

1973 Bill 56

Second Session, 17th Legislature, 21 Elizabeth II

THE LEGISLATIVE ASSEMBLY OF ALBERTA

BILL 56

The Financial Administration Amendment Act, 1973

THE PROVINCIAL TREASURER

First Reading

Second Reading

Third Reading

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BILL 56

1973

THE FINANCIAL ADMINISTRATION AMENDMENT ACT, 1973

(Assented to _____, 1973)

HER MAJESTY, by and with the advice and consent of the Legislative Assembly of Alberta, enacts as follows:

1. *The Financial Administration Act is hereby amended.*

2. *Section 16 is struck out and the following sections are substituted:*

16. (1) Any portion of the General Revenue Fund not required for expenditure may be invested and re-invested in any of the classes of securities in which moneys in the Consolidated Cash Investment Trust Fund may be invested under section 28.6.

(2) The Treasurer may dispose of any securities acquired under subsection (1).

16.1 Any transfer of moneys

- (a) for the purpose of purchasing securities under section 16, 28.6 or 86, or
- (b) into or between accounts in the General Revenue Fund, or
- (c) between accounts in the General Revenue Fund and accounts in the Consolidated Cash Investment Trust Fund, or
- (d) between accounts in the Consolidated Cash Investment Trust Fund, or
- (e) between accounts in the Consolidated Cash Investment Trust Fund and accounts of depositors under Part 2A,

may be made by a bank, treasury branch or other similar institution in accordance with directions given from time to time by the Treasurer and is subject to audit under section 58.1.

Explanatory Notes

1. This Bill will amend chapter 142 of the Revised Statutes of Alberta 1970.

2. Section 16 presently reads:

16. (1) The Lieutenant Governor in Council may direct the Treasurer to invest any portion of the General Revenue Fund not presently required for expenditure

- (a) in securities of the Government of Canada or of any of the provinces of Canada, or
- (b) in any securities the payment of which is guaranteed by the Government of Canada or any of the provinces of Canada, or
- (c) in securities of any city, town, village, municipal district, county, school division, school district or hospital district in Alberta, or
- (d) in securities issued or guaranteed by the International Bank for Reconstruction and Development established by the agreement for an International Bank for Reconstruction and Development approved by the Bretton Woods Agreement Act (Canada), if the securities are payable in the currency of Canada or the United States of America, or
- (e) in certificates of deposit, deposit receipts or other evidences of indebtedness given by a bank or treasury branch in consideration of a deposit or deposits made with the bank or treasury branch.

(2) Whenever it is necessary to meet expenditure the Treasurer may dispose of any investments made pursuant to subsection (1) in the manner, on the terms and in the amounts he considers most to the public advantage.

The new section 16 will make the power to invest the surplus money of the General Revenue Fund uniform with the power to invest the proposed Consolidated Cash Investment Trust Fund and sinking funds, the only other powers of investment in the Act.

The new section 16.1 will permit the classes of transfers specified to be made by automatic bank transfer instead of by cheque or order. The only automatic transfer of funds outside the system will be for a purchase of securities. Automatic transfers will be subject to post-audit under new section 58.1.

