

2015 Bill 26

Third Session, 28th Legislature, 64 Elizabeth II

THE LEGISLATIVE ASSEMBLY OF ALBERTA

BILL 26

FISCAL SUSTAINABILITY ACT

PRESIDENT OF TREASURY BOARD AND MINISTER OF FINANCE

First Reading

Second Reading

Committee of the Whole

Third Reading

Royal Assent

BILL 26

2015

FISCAL SUSTAINABILITY ACT

(Assented to , 2015)

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Preamble

WHEREAS predictable and sustainable funding for programs and services is essential;

WHEREAS long-term financial sustainability is necessary to protect and preserve Alberta's financial and competitive position;
and

WHEREAS fiscal planning and reporting are necessary to meet fiscal objectives;

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

Interpretation

1(1) In this Act,

- (a) “consolidated fiscal plan” means the consolidated fiscal plan referred to in section 4;
- (b) “ministry” of a particular Minister consists of
 - (i) the department administered by that Minister, including any other part of the public service for which the Minister is responsible,
 - (ii) any Provincial agency for which that Minister is responsible, other than a corporation referred to in section 2.2(4) of the *Funds and Agencies Exemption Regulation* (AR 128/2002),
 - (iii) in the case of the Minister responsible for the *Regional Health Authorities Act*, regional health authorities under the *Regional Health Authorities Act*, and
 - (iv) in the case of the Minister responsible for the *School Act*, the school boards under that Act;
- (c) “Provincial agency” means a Provincial agency as defined in section 1(1)(p) of the *Financial Administration Act*;
- (d) “Provincial corporation” means a Provincial corporation as defined in section 1(1)(r) of the *Financial Administration Act*;
- (e) “responsible Minister” means the Minister determined under section 16 of the *Government Organization Act* as the Minister responsible for this Act.

(2) If this Act provides that a person is required to make a document public, the person must

- (a) lay a copy of the document before the Legislative Assembly if it is sitting at the time the document is required to be made public or, if it is not then sitting, within 21 days after the commencement of the next sitting, and

- (b) make the document available to the general public in a reasonable manner at the time required under this Act, whether or not the document has been laid before the Legislative Assembly.

Contingency Account

- 2(1)** The Contingency Account is continued as an account within the General Revenue Fund.
- (2)** The purpose of the Contingency Account is to provide funding for those years in which actual expense, including expense related to a public emergency or disaster, of the Government exceeds actual revenue of the Government.
- (3)** The responsible Minister may allocate, within the General Revenue Fund, amounts to or from the Contingency Account.
- (4)** Instead of allocating surplus revenue to the Contingency Account, the responsible Minister may allocate some or all of surplus revenue to reduce capital borrowing or to increase savings.
- (5)** The balance in the Contingency Account may not be less than zero.

Limits on borrowing

- 3** The Government may borrow only for the following purposes:
 - (a) the funding of capital projects;
 - (b) the repayment of the principal amount of Government borrowing as it matures;
 - (c) lending to Provincial corporations under section 58 of the *Financial Administration Act*;
 - (d) funding in respect of an emergency or disaster determined by the Lieutenant Governor in Council to be an emergency or disaster for the purpose of this section;
 - (e) cash management.

Consolidated fiscal plan

- 4(1)** The responsible Minister must prepare for each fiscal year a consolidated fiscal plan for a period that includes the fiscal year and at least 4 subsequent fiscal years.
- (2)** The consolidated fiscal plan must be prepared on the same scope and basis as the consolidated financial statements referred to in section 7(2)(a).
- (3)** The consolidated fiscal plan must also include
- (a) any major economic assumptions made in preparing the information related to the 5 fiscal years, including a comment on the effect that changes in those assumptions may have on the finances of the Province in the fiscal years to which the plan relates, and
 - (b) a 10-year financial outlook for the Province.
- (4)** The responsible Minister must make the consolidated fiscal plan public at the time the responsible Minister tables the main estimates for that fiscal year in the Legislative Assembly.
- (5)** If the responsible Minister tables supplementary estimates or a subsequent set of main estimates in the Legislative Assembly in respect of a fiscal year, the responsible Minister must table with those estimates an update to the consolidated fiscal plan for that year.

