

2010 Bill 204

Third Session, 27th Legislature, 59 Elizabeth II

THE LEGISLATIVE ASSEMBLY OF ALBERTA

BILL 204

FISCAL RESPONSIBILITY (SPENDING LIMIT)
AMENDMENT ACT, 2010

MR. ANDERSON

First Reading

Second Reading

Committee of the Whole

Third Reading

Royal Assent

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.

