

2010 Bill 204

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Third Session, 27th Legislature, 59 Elizabeth II

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THE LEGISLATIVE ASSEMBLY OF ALBERTA

# BILL 204

FISCAL RESPONSIBILITY (SPENDING LIMIT)  
AMENDMENT ACT, 2010

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MR. ANDERSON

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First Reading . . . . .

Second Reading . . . . .

Committee of the Whole . . . . .

Third Reading . . . . .

Royal Assent . . . . .

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## BILL 204

2010

### FISCAL RESPONSIBILITY (SPENDING LIMIT) AMENDMENT ACT, 2010

(Assented to \_\_\_\_\_, 2010)

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

#### **Amends SA 2009 cF-15.1**

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

#### **2 Section 1 is amended**

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

(g.1) “government spending” means, with respect to a fiscal year, the total budgetary expenditure of the General Revenue Fund or, in a province other than Alberta, an equivalent fund or funds, but does not include the following:

- (i) debt servicing costs for the fiscal year,
- (ii) increases or decreases in liabilities respecting pensions, and
- (iii) expenditures made as a direct result of a public emergency or disaster;

**(b) by adding the following after clause (i):**

(j) “spending limit” means the limit on government spending for a fiscal year determined in accordance with section 5.2;

## **Explanatory Notes**

- 1** Amends chapter F-15.1 of the Statutes of Alberta, 2009.
- 2** Definitions added.

### **3 The following is added after section 5:**

#### **Government spending not to exceed spending limit**

**5.1** Government spending in the Province of Alberta in a fiscal year shall not exceed the spending limit.

#### **Spending limit formula**

**5.2(1)** In this section,

- (a) “Canadian province” does not include the Canadian territories;
- (b) “CPI” means the Consumer Price Index for Alberta, All Items, published by Statistics Canada;
- (c) “growth factor” means the sum of the rate of inflation plus the rate of population change determined in accordance with this section;
- (d) “provincial per capita average” means the average per capita government spending of the Canadian provinces, excluding Alberta, in the fiscal year preceding the spending limit year;
- (e) “spending limit year” means the fiscal year for which a spending limit is being determined.

**(2)** The spending limit for the 2011-2012 fiscal year shall be

- (a) government spending for the 2010-2011 fiscal year multiplied by the sum of one plus the growth factor, or
- (b) the provincial per capita average multiplied by the population of Alberta for the 2010-2011 fiscal year,

whichever is greater.

**(3)** The spending limit for each fiscal year following 2011-2012 shall be

- (a) the spending limit for the fiscal year preceding the spending limit year multiplied by the sum of one plus the growth factor, or
- (b) the provincial per capita average multiplied by the population of Alberta for the fiscal year preceding the spending limit year,

whichever is greater.

**3** Sections added concerning limits on government spending.

(4) In this section,

(a) the rate of inflation is determined by the formula

$$X = \frac{A - B}{B}$$

where

X is the rate of inflation,

A is the sum of the 12 individual monthly CPI indexes for the 12-month period ending on August 31 of the fiscal year preceding the spending limit year,

B is the sum of the 12 individual monthly CPI indexes for the 12-month period preceding the 12-month period referred to in A;

(b) the rate of population change is determined by the formula

$$X = \frac{A - B}{B}$$

where

X is the rate of population change,

A is the population of Alberta in the fiscal year preceding the spending limit year,

B is the population of Alberta in the fiscal year preceding the period referred to in A;

(c) the population of a province for a fiscal year shall be the estimate of the population of the province as of July 1 of that year in statistics published by Statistics Canada;

(d) the per capita government spending of a province in the fiscal year preceding the spending limit year shall be calculated by dividing the government spending of a province by the population of that province for that fiscal year.



**Regulations**

**5.3(1)** The Lieutenant Governor in Council may make regulations

- (a) respecting what constitutes an emergency or disaster for the purposes of section 1(g.1)(iii);
- (b) respecting any matter necessary or advisable to carry out effectively the intent and purpose of this Act.

**4 This Act comes into force on January 1, 2011.**



**4** Coming into force.





