

2014 Bill 1

Second Session, 28th Legislature, 63 Elizabeth II

THE LEGISLATIVE ASSEMBLY OF ALBERTA

BILL 1

SAVINGS MANAGEMENT ACT

THE PREMIER

First Reading

Second Reading

Committee of the Whole

Third Reading

Royal Assent

BILL 1

2014

SAVINGS MANAGEMENT ACT

(Assented to , 2014)

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Preamble

WHEREAS Albertans place a high priority on using accumulated provincial savings to support investments that will benefit current and future generations;

WHEREAS a portion of the provincial savings should be used to encourage innovations that will build on Alberta's existing strengths, develop new opportunities and enhance our capacity to adapt to future developments;

WHEREAS opportunities for innovation should span Alberta's economic, environmental and social sectors;

WHEREAS these opportunities should build on the existing innovation system to support new ideas, risk-sharing and creative collaboration across sectors;

WHEREAS increasing the capacity of Alberta's social and cultural sectors to address the systemic causes of social challenges in new

ways will improve the outcomes and long-term sustainability of programs and services for vulnerable Albertans;

WHEREAS enhancing agricultural research, product development and commercialization is essential to a strong economic future; and

WHEREAS supporting excellence in the apprenticeship, trade and technology system will encourage growth in the skilled workforce needed for continued prosperity;

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

Definitions

1 In this Act,

- (a) “Alberta Future Fund” means the account established under section 3;
- (b) “Heritage Fund” means the Alberta Heritage Savings Trust Fund referred to in section 2 of the Heritage Fund Act;
- (c) “Heritage Fund Act” means the *Alberta Heritage Savings Trust Fund Act*;
- (d) “Innovation Endowment Accounts” means the Social Innovation Endowment Account and the Agriculture and Food Innovation Endowment Account;
- (e) “Minister” means the President of Treasury Board and Minister of Finance;
- (f) “rate of return for the Heritage Fund”, for a fiscal year, means the annual rate of return for the Heritage Fund as published in the Heritage Fund’s audited annual financial statements for that fiscal year.

Endowment accounts

2(1) Effective April 1, 2014, the following endowment accounts are established as notional accounts within the Heritage Fund:

- (a) the Social Innovation Endowment Account, for the purpose of supporting innovation in the social service and support sector and in the cultural sector, including
 - (i) research and knowledge dissemination on social and cultural innovation,
 - (ii) design and implementation of innovative interventions, and
 - (iii) development of new funding models and partnerships;
- (b) the Agriculture and Food Innovation Endowment Account, for the purpose of supporting the following:
 - (i) basic and applied agricultural research, including knowledge dissemination on agriculture and food innovation;
 - (ii) product development and commercialization in agriculture and related industries.

(2) Effective April 1, 2014, \$500 000 000 from within the Heritage Fund is allocated to the Social Innovation Endowment Account, and effective April 1, 2015, a further amount of \$500 000 000 from within the Heritage Fund is allocated to the Social Innovation Endowment Account.

(3) Effective April 1, 2014, \$200 000 000 from within the Heritage Fund is allocated to the Agriculture and Food Innovation Endowment Account.

Alberta Future Fund

3(1) Effective April 1, 2014, the Alberta Future Fund is established as a notional account within the Heritage Fund for the purpose of supporting initiatives to provide long-term benefits to Albertans and the Alberta economy.

(2) Effective April 1, 2014 and April 1 of the subsequent 9 fiscal years an amount of \$200 000 000 from within the Heritage Fund is allocated to the Alberta Future Fund.

Transfers in relation to Innovation Endowment Accounts

4(1) For the following fiscal years, the Minister may transfer up to the following amounts from the Heritage Fund to the General Revenue Fund in respect of the Innovation Endowment Accounts:

- (a) in respect of the Agriculture and Food Innovation Endowment Account, for the fiscal years 2014-15, 2015-16 and 2016-17, a maximum of \$9 000 000 each fiscal year;
- (b) in respect of the Social Innovation Endowment Account,
 - (i) for the fiscal year 2015-16, a maximum of \$22 500 000;
 - (ii) for the fiscal year 2016-17, a maximum of \$45 000 000.

(2) The Minister may for the 2017-18 fiscal year and subsequent fiscal years, in a manner determined by the Minister, transfer from the Heritage Fund to the General Revenue Fund an amount not exceeding, in relation to each Innovation Endowment Account, 4.5% of the average of the closing balances of that Innovation Endowment Account for the preceding 3 fiscal years as published in the Heritage Fund's audited annual financial statements for those fiscal years.

(3) Notwithstanding subsection (2), for the purpose of determining the 3-year average under subsection (2) for the 2017-18 fiscal year, the amount with respect to the Social Innovation Endowment Account is to be determined as if the closing balance for the fiscal year 2014-15 were \$1 000 000 000.

(4) Amounts transferred into the General Revenue Fund under this section in respect of an Innovation Endowment Account may only be expended for a purpose for which the Innovation Endowment Account was established and only if authorized by a vote of the Legislature.

Transfers in relation to the Alberta Future Fund

5(1) The Minister may, as approved by resolution of the Legislative Assembly, transfer from the Heritage Fund to the General Revenue Fund an amount, not exceeding the balance in the Alberta Future Fund, for a purpose for which the Alberta Future Fund was established.