Strategic and business plans

- 5(1)** The Government must have a strategic plan.
- (2)** For each fiscal year, every Minister must prepare a business plan for the Minister's ministry for a period that includes the fiscal year and at least 4 subsequent fiscal years.
- (3)** The contents and form of the business plans are to be determined by the Treasury Board.
- (4)** The ministry business plans must be made public at the same time as the responsible Minister makes the consolidated fiscal plan public.

Reports on progress

6(1) On or before November 30 in each fiscal year, the responsible Minister must report publicly on the accuracy of the consolidated fiscal plan.

(2) The responsible Minister may determine the contents and form of a report made under this section.

(3) If a report made under this section includes all the information that is required to be given in a report under any other Act, the report under this section is deemed also to be made for the purposes of that other Act.

Government annual report

7(1) The responsible Minister must prepare and make public on or before June 30 of each year an annual report for the fiscal year ending on the preceding March 31.

(2) The annual report must include

- (a) the consolidated financial statements of the Province of Alberta,
- (b) a comparison of the actual performance results to the desired results included in the business plans under section 5(2), and an explanation of any significant variances,
- (c) the Auditor General's report under section 18 of the *Auditor General Act*, if the Auditor General's report in respect of the fiscal year is available when the responsible Minister makes the consolidated financial statements public, and
- (d) any other information the responsible Minister considers appropriate.

Ministry annual reports

8(1) Every Minister must prepare and make public, in a form and at a time acceptable to the Treasury Board, a ministry annual report for the fiscal year ending on the preceding March 31 for the ministry for which the Minister is responsible.

(2) The ministry annual report must include the information the responsible Minister considers appropriate.

(3) A ministry annual report prepared in accordance with this section and laid before the Legislative Assembly in accordance with section 45 of the *Legislative Assembly Act* is deemed to be a general report summarizing the transactions and affairs of the department administered by the Minister for the purposes of section 45 of the *Legislative Assembly Act*.

(4) If a Minister is required to lay the financial statements of an entity referred to in subsection (1) before the Legislative Assembly under any other Act and those financial statements are included in the ministry annual report when it is made public under this Act, the financial statements are deemed to have been laid before the Legislative Assembly for the purposes of that other Act.

Accountable organization

9(1) In this section, “accountable organization” means

- (a) a Provincial corporation other than
 - (i) a corporation referred to in section 2.2(4) of the *Funds and Agencies Exemption Regulation* (AR 128/2002), and
 - (ii) a Provincial corporation that is a subsidiary of another Provincial corporation,
- (b) a board under the *School Act*, or
- (c) a regional health authority under the *Regional Health Authorities Act*.

(2) The governing body of an accountable organization must prepare and give to the Minister responsible for the accountable organization a business plan and annual report for each fiscal year, in the form, at a time and containing the information, acceptable to the responsible Minister.

(3) An accountable organization must make the business plan or annual report referred to in subsection (2) publicly available after it is given to the Minister.

Contents of public accounts

10 The public accounts for a fiscal year must include the following:

- (a) the Government annual report prepared under section 7,
- (b) the ministry annual reports prepared under section 8,
- (c) the reports or statements prepared pursuant to sections 23, 25(3), 28(5), 28.1(4), 30, 56(2), 66(2) and 75 of the *Financial Administration Act*, and
- (d) any supplementary schedules, statements, explanations and financial statements that the responsible Minister may require.

Application of Act

11 This Act applies in respect of the 2015-16 fiscal year and subsequent fiscal years.

Consequential Amendments and Repeal

Amends SA 2005 cA-1.5

12 The *Access to the Future Act* is amended in section 4(7) by striking out “Alberta Heritage Savings Trust Fund” and substituting “General Revenue Fund”.

Amends RSA 2000 cA-23

13(1) The *Alberta Heritage Savings Trust Fund Act* is amended by this section.

(2) Section 6(4) is repealed and the following is substituted:

- (4)** The functions of the Standing Committee are
 - (a) to receive and review the semi-annual reports referred to in section 15;
 - (b) to approve the annual report of the Heritage Fund;

Explanatory Notes

12 Amends chapter A-1.5 of the Statutes of Alberta, 2005.
Section 4(7) presently reads:

(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 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).

