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# NATIONAL ASSEMBLY

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FIRST SESSION

THIRTY-NINTH LEGISLATURE

**Bill 40**

(2009, chapter 38)

**An Act to amend the Balanced Budget  
Act and various legislative provisions  
concerning the implementation of the  
accounting reform**

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**Introduced 13 May 2009  
Passed in principle 10 June 2009  
Passed 18 September 2009  
Assented to 21 September 2009**

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**Québec Official Publisher  
2009**

## EXPLANATORY NOTES

*This Act amends the Balanced Budget Act and repeals the Act to establish a budgetary surplus reserve fund in order to create a stabilization reserve fund that will facilitate the Government's multi-year budget planning. It provides that the reserve fund is to be used to maintain a balanced budget and establishes rules for calculating the budgetary balance for a fiscal year.*

*The Act allows the Government to use the stabilization reserve fund to pay certain sums into the Generations Fund. It provides that the accumulated surplus is zero at 1 April 2006. It specifies the amount of the surplus appropriated to the stabilization reserve fund since 24 May 2007.*

*The Act suspends temporarily the effect of certain provisions of the Balanced Budget Act and enables the Minister to present objectives for decreasing budgetary deficits. It establishes the manner in which the Minister is to account for the achievement of those objectives.*

*The Act provides for the implementation of the accounting reform with respect to the full consolidation of financial information from bodies in the health and social services network and the education network with that of the Government. The Act includes provisions that enable the Minister to collect the information needed for the preparation of the Government's public accounts and financial forecasts.*

*In addition, the Act enables the Minister of Finance to enter into certain transactions to foster the sound and efficient management of a body's financial business. It provides for the establishment of accounting policies applicable to certain bodies.*

*The Act also modifies the rules concerning the publication of public accounts and their tabling in the National Assembly.*

*It also includes provisions to avoid any negative impact on the Government's budget estimates caused by changes to a body's budget.*

*Lastly, the Act includes consequential and transitional provisions.*

**LEGISLATION AMENDED BY THIS ACT:**

- Financial Administration Act (R.S.Q., chapter A-6.001);
- Public Administration Act (R.S.Q., chapter A-6.01);
- General and Vocational Colleges Act (R.S.Q., chapter C-29);
- Balanced Budget Act (R.S.Q., chapter E-12.00001);
- Education Act (R.S.Q., chapter I-13.3);
- Act respecting the Ministère des Finances (R.S.Q., chapter M-24.01);
- Act to reduce the debt and establish the Generations Fund (R.S.Q., chapter R-2.2.0.1);
- Act respecting the Université du Québec (R.S.Q., chapter U-1).

**LEGISLATION REPEALED BY THIS ACT:**

- Act to establish a budgetary surplus reserve fund (R.S.Q., chapter R-25.1).



## Bill 40

### AN ACT TO AMEND THE BALANCED BUDGET ACT AND VARIOUS LEGISLATIVE PROVISIONS CONCERNING THE IMPLEMENTATION OF THE ACCOUNTING REFORM

THE PARLIAMENT OF QUÉBEC ENACTS AS FOLLOWS:

#### BALANCED BUDGET ACT

**1.** Section 2 of the Balanced Budget Act (R.S.Q., chapter E-12.00001) is replaced by the following sections:

**“2.** The budget balance for a fiscal year is the difference between the revenue and the expenditure established in accordance with the Government’s accounting policies.

It does not include

(1) the revenue or the expenditure recorded in the Generations Fund established by the Act to reduce the debt and establish the Generations Fund (chapter R-2.2.0.1);

(2) the amounts relating to the application by a government enterprise of a new Canadian Institute of Chartered Accountants standard during a period prior to the changeover date proposed by the Institute.

**“2.1.** The budget balance for a fiscal year is determined taking into account the accounting entries made directly in the accumulated deficit figures appearing in the Government’s financial statements, if they are a consequence of the retroactive effect, from a date subsequent to 31 March 2006, of the correction of an error or change made during that fiscal year to the accounting policies of the Government or one of its enterprises.

