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# NATIONAL ASSEMBLY

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FIRST SESSION

THIRTY-SIXTH LEGISLATURE

Bill 107  
(2000, chapter 17)

**An Act to provide for balanced budgets  
in the public health and social services  
network**

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**Introduced 28 March 2000  
Passage in principle 17 May 2000  
Passage 15 June 2000  
Assented to 16 June 2000**

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## **EXPLANATORY NOTES**

*This bill enacts measures requiring public institutions in the health and social services network to maintain a balanced budget.*

*The bill thus provides that no public institution is to have a deficit at the end of a fiscal year. To that end, the bill redefines the budgetary process applicable to public institutions and provides that the expenditures and commitments authorized by a regional board during a fiscal year are not to exceed the resource envelope allocated to the regional board for that year.*

*In addition, the bill provides courses of action available to the Minister in cases where a public institution is not complying with the balanced budget requirement. Thus, the bill enables the Minister to subject the approval and carrying out of projects involving capital expenditures or the purchase of medical equipment to compliance with the balanced budget requirement. Furthermore, public institutions are prohibited from borrowing to meet operating expenditures except where expressly authorized by the Minister.*

*The bill also provides that a public institution that anticipates it will have a deficit on 31 March in a fiscal year must carry the deficit forward as an expenditure in its budget for the next fiscal year.*

## **Bill 107**

### **AN ACT TO PROVIDE FOR BALANCED BUDGETS IN THE PUBLIC HEALTH AND SOCIAL SERVICES NETWORK**

THE PARLIAMENT OF QUÉBEC ENACTS AS FOLLOWS :

- 1.** This Act enacts measures to require public institutions of the health and social services network to maintain a balanced budget.
- 2.** The provisions of this Act apply from the fiscal year 2000-2001.
- 3.** Every public institution must, during a fiscal year, maintain a balance between its expenditures and its revenues.
- 4.** No public institution may have a deficit at the end of a fiscal year.
- 5.** At the beginning of a fiscal year, the Minister shall inform each regional board of the resource envelope allotted to it pursuant to the Act respecting health services and social services (R.S.Q., chapter S-4.2) for the purpose of financing the expenditures relating to the services to be provided by public institutions.

The Minister shall, at the same time, inform the regional board of the ministerial policies and priorities to be complied with both as regards the allocation of resources and the maintenance of a balanced budget, and as regards the organization and accessibility of services.

In addition, the Minister may indicate to a regional board conditions for the allocation of resources applicable to one or more institutions in its region. The regional board must comply therewith or obtain the approval of the Minister for any adjustments it proposes.

- 6.** Within three weeks after receiving the information provided for in section 5, the regional board shall inform the boards of directors of the institutions in its region of the amounts allocated to the operating budgets of the institutions. The total of the amounts allocated shall not exceed the resource envelope attributed to the regional board for that purpose.

The regional board shall, at the same time, inform the boards of directors of the regional policies and priorities that will be applicable to the budgets and services of the institutions, as determined by the regional board in accordance with the ministerial policies and priorities.

**7.** Within three weeks after the date on which the particulars specified in section 6 are transmitted to the boards of directors of public institutions by the regional board, the boards of directors shall adopt the operating budgets of the institutions, which must show a balance between revenues and expenditures, and shall inform the regional board and the Minister.

**8.** The expenditures and commitments authorized by a regional board, except commitments made before 1 April 1999, to finance the operations of the health and social services system in its region during a fiscal year shall not exceed the resource envelope allocated to the board for that year.

**9.** The executive director of a public institution shall prepare and submit to the Minister, at the Minister's request and at the intervals and on the dates determined by the Minister, a statement showing the financial position of the institution.

The executive director shall also ensure that the information is transmitted to each member of the board of directors of the institution before the next board meeting.

**10.** The executive director of a public institution shall, if the executive director is of the opinion that budgetary balance is at risk during a fiscal year, inform the board of directors of the institution of that fact without delay.

As soon as the board of directors ascertains that it will not be possible to maintain budgetary balance, the board shall amend the institution's operating budget to post any anticipated deficit as an expenditure and shall inform the regional board and the Minister. A recovery plan must also be prepared and submitted for approval to the Minister who may approve it with or without amendment.

**11.** Where warranted by the financial position of a public institution, in particular where the budgetary balance is at risk, the Minister may establish control mechanisms to ensure that the objective of this Act is attained. The Minister may, in particular, require that the institution implement an assessment program or an internal audit program.

The Minister may also, in the same circumstances, issue, in respect of a public institution, a directive concerning the management of its human, budgetary, physical or informational resources. The directive is binding on the institution from the date fixed therein.

**12.** The Minister may subject the approval and carrying out of any of a public institution's projects involving a capital expenditure or the purchase of equipment to compliance with the requirement to maintain a balance between revenues and expenditures.

**13.** No public institution may borrow to meet operating expenditures unless expressly authorized by the Minister.

**14.** Where at any time during a fiscal year the Minister finds that a public institution is not complying with the requirements of section 7, that the expenditures of a public institution exceed its revenues or that a regional board is not complying with the prescriptions of section 8, the Minister may, for that sole reason, assume the provisional administration of the institution or the regional board pursuant to the Act respecting health services and social services or exercise, on the Minister's own initiative, the powers provided for in sections 499 to 501 of that Act.

**15.** If, despite the measures taken to comply with section 4, a public institution anticipates a deficit on 31 March in a fiscal year, the deficit must be posted as an expenditure in the institution's budget for the next fiscal year.

**16.** The Minister of Health and Social Services is responsible for the administration of this Act.

**17.** This Act comes into force on 16 June 2000.