

1975 Bill 74  
(Second Session)

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First Session, 18th Legislature, 24 Elizabeth II

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THE LEGISLATIVE ASSEMBLY OF ALBERTA

## **BILL 74**

**THE ALBERTA HERITAGE SAVINGS TRUST FUND ACT**

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THE PREMIER

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First Reading . . . . .

Second Reading . . . . .

Third Reading . . . . .

# **BILL 74**

1975

(Second Session)

## **THE ALBERTA HERITAGE SAVINGS TRUST FUND ACT**

(Assented to \_\_\_\_\_, 1975)

WHEREAS substantial revenues are being received by the Province from the sale of non-renewable resources owned by the people of Alberta; and

WHEREAS there is a limited supply of non-renewable resources and therefore revenues from the sale of those resources will ultimately be reduced; and

WHEREAS it would be improvident to spend all such revenues as they are received; and

WHEREAS the Legislature of Alberta considers it appropriate that a substantial portion of those revenues be set aside and invested for the benefit of the people of Alberta in future years:

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

**1. In this Act,**

- (a) "Investment Committee" means the Heritage Savings Trust Fund Investment Committee established under section 3;
- (b) "non-renewable resource revenue" means
  - (i) moneys received by the Crown on or after April 1, 1976 pursuant to agreements as defined in *The Mines and Minerals Act*;
  - (ii) moneys received by the Crown on or after April 1, 1976 as bonuses to acquire agreements as defined in *The Mines and Minerals Act*, and
  - (iii) moneys received under an agreement between the Crown in right of Alberta and the holder of a bituminous sands lease under which the Crown agrees to accept money payments in lieu of royalty under the lease;
- (c) "Trust Fund" means the Alberta Heritage Savings Trust Fund established under section 2.

## **Explanatory Notes**

This Bill will establish the Alberta Heritage Savings Trust Fund into which will be transferred \$1,500,000,000 and thereafter 30% of non-renewable resource revenue, as defined in section 1, clause (b) of the Bill. The Fund will be invested in three main classes of investments, that is, investments in the Capital Projects Division which must be authorized by the Legislature itself, and investments in the Canada Investment Division and in the Alberta Investment Division which must be approved by a committee of the whole Cabinet called the "Heritage Savings Trust Fund Investment Committee" — see section 6 of the Bill. Residual powers of investment by the Provincial Treasurer are found in section 9.

The Provincial Treasurer's quarterly reports are subject to review by a new Select Standing Committee of the Legislative Assembly whose reports in turn are to be the subject of debate in the Assembly itself: see ss. 12 and 13 of the Bill.

### **1. Definitions.**

**2.** (1) There is hereby established a fund to be known as the "Alberta Heritage Savings Trust Fund".

(2) The Provincial Treasurer shall hold and administer the Trust Fund in accordance with this Act.

(3) The Provincial Treasurer shall establish and maintain a separate accounting record of the Trust Fund.

**3.** (1) There is hereby established a committee called the "Heritage Savings Trust Fund Investment Committee" consisting of all members of the Executive Council.

(2) The Investment Committee shall designate one of its members as chairman and another as vice-chairman.

**4.** (1) On or before March 31, 1976, there shall be transferred from the General Revenue Fund to the Trust Fund \$1,500,000,000.

(2) On and after April 1, 1976, 30 per cent of the non-renewable resource revenue shall be transferred from the General Revenue Fund to the Trust Fund in accordance with this Act.

(3) The amount transferred pursuant to subsection (1) may be transferred in cash or other assets, but where assets other than cash are to be transferred the Investment Committee shall, before any transfer is made, approve

(a) the assets to be transferred,

(b) the manner in which and the time or times at which the transfer is to be made, and

(c) the valuation of the assets or the method by which the assets are to be valued,

and may impose such conditions relating to the transfer as the Investment Committee consider necessary.

(4) The income of the Trust Fund accrues to and forms part of the Trust Fund.

**5.** (1) The Provincial Treasurer shall, with respect to the non-renewable resource revenue received in April, 1976 and every month thereafter, transfer 30 per cent thereof from the General Revenue Fund to the Trust Fund within 60 days of the end of the month in which it is received.

(2) Notwithstanding subsection (1), the Provincial Treasurer may, with respect to the month of April, 1976 or any month thereafter, estimate 30 per cent of the non-renewable resource revenue to be received in that month and transfer that sum from the General Revenue Fund to the Trust Fund not later than 60 days after the end of the month in respect of which the estimate is made.