3. *The following Part is added after section 28:*

PART 2A

CONSOLIDATED CASH INVESTMENT TRUST FUND

28.1 (1) In this Part,

- (a) "Crown agency" means
 - (i) any corporation that is, by its Act of incorporation, an agent of the Crown in right of Alberta, or
 - (ii) any corporation or unincorporated board, commission, council, or other body that is not part of a department or other part of the public service of Alberta, all of whose members are appointed or designated, either in their personal names or by their names of office, by an Act, by an order of the Lieutenant Governor in Council or by a Minister of the Crown in right of Alberta, or by any combination thereof;
- (b) "depositor" means
 - (i) the Treasurer, or
 - (ii) a Minister of the Crown, Crown agency or other person or body of persons named in the Schedule to this Act or whose name is added to the Schedule to this Act pursuant to section 28.3;
- (c) "designated fund", with reference to a depositor, means
 - (i) a fund or account held or maintained by the depositor that is described or specified by name and shown opposite the name of the depositor in the Schedule to this Act, or
 - (ii) the moneys or investments, or both, of the depositor shown opposite the name of the depositor in the Schedule to this Act, or
 - (iii) in the case of a depositor added to the Schedule pursuant to section 28.3,
 - (A) a fund or account held or maintained by the depositor that is described or specified by name in the regulation under that section as a designated fund of that depositor, or
 - (B) any moneys or investments, or both, of the depositor specified in the regulation under that section as a designated fund of that depositor;
- (d) "Investment Fund" means the Consolidated Cash Investment Trust Fund;
- (e) "securities" mean bonds, debentures, debenture stock, shares of capital stock, rights in respect of

3. This new Part provides for the establishment of the Consolidated Cash Investment Trust Fund under the trusteeship of the Provincial Treasurer. This will enable surplus money in the hands of Ministers or Government officials and agencies to be consolidated and invested under skilled management at the greatest return consistent with sound financial practice.

Only those Ministers or officials, agencies and funds in, or added to the Schedule are bound, and no money can be transferred into the Fund if, by the ordinary law, such transfer would be a breach of trust.

Any money in the Fund, including net earnings, is available to the contributing Minister, official or agency on demand.

such shares, trust certificates, guaranteed investment certificates or receipts, certificates of deposit, deposit receipts, bills or notes.

(2) A reference to a fund or account that is a designated fund described or specified by name in the Schedule or in a regulation made pursuant to section 28.3 shall be read as referring to the moneys in that fund or account and any investments made from moneys in that fund or account.

28.2 This Part does not apply to, and no regulation shall be made under section 28.3, subsection (2) so as to affect, any fund, account and moneys or investments held by a depositor in trust

- (a) where there is an express trust or direction, whether in an Act or otherwise, for the investment of the moneys or funds so held in trust, or
- (b) where the trust would, except for this Part, be breached if any of the moneys or funds were transferred to the Investment Fund.

28.3 (1) The Treasurer shall establish and maintain a fund called the "Consolidated Cash Investment Trust Fund" of which he shall be the trustee.

(2) Subject to subsection (3), the Lieutenant Governor in Council may by regulation

- (a) amend the Schedule by adding any Minister of the Crown, Crown agency or other person or body of persons as a depositor, and specifying the fund, account, moneys or investments (whether held in trust or otherwise) that are the designated funds of that depositor, or
- (b) amend the Schedule with respect to any depositor by adding to, striking out or altering or replacing the description of, any of the designated funds of that depositor, or
- (c) amend the Schedule by striking out any depositor and the designated funds of that depositor.

(3) A regulation shall not be made under subsection (2)

- (a) to add to the Schedule as a depositor any person or body of persons other than a Minister of the Crown or a Crown agency, or
- (b) to change the designated funds of a depositor that is a person or body of persons other than a Minister of the Crown or a Crown agency,

except with the prior consent of that person or body of persons.

(4) Where any person or body of persons, other than a Minister of the Crown or a Crown agency, is added to the

28.2 Part not to affect trusts.

28.3 Establishment of Investment Fund and amendments to the Schedule.

Schedule as a depositor pursuant to subsection (2), the Lieutenant Governor in Council shall, upon being required by notice to do so by that person or body of persons, by regulation amend the Schedule

- (a) by removing that person or body as a depositor, or
- (b) by removing any designated fund of the depositor specified in the notice.

28.4 (1) The Treasurer shall transfer to the Investment Fund any moneys in

- (a) the General Revenue Fund not invested under section 16, and
- (b) any other designated funds of the Treasurer, that are not then required for expenditure.

(2) Upon being directed by the Treasurer to do so, a depositor shall transfer to the Investment Fund any specified portion of the moneys in a designated fund of the depositor that are not then required for expenditure, but, if the depositor objects to the direction or to the amount specified in the direction, the matter shall be referred to the Treasury Board for determination.

