

1975 Bill 9

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Fourth Session, 17th Legislature, 24 Elizabeth II

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THE LEGISLATIVE ASSEMBLY OF ALBERTA

## **BILL 9**

**THE CO-OPERATIVE MARKETING ASSOCIATIONS  
GUARANTEE AMENDMENT ACT, 1975**

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MR. MILLER (*Lloydminster*)

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First Reading .....

Second Reading .....

Third Reading .....

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*Bill 9*  
*Mr. Miller*  
*(Lloydminster)*

## **BILL 9**

1975

### **THE CO-OPERATIVE MARKETING ASSOCIATIONS GUARANTEE AMENDMENT ACT, 1975**

*(Assented to , 1975)*

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

*1. The Co-operative Marketing Association Guarantee Act is hereby amended.*

*2. Section 2 is amended by striking out subsection (3) and by substituting the following:*

(3) Notwithstanding subsection (1), no guarantee shall be given unless

- (a) the association has first paid at least 15 per cent of the cost of acquiring the land, factories, warehouses, machinery or equipment for which the proposed borrowings are required,
- (b) the borrowed sum is required to be repaid within a period not to exceed 20 years by installments on an annual, semi-annual or monthly basis,
- (c) the association has made provision satisfactory to the Provincial Treasurer for the repayment of the guaranteed borrowings and interest, and
- (d) the total amount of the liability of the Province as a guarantor under this section will not exceed \$20,000,000.

(4) Where the borrowings of an association have been guaranteed pursuant to subsection (1) and the association requires additional borrowings, the Lieutenant Governor in Council may, subject to subsections (1), (2) and (3), authorize the Provincial Treasurer to guarantee the additional borrowings.

(5) Where borrowings are guaranteed under this section, the lender and the association may agree that the borrowings are to be advanced in installments and in that event, the Provincial Treasurer may execute a guarantee with respect to each installment.

## **Explanatory Notes**

**1.** This Bill will amend chapter 68 of the Revised Statutes of Alberta 1970.

**2.** This amendment increases the total amount which may be guaranteed and makes several changes designed to clarify the operation of the section. Section 2, subsection (3) presently reads:

- (3) Notwithstanding subsection (1), no such guarantee as mentioned in that subsection shall be given unless
  - (a) the association has first paid at least 15 per cent of the cost of acquiring any land, factories or warehouses and machinery,
  - (b) the period stipulated for the repayment of the borrowed sum does not exceed 20 years,
  - (c) the association has made provision satisfactory to the Provincial Treasurer for a sinking fund adequate for the purpose of paying off the guaranteed loan and interest as and when it becomes due, and
  - (d) the total amount of the liability of the Province as a guarantor under this section will not exceed \$5,000,000.

*3. Section 3 is amended*

- (a) as to subsection (1), clause (a) by striking out subclause (ii) and by substituting the following:*
  - (ii) has made provision satisfactory to the Provincial Treasurer for the repayment of the guaranteed borrowings and interest,*
- (b) as to subsection (1) by striking out clause (c) and by substituting the following:*
  - (c) the borrowed sum is required to be repaid within a period not to exceed 20 years by installments on an annual, semi-annual or monthly basis,*
- (c) by striking out subsection (3).*

*4. Section 4 is amended*

- (a) as to clause (a) by striking out subclause (ii) and by substituting the following:*
  - (ii) has made provision satisfactory to the Provincial Treasurer for the repayment of the guaranteed borrowings and interest,*
- (b) by striking out clause (c) and by substituting the following:*
  - (c) the borrowed sum is required to be repaid within a period not to exceed 20 years by installments on an annual, semi-annual or monthly basis, and*

*5. Section 5 is amended*

- (a) by renumbering the section as subsection (1),*
- (b) as to renumbered subsection (1)*
  - (i) by striking out clause (a) and by substituting the following:*
    - (a) if such sums have not been fully repaid, then the Provincial Treasurer, with the approval of the Lieutenant Governor in Council, may guarantee on behalf of the Province a further borrowing by the association for the purpose of working capital, but the amount of such borrowing shall not exceed 50 per cent of the amount that has been repaid on account of the first mentioned sum borrowed, or*
  - (ii) by striking out clause (b),*
- (c) by adding the following subsection after renumbered subsection (1):*