**2.** Alberta Heritage Savings Trust Fund established.

**3.** Heritage Savings Trust Fund Investment Committee.

**4.** Transfer of assets from the General Revenue Fund to the Trust Fund.

**5.** Transfer of 30 per cent of the non-renewable resource revenue from the General Revenue Fund to the Trust Fund.

(3) With respect to the fiscal year ending March 31, 1977 and each fiscal year thereafter, the Provincial Treasurer, depending upon whether the sum transferred under subsections (1) and (2) is greater or less than 30 per cent of the non-renewable resource revenue received in that year as shown in the public accounts for that year, shall

(a) transfer moneys from the General Revenue Fund to the Trust Fund, or

(b) transfer moneys from the Trust Fund to the General Revenue Fund,

so that the amount of the non-renewable resource revenue in the Trust Fund for the fiscal year ending March 31, 1977 and each fiscal year thereafter is 30 per cent of the non-renewable resource revenue received in that fiscal year.

(4) No interest is payable with respect to any money transferred pursuant to this section to or from the General Revenue Fund or to or from the Trust Fund.

**6.** (1) The assets of the Trust Fund shall be used for the following purposes:

(a) the making of investments in projects which will provide long term economic or social benefits to the people of Alberta but which will not by their nature yield a return to the Trust Fund;

(b) the making of investments by way of loans to

(i) the Crown in right of Canada, or

(ii) the Crown in right of any other province of Canada, or

(iii) any other person if the repayment of the loan and the payment of interest thereon by that person is guaranteed by the Crown in right of Canada or the Crown in right of any other province of Canada;

(c) the making of investments which, in the opinion of the Investment Committee,

(i) will yield a reasonable return or profit to the Trust Fund, and

(ii) will tend to strengthen and diversify the economy of Alberta.

(2) Investments referred to in subsection (1), clause (a)

(a) shall only be made if moneys are first appropriated from the Trust Fund by an Act of the Legislature specifically for a purpose described in subsection (1), clause (a),

(b) shall not exceed 20 per cent of the assets of the Trust Fund, and

(c) shall form the Capital Projects Division of the Trust Fund.

**6.** Regulation of the use of assets of the Trust Fund and the formation of three Divisions of the Trust Fund.

- (3) Investments referred to in subsection (1), clause (b)
  - (a) shall only be made with the approval of the Investment Committee,
  - (b) shall not exceed 15 per cent of the assets of the Trust Fund, and
  - (c) shall form the Canada Investment Division of the Trust Fund.
- (4) Investments referred to in subsection (1), clause (c)
  - (a) shall be made in accordance with any directions contained in any resolution of the Legislative Assembly relating to such investments,
  - (b) shall only be made with the approval of the Investment Committee, and
  - (c) shall form the Alberta Investment Division of the Trust Fund.
- (5) For the purposes of this section,
  - (a) investments in the Capital Projects Division shall be deemed to be assets of the Trust Fund with a value equal to the amounts expended pursuant to Acts of the Legislature referred to in subsection (2), clause (a);
  - (b) investments in the Canada Investment Division and the Alberta Investment Division and all other assets of the Trust Fund shall be valued at book value;
  - (c) the percentage limitations referred to in subsection (2), clause (b) and subsection (3), clause (b) shall be determined at the end of each fiscal year.

**7.** Where any investment is made under section 6 with the approval of the Investment Committee, no disposition shall be made of that investment except with the approval of the Investment Committee.

**8.** Any approval given by the Investment Committee under section 6 or 7 may be made subject to such conditions as the Committee considers necessary.

**9.** (1) Notwithstanding section 6, where any moneys in the Trust Fund have not been or are not being invested pursuant to that section, the Provincial Treasurer may invest and may re-invest those moneys in any or all of the following:



**7.** Disposition of investments made under section 6, subsection (3) or (4).

**8.** Conditions on approvals.

**9.** Investment of assets of the Trust Fund not then forming part of any Division of the Trust Fund.

- (a) the bonds, debentures or other evidences of indebtedness of or guaranteed as to the repayment of principal and interest by the Government of Canada, by any province of Canada, or by a municipal corporation in Canada;
  - (b) the bonds, debentures or other evidences of indebtedness of or guaranteed as to the repayment of, principal and interest by the government of a country other than Canada;
  - (c) the bonds, debentures or other evidences of indebtedness of any agent of the Crown in right of Alberta;
  - (d) certificates of deposit, deposit receipts or other evidences of indebtedness given by a chartered bank or treasury branch in consideration of a deposit or deposits made with the bank or treasury branch;
  - (e) certificates of deposit, deposit receipts or other evidences of indebtedness which are unconditionally guaranteed by a chartered bank;
  - (f) the bonds, debentures or other evidences of indebtedness of or guaranteed by any corporation, if those bonds, debentures, or other evidences of indebtedness are authorized investments under section 63, subsection (1) of the *Canadian and British Insurance Companies Act*;
  - (g) mortgages or hypothecs of real estate or leaseholds in Canada if the amount paid for the mortgage or hypothec together with the amount of indebtedness under any mortgage or hypothec on the real estate or leasehold ranking equally with or superior to the mortgage or hypothec in which the investment is made does not exceed three-quarters of the value of the real estate or leasehold covered thereby;
  - (h) mortgages or hypothecs of real estate or leaseholds in Canada notwithstanding that the mortgage or hypothec exceeds the amount authorized under clause (g) if the excess is guaranteed or insured by, or through an agency of, the Government of Canada or a province of Canada, or by an insurance company approved by the Treasury Board.
- (2) Notwithstanding section 28.4, subsection (1) of *The Financial Administration Act*, the Provincial Treasurer shall transfer moneys from the Trust Fund to the Consolidated Cash Investment Trust Fund only where the moneys have not been invested or re-invested under subsection (1) or where the moneys have not been invested pursuant to section 6.



