

1986 BILL 227

First Session, 21st Legislature, 35 Elizabeth II

THE LEGISLATIVE ASSEMBLY OF ALBERTA

BILL 227

ALBERTA DEVELOPMENT FUND ACT

MR. McEACHERN

First Reading

Second Reading

Committee of the Whole

Third Reading

Royal Assent

Bill 227
Mr. McEachern

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ALBERTA DEVELOPMENT FUND ACT

(Assented to , 1986)

WHEREAS substantial revenue is being received by the Government 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 revenue from the sale of those resources will ultimately be reduced; and

WHEREAS the degree to which the general economy of the Province of Alberta has become dependent on the exploitation of non-renewable resources may prove injurious to the well-being and prosperity of its citizens in future; and

WHEREAS the Legislature of Alberta considers it appropriate that a substantial portion of that revenue from the sale of those non-renewable resources be set aside and invested for the benefit of the people of Alberta in future years; and

WHEREAS the best and most prudent way of achieving this goal is through an active program aimed at strengthening and diversifying the economy of Alberta and making available to individual Albertans the means with which to better themselves;

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

1 In this Act,

- (a) “Alberta Heritage Savings Trust Fund” means the fund established as such by the *Alberta Heritage Savings Trust Fund Act*;
- (b) “Development Fund” means the Alberta Development Fund established by section 2;
- (c) “Alberta Economic Council” means the Alberta Economic Council established by section 2 of the *Alberta Economic Council Act*;
- (d) “General Revenue Fund” means the Fund established by section 19 of the *Financial Administration Act*;
- (e) “Investment Committee” means the Development Fund Investment Committee established by section 5;
- (f) “non-renewable resource revenue” means 92% of all
 - (i) money received by the Crown pursuant to agreements as defined in the *Mines and Minerals Act*,
 - (ii) money received by the Crown as bonuses to acquire agreements as defined in the *Mines and Minerals Act*, and
 - (iii) money 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;
- (g) “recognized opposition party” means a recognized opposition party as defined in section 48(1) of the *Legislative Assembly Act*;
- (h) “Special Act” with reference to any fiscal year means an Act of the Legislature authorizing the transfer from the General Revenue Fund to the Development Fund of not less than 40% of the non-renewable resource revenue received in that fiscal year;
- (i) “Special Appropriation Act” means an Act authorizing any appropriation from the Development Fund.

2(1) There is hereby established a fund to be known as the “Alberta Development Fund”.

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

Transfer of
non-renewable
resource revenue

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

3(1) In every fiscal year the President of the Executive Council or a member of the Executive Council designated by him, shall introduce in the Legislative Assembly a Bill for a Special Act providing for the appropriation of at least 40% of the non-renewable resource revenue of the next following fiscal year to the Development Fund.

(2) The title of a Special Act shall be the “*Alberta Development Fund Special Appropriation Act*” followed by a reference to the fiscal year to which it relates.

(3) The Provincial Treasurer shall, with respect to each month in each fiscal year in respect of which a Special Act is enacted, transfer the percentage of the non-renewable resource revenue specified in the Special Act and received in the month, from the General Revenue Fund to the Development Fund, as soon as practicable after the end of the month in which it is received.

(4) Notwithstanding subsection (3), the Provincial Treasurer may, with respect to any month to which that subsection applies, estimate the amount of the non-renewable resource revenue to be received in that month and transfer a sum equal to the percentage of that non-renewable resource revenue authorized for transfer by the Special Act applicable to the fiscal year incorporating that month from the General Revenue Fund to the Development Fund during that month or as soon as practicable after the end of the month in respect of which the estimate is made.

(5) With respect to each succeeding fiscal year in respect of which a Special Act is enacted, the Provincial Treasurer, depending on whether the total of the sums transferred pursuant to subsections (3) and (4) is greater or less than the sum equal to the percentage of that non-renewable resource revenue authorized for transfer by the Special Act applicable to that fiscal year as shown in the public accounts for that fiscal year, shall

(a) transfer money from the Development Fund to the General Revenue Fund, or

(b) transfer money from the General Revenue Fund to the Development Fund,

so that the amount of the non-renewable resource revenue transferred to the Development Fund in that fiscal year is equal to the percentage of non-renewable resource revenue authorized for such transfer by the Special Act applicable to that fiscal year. (6) No interest is payable with respect to any money transferred pursuant to this section to or from the Development Fund or to or from the General Revenue Fund.

Income of Fund **4** The income of the Development Fund accrues to and forms part of the Development Fund.

