

BILL 37

2005

FINANCIAL STATUTES AMENDMENT ACT, 2005

(Assented to _____, 2005)

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

Part 1 Fiscal Responsibility Act

Amends RSA 2000 cF-15

1 The *Fiscal Responsibility Act* is amended by this Part.

2 Section 1 is amended

(a) by repealing clause (j.1) and substituting the following:

(j.1) “expense” means expense of the Crown for all purposes
adjusted for

(i) increases or decreases in liabilities respecting
pensions, and

(ii) increases or decreases in liabilities for future funding
to enable organizations to repay money borrowed on
or after April 1, 2003 from the Alberta Capital
Finance Authority for the purpose of financing
capital spending;

**(b) in clause (k.1)(i) by striking out “\$4 000 000 000” and
substituting “\$4 750 000 000”**

3 Section 2 is repealed and the following is substituted:

Deficits and operating debt disallowed

2(1) Actual expense for a fiscal year must not be more than actual revenue for that year.

(2) For the purposes of subsection (1),

- (a) actual expense does not include
 - (i) any amounts paid or payable for the cost of a public emergency or disaster declared by the Lieutenant Governor in Council,
 - (ii) any amounts paid or payable under the *Natural Gas Price Protection Act* from amounts allocated from the Alberta Sustainability Fund under section 2.1(2)(f),
 - (iii) expenses paid or payable from amounts allocated from the Capital Account under section 2.2(2)(c), or
 - (iv) any amounts paid or payable for the cost of a settlement with a First Nation from amounts allocated from the Alberta Sustainability Fund under section 2.1(2)(g),

and

- (b) actual revenue includes any amounts allocated from the Alberta Sustainability Fund under section 2.1(2)(c) and (d) but does not include any amounts allocated to the Alberta Sustainability Fund under section 2.1(2)(a).

4 Section 2.1 is amended by adding the following after subsection (2):

(2.1) Allocations under subsection (2)(a) and (b) may be adjusted due to the timing of when cash is received, changes in the net financial assets of Provincial agencies and regulated funds, capital cash requirements and other cash requirements as identified by the Treasury Board.

5 Section 2.2(2)(a) is repealed.

6 Section 3 is repealed and the following is substituted:

Contingency allowance

3 The consolidated fiscal plan must include a contingency allowance for each fiscal year set out in the plan equal to at least 1% of revenue for fiscal policy purposes.

7 Section 4(2) is amended by adding the following after clause (d):

- (e) commitments made for the fiscal year for the cost of a settlement with a First Nation.

8 Section 5 is repealed.

9 The following is added before section 6:

Debt Retirement Account

5.1(1) The Debt Retirement Account is established as an account within the General Revenue Fund to repay the accumulated debt.

(2) The financial assets in the Debt Retirement Account at the end of a fiscal year must be equal to or greater than the amount of the accumulated debt as reported in the consolidated annual report for the particular fiscal year.

10 Section 8 is repealed and the following is substituted:

Application

8 This Act applies to 2005-06 and subsequent fiscal years.

Part 2
**Alberta Heritage Foundation for
Medical Research Act**

11 The *Alberta Heritage Foundation for Medical Research Act* is amended by this Part.

12 The following is added after section 7:

Payments into the Endowment Fund

7.1 The Minister of Finance may pay into the Endowment Fund from the General Revenue Fund an amount not exceeding \$500 000 000, in amounts and in a manner considered appropriate by the Minister of Finance.

Part 3
**Alberta Heritage Foundation for Science
and Engineering Research Act**

13 The *Alberta Heritage Foundation for Science and Engineering Research Act* is amended by this Part.

14 Section 7 is amended

(a) by repealing subsection (3) and substituting the following:

(3) The Minister of Finance may pay into the Endowment Fund from the General Revenue Fund the increase referred to in section 8 of the *Access to the Future Act*, in accordance with that section and in a manner considered appropriate by the Minister of Finance.

(b) in subsections (4) and (6) by striking out “Minister of Revenue” and substituting “Minister of Finance”.

