

1992 BILL 37

Fourth Session, 22nd Legislature, 41 Elizabeth II

THE LEGISLATIVE ASSEMBLY OF ALBERTA

BILL 37

**FINANCIAL ADMINISTRATION
AMENDMENT ACT, 1992**

THE PROVINCIAL TREASURER

First Reading

Second Reading

Committee of the Whole

Third Reading

Royal Assent

BILL 37

1992

FINANCIAL ADMINISTRATION AMENDMENT ACT, 1992

(Assented to _____, 1992)

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 18.1 is amended*

- (a) *in subsection (4) by striking out “and to Provincial agencies and may charge to the Treasury Department and the Provincial agencies” and substituting “, Provincial agencies and fund administrators and may charge to the Treasury Department, Provincial agencies and regulated funds”;*
- (b) *in subsection (5) by striking out “or Provincial agencies” and substituting “, Provincial agencies or regulated funds”.*

3 *Section 50 is amended*

- (a) *in subsection (1)*
 - (i) *in clause (h) by striking out “section 63(1) of the Canadian and British Insurance Companies Act (Canada)” and substituting “section 86 of the Canadian and British Insurance Companies Act (Canada) as it read on May 31, 1992”;*

Explanatory Notes

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

2 Section 18.1(4) and (5) presently read:

(4) The Provincial Treasurer may make payments from the revolving fund to acquire equipment, supplies and services required to provide financial and general management services to the Treasury Department and to Provincial agencies and may charge to the Treasury Department and the Provincial agencies the cost of the services provided.

(5) The proceeds of or credits for any charges made under subsection (4) to the Treasury Department or Provincial agencies shall be credited in reduction of the advances made under subsection (2).

3 Section 50 presently reads in part:

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

- (ii) *by repealing clause (i) and substituting the following:*
 - (i) securities of a company designated as a mortgage investment company under the *Trust and Loan Companies Act* (Canada);
- (iii) *by adding the following after clause (i):*
 - (i.1) options or futures;
 - (i.2) instruments respecting interest, dividends, rates, currencies, indices, mediums of exchange, income, cash or any other instruments approved by the Lieutenant Governor in Council, including, without limiting the generality of the foregoing, exchange agreements, futures agreements, option agreements or rate agreements;
- (iv) *in clause (l) by striking out “registered under the Canadian and British Insurance Companies Act (Canada)” and substituting “as defined in the Insurance Companies Act (Canada) that is approved to carry on business by order under that Act”;*
- (v) *by repealing clause (m);*
- (b) *in subsection (1.1)(a) by striking out “by section 63(1) of the Canadian and British Insurance Companies Act (Canada)” and substituting “by section 86 of the Canadian and British Insurance Companies Act (Canada) as it read on May 31, 1992”;*
- (c) *by repealing subsection (1.1) as it is amended by clause (b) of this section and substituting the following:*

(1.1) In addition to the power of investment under subsection (1), the Provincial Treasurer, on behalf of a fund referred to in subsection (1.2), may invest in

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, loan corporation, trust corporation 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) repealed 1991 cL-26.5 s335(20);*
- (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 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);*
- (m) options or futures traded under the supervision of a regulated market designated by the Provincial Treasurer.*

- (a) investments or securities of the classes enumerated in subsection (1) that do not meet the financial tests imposed by section 86 of the *Canadian and British Insurance Companies Act* (Canada) as it read on May 31, 1992, or
- (b) any classes of investments, securities or loans that may be approved from time to time by the Lieutenant Governor in Council

if, after the investment is made, not more than 7% of the value at cost of the assets of the fund is invested directly or indirectly in investments, securities and loans authorized by clauses (a) and (b).

- (d) *by repealing subsection (1.2)(e);*
- (e) *by repealing subsection (3);*
- (f) *in subsection (3.1)*
 - (i) *by striking out “Subject to subsection (3.2)” and substituting “In addition to and not in substitution for the Provincial Treasurer’s power under section 18.1”;*
 - (ii) *by adding “the General Revenue Fund, to” before “a fund referred to”;*
- (g) *by adding the following after subsection (5):*

(5.1) The Provincial Treasurer may enter into agreements or engage in other activities of a financial nature respecting investment under this Part, including, without limiting the generality of the foregoing, exchange agreements, futures agreements, option agreements, rate agreements, any other financial agreements or any combination of the agreements or activities referred to in this subsection.
- (h) *in subsection (6) by striking out “Subsection (5) applies” and substituting “Subsections (5) and (5.1) apply”.*

(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;*
- (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;*
- (e) a pooled fund established under section 50.2.*

(3) The Provincial Treasurer may purchase and sell foreign currency for the purposes of making or disposing of investments referred to in this section and section 56 and he may purchase or sell that currency on a current or future delivery basis.

