

1988 BILL 46

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Third Session, 21st Legislature, 37 Elizabeth II

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THE LEGISLATIVE ASSEMBLY OF ALBERTA

# **BILL 46**

**FINANCIAL ADMINISTRATION AMENDMENT ACT, 1988**

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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 46

1988

### FINANCIAL ADMINISTRATION AMENDMENT ACT, 1988

(Assented to \_\_\_\_\_, 1988)

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 by adding the following after subsection (4):*
  - (5) The Provincial Treasurer may enter into agreements providing for
    - (a) the lending of securities acquired or held pursuant to this Part as assets of a fund referred to in subsection (6), and
    - (b) the delivery to the Provincial Treasurer of collateral consisting of securities or classes of securities enumerated in subsection (1).
  - (6) Subsection (5) applies with respect to the following:
    - (a) the General Revenue Fund;
    - (b) the Alberta Heritage Scholarship Fund;
    - (c) the Alberta Heritage Foundation for Medical Research Endowment Fund;
    - (d) the Accident Fund referred to in section 85 of the *Workers' Compensation Act*;
    - (e) the Pension Fund established under the *Pension Fund Act*;
    - (f) any other fund administered by the Provincial Treasurer and approved for the purposes of this subsection and subsection (5) by the Lieutenant Governor in Council.

## Explanatory Notes

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

2 Section 50(1) presently reads:

*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:*

*(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);*

*(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*

3 *The following is added after section 63:*

**63.1** The Provincial Treasurer may purchase Government securities in order to cancel or reissue those Government securities.

4 *Section 65(1) is amended by striking out “\$6 500 000 000” and substituting “\$7 500 000 000”.*

5 *Section 68(1) is amended by striking out “extinguished by the pledge” and substituting “extinguished by the release”.*

6 *Section 69(2) is amended*

*(a) in clause (e)*

*(i) by adding “, reissuing, cancelling” after “issuing”;*

*(ii) by adding “or reissued” after “issued”;*

*(b) by striking out “and” at the end of clause (f), by adding “and” at the end of clause (f.1) and by adding the following after clause (f.1):*

*(f.2) to purchase Government securities in order to cancel or reissue those Government securities;*

*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).*

**3 Purchase of Government securities.**

**4 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 \$6 500 000 000.*

**5 Section 68(1) presently reads:**

*68(1) Government securities pledged as security for a loan and released from the pledge are not extinguished by the pledge.*

**6 Section 69(2) presently reads:**

*(2) Money required in connection with Government securities or in connection with money raised pursuant to section 61 other than by the issue of Government securities*

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

*(b) to redeem or repay the principal amount of Government securities or to repay the principal amount of money raised other than by the issue of Government securities,*

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

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

*(e) to pay the costs, expenses and charges incurred in negotiations entered into in respect of the raising of money or in the raising of money by the Crown or in the issuing, redeeming, servicing, paying or managing of obligations in respect of money raised and Government securities issued in respect of those obligations,*

*(f) to pay interest in respect of Government securities or money raised other than by the issue of Government securities, and*

*(f.1) to make the payments required under an interest rate exchange agreement or a currency exchange agreement,*

*shall be paid*

*(g) from the Loan Fund in respect of money raised pursuant to section 61(1)(a) to the extent that sufficient funds are available in the Loan Fund to meet the requirements,*

*(g.1) from the Farm Credit Stability Fund in respect of money raised pursuant to section 61(1)(b.1).*



*(g.2) from the Small Business Term Assistance Fund in respect of money raised pursuant to section 61(1)(b.01).*

*(h) from the General Revenue Fund in respect of money raised pursuant to section 61(1)(a) to the extent that sufficient funds are not available in the Loan Fund to meet the requirements.*

*(h.1) from the Capital Fund in respect of money raised pursuant to section 61(1)(a.1) to the extent that sufficient funds are available in the Capital Fund to meet the requirements.*

*(h.2) from the General Revenue Fund in respect of money raised pursuant to section 61(1)(a.1) to the extent that sufficient funds are not available in the Capital Fund to meet the requirements, and*

*(i) from the General Revenue Fund in all other cases.*

*except where the payment is made from a sinking fund or by other means pursuant to subsection (1).*