13(1) Amends chapter A-23 of the Revised Statutes of Alberta 2000.

(2) Section 6(4) presently reads:

(4) The functions of the Standing Committee are

(b) to receive and review quarterly reports on the operation and results of the operation of the Heritage Fund;

(c) to approve the annual report of the Heritage Fund;

- (c) to review after each fiscal year end the performance of the Heritage Fund and report to the Legislature as to whether the mission of the Heritage Fund is being fulfilled.

(3) Section 8 is repealed and the following is substituted:

Investment income of Fund

8(1) The net income of the Heritage Fund accrues to and forms part of the Heritage Fund.

(2) The net income of the Heritage Fund less the amount retained in the Heritage Fund under section 11(1) must be transferred by the Minister from the Heritage Fund to the General Revenue Fund in a manner and at the times determined by the Minister.

(4) Section 9 is repealed.

(5) Section 9.2 is repealed and the following is substituted:

Appropriated funds

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

(6) Section 11 is repealed and the following is substituted:

Inflation-proofing

11(1) Subject to subsection (2), the Minister must retain in the Heritage Fund from the net income of the Heritage Fund an amount equal to the lesser of

- (d) *to review after each fiscal year end the performance of the Heritage Fund and report to the Legislature as to whether the mission of the Heritage Fund is being fulfilled;*
- (e) *to hold public meetings with Albertans on the investment activities and results of the Heritage Fund.*

(3) Section 8 presently reads:

8(1) The net income of the Heritage Fund accrues to and forms part of the Heritage Fund.

(2) For the 2013-14 and 2014-15 fiscal years, the net income of the Heritage Fund less the amount retained in the Heritage Fund under section 11(1) must be transferred by the Minister from the Heritage Fund to the General Revenue Fund annually in a manner determined by the Minister.

(3) For the 2015-16 and 2016-17 fiscal years, the net income of the Heritage Fund less the amounts determined under section 4(2) and (3) of the Fiscal Management Act respectively for those fiscal years must be transferred by the Minister from the Heritage Fund to the General Revenue Fund annually in a manner determined by the Minister.

(4) For fiscal years subsequent to the 2016-17 fiscal year, the net income of the Heritage Fund must be retained in the Heritage Fund as provided for in section 4(4) of the Fiscal Management Act.

(4) Section 9 presently reads:

9 The amounts transferred to the Heritage Fund under section 3 of the Fiscal Management Act form part of the Heritage Fund.

(5) Section 9.2 presently reads:

9.2 In addition to an amount transferred under section 3 of the Fiscal Management Act, there may be paid into the Heritage Fund money appropriated by the Legislature.

(6) Section 11 presently reads:

11(1) Subject to subsection (3), for the fiscal years 2013-14 and 2014-15, the Minister must retain in the Heritage Fund from the net income of the Heritage Fund, which would otherwise be transferred

- (a) the accumulated operating surplus of the Heritage Fund as reported in the “Statement of Operations and Accumulated Surplus” contained in the financial statements of the Heritage Fund as of March 31 of the previous fiscal year multiplied by the percentage increase, if any, for that fiscal year in the Alberta Consumer Price Index specified by the Minister, and
- (b) the net income of the Heritage Fund for that fiscal year.

(2) For the purpose of subsection (1), if the percentage increase in the Alberta Consumer Price Index specified by the Minister is a negative number, that negative number shall be treated as if it were zero.

(7) Section 15 is repealed and the following is substituted:

Semi-annual reports

15(1) The Minister shall, as soon as practicable after the end of the first 6 months of every fiscal year, prepare and provide to the Standing Committee a report on the activities and financial performance of the Heritage Fund for the first 6 months of the fiscal year.