(3) A depositor, on his own initiative, may transfer to the Investment Fund any portion of the moneys in a designated fund held by him and not then required for expenditure.

28.5 (1) Where a depositor, other than the Treasurer, has power to invest money in a designated fund then, notwithstanding the provisions of any other Act,

- (a) that depositor's power to invest money and to exchange, sell and dispose of such investments may be exercised only with the approval of the Treasurer, and
- (b) that depositor shall, at the direction of the Treasurer, sell, exchange, replace or otherwise dispose of investments in the depositor's designated fund.

(2) Where the Treasurer refuses to approve a proposed investment or a proposed exchange, sale or disposal of an investment pursuant to subsection (1), or where the depositor objects to a direction of the Treasurer under subsection (1), clause (b), the matter shall be referred to the Treasury Board for determination.

28.6 (1) Notwithstanding the provisions of *The Trustee Act*, the Treasurer shall invest and may re-invest the Investment Fund in any or all of the following:

- (a) securities of the Government of Canada or of the government of any province of Canada;

28.4 Transfer to the Investment Fund of depositor's moneys not then required for expenditure.

28.5 Regulation of depositor's investments in a designated fund.

28.6 Investment of moneys in Investment Fund.

- (b) securities the payment of the principal and interest of which is guaranteed by the Government of Canada or the government of any province of Canada;
- (c) securities of any Crown agency;
- (d) securities of any city, town, village, municipal district, county or hospital district in Alberta or of the board of trustees of any school district or school division in Alberta;
- (e) securities issued or guaranteed by the International Bank for Reconstruction and Development established by the agreement for an International Bank for Reconstruction and Development approved by the *Bretton Woods Agreement Act* (Canada), if the securities are payable in the currency of Canada or the United States of America;
- (f) certificates of deposit, deposit receipts or other evidences of indebtedness given by a bank or treasury branch in consideration of a deposit or deposits made with the bank or treasury branch.

(2) Notwithstanding the provisions of *The Trustee Act* and in addition to his powers under subsection (1), the Treasurer may invest and re-invest moneys in the Investment Fund in securities of any other class authorized by regulations of the Lieutenant Governor in Council but subject to any limitations prescribed by the regulations.

(3) The Treasurer may dispose of any securities purchased under this section.

28.7 (1) All moneys received by the Investment Fund, including earnings, shall be credited forthwith to the Investment Fund in one or more accounts in a bank, treasury branch or other similar institution, and such moneys shall be used only in accordance with the provisions of this Part.

(2) No moneys shall be credited to an account referred to in subsection (1) other than moneys received by the Fund pursuant to this Part.

(3) All dividends, interest, proceeds of the sale of securities and other receipts and all brokerage fees, taxes, costs of purchasing securities and other disbursements of the Investment Fund shall be paid into, paid out of or chargeable against, the account or accounts kept under subsection (1), and the profit or loss, subject to

- (a) any administrative directive made by the Treasury Board, or
- (b) any regulations made by the Lieutenant Governor in Council,

shall be allocated to each depositor in proportion to his net contributions in the Investment Fund.

28.7 Administration of Investment Fund.

(4) The Treasurer shall keep proper books and accounts for the Investment Fund, including a separate account for each fund or class of funds contributed by each depositor and showing his participation in the Investment Fund, including all deposits, all withdrawals, and the net earned revenue allocated under subsection (3).

(5) As soon as practicable after the end of each month, the Treasurer shall render to each depositor a true statement of his account in the Investment Fund.

28.8 (1) The Treasurer shall transfer from the Investment Fund to any designated fund of the Treasurer, to the extent of the participation of the designated fund in the Investment Fund, any moneys that then are required by the Treasurer for expenditure.