However, the budget balance does not include the accounting entries made directly in the accumulated deficit figures because of

(1) the retroactive effect of a new Canadian Institute of Chartered Accountants standard, for the years preceding the changeover year proposed by the Institute; or

(2) the accounting changes resulting from the 2006-2007 accounting reform and appearing in the public accounts.”

**2.** The Act is amended by inserting the following sections after section 5:

**“5.1.** A stabilization reserve fund is established to facilitate the Government’s multi-year budget planning and the subsidiary payment of sums into the Generations Fund in accordance with the Act to reduce the debt and establish the Generations Fund (chapter R-2.2.0.1).

**“5.2.** The sums corresponding to the surplus for each fiscal year are appropriated to the stabilization reserve fund.

A surplus is the amount of a budget balance that is greater than zero.

**“5.3.** The stabilization reserve fund is used to maintain a balanced budget; its balance is reduced by the amount needed to achieve that objective.

**“5.4.** The balance of the stabilization reserve fund is reduced by the sums paid into the Generations Fund under section 4.1 of the Act to reduce the debt and establish the Generations Fund (chapter R-2.2.0.1).

**“5.5.** The balance of the stabilization reserve fund is adjusted on the basis of the recorded financial results for a fiscal year.

The balance of the stabilization reserve fund may not be a negative amount.”

**3.** The Act is amended by inserting the following sections after section 6:

**“6.1.** The Government incurs a budgetary deficit if it has a budgetary balance that remains negative even after being increased by the entire balance of the stabilization reserve fund.

**“6.2.** The Government achieves a balanced budget if the budgetary balance is zero or positive.”

**4.** Section 7 of the Act is amended by replacing “9” by “10”.

**5.** The Act is amended by inserting the following sections after section 7:

**“7.1.** Sections 6 and 7, which prohibit an actual or estimated budgetary deficit, do not apply from 19 March 2009 until the end of the period determined by the Minister under section 7.2.

Sections 8 and 10 to 13, which provide measures to offset overruns, do not apply from 19 March 2009 until the first day of the period determined by the Minister under section 7.2.

**“7.2.** In order to achieve a balanced budget, the Minister shall present, in a Budget Speech not later than the Budget Speech for the fiscal year 2011-2012, objectives for decreasing budgetary deficits for each of the fiscal years in the period the Minister determines.

The objectives are to apply from the first day of the fiscal year of the budget in which they are presented.

**“7.3.** For the fiscal year 2013-2014, the revenue and expenditures established in accordance with the Government’s accounting policies must be balanced.

For that fiscal year, only the deficit recorded in the Government’s financial statements must be offset as if it were an overrun under section 7.5.

**“7.4.** The Minister shall report to the National Assembly on the achievement of the objectives for decreasing budgetary deficits in the Budget Speech for the fiscal year following each of the fiscal years for which such an objective is established.

**“7.5.** An overrun is a budgetary deficit or, if applicable, the sums lacking for the achievement of the budgetary deficit objective for a fiscal year in the period determined by the Minister under section 7.2.

However, if an offsetting financial plan is applied, only the sums lacking for the achievement of the budgetary objectives set out in that plan constitute an overrun.”

**6.** Section 8 of the Act is amended by adding the following paragraph at the end:

“If the overrun is recorded for a fiscal year in the period determined by the Minister under section 7.2, the Government, in order to offset that overrun, must achieve the budgetary deficit objective for the subsequent fiscal year or, if applicable, the balanced budget objective, adjusted by the amount of that overrun.”

**7.** Section 9 of the Act is repealed.

**8.** Section 13 of the Act is amended by replacing “must achieve an equivalent surplus in the next fiscal year” by “; in order to offset that overrun, must achieve the budgetary objective set for the subsequent fiscal year, adjusted by the amount of that overrun”.

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

“**14.** No sum corresponding to a surplus may be appropriated to the stabilization reserve fund if achieving that surplus is necessary to offset an overrun.”

**10.** Section 15 of the Act is amended by replacing the first paragraph by the following paragraph:

“**15.** The Minister shall report to the National Assembly, in the Budget Speech, on

(1) the objectives of this Act, their achievement and any variance recorded; and

(2) the operations of the stabilization reserve fund.”

