

1987 BILL 56

Second Session, 21st Legislature, 36 Elizabeth II

THE LEGISLATIVE ASSEMBLY OF ALBERTA

BILL 56

FINANCIAL ADMINISTRATION AMENDMENT ACT, 1987

THE PROVINCIAL TREASURER

First Reading

Second Reading

Committee of the Whole

Third Reading

Royal Assent

Bill 56

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1987

FINANCIAL ADMINISTRATION AMENDMENT ACT, 1987

(Assented to _____, 1987)

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 1(1)(v) is amended*
 - (a) *by striking out “, rights in respect of those shares”;*
 - (b) *by adding “, and rights or interests in respect of any security” after “leaseholds”.*
- 3 *Section 2(5) is amended*
 - (a) *by striking out the portion of the subsection preceding clause (a) and substituting the following:*
 - (5) This Act, except this section and sections 18.1, 76.1 and 81, does not apply to the following:
 - (b) *by striking out the portion of the subsection following clause (g).*

Explanatory Notes

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

2 Section 1(1)(v) presently reads:

1(1) In this Act,

(v) "securities" includes bonds, debentures, shares of capital stock, rights in respect of those shares, trust certificates, guaranteed investment certificates or receipts, certificates of deposit, deposit receipts, bills, notes and mortgages of real estate or leaseholds;

3 Section 2(5) presently reads:

(5) This Act does not apply to

(a) the board of a university under the Universities Act,

(a.1) the interim governing body of a university under the Universities Act,

(b) the board of a public college under the Colleges Act,

(c) The Governors of the Banff Centre for Continuing Education,

(c.1) the board of a technical institute under the Technical Institutes Act,

(c.2) the interim governing authority of a technical institute under the Technical Institutes Act,

(d) the Alberta Heritage Foundation for Medical Research,

(e) the board of management of a Provincial General Hospital under the Provincial General Hospitals Act,

(e.1) a mental health hospital board under the Mental Health Act,

(f) the Alberta Cancer Board, or

(g) the University Hospitals Board under the University of Alberta Hospitals Act,

except that this section and section 81 apply to the corporations described in clauses (a) to (g) as if they were Provincial corporations and sections 18.1 and 76.1 apply as if they were Provincial agencies.

4 *Section 29(1) is amended*

(a) *by adding the following after clause (a):*

(a.1) the amounts to be paid out of the General Revenue Fund to redeem obligations under Part 6 that have original terms to maturity of less than one year to the extent that the obligations are not proposed to be replaced by the incurring of other obligations under Part 6 that have original terms to maturity of less than one year,

(b) *in clause (b) by striking out “the amounts” and substituting “any other amounts”.*

5 *Section 45 is amended by striking out “Provincial corporation” wherever it occurs and substituting “Provincial agency”.*

6 *Section 50(1) is amended by striking out the portion of the subsection preceding clause (a) and substituting the following:*

50(1) The Provincial Treasurer may, on behalf of the General Revenue Fund, invest in any or all of the following securities and other forms of investment and in rights or interests in respect of any of them:

4 Section 29(1) presently reads:

29(1) Estimates shall contain

- (a) the proposed supply votes that are to be voted on by the Legislative Assembly,*
- (b) the amounts permitted or required to be paid out of the General Revenue Fund pursuant to this or any other Act that are not required to be voted on by the Legislative Assembly,*
- (b.1) the proposed Capital Fund votes that are to be voted on by the Legislative Assembly, and*
- (c) any other information that the Provincial Treasurer considers appropriate.*

5 Section 45 presently reads:

45(1) Every Provincial corporation, fund administrator and revolving fund shall pay interest to the Provincial Treasurer or a fund administrator on any advance to the Provincial corporation, fund administrator or revolving fund from the General Revenue Fund or the regulated fund administered by the fund administrator, as the case may be, at the rate or rates fixed by the Treasury Board.

(2) A Provincial corporation or revolving fund shall, on demand, remit to the Provincial Treasurer all or any part of its net earnings and retained earnings as specified by the Provincial Treasurer.