(2) Upon being directed by a depositor to do so, the Treasurer shall transfer from the Investment Fund to the designated fund of the depositor specified in the direction, to the extent of the participation of the designated fund in the Investment Fund, any moneys that are then required by the depositor for expenditure.

4. Section 33 is amended

(a) by striking out subsection (4) and by substituting the following:

(4) All cheques and orders shall be

(a) issued by mail to the payee, or

(b) delivered to the payee by any other means approved by the Treasurer.

(b) by adding the following subsection:

(6) A purchase of securities by transfer under section 16.1, clause (a) is not subject to this Part.

5. Section 40 is struck out and the following is substituted:

40. The Treasurer may advance to any department any sum required as an accountable advance for the purpose of making refunds for moneys deposited, or required to be deposited, in the General Revenue Fund, but each such advance shall be fully accounted for by that department and any unexpended balance shall be repayable to the Treasurer on demand by him.

6. The following section is added after section 40:

40.1 (1) In this section, "Crown agency" has the meaning given to it by section 28.1, subsection (1), clause (a).

28.8 Transfer out of Investment Fund of moneys required for expenditure by a depositor.

4. Section 33(4) presently reads:

(4) All completed cheques or orders shall with all dispatch be forwarded by the Treasury Department by mail or delivered to the persons entitled thereto.

The object of new subsection (4) is to eliminate any opportunities for the unlawful conversion of Government disbursements.

The new subsection (6) excepts a purchase of securities made by automatic bank transfer.

5. Section 40 presently reads:

40. The Treasurer, without any further authority than is provided by this section, may from time to time advance to any department or part thereof any sum required as an accountable advance for the purpose of making refunds for moneys deposited or required to be deposited in the General Revenue Fund.

The new section 40 makes all departmental advances repayable on demand.

6. This new section makes advances out of the General Revenue Fund to Government agencies and earnings retained by such agencies liable to the payment of interest.

(2) Notwithstanding the provisions of any other Act or any order of the Lieutenant Governor in Council, a Crown agency shall pay interest to the Treasurer upon

(a) any advance from the General Revenue Fund to the Crown agency, and

(b) any earnings of the Crown agency not remitted to the General Revenue Fund as soon as practicable after the close of the Crown agency's fiscal year, at the rate or rates to be fixed by the Treasury Board.

(3) In the case of a Crown agency in existence at the commencement of this section, the interest payable under subsection (2) shall be computed from April 1, 1973.

(4) Notwithstanding subsection (2), the Treasury Board may exempt a Crown agency from the payment of all or any interest under this section.

7. Section 42 is amended by striking out subsection (2) and by substituting the following:

(2) Every advance made under subsection (1) shall be fully accounted for with proper vouchers for all disbursements made and every unexpended balance shall be repayable to the Treasurer on demand by him.

8. The following section is added after section 58:

58.1 The Auditor shall examine, check and audit

(a) the accounts of the Consolidated Cash Investment Trust Fund under section 28.7, subsection (4), and

(b) all transfers and directions under section 16.1.

9. Section 86 is struck out and the following is substituted therefor:

86. (1) Subject to any special provisions relating thereto, moneys in any sinking fund created for the repayment of any loans or securities issued may be invested and re-invested in any of the classes of securities in which moneys in the Consolidated Cash Investment Trust Fund may be invested under section 28.6.

(2) The Treasurer may dispose of any securities purchased under subsection (1).

10. The following Schedule is added at the end of the Act:

7. Section 42, subsection (2) presently reads:

(2) Every advance shall be fully accounted for with proper vouchers for all disbursements made, and any unexpended balance shall be returned before the close of the current fiscal year during which the advance was made.

This amendment makes expense advances repayable on demand instead of before the close of the fiscal year.

8. This new section extends the post-audit to the Consolidated Cash Investment Trust Fund and to automatic bank transfers.