Alberta Development Fund Investment Committee **5(1)** There is hereby established a committee called the "Development Fund Investment Committee" consisting of

(a) 5 members of the Executive Council appointed by order of the Lieutenant Governor in Council;

(b) the Chairman and up to 4 members of the Economic Council of Alberta nominated by the Council;

(c) the Leader of Her Majesty's Loyal Opposition;

(d) every member of the Legislative Assembly who is a leader of a recognized opposition party as defined in the *Legislative Assembly Act*;

(e) 1 member of the Legislative Assembly nominated by the Lieutenant Governor in Council, and 1 member of the Legislative Assembly nominated by the Leader of Her Majesty's Loyal Opposition for every person who is on the committee pursuant to clause (d).

(2) The Investment Committee shall elect 1 of its members as Chairman and another as Vice-Chairman.

(3) The Lieutenant Governor in Council may make rules governing the calling of meetings of the Investment Committee, the quorum required at its meetings and, generally, the conduct of the Committee's business and affairs.

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

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

(i) individual Canadian citizens resident in the Province of Alberta, such loans to be for such purposes and at such fixed interest rates as may be determined by the Investment Committee from time to time, and

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

(b) the making of investments by way of equity participation in corporations, but only if such investments will, in the opinion of the Investment Committee, tend to strengthen and diversify the economy of Alberta.

- (2) Investments referred to in subsection (1)(a)(i),
 - (a) shall only be made pursuant to regulations adopted by the Lieutenant Governor in Council upon recommendation of the Investment Committee;
 - (b) shall not exceed 50% of the assets of the Development Fund; and
 - (c) in conjunction with investments referred to in subsection (1)(a)(ii), shall form the Division I: Debt Investment Division of the Development Fund.
- (3) Investments referred to in subsection (1)(a)(ii),
 - (a) shall only be made if recommended by a resolution of the Legislative Assembly specifically to a purpose described in subsection (1)(a)(ii), and appropriated thereto by the Legislature;
 - (b) shall not exceed 30% of the assets of the Development Fund;
 - (c) in conjunction with investments referred to in subsection (1)(a)(i), shall form the Division I: Debt Investment Division of the Development Fund.
- (4) Investments referred to in subsection (1)(b),
 - (a) shall only be made if recommended by a resolution of the Legislative Assembly specifically to a purpose described in subsection (1)(b), and appropriated thereto by the Legislature;
 - (b) shall not exceed 50% of the assets of the Development Fund;
 - (c) shall form the Division II: Equity Investment Division of the Development Fund.
- (5) Resolutions passed during a session of the Legislature, pursuant to subsections (3)(a) and (4)(a) shall be incorporated into a single Special Appropriation Act,
 - (a) that shall be introduced for first reading in the Assembly only after the Assembly has resolved that no further such appropriations pursuant to subsections (3)(a) and (4)(a) shall be considered during the duration of that session;
 - (b) that shall, with leave of the Assembly, be introduced by the President of the Executive Council or a member of the Executive Council designated by him for that purpose.

(6) For the purpose of this section,

(a) investments in Division I: Debt Investment and in Division II: Equity Investment shall be valued at book value;

(b) the percentage limitations referred to in subsections (2)(b), (3)(b) and (4)(b) shall be determined at the end of each fiscal year.

Foreign currency **7** The Provincial Treasurer may purchase and sell foreign currency for the purpose of making or disposing of investments referred to in sections 6 and 10, and he may purchase or sell that currency on a current or future delivery basis.

Disposition of investments **8(1)** When an investment is made pursuant to section 6(2), no disposition shall be made of that investment that is not consistent with the orders of the Lieutenant Governor in Council upon recommendation of the Investment Committee, governing such disposition.

(2) When an investment is made pursuant to subsections 6(3) or (4) no disposition shall be made of that investment except pursuant to a resolution of the Legislative Assembly.

Terms and conditions of approvals **9** An approval given by resolution of the Legislative Assembly under sections 6 or 8 shall be subject to any terms and conditions specified in the resolution.

Residual investment power **10(1)** Notwithstanding section 6, if any money in the Development Fund has not been or is not being invested pursuant to that section, the Provincial Treasurer may invest and may reinvest that money in any or all of the following:

(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, the government of any province of Canada or any municipal corporation in Canada;

(b) certificates of deposit, deposit receipts or other evidence of indebtedness, given by a treasury branch or credit union or bank in consideration of a deposit or deposits made with the treasury branch or credit union or bank.

(2) The Provincial Treasurer may dispose of any investment made or deemed to be made under this section.

(3) Notwithstanding section 53 of the *Financial Administration Act*, the Provincial Treasurer shall transfer money from the Development Fund to the Consolidated Cash Investment Trust Fund only when the money has not been invested or re-invested under subsection (1) or when the money has not been invested pursuant to section 6.

(4) For each fiscal year, the Provincial Treasurer shall cause to be prepared a complete statement outlining in detail all transactions undertaken during that fiscal year pursuant to this section.

