

1995 BILL 6

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Third Session, 23rd Legislature, 44 Elizabeth II

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THE LEGISLATIVE ASSEMBLY OF ALBERTA

# BILL 6

**BALANCED BUDGET AND  
DEBT RETIREMENT ACT**

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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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1995

### BALANCED BUDGET AND DEBT RETIREMENT ACT

(Assented to , 1995)

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

#### Definitions

##### 1 In this Act,

- (a) "Crown" includes a Provincial agency as defined in the *Financial Administration Act* that is not referred to in section 2(5) of that Act;
- (b) "Crown debt" means the difference between the financial assets of the Crown and the liabilities of the Crown, not including any liabilities respecting pensions;
- (c) "expenditures" means expenditures of the Crown for all purposes;
- (d) "net financial debt" means the amount of Crown debt at the end of the 1996-97 fiscal year determined in accordance with section 3;

(e) "revenue" means the revenue of the Crown from all sources.

Deficits disallowed	<b>2</b> Expenditures during a fiscal year must not be more than revenue.
Net financial debt	<b>3(1)</b> Not more than 90 days after the end of the 1996-97 fiscal year, the Provincial Treasurer must prepare a statement setting out the amount of the Crown debt at the end of the 1996-97 fiscal year.  <b>(2)</b> The Auditor General must audit the statement of the Provincial Treasurer respecting the Crown debt at the end of the 1996-97 fiscal year.
Debt retirement	<b>4</b> The Provincial Treasurer must reduce Crown debt in an orderly fashion beginning in the 1997-98 fiscal year as follows:  (a) by the end of the 2001-02 fiscal year, it must have been reduced by an amount equal to 20% of the net financial debt;  (b) by the end of the 2006-07 fiscal year, it must have been reduced by an amount equal to 40% of the net financial debt;  (c) by the end of the 2011-12 fiscal year, it must have been reduced by an amount equal to 60% of the net financial debt;  (d) by the end of the 2016-17 fiscal year, it must have been reduced by an amount equal to 80% of the net financial debt;  (e) by the end of the 2021-22 fiscal year, it must have been reduced by an amount equal to 100% of the net financial debt.
Minimum payment	<b>5(1)</b> The Provincial Treasurer must apply not less than \$100 000 000 in each fiscal year to reduce Crown debt until the Crown debt is \$0.  <b>(2)</b> Subsection (1) does not apply to a particular fiscal year before the 2022-23 fiscal year if by the end of the immediately preceding fiscal year the Provincial Treasurer has reduced Crown debt by an amount equal to the product of  (a) 4%,

- (b) the number of fiscal years after the 1996-97 fiscal year up to and including the particular fiscal year, and
- (c) the net financial debt.

**Surplus**                    **6** If revenue is greater than expenditures in a fiscal year, the Provincial Treasurer must apply the difference to reduce Crown debt.

**Report by Provincial Treasurer**                    **7(1)** The Provincial Treasurer must include with the budget estimates tabled in the Legislative Assembly in respect of a particular fiscal year the amount by which Crown debt is projected to be reduced in that particular fiscal year and the next 2 fiscal years.

(2) The Provincial Treasurer must include the amount by which Crown debt is actually reduced in a fiscal year in the Public Accounts in respect of that year.

(3) The Provincial Treasurer must table in the Legislative Assembly with the budget estimates for a fiscal year,

- (a) the major economic assumptions the Provincial Treasurer made in preparing the estimates,
- (b) the forecast amount of non-renewable resource revenue and the difference between the forecast amount and the lower of the amounts referred to in section 8(a)(i) and (ii), and
- (c) the forecast amount of revenue from corporate income tax payable under the *Alberta Corporate Tax Act* and the difference between the forecast amount and the lower of the amounts referred to in section 8(b)(i) and (ii).

**Estimates of revenue**                    **8** In calculating the estimated revenue for budget purposes for a particular fiscal year, the Provincial Treasurer must include

- (a) as the amount of non-renewable resource revenue for that year, not more than the lower of
  - (i) 90% of the forecast amount of non-renewable resource revenue for the year, and
  - (ii) the average annual amount of non-renewable resource revenue during the 5 most recent fiscal years immediately before that year for which amounts of non-renewable resource revenue have been reported in the Public Accounts,

and

(b) as the amount of revenue from corporate income tax payable under Part 5 of the *Alberta Corporate Tax Act* for that year, not more than the lower of

(i) 90% of the forecast amount of revenue from corporate income tax for the year, and

(ii) the average annual amount of revenue from corporate income tax during the 5 most recent fiscal years immediately before that year for which amounts of revenue from corporate income tax have been reported in the Public Accounts.

