
Bankruptcy and Insolvency Act ("BIA"))**

Unless otherwise indicated, all capitalized terms herein shall have the meaning attributed to them in the Amended Motion for the Issuance of a Re-Re Amended Receivership Order in Respect of 4513541 Canada Inc. dated November 18, 2010, filed by the Petitioners.

I. OVERVIEW

1. The Petitioners seek an order to amend the Re-Amended Receivership Order in respect of 4513541 Canada Inc. (the "Debtor").
2. Her Majesty the Queen in right of the Province of British Columbia ("BC" or "British Columbia") opposes:
 - (a) Any abandonment by the Receiver to Her Majesty the Queen in right of the Province of British Columbia (the "Provincial Crown") of real property owned by Debtor and situated in the Province of British Columbia (the "Highway 28 Property") (paragraph 3(g) of draft Order);
 - (b) Registration of any attendant Notice of Abandonment against title to the Highway 28 Property (paragraph 3(l) of draft Order);
 - (c) Authorization for the Receiver to bankrupt, liquidate or dissolve the Debtor (paragraph 3(p) of draft Order); and
 - (d) The inclusion of 24 additional properties as Property subject to the receivership (paragraph 2 of draft Order).

II. BASIS FOR CONTESTATION

(i) *Abandonment to the Provincial Crown*

3. Simply put, there is no legal authority for the proposed abandonment to the Provincial Crown. The Receiver has been appointed under section 243(1) of the BIA. Section 14.06 of the BIA sets out protections afforded to the Receiver against liability for

environmental matters. Nothing in that section, or elsewhere in the BIA, authorizes the abandonment by the Receiver of real property to the Provincial Crown.

4. Those parts of the Petitioners' motion relating to abandonment to the Crown is predicated on the erroneous assumption that 'abandonment' by the Receiver is the same as a forfeiture to the Crown and that the Receiver can, through an order of this court, compel a forfeiture. That assumption is not supported in law and fails to consider the orderly operation of the *Taxation (Rural Area) Act*, R.S.B.C. 1996, c. 448 or the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44.
5. The process of forfeiture or escheat of the Highway 28 Property to the Crown would be governed by, and depending on the facts in existence at the time of forfeiture or escheat, either the *Taxation (Rural Area) Act*, R.S.B.C. 1996, c. 448 or the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44 or the *Escheats Act*, R.S.C., c. E – 13.
6. If, and in accordance with the provisions of the *Taxation (Rural Area) Act*, the Highway 28 Property were to forfeit - it would forfeit to the Provincial Crown. However, no such forfeiture has taken place.
7. Alternatively, if the Highway 28 Property were to escheat in accordance with the *Canada Business Corporations Act* or the *Escheats Act*, it would escheat to Her Majesty the Queen in right of Canada (the "Federal Crown"). Again, no such escheat has taken place.

(ii) Registration of Notice of Abandonment

8. The Highway 28 Property is registered in the name of the Debtor. There is nothing noted on title about the Debtor being in receivership. Consequently, there is no need or legal basis to register a notice of abandonment. Furthermore, if there was authority to register a notice of abandonment, any order in that regard would need to specify what the notice would say.

(iii) Authorization to bankrupt, liquidate or dissolve the Debtor

9. The authorization being sought is premature. The application should be made only when such steps are being contemplated and evidence is presented as to the reasons for taking such steps and the consequences thereof.

(iv) Addition of 24 new properties

10. The Debtor is acquiring shares in certain companies for nil consideration. One of those companies, St.-Maurice River Drive Company, owns the 24 properties listed in Exhibit R-2 to the Petitioner's motion. The Debtor does not own these properties. Furthermore, there is no evidence of the condition of these properties or the amount that will be required by the Receiver to exercise its powers in connection with these properties. The addition of these properties may compromise the ability of the Receiver to successfully deal with the properties that are now subject to the receivership.

WHEREFORE British Columbia respectfully requests:

- i) that the Petitioner's motion be dismissed;
- ii) costs of this motion;
- iii) such further and other relief as to this Honourable Court may seem just.

November 29, 2010
Vancouver, British Columbia

Gowling Lafleur Henderson LLP
for: _____
Elizabeth J. Rowbotham,
Ministry of Attorney General, Counsel for BC

Gowling Lafleur Henderson LLP
for: _____
David Hatter,
Ministry of Attorney General, Counsel for BC

N° 500-11-036133-094

CANADA
SUPÉRIOR COURT
DISTRICT of MONTRÉAL

**In the matter of the plan of compromise or
arrangement of :**

ABITIBIBOWATER INC. ET AL et al

Petitioners

and

ERNST & YOUNG INC.

Monitor

and

**ATTORNEY GENERAL OF BRITISH
COLUMBIA**

Respondent on the motion

**Written Contestation of Attorney General
of British Columbia**
in response to the petitioners' amended motion
for the issuance of re-re-amended receivership
order in respect of 4513541

Original

BL0052

**M^e Elizabeth J. Rowbotham and
M^e David Hatter, Solicitors**
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1001 Douglas Street
Victoria, British Columbia V8W 9J7

N° 500-11-036133-094	
CANADA SUPERIOR COURT DISTRICT of MONTRÉAL	
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ABITIBIBOWATER INC. ET AL et al	Petitioners
and	
ERNST & YOUNG INC.	Monitor
and	
ATTORNEY GENERAL OF BRITISH COLUMBIA	Respondent on the motion
Written Contestation of Attorney General of British Columbia in response to the petitioners' amended motion for the issuance of re-re-amended receivership order in respect of 4513541	
Copy	BL0052
M^e Elizabeth J. Rowbotham and M^e David Hatter, Solicitors Office of the Attorney General 1001 Douglas Street Victoria, British Columbia V8W 9J7	