Part 4
Alberta Heritage Savings Trust Fund Act

15 The *Alberta Heritage Savings Trust Fund Act* is amended by this Part.

16 The following is added after section 9:

Transfers re Access to the Future Fund

9.1 The Minister of Finance may transfer into the Heritage Fund from the General Revenue Fund an amount not exceeding \$3 000 000 000 to be allocated to the account referred to in section 4(4) of the *Access to the Future Act* in amounts and in a manner considered appropriate by the Minister of Finance.

Appropriated funds

9.2 There may be paid into the Heritage Fund money appropriated by the Legislature.

**Part 5
Alberta Heritage Scholarship Act**

17 The *Alberta Heritage Scholarship Act* is amended by this Part.

18 Section 2 is amended

(a) in subsection (2) by adding the following after clause (b):

(b.1) money referred to in subsection (2.1);

(b) by adding the following after subsection (2):

(2.1) The Minister of Finance may pay into the Fund from the General Revenue Fund the increase referred to in section 7 of the *Access to the Future Act*, in accordance with that section and in a manner considered appropriate by the Minister of Finance.

Explanatory Notes

**Part 1
Fiscal Responsibility Act**

1 Amends chapter F-15 of the Revised Statutes of Alberta 2000.

2 Section 1(j.1) and (k.1) presently read:

1 In this Act,

(j.1) “expense” means expense of the Crown for all purposes less

- (i) any changes in liabilities respecting pensions, and*
- (ii) any changes in liabilities for future funding incurred for capital spending other than by the Crown on or after April 1, 2003;*

(k.1) “non-renewable resource revenue for fiscal policy purposes” in respect of a fiscal year means the lesser of

- (i) \$4 000 000 000, and*
- (ii) the average of the following:*
 - (A) the forecast non-renewable resource revenue for the previous fiscal year, and*
 - (B) the actual non-renewable resource revenue for each of the 2 fiscal years preceding the fiscal year referred to in paragraph (A);*

3 Section 2 presently reads:

2(1) Actual expense for a fiscal year must not be more than actual revenue for that year.

(2) For the purposes of subsection (1),

- (a) actual expense does not include*
 - (i) any amounts paid or payable for the cost of a public emergency or disaster declared by the Lieutenant Governor in Council,*

- (ii) *any amounts paid or payable under the Natural Gas Price Protection Act from amounts allocated from the Alberta Sustainability Fund under section 2.1(2)(f), or*
- (iii) *expenses paid or payable from amounts allocated from the Capital Account under section 2.2(2)(c),*

and

- (b) *actual revenue includes any amounts allocated from the Alberta Sustainability Fund under section 2.1(2)(c) and (d) but does not include any amounts allocated to the Alberta Sustainability Fund under section 2.1(2)(a).*

4 Section 2.1 presently reads in part:

2.1(1) The Alberta Sustainability Fund is established as an account within the General Revenue Fund.

(2) Within the General Revenue Fund amounts may be allocated to and from the Alberta Sustainability Fund as follows:

- (a) *if for a fiscal year actual non-renewable resource revenue exceeds non-renewable resource revenue for fiscal policy*

purposes, the difference must be allocated to the Alberta Sustainability Fund;

- (b) amounts determined by the Treasury Board may be allocated to the Alberta Sustainability Fund;*

5 Section 2.2 presently reads in part:

2.2(1) The Capital Account is established as an account within the General Revenue Fund.

(2) Within the General Revenue Fund amounts may be allocated to and from the Capital Account as follows:

- (a) an amount determined by the Treasury Board from the net results of operations for the 2002-03 fiscal year may be allocated to the Capital Account;*

6 Section 3 presently reads:

3 The consolidated fiscal plan must include an economic cushion for each fiscal year set out in the plan equal to a contingency allowance of at least 1% of revenue for fiscal policy purposes plus the aggregate of the following if the amount exceeds zero:

- (a) any estimated change in the combined total net financial assets of those Provincial agencies and regulated funds specified by the Treasury Board;*
- (b) amounts estimated to be required for the consolidated capital plan required by section 7.1 of the Government Accountability Act less amounts otherwise provided for in the consolidated fiscal plan.*

7 Section 4 presently reads in part:

(2) The following are not commitments for the purposes of subsection (1):