(2) Information contained in the report provided to the Standing Committee is to be reflected in the report under section 6 of the *Fiscal Sustainability Act*.

to the General Revenue Fund under section 8(2), as soon as convenient after the end of those fiscal years, an amount equal to the lesser of

- (a) *the accumulated operating surplus of the Heritage Fund as reported in the “Statement of Operations and Accumulated Surplus” contained in the financial statements of the Heritage Fund as of March 31 of the previous fiscal year multiplied by the percentage increase, if any, for that fiscal year in the Canadian gross domestic product price index specified by the Minister, and*
- (b) *the net income of the Heritage Fund for that fiscal year.*

(2) *For the fiscal years 2015-16 and 2016-17, the amounts referred to in section 4(2)(b) and (3)(b) of the Fiscal Management Act are determined by multiplying the accumulated operating surplus of the Heritage Fund as reported in the “Statement of Operations and Accumulated Surplus” contained in the financial statements of the Heritage Fund as of March 31 of the previous fiscal year by the percentage increase, if any, for that fiscal year in the Canadian gross domestic product price index specified by the Minister.*

(3) *For the purposes of subsections (1) and (2), if the percentage increase in the gross domestic product price index specified by the Minister is a negative number, that negative number shall be treated as if it were zero.*

(4) *This section is repealed on March 31, 2017.*

(7) Section 15 presently reads:

15(1) The Minister shall, as soon as practicable after the end of each of the first 3 quarters of every fiscal year, prepare and provide to the Standing Committee a report on the activities of the Heritage Fund and financial statements for the preceding quarter.

(2) When the Standing Committee is provided with a quarterly report under subsection (1), the Standing Committee shall furnish copies of the report to all members of the Legislative Assembly and to the Clerk of the Legislative Assembly within 2 months after the conclusion of the quarter for which the quarterly report was prepared and on doing so shall make the report public.

Amends RSA 2000 cD-6

14 The *Debtors' Assistance Act* is amended in section 10(1)(d) by striking out “section 13(2) of the *Fiscal Management Act*” and substituting “section 8(2) of the *Fiscal Sustainability Act*”.

Amends SA 2012 cE-0.3

15 The *Education Act* is amended in section 288 by striking out “Fiscal Management Act 13(1)(b); 14(1)(c)” and substituting “Fiscal Sustainability Act 1(1)(b)(iv); 9(1)(b)”.

Amends RSA 2000 cF-12

16 The *Financial Administration Act* is amended by repealing section 62 and substituting the following:

Debt limit

62 The validity and enforceability of Government securities issued in accordance with this Part is not affected by any non-compliance with section 3 of the *Fiscal Sustainability Act*.

Amends SA 2014 c12

17 The *Horse Racing Alberta Amendment Act, 2014* is amended in section 4 in the new section 7 by striking out “, the *Fiscal Management Act* and the *Auditor General Act*”.

14 Amends chapter D-6 of the Revised Statutes of Alberta 2000.
Section 10(1) presently reads:

10(1) Not later than 120 days after the last day of the Board's fiscal year, the Board shall prepare an annual report for the previous fiscal year, which must contain

- (a) an audited financial statement summarizing the income and expenditures of the Board,*
- (b) a list of current members and officers of the Board,*
- (c) any other information that the Board determines relevant or necessary,*
- (d) the information referred to in section 13(2) of the Fiscal Management Act, if required by the Minister, and*
- (e) any other information required under the regulations.*

15 Amends chapter E-0.3 of the Statutes of Alberta, 2012.
Section 288 lists the Acts that require the changing of an Act name.

16 Amends chapter F-12 of the Revised Statutes of Alberta 2000.
Section 62 presently reads:

62 The validity and enforceability of Government securities issued in accordance with this Part is not affected by any non-compliance with the debt-servicing limit referred to in section 6 of the Fiscal Management Act.

17 Amends chapter 12 of the Statutes of Alberta, 2014. The new section 7 presently reads:

7 The Corporation is not a Provincial agency for the purposes of the Financial Administration Act, the Fiscal Management Act and the Auditor General Act.

Amends RSA 2000 ci-3

18 The *Insurance Act* is amended in section 15.1(1) by striking out “section 14 of the *Fiscal Management Act*” and substituting “section 9 of the *Fiscal Sustainability Act*”.

Repeal

19 The *Fiscal Management Act*, SA 2013 cF-14.5, is repealed.

18 Amends chapter I-3 of the Revised Statutes of Alberta 2000.
Section 15.1(1) presently reads:

15.1(1) In this section, “non-accountable entities” means entities that are not accountable organizations within the meaning of section 14 of the Fiscal Management Act.

19 Repeals chapter F-14.5 of the Statutes of Alberta, 2013.