(3) Every Provincial corporation and revolving fund shall pay interest to the Provincial Treasurer on the net earnings and retained earnings of the Provincial corporation or revolving fund not remitted to the Provincial Treasurer pursuant to subsection (2) at the rate or rates fixed by the Treasury Board.

(4) For the purpose of subsections (2) and (3), the Treasury Board may determine the net earnings and retained earnings of a Provincial corporation or a revolving fund.

(5) Interest payable under subsection (3) shall be computed from the end of the fiscal year in which the earnings were earned.

(6) Notwithstanding subsections (1) and (3), the Treasury Board may exempt a Provincial corporation, fund administrator or revolving fund from the payment of all or any part of the interest payable under this section.

6 Section 50(1) presently reads:

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;*

7 *Section 56 is amended by adding “or investments” after “securities”.*

8 *The following is added after section 60.1(3):*

(3.1) The Provincial Treasurer may advance money from the General Revenue Fund to the Loan Fund or from the Loan Fund to the General Revenue Fund.

9 *Section 61 is amended by adding the following after subsection (1):*

(1.1) If an order is made under subsection (1) authorizing the Provincial Treasurer to raise money for more than one purpose that does not specify the amount of money to be raised for each purpose, the Provincial Treasurer shall determine the amount of money raised that is to be allocated to any purpose for which an amount is not specified in the order, and the money so allocated is, for the purposes of this Part, raised under subsection (1)(a), (a.1), (b), (b.01) or (b.1), as the case may be.

(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);

(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);

(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).

7 Section 56 presently reads:

56 The Provincial Treasurer may dispose of securities acquired or held under this Part.

8 Section 60.1(3) presently reads:

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

9 Section 61 presently reads:

61(1) The Lieutenant Governor in Council may, by order, authorize the Provincial Treasurer to raise money on behalf of the Crown in the amounts set out in the order for the purposes of

(a) depositing money in the Loan Fund,

(a.1) depositing money in the Capital Fund,

(b) making any other disbursements under this Act,

(b.01) the Small Business Term Assistance Fund Act,

(b.1) the Farm Credit Stability Fund Act, or

(c) any combination of the purposes referred to in this subsection.

(2) The Provincial Treasurer shall prepare for each fiscal year a report of the money raised under subsection (1) during that fiscal year for which Government securities were issued.

(3) The Provincial Treasurer may enter into interest rate exchange agreements or currency exchange agreements in connection with the payment of obligations incurred in respect of money raised.

10 Section 64(2) is amended by adding “, whether in anticipation of an order being made under section 61 or after an order is made under section 61 or both,” after “sections 61 and 69”.

11 Section 65(1) is amended by striking out “\$5 500 000 000” and substituting “\$6 500 000 000”.

12 Section 67(1) is repealed and the following is substituted:

67(1) The Provincial Treasurer shall execute Government securities and, whether in anticipation of an order being made under section 61(1) or after an order is made under section 61(1) or both, may approve, sign or execute, on behalf of the Crown, contracts, agreements, undertakings, offering documents and any other documents or instruments of any nature that the Provincial Treasurer considers necessary or desirable in connection with the raising of money under this Part, but the Provincial Treasurer is not authorized by this section to raise money under this Part without an order being made under section 61(1).

13 Section 72(1) is repealed and the following is substituted:

72(1) In this Part,

(a) “guarantee” means a guarantee by the Crown or a Provincial corporation;

(b) “indemnity” means an indemnity by the Crown or a Provincial corporation.

14 Section 74 is repealed and the following is substituted:

74(1) In addition to and not in substitution for any other authority that the Crown may have to give a guarantee or indemnity, the Lieutenant Governor in Council may by order authorize the giving by the Crown of a guarantee or indemnity.

(2) No guarantee of the payment of a debt shall be given unless it is

(a) given by an Act,

(b) authorized by the Lieutenant Governor in Council, or

10 Section 64(2) presently reads:

(2) The Provincial Treasurer may purchase and sell foreign currency for the purposes of sections 61 and 69 and he may purchase or sell that currency on a current or future delivery basis.

