

BILL 29

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Fourth Session, 19th Legislature, 31 Elizabeth II

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THE LEGISLATIVE ASSEMBLY OF ALBERTA

**BILL 29**

**FINANCIAL ADMINISTRATION  
AMENDMENT ACT, 1982**

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THE PROVINCIAL TREASURER

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First Reading .....

Second Reading .....

Committee of the Whole .....

Third Reading .....

Royal Assent .....

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Bill 29

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1982

### FINANCIAL ADMINISTRATION AMENDMENT ACT, 1982

(Assented to \_\_\_\_\_, 1982)

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

1 *The Financial Administration Act is amended by this Act.*

2 *Section 50 is amended*

(a) *in subsection (1) by adding the following after clause (k):*

(l) an instrument evidencing an interest in a debt obligation where the payment of the debt and the interest on the debt is insured by a company registered under the *Canadian and British Insurance Companies Act* (Canada).

(b) *by adding the following after subsection (1):*

(1.1) In addition to the power of investment under subsection (1), the Provincial Treasurer may invest not more than 7% of the value at cost of the assets of a fund referred to in subsection (1.2) in

(a) investments and loans that are within the classes of investments and loans permitted by subsection (1), notwithstanding that those investments do not meet the financial tests imposed by section 63(1) of the *Canadian and British Insurance Companies Act* (Canada), and

(b) any classes of investments and loans that may be approved from time to time by the Lieutenant Governor in Council.

(1.2) Subsection (1.1) applies with respect to the following funds:

(a) the Alberta Heritage Scholarship Fund;

## Explanatory Notes

1 This Act will amend chapter F-9 of the Revised Statutes of Alberta 1980.

2 Section 50(1) presently reads in part:

*50(1) The Provincial Treasurer may invest money in the General Revenue Fund in any or all of the following:*

*(a) securities of a Provincial corporation;*

*(b) securities of a city, town, village, municipal district, county, drainage district or hospital district in Alberta or of the board of trustees of a school district or school division in Alberta;*

*(c) certificates of deposit, deposit receipts or other evidence of indebtedness given by a bank or treasury branch in consideration of a deposit or deposits made with the bank or treasury branch;*

*(d) securities unconditionally guaranteed by a bank as to repayment of principal and interest;*

*(e) investment certificates as defined in the Trust Companies Act issued or entered into by a trust company registered under that Act;*

*(f) securities of the Alberta Energy Company;*

*(g) securities of the Export Development Corporation under the Export Development Act (Canada);*

*(h) an investment within the classes of investments enumerated in section 63(1) of the Canadian and British Insurance Companies Act (Canada);*

*(i) securities of a loan company designated as a mortgage investment company under the Loan Companies Act (Canada);*

(b) the Alberta Heritage Foundation for Medical Research Endowment Fund;

(c) the Accident Fund referred to in section 85 of the *Workers' Compensation Act*;

(d) the Pension Fund established under the *Pension Fund Act*.

(1.3) In calculating the total value at cost of assets that may be invested in the investments and loans under subsection (1.1), no investments or loans that are or at any time since acquisition have been eligible under subsection (1) shall be included.

*3 The following is added after section 50:*

**50.1** Any securities acquired by disbursement from the General Revenue Fund under the authority of this or any other Act or a supply vote shall form part of the General Revenue Fund and be held and administered by the Provincial Treasurer.

*4 Section 52 is amended*

*(a) by repealing subsections (2) and (3) and substituting the following:*

(2) Subject to subsection (3), the Provincial Treasurer may by order

(a) designate a person as a depositor, and specify the fund, account, money or investments, whether held in trust or otherwise, that is the designated fund of that depositor,

(b) with respect to a depositor, alter or replace the description of, add to or remove any of the designated funds of that depositor, or

(c) remove a depositor and the designated fund of that depositor from the Investment Fund.