Special  
warrants

**9(1)** Subject to subsection (2), if authorizing an expenditure by special warrant will increase the estimated expenditures calculated for budget purposes for a fiscal year, the Lieutenant Governor in Council may not order a special warrant to be prepared authorizing the expenditure.

**(2)** The Lieutenant Governor in Council may order a special warrant to be prepared under any other Act authorizing an expenditure

(a) if the Legislative Assembly is dissolved and is not yet convened after the general election, or

(b) at any time if, in the opinion of the Provincial Treasurer, the money is urgently required because of an emergency or a disaster.

Audit  
Committee

**10** The Audit Committee established under section 21 of the *Auditor General Act*

(a) must report publicly to the Lieutenant Governor in Council at least once in every fiscal year on the progress made by the Government towards retiring Crown debt, and

(b) may inquire into any matter relating to the financial affairs of the Crown in accordance with a request of the Provincial Treasurer.

Reports on  
progress

**11(1)** The Provincial Treasurer shall report publicly to the Lieutenant Governor in Council on the accuracy of the budget estimates and on revenue and expenditures to date,

- (a) with respect to the first 3 months of a fiscal year, on or before August 31 in that year,
  - (b) with respect to the first 6 months of a fiscal year, on or before November 30 in that year, and
  - (c) with respect to the first 9 months of a fiscal year, on or before February 28 in that year.
- (2) The Provincial Treasurer may determine the form of a report made under this section.

**Consequential 12** *The Deficit Elimination Act is amended*

- (a) in section 2(d) by striking out “and each subsequent”;
- (b) by repealing section 5 and substituting the following:

**Surplus**

**5(1)** Subject to subsection (2), if, in a fiscal year, the revenue payable or paid to the General Revenue Fund is greater than all the estimated revenue calculated for budget purposes for the General Revenue Fund, the Provincial Treasurer must apply the difference to reduce Crown debt.

(2) An amount calculated under subsection (1) must not include the following:

- (a) an increase in revenue respecting items shown as credits or recoveries in the budget estimates that is the subject of an authorization under section 29(1.1) of the *Financial Administration Act*, or
- (b) an increase in revenue that results from an increase in the amount held or receivable by the Crown under an agreement to which the Crown is a party that requires the Crown to make payments.

**Estimates of revenue**

**5.1** In calculating the estimated revenue for budget purposes for a particular fiscal year, the Provincial Treasurer must include

- (a) as the amount of non-renewable resource revenue for that year, not more than the lower of
  - (i) 90% of the forecast amount of non-renewable resource revenue for the year, and
  - (ii) the average annual amount of non-renewable resource revenue during the 5 most recent fiscal years immediately before that year for which

actual amounts of non-renewable resource revenue have been reported in the Public Accounts,

and

- (b) as the amount of revenue from corporate income tax payable under Part 5 of the *Alberta Corporate Tax Act* for that year, not more than the lower of
  - (i) 90% of the forecast amount of revenue from corporate income tax for the year, and
  - (ii) the average annual amount of revenue from corporate income tax during the 5 most recent fiscal years immediately before that year for which amounts of revenue from corporate income tax have been reported in the Public Accounts.

(c) by adding the following after section 7:

Tabled  
documents

**7.1** The Provincial Treasurer must table in the Legislative Assembly with the budget estimates for a fiscal year,

- (a) the major economic assumptions the Provincial Treasurer made in preparing the estimates,
- (b) the forecast amount of non-renewable resource revenue and the difference between the forecast amount and the lower of the amounts referred to in section 5.1(a)(i) and (ii), and
- (c) the forecast amount of revenue from corporate income tax payable under the *Alberta Corporate Tax Act* and the difference between the forecast amount and the lower of the amounts referred to in section 5.1(b)(i) and (ii).

(d) by repealing section 10(1) and substituting the following:

Application

**10(1)** This Act applies to the 1993-94, 1994-95, 1995-96 and 1996-97 fiscal years of the Crown.

Application

**13** This Act, except section 12, applies to the 1997-98 and subsequent fiscal years.