(2) Amounts transferred into the General Revenue Fund under this section in respect of the Alberta Future Fund may only be expended for a purpose for which the Alberta Future Fund was established and only if authorized by a vote of the Legislature.

Account and Fund adjustments

6(1) In each fiscal year the balances in each of the Innovation Endowment Accounts and the Alberta Future Fund are to be adjusted as follows:

- (a) the closing balances are to be adjusted for the fiscal year as determined under subsection (2);
- (b) the balances are to be reduced by the amounts transferred to the General Revenue Fund in the fiscal year under sections 4 and 5, as applicable.

(2) For the purpose of subsection (1)(a), the adjustment is determined in accordance with the following formula:

$A \times B$

where

- A is the opening balance in the fiscal year of the Innovation Endowment Account or the Alberta Future Fund, as applicable;
- B is the rate of return for the Heritage Fund for that fiscal year.

Alberta Heritage Scholarship Fund

7 The Minister shall in the fiscal year 2014-15 transfer \$200 000 000 from the Heritage Fund into the Alberta Heritage Scholarship Fund under the *Alberta Heritage Scholarship Act*.

**Related Amendments and
Coming into Force**

Amends SA 2005 cA-1.5

8(1) The *Access to the Future Act* is amended by this section.

(2) Section 4 is amended

(a) by adding the following after subsection (4):

(4.1) In each fiscal year the balance in the account referred to in subsection (4) is to be adjusted as follows:

- (a) the closing balance is to be adjusted for the fiscal year as determined under subsection (4.2);
- (b) the balance is to be reduced by the amounts transferred to the Access to the Future Fund in the fiscal year under subsection (7).

(4.2) For the purpose of subsection (4.1)(a), the adjustment is determined in accordance with the following formula:

$A \times B$

where

A is the opening balance of the account in the fiscal year;

B is the rate of return for the Heritage Fund, as defined in the *Savings Management Act*, for that fiscal year.

(b) by repealing subsection (6);

(c) by repealing subsection (7) and substituting the following:

(7) The President of Treasury Board and Minister of Finance shall in each fiscal year, in a manner determined by the President of Treasury Board and Minister of Finance, transfer

Explanatory Notes

8 Amends chapter A-1.5 of the Statutes of Alberta, 2005. Section 4 presently reads in part:

(4) An account from within the Alberta Heritage Savings Trust Fund is deemed to be established to which is allocated, as considered appropriate by the President of Treasury Board and Minister of Finance, money that is transferred to the Alberta Heritage Savings Trust Fund after April 1, 2005.

(5) The maximum amount that may be allocated under subsection (4) is \$3 000 000 000.

(6) The amounts allocated under subsection (4) shall be adjusted in accordance with section 11 of the Alberta Heritage Savings Trust Fund Act.

(7) The President of Treasury Board and Minister of Finance shall annually, in a manner determined by the President of Treasury Board and Minister of Finance, pay from the General Revenue Fund to the Access to the Future Fund an amount equal to 4.5% of the total amounts allocated under subsection (4), as adjusted under subsection (6).

from the Alberta Heritage Savings Trust Fund to the Access to the Future Fund an amount in accordance with subsections (7.1) and (7.2).

(7.1) The amount that may be transferred under subsection (7) in a fiscal year must not exceed 4.5% of the average of the closing balances of the account referred to in subsection (4) for the preceding 3 fiscal years as published in the Alberta Heritage Savings Trust Fund's audited annual financial statements for those fiscal years.

(7.2) If less than 4.5% is transferred under subsection (7) in a fiscal year, the unused portion of the amount permitted to be transferred in that fiscal year may be transferred in any subsequent fiscal year.

Amends RSA 2000 cA-24

9(1) The *Alberta Heritage Scholarship Act* is amended by this section.

(2) Section 2 is amended

(a) by repealing subsection (2)(b.1) and substituting the following:

(b.1) money referred to in subsections (2.1) and (2.2);

(b) by adding the following after subsection (2.1):

(2.2) The President of Treasury Board and Minister of Finance may pay into the Fund from the Alberta Heritage Savings Trust Fund the amount referred to in section 7 of the *Savings Management Act*, in accordance with that section and in a manner considered appropriate by the President of Treasury Board and Minister of Finance.

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

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

(c) other payments of money or transfers of investments approved by the Minister.

(2.1) The President of Treasury Board and 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 President of Treasury Board and Minister of Finance.

Coming into force

10 This Act is deemed to have come into force on April 1, 2014.

(3) The President of Treasury Board and Minister of Finance

(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 President of Treasury Board and Minister of Finance has with respect to the General Revenue Fund under the Financial Administration Act, and

(b) may be a participant under section 40 of the Financial Administration Act on behalf of the Fund.

(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 President of Treasury Board and Minister of Finance 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.

10 Coming into force.

RECORD OF DEBATE

Stage	Date	Member	From	To

		Questions and Comments	From	To

Stage	Date	Member	From	To

		Questions and Comments	From	To

Stage	Date	Member	From	To

		Questions and Comments	From	To

Stage	Date	Member	From	To

		Questions and Comments	From	To