(3) In the case of a depositor other than a Minister of the Crown or a Provincial agency, the Provincial Treasurer pursuant to subsection (2) shall not

(a) designate a person as a depositor, or

(b) change the designated funds of a depositor,

*(j) 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;*

*(k) units or shares of*

*(i) a real estate investment trust,*

*(ii) a mutual or pooled fund, or*

*(iii) a corporation that does not issue debt obligations and holds at least 98% of its assets in cash, investments and loans, and obtains at least 98% of its income from those investments and loans*

*if the investments or loans that may be made on behalf of the trust, fund or corporation are of those classes of investments authorized under clauses (a) to (j).*

**3** Securities acquired by disbursement from the General Revenue Fund form part of that Fund.

**4** Section 52 presently reads:

*52(1) The Provincial 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, on the recommendation of the Provincial Treasurer, may by regulation*

*(a) designate a person as a depositor, and specify the fund, account, money or investments (whether held in trust or otherwise) that is the designated fund of that depositor;*

*(b) specify the terms and conditions under which a person or a class of persons may become or may continue to be a depositor;*

*(c) with respect to a depositor, alter or replace the description of, add to or remove any of the designated funds of that depositor;*

*(d) remove a depositor and the designated funds of that depositor from the Investment Fund.*

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

*(a) designate as a depositor a person other than a Provincial agency or Minister of the Crown, or*

*(b) change the designated funds of a depositor other than a Provincial agency or Minister of the Crown,*

without the prior consent of that person or depositor.

(3.1) If a depositor is a Provincial agency, any dispute arising as a result of an order under subsection (2) with respect to that Provincial agency shall be referred to the Treasury Board for settlement.

(3.2) The Treasury Board may specify the terms and conditions under which a person or a class of persons may become or may continue to be a depositor.

*(b) in subsection (5) by striking out “Lieutenant Governor in Council shall amend the regulations made under subsection (2)” and substituting “Provincial Treasurer shall amend the order under subsection (2)”.*

5 *Section 53 is amended by adding “then” after “not”.*

6 *Section 58 is amended*

*(a) in subsection (3) by adding “, overdraft costs” after “disposing of securities”;*

*(b) by adding the following after subsection (3):*

(3.1) Not less than once each fiscal year, the Provincial Treasurer shall

(a) deposit the net profit allocated under subsection (3),  
or

(b) charge the net loss allocated under subsection (3),

from the Investment Fund to the appropriate designated fund.

(3.2) The Lieutenant Governor in Council may authorize the Provincial Treasurer to borrow for the Investment Fund by way of overdraft at a bank, treasury branch or other financial institution up to a maximum of \$100 000 000.

7 *Section 59(1) is amended by adding “or to an account established under section 20” after “of the Provincial Treasurer”.*

*without the prior consent of that person or depositor.*

*(4) If a person other than a Provincial agency or Minister of the Crown is designated as a depositor pursuant to subsection (2), that person may give notice in writing to the Provincial Treasurer to*

*(a) remove that person as a depositor of the Investment Fund, or*

*(b) remove a designated fund of that person specified in the notice from the Investment Fund.*

*(5) At the expiration of 30 days from the receipt by the Provincial Treasurer of a notice under subsection (4) or at an earlier time that may be specified by the Provincial Treasurer, the person or the fund, account, money or investments specified in the notice is deemed not to be a depositor or designated fund, as the case may be, and the Lieutenant Governor in Council shall amend the regulations made under subsection (2) accordingly.*

**5** Section 53 presently reads:

*53 The Provincial Treasurer shall transfer to the Investment Fund money in a designated fund that is not required to be paid for any purpose.*

**6** Section 58 presently reads in part:

*58(1) Money paid into 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 financial institution, and that money shall be used only in accordance with this Part.*

*(3) Dividends, interest, proceeds of the sale of securities and other receipts and brokerage fees, taxes, costs of purchasing or disposing of securities and other payments from the Investment Fund shall be paid into, paid out of or chargeable against, the account or accounts kept under subsection (1), and the net profit or loss, except as provided by regulations made or directives issued by the Treasury Board, shall be allocated to the designated funds in proportion to the net contributions of the respective depositors in relation to their designated funds in the Investment Fund.*

**7** Section 59(1) presently reads:

*59(1) The Provincial Treasurer shall transfer from the Investment Fund to a designated fund of the Provincial Treasurer, to the extent of the participation of the designated fund in the Investment Fund, money that is then required by the Provincial Treasurer for the purpose of making a disbursement from the designated fund.*

8 *Section 65 is amended*

(a) *in subsection (1) by striking out “\$500 000 000” and substituting “\$2 200 000 000”;*

(b) *in subsection (2) by striking out “\$200 000 000” and substituting “\$500 000 000”;*

(c) *by adding the following after subsection (2):*

(2.1) An overdraft incurred by a Provincial agency that is authorized by or under an Act to borrow by way of overdraft shall not be included in calculating the total net amount referred to in subsection (2).