(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;*
- (e.1) a pooled fund established under section 50.2;*
- (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.*

4 *Section 50.2(5) is repealed and the following is substituted:*

(5) The Provincial Treasurer, on behalf of a pooled fund, may invest in

- (a) investments or securities of the classes enumerated in section 50(1) whether or not they meet the financial tests imposed by section 86 of the *Canadian and British Insurance Companies Act* (Canada) as it read on May 31, 1992, or
- (b) any classes of investments, securities or loans that may be approved from time to time by the Lieutenant Governor in Council.

5 *Section 57(1)(b) is amended by striking out “section 63(2)(b) and (c) of the Canadian and British Insurance Companies Act (Canada)” and substituting “paragraphs 88(b) and (c) of the Canadian and British Insurance Companies Act (Canada) as they read on May 31, 1992”.*

6 *Section 61(3) is repealed and the following is substituted:*

(3) The Provincial Treasurer may enter into agreements or engage in other activities of a financial nature, whether in anticipation of an order being made under subsection (1) or after an order is made under subsection (1) or both, respecting this Part, including, without limiting the generality of the foregoing, exchange agreements, futures agreements, option agreements, rate agreements, any other financial agreements or any combination of the agreements or activities referred to in this subsection.

4 Section 50.2(5) presently reads:

(5) The Provincial Treasurer may, on behalf of a pooled fund, invest in any or all of the securities or other forms of investment referred to in section 50(1) and in rights or interests in respect of any of them.

5 Section 57(1) presently reads:

57(1) In addition to the powers of investment under sections 50 and 54, the Provincial Treasurer may make loans from the General Revenue Fund or the Investment Fund

- (a) repayable on demand or within a term not exceeding 30 days on the security of the pledge of investments or securities of any of the classes enumerated in section 50(1) owned by the borrower and having a market value at least equal to the amount loaned, or*
- (b) on the security of real estate or leaseholds for a term of years or other estate or interest in real estate in Canada to the extent set out in section 63(2)(b) and (c) of the Canadian and British Insurance Companies Act (Canada).*

6 Section 61(3) presently reads:

(3) The Provincial Treasurer may enter into agreements in respect of interest rates or currency exchange regarding

- (a) money to be raised, whether in anticipation of an order being made under subsection (1) or after an order is made under subsection (1) or both, or*
- (b) the payment of obligations incurred in respect of money raised.*

7 Section 62(2) is repealed and the following is substituted:

(2) An order under section 61(1) may include any terms or conditions required by the Lieutenant Governor in Council.

7 Section 62(2) presently reads:

(2) An order in council under section 61 shall specify

(a) in relation to money to be raised by the issue and sale of a class or classes of Government securities other than treasury bills or notes,

- (i) the gross amount of securities that may be issued,*
- (ii) the time within which the money may be raised,*
- (iii) the maturity date or dates for and the maximum interest rate of the securities that are to be issued,*
- (iv) the currency in which the securities are to be issued,*
- (v) if the securities are to be sold at a discount, the minimum price for which they may be sold,*
- (vi) if a premium is to be paid on redemption of the securities, the maximum premium that may be paid, and*
- (vii) whether a sinking fund is to be established from which the indebtedness is to be repaid;*

(b) in relation to the issue and sale of treasury bills or notes,

- (i) the gross amount of treasury bills or notes that may be outstanding or issued,*
- (ii) in the case of treasury bills or notes that are to be sold at a discount, the minimum price for which they may be sold,*
- (iii) in the case of treasury bills or notes that are to bear interest at a fixed rate of interest, the maximum interest rate that they may bear,*
- (iv) in the case of notes that are to bear interest at a variable rate of interest, the maximum interest rate that they may bear expressed in relation to another specified rate of interest,*

Foreign
currencies

8 *Section 64 is repealed and the following is substituted:*

64 If an order of the Lieutenant Governor in Council under section 61 or under any other Act authorizes the raising of a specific or maximum amount of money in Canadian dollars,

- (a) the money may be raised in a medium of exchange approved for the purposes of this section by the Lieutenant Governor in Council or in a currency other than the currency of Canada, and
- (b) the specific or maximum amount shall be calculated using the nominal rate of exchange between the Canadian dollar and the medium of exchange or currency concerned on the business day immediately preceding the day on which the order is enacted, as that nominal rate is determined by any bank in Canada.

9 *Section 65 is amended*

- (a) *in subsection (1) by striking out “\$13 500 000 000” and substituting “\$17 500 000 000”;*
- (b) *by repealing subsection (3) and substituting the following:*

(3) For the purposes of this section, if Government securities are issued in a currency other than the currency of Canada or in a medium of exchange other than a currency, the amount of those securities shall be considered to be the equivalent amount in Canadian dollars calculated in accordance with the nominal rate of exchange between the Canadian dollar and the currency or medium of exchange concerned on the business day immediately preceding the day on which the order in council authorizing the Government securities to be issued is enacted, as that nominal rate is determined by any bank in Canada.