- (a) an increase in program expense during a fiscal year that is required because of a public emergency or disaster declared by the Lieutenant Governor in Council;*
- (b) an increase in the amount authorized to be spent under a supply vote under section 24(2) of the Financial Administration Act and an increase in any other expense that is offset by additional revenue received for the specific purpose of that expense;*

- (c) *an increase in amounts paid or payable for the fiscal year under the Natural Gas Price Protection Act from amounts*

allocated from the Alberta Sustainability Fund under section 2.1(2)(f);

- (d) *an increase in expenses paid or payable from amounts allocated from the Capital Account under section 2.2(2)(c).*

8 Section 5 presently reads:

5 The accumulated debt must be no greater than the following:

- (a) *\$6 245 000 000 by the end of the 2004-05 fiscal year;*
- (b) *\$6 245 000 000 by the end of the 2009-10 fiscal year;*
- (c) *\$6 245 000 000 by the end of the 2014-15 fiscal year;*
- (d) *\$3 123 000 000 by the end of the 2019-20 fiscal year;*
- (e) *zero by the end of the 2024-25 fiscal year.*

9 Debt Retirement Account.

10 Section 8 presently reads:

8(1) This Act, as amended by section 2 of the Financial Statutes Amendment Act, 2003, except sections 2.1(1) and (2)(b) and 2.2(1) and (2)(a) of this Act, applies to the 2003-04 and subsequent fiscal years.

(2) Sections 2.1(1) and (2)(b) and 2.2(1) and (2)(a) apply to the 2002-03 and subsequent fiscal years.

(3) This Act as it read before the coming into force of section 2 of the Financial Statutes Amendment Act, 2003 applies to the 2002-03 fiscal year.

Part 2

**Alberta Heritage Foundation for
Medical Research Act**

11 Amends chapter A-21 of the Revised Statutes of Alberta 2000.

12 Payments into the Endowment Fund.

**Part 3
Alberta Heritage Foundation for Science
and Engineering Research Act**

13 Amends chapter A-22 of the Revised Statutes of Alberta 2000.

14 Section 7 presently reads in part:

7(3) If the Legislature appropriates money to be transferred from the General Revenue Fund to the Endowment Fund in addition to the amount referred to in subsection (2), the money must be transferred to the Endowment Fund.

(4) The Minister of Revenue must hold and administer the Endowment Fund and has the same powers of investment with respect to the Endowment Fund that the Minister of Finance has with respect to the General Revenue Fund under the Financial Administration Act.

(6) The Minister of Revenue must, as soon as practicable after the end of each fiscal year of the Crown, prepare a report summarizing the transactions and affairs of the Endowment Fund during the preceding fiscal year and must lay a copy of it before the Legislative Assembly if it is then sitting, and if it is not then sitting, within 15 days after the commencement of the next sitting.

Part 4
Alberta Heritage Savings Trust Fund Act

15 Amends chapter A-23 of the Revised Statutes of Alberta 2000.

16 Transfers re Access to the Future Act; appropriated funds.

Part 5
Alberta Heritage Scholarship Act

17 Amends chapter A-24 of the Revised Statutes of Alberta 2000.

18 Section 2 presently reads:

2(1) The Alberta Heritage Scholarship Fund created by this Act is continued.

(2) The following shall be paid into the Fund:

- (a) gifts made to the Crown to provide scholarships and consisting of money or of investments that are readily capable of being realized and that have an ascertainable value at any given date;*
- (b) money received under agreements between the Crown and any other government if an object of the agreement is to provide scholarships;*
- (c) other payments of money or transfers of investments approved by the Minister.*

(3) The Provincial Treasurer

- (a) shall, subject to this Act and the regulations, hold and administer the Fund and has the*

same powers of investment and of making loans with respect to the Fund that the Provincial Treasurer has with respect to the General Revenue Fund under the Financial Administration Act, and

(b) may, on behalf of the Fund, be a depositor in the Consolidated Cash Investment Trust Fund under the Financial Administration Act.

(4) All income of and all appreciation and depreciation in the value of the assets of the Fund accrue to and form part of the Fund.

(5) The Provincial Treasurer shall, as soon as practicable after the end of each fiscal year of the Crown, prepare in accordance with the Financial Administration Act a report of the financial transactions of the Fund during the preceding fiscal year.