**10.** (1) Where any costs, expenses or other payments are directly attributable to the administration of the Trust Fund, the Provincial Treasurer may charge the cost, expense or payment to the Trust Fund.

(2) Once each year commencing on or after April 1, 1977, the Investment Committee shall

- (a) estimate an amount consisting of the fees, wages, salaries, costs, expenses or other payments incurred in connection with the administration of the Trust Fund and paid out of the General Revenue Fund in the preceding year, and
- (b) authorize the Provincial Treasurer to transfer the amount estimated under clause (a) from the Trust Fund to the General Revenue Fund.

**11.** (1) The Provincial Auditor shall from time to time and at least once each year audit the accounts and financial transactions of the Trust Fund.

(2) The Provincial Treasurer shall, after the end of each fiscal year, prepare a financial statement, audited by the Provincial Auditor, showing

- (a) payments made from and income accrued to the Trust Fund during the preceding fiscal year, and
- (b) the total moneys expended under Acts of the Legislature referred to in section 6, subsection (2), clause (a) in respect of investments in the Capital Projects Division of the Trust Fund.

(3) When an audited financial statement referred to in subsection (2) is prepared, the Provincial Treasurer shall lay a copy of it before the Legislative Assembly if it is then in session and if not, within 15 days after the commencement of the first session in the next ensuing year.

**12.** (1) The Provincial Treasurer shall, as soon as possible after the end of each quarter of a fiscal year, prepare a report summarizing the operation of the Trust Fund during the preceding quarter.

(2) When a quarterly report is prepared under subsection (1), the Provincial Treasurer shall

- (a) furnish copies of the report to all members of the Select Standing Committee referred to in section 13, and
- (b) lay a copy of the report before the Legislative Assembly if it is then sitting and, if not, within 15 days after the commencement of the next sitting.

**10.** Administration fees paid out of the Trust Fund.

**11.** Audit and annual financial statements.

**12.** Quarterly reports by Provincial Treasurer.

**13.** (1) There is hereby established a select standing committee of the Legislative Assembly called the "Select Standing Committee on The Alberta Heritage Savings Trust Fund Act" consisting of 15 members.

(2) The members of the Select Standing Committee shall be appointed at the commencement of each session in the same way that members are appointed to other select standing committees of the Legislative Assembly.

(3) When a quarterly report is tabled under section 12, it shall be deemed to be referred to the Select Standing Committee for a review, report and recommendations concerning the investment of the Trust Fund.

(4) Within 10 days after the date on which a report of the Select Standing Committee under subsection (3) is tabled, the chairman of the Select Standing Committee shall introduce a motion in the Legislative Assembly that the report of the Select Standing Committee be received and concurred in.

(5) The Select Standing Committee may sit after the prorogation of a session of the Legislature without leave of the Assembly.

**14.** *The Financial Administration Act is amended*

(a) *as to section 16.1 by adding the following clauses after clause (e):*

(f) between accounts in the General Revenue Fund and the Alberta Heritage Savings Trust Fund,

(g) between accounts in the Consolidated Cash Investment Trust Fund and the Alberta Heritage Savings Trust Fund,

(h) for the purpose of making investments under section 9 of *The Alberta Heritage Savings Trust Fund Act*,

(b) *by adding the following section after section 40.1:*

**40.2** The Provincial Treasurer shall, upon the direction of the Treasury Board, advance from the General Revenue Fund to the Alberta Heritage Savings Trust Fund such sums as may be required upon such terms and conditions as the Treasury Board may impose.

(c) *as to item 1 of the Schedule, by adding to the list of designated funds of the Provincial Treasurer the following:*

(a1) Alberta Heritage Savings Trust Fund.

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

**13.** Select Standing Committee of the Legislative Assembly to review the operation of the Trust Fund.

**14.** Amends chapter 142 of the Revised Statutes of Alberta 1970.

Section 16.1 presently reads:

**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.