- (v) *the maturity date or dates or the term or terms of the treasury bills or notes that are to be issued, and*
- (vi) *the currency in which the treasury bills or notes are to be issued.*

8 Section 64 presently reads:

64(1) When the raising of money by the Government is authorized by an order of the Lieutenant Governor in Council under section 61 or any other Act and the order authorized the raising of a specific or maximum amount of Canadian dollars by the issue and sale of Government securities, then, if the amount is raised, in whole or in part, by the issue and sale of Government securities payable in the currency of a country other than Canada, the order shall be construed as authorizing the raising of an equivalent amount in that other currency calculated in accordance with the nominal rate of exchange between the Canadian dollar and the currency concerned on the business day next preceding the day on which the order in council authorizing the Government securities to be issued was enacted, as that nominal rate is determined by any bank in Canada.

(2) The Provincial Treasurer may enter into agreements with respect to the purchase or sale of foreign currency for the purposes of sections 61 and 69, whether in anticipation of an order being made under section 61 or after an order is made under section 61, or both, and whether on a current or future delivery basis.

9 Section 65 presently reads:

65(1) The amount of the unredeemed Government securities that have not matured and that are 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 \$13 500 000 000.

(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 \$500 000 000.

(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).

(3) For the purposes of this section, if Government securities are issued in a currency other than Canadian dollars, the amount of those securities shall be considered to be the equivalent amount of Canadian dollars calculated in accordance with the nominal rate of exchange between the Canadian dollar and the currency concerned on the business day next preceding the day on which the order in

10 Section 66 is repealed and the following is substituted:

Provincial
Treasurer's
powers

66 Subject to sections 61, 62 and 65, the Provincial Treasurer may determine the amount of money to be raised and the manner in which the money is to be raised on behalf of the Crown.

council authorizing the Government securities to be issued was enacted, as that nominal rate is determined by any bank in Canada.

10 Section 66 presently reads:

66(1) Subject to sections 61, 62 and 65, the Provincial Treasurer may, in his discretion, determine the amount of and the manner in which money is to be raised on behalf of the Crown, and without limiting the generality of the foregoing, may specify

- (a) in relation to money to be raised by the issue and sale of a class or classes of Government securities other than treasury bills,
 - (i) the forms of securities that may be issued,*
 - (ii) the classes and denominations of securities that may be issued,*
 - (iii) the interest rate that the securities may bear,*
 - (iv) the amount for which the securities may be sold whether that amount is at par value or more or less than par value of the security,*
 - (v) the premium, if any, that may be paid on the redemption of the securities,*
 - (vi) whether the securities will be redeemable prior to maturity at the option of the Provincial Treasurer or the holder of the securities, and if they are so redeemable, whether a premium will be paid or a discount applied, as the case may be,*
 - (vii) the time and place at which, and the manner and currency in which the amount owing in respect of the securities is to be paid,*
 - (viii) the rates of exchange that will apply,*
 - (ix) the conditions governing the registration and transfer of the securities within and outside of Alberta, and*
 - (x) the conditions governing the exchange of securities of one form or denomination for securities of a different form or denomination but bearing the same rate of interest and in the equivalent aggregate principal amount;**
- (b) in relation to money to be raised by the issue and sale of treasury bills,*

11 Section 69(2)(f.1) is repealed and the following is substituted:

- (f.1) to make the payments required under agreements entered into or activities engaged in by the Provincial Treasurer under section 61(3), and

- (i) *the price or prices for which the treasury bills may be sold or the rate of interest that the treasury bills may bear, as the case may be,*
 - (ii) *the times at which the treasury bills may be sold, and*
 - (iii) *whether the treasury bills may be sold by private or public tender;*
- (c) *in relation to a loan by way of overdraft or line of credit, the rate of interest that may be paid;*
- (d) *in relation to Government securities that are to be issued and pledged or securities that are not Government securities that are to be pledged to secure the payment of money,*
- (i) *the classes and amounts of Government securities that may be issued and pledged,*
 - (ii) *the value of the securities that are not Government securities that may be pledged, and*
 - (iii) *the rate of interest that may be paid.*
- (2) *The Provincial Treasurer may, for the purpose of arranging for the sale of Government securities, appoint a person as his agent for the purpose of exercising his powers under subsection (1)(a)(iv).*

11 Section 69(2) presently reads in part:

- (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*
- (f) *to pay interest in respect of Government securities or money raised other than by the issue of Government securities,*
 - (f.1) *to make the payments required under an agreement in respect of interest rates or currency exchange, and*
 - (f.2) *to purchase Government securities in order to cancel or reissue those Government securities;*

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,*
- (h.2) *from the General Revenue Fund in respect of money raised pursuant to section 61(1)(a.1) to the extent that*

12 Sections 3(a)(i), (ii) and (iv), 3(b) and 5 are deemed to have come into force on June 1, 1992.

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).

12 Coming into force.