



NATIONAL ASSEMBLY

SECOND SESSION

THIRTY-SIXTH LEGISLATURE

Bill 11

An Act to establish a budgetary surplus reserve fund

Introduction

**Introduced by
Madam Pauline Marois
Minister of Finance**

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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. All sums thus appropriated are to be deposited with the Caisse de dépôt et placement du Québec. 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 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 contain a summary of the estimates that relate to expenditures involving 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 11 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. The sums appropriated to the reserve fund 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.

5. 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.

6. 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.

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

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

9. 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”.

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

11. 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 (*insert here the year and chapter number of that Act*);

“**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.”

12. Sections 3 to 5 of the said Act are repealed.

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

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

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

15. 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.

16. 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.”

17. Any surpluses achieved for a fiscal year pursuant to the Act respecting the elimination of the deficit and a balanced budget, as it read on (*insert here the date preceding the date of coming into force of this section*), are deemed to be surpluses achieved for the same fiscal year pursuant to the Act respecting the elimination of the deficit and a balanced budget, as amended by this Act.

18. Sections 1 and 9 to 17 of this Act have effect from 29 March 2001.

19. This Act comes into force on (*insert here the date of assent to this Act*).