9. Section 86 presently reads:

86. Subject to any special provisions relating thereto, money in any sinking fund created for the repayment of any loans raised or securities issued may from time to time be invested

- (a) in securities of the Government of Canada or of any of the provinces of Canada, or
- (b) in securities the payment of which is guaranteed by the Government of Canada or of any of the provinces of Canada, or
- (c) in securities of any city, town, village, county, municipal district, county school division, school district or hospital district in Alberta, or
- (d) in securities issued or guaranteed by the International Bank for Reconstruction and Development established by the agreement for an International Bank for Reconstruction and Development approved by the Bretton Woods Agreement Act, (Canada), if the securities are payable in the currency of Canada or the United States of America, or
- (e) in certificates of deposit, deposit receipts or other evidences of indebtedness given by a bank or treasury branch in consideration of a deposit or deposits made with the bank or treasury branch.

This amendment makes the power to invest sinking funds uniform with the powers to invest the Consolidated Cash Investment Trust Fund and surplus money in the General Revenue Fund.

10. The Schedule sets out the Ministers and Government officials and agencies and funds, accounts, moneys and investments subject to the Consolidated Cash Investment Trust Fund upon the coming into force of the Bill.

SCHEDULE

(Sections 28.1 (c) and 28.3)

CONSOLIDATED CASH INVESTMENT TRUST FUND DEPOSITORS AND DESIGNATED FUNDS

<i>Depositor</i>	<i>Designated Fund</i>
1. Provincial Treasurer	(a) General Revenue Fund. (b) General Trust Account. (c) Sinking fund under section 74 of <i>The Financial Administration Act</i> . (d) Sinking funds under any other Acts and maintained by the Treasurer. (e) Central Registry Assurance Fund under <i>The Chattel Security Registries Act</i> . (f) Homestead Lease Loan Fund under <i>The Homestead Lease Loan Act</i> . (g) Metis Population Betterment Trust Account — Part I (General), under section 1 of Alberta Regulation 112/60. (h) Metis Population Betterment Trust Account — Part II (Local), under section 2 of Alberta Regulation 112/60. (i) Municipal Loans Revolving Fund under <i>The Municipal Capital Expenditure Loans Act</i> . (j) Public Service Pension Account under <i>The Public Service Pension Act</i> . (k) Pension and Allowance Account. (l) School Foundation Program Fund under section 129 of <i>The School Act</i> . (m) Students Loan Fund under <i>The Students Finance Act</i> . (n) Educational Opportunity Fund under <i>The Students Finance Act</i> .

- (o) Bond redemption accounts.
 - (p) Coupon accounts.
 - (q) Arthur Lewis Sifton Estate.
 - (r) Mildred Rowe Weston Estate.
2. Attorney General
 - (a) Fines and Costs Distribution Trust Account under *The Summary Convictions Act*.
 3. Minister of the Environment
 - (a) Stock advance fund under section 98 of *The Water Resources Act*.
 4. Minister of Lands and Forests
 - (a) Wildlife Damage Fund under section 9 (2) of *The Wildlife Act*.
 - (b) Fish and Wildlife Habitat Fund under section 10 (2) of *The Wildlife Act*.
 5. Minister of Municipal Affairs
 - (a) Alberta Planning Fund under section 11 (1) of *The Planning Act*.
 6. Alberta Environmental Research Trust
 - (a) All moneys and investments of the Trust.
 7. Alberta Health Care Insurance Commission
 - (a) All moneys of the Commission.
 8. Alberta Hospital Services Commission.
 - (a) All moneys and investments of the Commission, including sinking funds.
 9. Alberta Municipal Financing Corporation
 - (a) All moneys and investments of the Corporation, including the deposit account under section 28 (1) of *The Alberta Municipal Financing Corporation Act*.
 10. Alberta Resources Railway Corporation
 - (a) All moneys and investments of the Corporation, including sinking funds and reserve funds.
 11. Board of Trustees under *The Wheat Board Money Trust Act*.
 - (a) All moneys and investments held by the Board of Trustees.

11. *This Act comes into force on a date to be fixed by Proclamation.*