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# NATIONAL ASSEMBLY

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SECOND SESSION

THIRTY-SIXTH LEGISLATURE

Bill 11  
(2001, chapter 56)

## **An Act to establish a budgetary surplus reserve fund**

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**Introduced 9 May 2001**  
**Passage in principle 31 May 2001**  
**Passage 19 December 2001**  
**Assented to 20 December 2001**

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## **EXPLANATORY NOTES**

*This bill gives effect to the Budget Speech delivered on 29 March 2001 in which the establishment of a surplus reserve fund was announced. It consequently provides that the Minister of Finance will determine, in the Budget Speech, the surpluses that may be appropriated to the reserve fund, the various reserve fund accounts and the amounts to be appropriated to each account. The Minister may also in the Budget Speech reallocate unexpended amounts to other reserve fund accounts.*

*The bill establishes the rules that will apply in appropriating surpluses to the reserve fund. The reserve fund is not to be used for purposes other than capital projects, projects having a defined duration and other projects which, in the Government's opinion, are warranted in the public interest. The reserve fund may in certain circumstances be appropriated to the maintenance of budgetary balance. All unused and unappropriated sums are to be deposited with the Caisse de dépôt et placement du Québec.*

*The bill requires the Government to form ministerial project selection committees and provides that the projects selected are to be submitted to the Government for approval. In this respect, the expenditures budget must indicate the expenditures of departments and budget-funded bodies that involve the use of the reserve fund.*

*The bill provides that the Minister is to report to the National Assembly in the Budget Speech on the transactions of the reserve fund for each reserve fund account.*

*Lastly, the bill amends the Act respecting the elimination of the deficit and a balanced budget to make the necessary adjustments and consequential amendments.*

### **LEGISLATION AMENDED BY THIS BILL :**

- Act respecting the elimination of the deficit and a balanced budget (R.S.Q., chapter E-4.01).

# Bill 11

## AN ACT TO ESTABLISH A BUDGETARY SURPLUS RESERVE FUND

THE PARLIAMENT OF QUÉBEC ENACTS AS FOLLOWS :

**1.** The Minister of Finance shall determine, in the Budget Speech, the surpluses that may be appropriated in whole or in part to a budgetary reserve fund.

The Minister shall also determine the accounts of the reserve fund and the amounts appropriated to each account.

In this Act, “surplus” has the meaning assigned by section 2 of the Act respecting the elimination of the deficit and a balanced budget (R.S.Q., chapter E-4.01), as amended by section 12 of this Act.

**2.** The reserve fund may be used only for capital projects and other projects having a defined duration.

The Government may, however, where it is of the opinion that the public interest so warrants, authorize projects other than those referred to in the first paragraph.

**3.** The Government shall form committees to select the projects assigned to each account. The committees shall be composed of the Minister of Finance, the chair of the Conseil du trésor and any other minister designated by the Government.

The committees shall submit the projects selected to the Government for approval.

**4.** Notwithstanding sections 1 to 3, the Government may appropriate the reserve fund in whole or in part to the maintenance of budgetary balance where it considers any of the following circumstances has arisen :

(1) a disaster having a major impact on revenue or expenditure ;

(2) a significant deterioration of economic conditions ; or

(3) a change in federal programs of transfer payments to the provinces that would substantially reduce transfer payments to the Government.

**5.** The sums appropriated to the reserve fund, except those used pursuant to section 2 and those appropriated pursuant to section 4, shall be deposited by the Minister with the Caisse de dépôt et placement du Québec during the fiscal year covered by the budget.

The Caisse de dépôt et placement du Québec shall administer the sums in accordance with the investment policy determined by the Minister.

The revenue earned on the sums shall be accounted for in the consolidated revenue fund and is deemed to be appropriated to the reserve fund.

**6.** The expenditure budget must contain a summary of the estimates that relate to expenditures involving the use of the reserve fund.

The sums that are allocated to such expenditures may be used only for the carrying out of the projects approved by the Government.

This section does not apply to sums appropriated pursuant to section 4.

**7.** The Minister may also in the Budget Speech reduce the amounts appropriated to a reserve fund account by the sums that have not been allocated to a project. Those sums must be reallocated to other reserve fund accounts.

**8.** The Minister shall report each year to the National Assembly on the transactions of the reserve fund for each reserve fund account.

**9.** The Minister of Finance is responsible for the administration of this Act.

**10.** The title of the Act respecting the elimination of the deficit and a balanced budget (R.S.Q., chapter E-4.01) is replaced by the following title :

“Balanced Budget Act”.

**11.** Section 1 of the said Act is amended by striking out “from the fiscal year 1999-2000”.

**12.** Section 2 of the said Act is amended by replacing the definitions of “deficit”, “overrun”, “surplus” and “budgetary surplus” by the following definitions, respectively :

“**budgetary deficit**” means the difference between expenditure and revenue if expenditure exceeds revenue, as adjusted after deducting the reserve fund sums that have been used and adding the sums appropriated to the budgetary reserve fund established under the Act to establish a budgetary surplus reserve fund (2001, chapter 56) ;

“**overrun**” means any sums lacking for achievement of the budgetary balance or surplus objectives determined by this Act or by an offsetting financial plan for a fiscal year ;

“**surplus**” means any sums exceeding the budgetary balance or surplus objectives determined by this Act or by an offsetting financial plan for a fiscal year ;

“**budgetary surplus**” means the difference between revenue and expenditure if revenue exceeds expenditure, as adjusted after deducting the sums appropriated to the reserve fund and adding the reserve fund sums that have been used.”

**13.** Sections 3 to 5 of the said Act are repealed.

**14.** Section 6 of the said Act is replaced by the following section :

“**6.** The Government may not incur a budgetary deficit.”

**15.** Section 7 of the said Act is amended by replacing “of sections 3 to 6” in the second line by “of section 6”.

**16.** Section 11 of the said Act is amended by striking out “in relation to the deficit level or budgetary balance referred to in sections 3 to 6” in subparagraph 2 of the first paragraph.

**17.** The said Act is amended by inserting the following section after section 14:

“**14.1.** Any surpluses achieved for the fiscal years 1996-1997 to 1999-2000 pursuant to this Act as it read on 28 March 2001 are deemed to be surpluses achieved for those fiscal years pursuant to this Act as amended by the Act to establish a budgetary surplus reserve fund (2001, chapter 56).”

**18.** Section 15 of the said Act, amended by section 101 of chapter 15 of the statutes of 2000, is again amended by replacing the first paragraph by the following paragraph :

“**15.** The Minister shall report to the National Assembly in the Budget Speech on the objectives pursued by this Act, on the achievement of those objectives and on the variance recorded, if any.”

**19.** Sections 1 and 10 to 18 of this Act have effect from 29 March 2001.

**20.** This Act comes into force on 20 December 2001.