(5) The statement referred to subsection (4) shall

(a) be prepared no later than June 1 of the fiscal year immediately following the fiscal year for which the statement is prepared;

(b) be forwarded no later than 2 weeks after completion to all members of the Investment Committee.

Agreements
subject to
approval

11(1) The Investment Committee may enter into an agreement with any person for the purpose of effecting the objects set forth in section 6(1)(a)(ii) and 6(1)(b), which agreement shall be made subject to subsection (2).

(2) Any such agreement entered into by the Investment Committee,

(a) shall, at the earliest opportunity following the entering into the agreement by the Investment Committee, be made the subject of a resolution approving that agreement that shall

(i) be moved in the Legislative Assembly by the Provincial Treasurer pursuant to section 6(3)(a) or 6(4)(a), as the case may be, and

(ii) be moved in accordance with subclause (i) not later than 6 months after the Investment Committee enters into the agreement;

(b) shall,

(i) if the resolution moved pursuant to subsection 2(a)(i) is defeated in the Legislative Assembly, or

(ii) if the subsequent Special Appropriation Act incorporating the resolution and introduced pursuant to section 6(5) does not receive Royal Assent within 6 months following the adjournment of the sitting of the Legislative Assembly at which the Special Appropriation Act was introduced,

be void and have no effect.

(3) If any agreement of the Investment Committee becomes void through the operation of subsection (2) no person thereby acquires a cause of action or is otherwise thereby entitled to any remedy.

Administration
fees

12(1) When any cost, expense or other payment is directly attributable to the administration of the Development Fund, the Provincial Treasurer may charge the cost, expense or payment to the Development Fund.

(2) After the end of each fiscal year the Investment Committee shall,

(a) cause to be prepared an estimate of the amount consisting of the fees, wages, salaries, costs, expenses or other payments incurred in connection with the administration of the Development Fund and paid out of the General Revenue Fund in the preceding fiscal year;

(b) authorize the Provincial Treasurer to transfer the amount estimated under clause (a) from the Development Fund to the General Revenue Fund.

Quarterly reports

13(1) The Provincial Treasurer shall, as soon as practicable after the end of each quarter of every fiscal year, prepare a report summarizing the investments and divestments made pursuant to sections 6, 8 or 10 during the preceding quarter.

(2) When a quarterly report is prepared pursuant to subsection (1), the Provincial Treasurer shall forthwith furnish copies of the report to all members of the Legislative Assembly and to the Clerk of the Legislative Assembly and on doing so shall make the report public.

Annual reports

14(1) The Auditor General is the auditor of the Development Fund.

(2) The Provincial Treasurer shall, as soon as practicable after the end of each fiscal year, prepare a report summarizing the operation of the Development Fund during the preceding fiscal year and containing a financial statement, audited by the Auditor General, showing

(a) transfers of cash and other assets to the Development Fund during the preceding fiscal year;

(b) payments made from and income accrued to the Development Fund for the preceding fiscal year.

(3) When an annual report is prepared under subsection (2), the Provincial Treasurer shall forthwith furnish copies of it to all members of the Legislative Assembly and to the Clerk of the Legislative Assembly and on doing so shall make the report public.

Review of
operations

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

- (2) The members of the Select Standing Committee shall
- (a) 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;
 - (b) at their first meeting, select from among themselves 1 member who is a member of Her Majesty's Loyal Opposition to act as Chairman and another member to act as Deputy Chairman.
- (3) When a copy of an annual report is furnished to the Clerk of the Legislative Assembly pursuant to section 14(3), the annual report shall be deemed to be referred to the Committee for review and a report concerning the investments and operations of the Development Fund which may contain any recommendations of the Committee concerning those investments and operations or any alternative investments and operations.
- (4) As part of the review provided for in subsection (3), the Committee shall, every year, hold and attend at public hearings, at locations in the Province that it considers necessary, which shall
- (a) be advertised in advance and open to the public;
 - (b) have as their primary function the solicitation of observations by the public on the current investments and operations of the Development Fund and recommendations concerning future investments and operations of the Development Fund;
 - (c) be held at no fewer than 12 separate locations within the Province;
 - (d) be held in accordance with such other guidelines as the Committee may establish.
- (5) When a motion is made in the Legislative Assembly for second reading of a Bill for a Special Act relating to a fiscal year, then, unless the Assembly otherwise directs, the debate on the motion shall be proceeded with only if the report of the Committee relating to the preceding fiscal year has been tabled in the Assembly.
- (6) The Committee may, without leave of the Assembly, sit during any period when the Assembly is adjourned.
- (7) During any period that the Assembly is prorogued, the Committee shall continue as a statutory committee with the same membership and function and during such time shall receive such remuneration and expenses as the Lieutenant Governor in Council shall order out of funds that have been appropriated to that purpose.