9 *Section 69 is amended*

(a) *in subsection (2) by striking out “and” at the end of clause (d), by adding “and” at the end of clause (e) and by adding the following after clause (e):*

(f) to pay interest on money borrowed pursuant to section 61.

(b) *by repealing subsection (3).*

10 *Section 70(c) is repealed.*

11 *Section 74 is amended*

(a) *in clause (a) by striking out “or”;*

(b) *in clause (b)*



**8** Section 65(1) and (2) presently read:

*65(1) The amount of the unredeemed Government securities less the amount of the sinking funds established for the retirement of Government securities and the interest accrued on those sinking funds shall at no time exceed \$500 000 000.*

*(2) The total net amount outstanding of all overdrafts incurred by the Crown at a bank, treasury branch or other financial institution shall at no time exceed \$200 000 000.*

**9** Section 69(2) and (3) presently read:

*(2) Money required*

*(a) to provide a sinking fund or other means of ensuring the repayment of Government securities,*

*(b) to redeem or repay the principal amount of Government securities,*

*(c) to pay a premium in connection with the redemption or repayment of Government securities,*

*(d) to pay the remuneration and compensation of registrars and fiscal agents whose services are engaged in connection with any matter related to Government securities, and*

*(e) to pay the costs, expenses and charges incurred in the negotiation or raising of loans by the Government or in the issue, redemption, servicing, payment and management of loans and the Government securities issued in respect of those loans,*

*shall be paid out of the General Revenue Fund except where the payment is made from a sinking fund or by other means pursuant to subsection (1).*

*(3) Interest on Government securities shall be paid out of the General Revenue Fund in the absence or insufficiency of a supply vote for that purpose.*

**10** Section 70(c) presently reads:

*70 The Lieutenant Governor in Council may, on the recommendation of the Provincial Treasurer, make regulations or orders*

*(c) respecting the appointment and duties of fiscal agents and the remuneration payable to them.*

**11** Section 74 presently reads:

*74 No guarantee except a guarantee given by an Act or authorized by an order of the Lieutenant Governor in Council pursuant to an Act shall be given for the indebtedness of a debtor except with the approval of*

*(i) in subclause (i) by adding “but less than \$5 000 000” after “more”, and*

*(ii) by adding “or” at the end of the clause;*

*(c) by adding the following after clause (b):*

**(c) the Lieutenant Governor in Council, when the guarantee, if given, would result in the total amount guaranteed in respect of that debtor being \$5 000 000 or more.**

*12 Section 82(3) is amended by adding “and section 82.1” after “this section”.*

*13 The following is added after section 82:*

**82.1** If a department or a Provincial agency is not otherwise authorized to enter into agreements to provide goods or services, the Treasury Board may authorize the department or Provincial agency to enter into an agreement to provide goods or services and may specify the terms and conditions of the agreement.

*14 The Pension Fund Act is amended by repealing section 4.*

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*In accordance with section 4(1) of the Interpretation Act, this Bill, except section 3, comes into force on the date it receives Royal Assent.*

*(a) the Provincial Treasurer, when the guarantee, if given, would result in the total amount guaranteed in respect of that debtor being less than \$500 000, or*

*(b) the Treasury Board, when*

*(i) the guarantee, if given, would result in the total amount guaranteed in respect of that debtor being \$500 000 or more, or*

*(ii) the Provincial Treasurer has declined to give his approval of a guarantee under clause (a).*

**12** Section 82(3) presently reads:

*(3) In this section, "department" has the meaning given to it in section 33.*

**13** Agreements to provide goods and services.

**14** Consequential. Section 4 of the Pension Fund Act presently reads:

*4(1) In addition to the power of investment under section 3, the Provincial Treasurer may invest not more than 7% of the value at cost of the assets of the Pension Fund in*

*(a) investments and loans that are within the classes of investments and loans permitted by section 3, notwithstanding that those investments do not meet the financial tests imposed by section 63(1) of the Canadian and British Insurance Companies Act (Canada), and*

*(b) any classes of investments and loans that may be approved from time to time by the Lieutenant Governor in Council.*

*(2) In calculating the total value at cost of assets that may be invested in the investments and loans under subsection (1), no investments or loans that are or at any time since acquisition have been eligible under section 3 shall be included.*