11 Section 65(1) presently reads:

65(1) The amount of the unredeemed Government securities issued in respect of money raised for the purposes referred to in section 61(1)(a.1) and (b) 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 \$5 500 000 000.

12 Section 67(1) presently reads:

67(1) The Provincial Treasurer shall execute Government securities and may execute any other instrument necessary or desirable in connection with the raising of money under this Part.

13 Section 72(1) presently reads:

72(1) In this Part,

(a) "guarantee" means a guarantee by the Crown or a Provincial corporation of a debt;

(b) "indemnity" means an undertaking by the Crown or a Provincial corporation

(i) to perform an obligation of a person under a contract, on the default of that person, or

(ii) to hold harmless a party to a contract from a loss suffered as a result of

(A) the default of another party to the contract, or

(B) a provision of the contract,

but does not include a guarantee.

14 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

(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,

(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 but less than \$5 000 000, or

(c) if the guarantee is given or authorized other than as provided in clause (a) or (b), approved by

(i) the Provincial Treasurer, the Treasury Board or the Lieutenant Governor in Council if the total amount to be guaranteed under that guarantee is less than \$500 000,

(ii) the Treasury Board or the Lieutenant Governor in Council if the total amount to be guaranteed under that guarantee is \$500 000 or more but less than \$5 000 000, or

(iii) the Lieutenant Governor in Council if the total amount to be guaranteed under that guarantee is \$5 000 000 or more.

15 *Section 76.1 is amended*

(a) *by adding the following after subsection (5):*

(5.1) The income of the Risk Management Fund accrues to and forms part of the Risk Management Fund.

(b) *by repealing subsection (7)(a);*

(c) *by repealing subsection (10)(a)(ii) and substituting the following:*

(ii) the Legislative Assembly Office, the Office of the Auditor General, the Office of the Ombudsman and the Office of the Chief Electoral Officer;

(d) *by adding the following after subsection (11)(c):*

(d) notwithstanding section 46, requiring money to be paid into or out of the Risk Management Fund.

16 *Section 81(1) is amended*

(a) *by striking out “money secured” and substituting “money”;*

(b) *by repealing clause (c) and substituting the following:*

(c) no order in council shall be made under an Act to approve that borrowing except on the recommendation of the Provincial Treasurer.

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

15 Section 76.1(7), (10) and (11) presently read:

- (7) The following shall be paid into the Risk Management Fund:*
 - (a) income earned by the Risk Management Fund;*
 - (b) amounts paid by or in respect of a participant under an agreement entered into or arrangement made under subsection (9);*
 - (c) money required to be paid into the Risk Management Fund pursuant to regulations made under subsection (11).*
- (10) For the purposes of this section participants include the following:*
 - (a) unless the Treasury Board prescribes otherwise,*
 - (i) departments and Provincial agencies, and*
 - (ii) the offices of the Alberta Legislative Assembly, the Auditor General, the Chief Electoral Officer and the Ombudsman;*
 - (b) participants and classes of participants prescribed by the Treasury Board.*
- (11) For the purposes of this section, the Treasury Board may make regulations*
 - (a) respecting participants;*
 - (b) respecting the terms and conditions that apply to an agreement entered into or an arrangement made under subsection (9);*
 - (c) respecting the money required to be paid into or out of the Risk Management Fund.*

16 Section 81(1) presently reads:

- 81(1) If a Provincial corporation has the power to borrow money secured by issuing securities,*
 - (a) the Provincial Treasurer is the exclusive agent of the corporation for the purpose of negotiating and determining the terms and conditions of the loan,*
 - (b) the corporation has no power to negotiate the loan otherwise than through the Provincial Treasurer as its agent, and*
 - (c) no order in council shall be made under an Act to approve the making of loans secured by the Provincial corporation issuing securities except on the recommendation of the Provincial Treasurer.*