16(1) Within a year of the commencement of this Act the Provincial Treasurer shall introduce a Bill to provide for the transfer of all of the assets and liabilities and any other commitments from or considerations in favour of the Alberta Heritage Savings Trust Fund to the Alberta Development Fund.

(2) The Provincial Treasurer shall, within 2 years of the commencement of this Act and in consultation with the Investment Committee, allocate all assets and liabilities and other commitments from or considerations in favour of the Alberta Development Fund arising from a transfer effected pursuant to subsection (1), in accordance with this Act.

17(1) *The Alberta Heritage Savings Trust Fund Act is repealed.*

(2) *The Financial Administration Act is amended:*

(a) *in section 1*

(i) *by repealing subsection (1)(a.1)(ii) and substituting:*

(ii) a Development Fund vote, or

(ii) *by repealing subsection (1)(f)(i) and substituting:*

(i) a payment authorized by a supply vote or a Development Fund vote,

(iii) *by repealing subsection (1)(f)(iii) and substituting:*

(iii) a reimbursement, under the authority of 1 part of a supply vote or Development Fund vote, or a payment charged against another part of the same supply vote or Development Fund vote,

(iv) *by repealing subsection (1)(h) and substituting:*

(h) “Development Fund vote” means the authority contained in an Act referred to in section 6(5) of the *Alberta Development Fund Act* and identified as a vote in the Act so referred to, to invest the amount of money, from the Alberta Development Fund, indicated in the vote;

(h.1) “Development Fund Special Act” means a Special Act of the Legislature passed pursuant to section 3 of the *Alberta Development Fund Act*;

(v) *by repealing subsection (1)(s)(iv),*

(b) *in section 19, by adding after subsection (1)(b):*

- (c) money that is “non-renewable resource revenue” as defined in section 1 of the *Alberta Development Fund Act*;
 - (c) in section 32, by striking out “Heritage Fund vote” wherever it occurs and substituting “Development Fund vote or Development Fund Special Act”;
 - (d) in section 39(a)(i), by striking out “Heritage Fund Vote” wherever it occurs and substituting “Development Fund vote or Development Fund Special Act”;
 - (e) by repealing section 44 and substituting:

44 Pursuant to section 3 of the *Alberta Development Fund Act*, the Provincial Treasurer shall advance money from the Alberta Development Fund in the amounts specified and on any terms and conditions contained in a Special Act passed pursuant to section 3 of the *Alberta Development Fund Act*;
 - (f) in section 51(a), by striking out “Alberta Heritage Savings Trust Fund Act” and substituting “Alberta Development Fund Act”.
- (3) *The Alberta Heritage Foundation for Medical Research Act* is amended:
- (a) by adding after subsection 7(2):

(2.1) The Legislative Assembly may from time to time, pursuant to the *Financial Administration Act*, appropriate money for payment into the Endowment Fund, and
 - (b) in section 24, by repealing subsections (4) and (5).
- (4) *The Alberta Heritage Scholarship Act* is amended in section 2 by adding after subsection (2):
- (2.1) The Legislative Assembly may from time to time, pursuant to the *Financial Administration Act*, appropriate money for payment into the Fund.
- (5) *The Natural Gas Rebates Act* is amended in section 9,
- (a) in subsection (3), by striking out “non-renewable resource revenue as defined in section 1(b) of the *Alberta Heritage Savings Trust Fund Act*”; and
 - (b) by striking out subsection (4).
- (6) *The Oil Sands Technology and Research Authority Act* is amended

- (a) *by repealing section 13(2) and substituting:*
 - (2) The Provincial Treasurer shall pay to the Authority the money provided by vote each year and referred to in subsection (1), in equal monthly installments unless otherwise agreed between the Provincial Treasurer and the Authority; *and*
- (b) *by repealing section 19(5)(b).*
- (7) *The Petroleum Incentives Program Act is amended in section 3,*
 - (a) *in subsection (1), by striking out “of non-renewable resource revenue as defined in the Alberta Heritage Savings Trust Fund Act”;*
 - (b) *by repealing subsection (2);*
 - (c) *in subsection (7), by striking out all that part following “The Lieutenant Governor in Council may order that all or part of a surplus in the Fund be paid into the General Revenue Fund”.*
- (8) *Except as otherwise provided in this section, in all Acts of the Legislature, wherever it occurs,*
 - (a) *“Alberta Heritage Savings Trust Fund Act” is struck out and “Alberta Development Fund Act” is substituted;*
 - (b) *“Heritage Fund” is struck out and “Development Fund” is substituted;*
 - (c) *“Heritage Fund vote” is struck out and “Development Fund vote or Development Fund Special Act” is substituted.*

Coming into
force

18 This Act comes into force on Proclamation.