**3. These amendments will clarify the operation of the section. Subsection (1), clauses (a) and (c) and subsection (3) presently read as follows:**

**3. (1) If**

- (a) an association incorporated under The Co-operative Associations Act, having as its principal object the supplying of natural gas, liquefied petroleum gas, water, or electrical energy or power to its members
    - (i) has first paid at least 15 per cent of the amount of any capital expenditure proposed to be made by the association in carrying out its objects, and
    - (ii) has made provision satisfactory to the Provincial Treasurer for a sinking fund adequate for the purpose of paying off the loan and interest as and when it becomes due,
  - (c) the period of repayment of a borrowing by such association does not exceed 20 years,
- the Lieutenant Governor in Council may authorize the Provincial Treasurer, on behalf of the Province, to guarantee the due repayment of any sum, together with interest thereon, borrowed by the association for the purpose of acquiring, constructing, operating, maintaining and administering the pipe lines or works necessary for the carrying, transmission and distribution of natural gas, liquefied petroleum gas, water, or electrical energy, and the Provincial Treasurer, on behalf of the Province, may execute any instrument for the purpose of the guarantee.

(3) The provisions of section 5 do not apply to a borrowing guaranteed pursuant to subsection (1).

**4. These amendments will clarify the operation of this section. Section 4, clause (a), subclause (ii) and clause (c) presently read:**

**4. If**

- (a) an association incorporated under The Co-operative Associations Act, having as its principal object the purchase of farm machinery for its members
  - (ii) has made provision satisfactory to the Provincial Treasurer for a sinking fund adequate for the purpose of paying off the loan and interest as and when it becomes due,
  - (c) the period of repayment of a borrowing by such association does not exceed 20 years, and
- the Lieutenant Governor in Council may authorize the Provincial Treasurer on behalf of the Province, to guarantee the due repayment of any sum, together with interest thereon, borrowed by the association for the purpose of purchasing farm machinery for its members, and the Provincial Treasurer on behalf of the Province, may execute any instrument for the purpose of the guarantee.

**5. Clause (b) which restricts second or further guarantees is removed and the working capital ceiling raised. Additional guarantees will now be covered in section 2 and are already covered in section 3. Section 5, clauses (a) and (b) read as follows:**

**5. Where the repayment of any sums borrowed by an association has been guaranteed under section 2, 3 or 4,**

- (a) if such sums have not been fully repaid, then the Provincial Treasurer with the approval of the Lieutenant Governor in Council may guarantee on behalf of the Province a further borrowing by the association for the purpose of working capital, but the amount of such borrowing shall not exceed the amount that has been repaid on account of the first mentioned sum borrowed and shall not in any case exceed \$10,000, or
- (b) if such sums have been fully repaid, then the Lieutenant Governor in Council may authorize the Provincial Treasurer to guarantee on behalf of the Province further borrowing by the association, but before any such guarantee is given, the capital assets of the association shall be valued by a person appointed for that purpose by the Provincial Treasurer, and the amount of the further borrowing so guaranteed shall not exceed 50 per cent of the value of the capital assets of the association as ascertained by the valuer, or

(2) A guarantee given under this section is in addition to and not in substitution for any other guarantee permitted under this Act.

*6. Section 9 is struck out.*

*7. This Act comes into force on the day upon which it is assented to.*

**6. This section deals with a matter now covered in The Financial Administration Act, section 39. Section 9 reads as follows:**

**9. Where it becomes necessary to pay a sum or sums of money under a guarantee provided for by this Act the Lieutenant Governor in Council may by loan raise such sum or sums of money as to him seems proper and convenient and may apply the same in fulfilment of any such guarantee according to the terms thereof without any further or other appropriation.**