#### FINANCIAL ADMINISTRATION ACT

**11.** Section 16 of the Financial Administration Act (R.S.Q., chapter A-6.001) is amended by inserting “the financial business of a body within the meaning of paragraph 2 of section 77,” after “consolidated revenue fund,” at the beginning of the first paragraph.

**12.** Section 87 of the Act is replaced by the following section:

“**87.** The Minister shall table the public accounts in the National Assembly not later than 31 December following the close of the fiscal year.

If the Assembly is not sitting, the Minister may distribute the public accounts by any means the Minister deems appropriate before their tabling in the Assembly; in such case, the Minister shall table the public accounts in the Assembly within 15 days of resumption.”

**13.** Section 89 of the Act is amended by replacing “or for a government enterprise” in the first paragraph by “, a government enterprise or a body, other than a government body, designated by the Minister of Finance”.

**14.** Section 90 of the Act is replaced by the following section:

“**90.** The minister responsible for a body or an enterprise referred to in section 89 shall forward to the Minister of Finance any budget or budget estimates that Minister requests.

Any amendment made to those documents in the course of a fiscal year that may have an impact on the Government’s financial forecasts must be forwarded immediately to the Minister of Finance.



If the Minister of Finance deems, after consultation with the chair of the Conseil du trésor, that such an amendment has a negative impact on the Government's financial forecasts, the minister responsible for the body or the enterprise shall, with the Government's approval, draw up and implement measures to remedy the situation."

#### PUBLIC ADMINISTRATION ACT

**15.** Section 73 of the Public Administration Act (R.S.Q., chapter A-6.01) is amended by adding the following paragraph at the end:

"The Conseil du trésor may also adopt accounting policies for any body designated under section 89 of the Financial Administration Act (chapter A-6.001). The minister responsible for the body shall see to the application of the accounting policies."

#### GENERAL AND VOCATIONAL COLLEGES ACT

**16.** Section 26.1 of the General and Vocational Colleges Act (R.S.Q., chapter C-29) is amended by adding the following sentence at the end of the first paragraph: "The college must also adopt and forward to the Minister any budget estimates the Minister requests."

**17.** Section 60 of the Act is amended by adding the following sentence at the end of the first paragraph: "The governing board shall forward to the regional college any other budget estimates the college requests."

#### EDUCATION ACT

**18.** Section 277 of the Education Act (R.S.Q., chapter I-13.3) is amended by adding the following sentence at the end of the first paragraph: "The school board shall also adopt and transmit to the Minister any budget estimates the Minister requests."

**19.** Section 280 of the Act is repealed.

**20.** Section 445 of the Act is amended by inserting the following sentence after the first sentence: "The Comité shall also adopt and transmit to the Minister any budget estimates the Minister requests."

#### ACT RESPECTING THE MINISTÈRE DES FINANCES

**21.** Section 4 of the Act respecting the Ministère des Finances (R.S.Q., chapter M-24.01) is amended by inserting ", including those designated under section 89 of the Financial Administration Act (chapter A-6.001)" after "departments and bodies" in paragraph 8.

**22.** Section 22 of the Act is amended by replacing “of the government departments, bodies and enterprises” in the first paragraph by “of the government departments, bodies and enterprises referred to in section 21 and the bodies designated under section 89 of the Financial Administration Act (chapter A-6.001)”.

#### ACT TO REDUCE THE DEBT AND ESTABLISH THE GENERATIONS FUND

**23.** Section 3 of the Act to reduce the debt and establish the Generations Fund (R.S.Q., chapter R-2.2.0.1) is amended by inserting the following subparagraph after subparagraph 5 of the first paragraph:

“(5.1) the sums paid into it under sections 4 and 4.1;”.

**24.** The Act is amended by inserting the following section after section 4:

“**4.1.** Subject to section 6 of the Balanced Budget Act (chapter E-12.00001), the Government may, on the conditions it determines and on the recommendation of the Minister, use the stabilization reserve fund established by that Act to pay sums into the Fund. The sums are taken out of the consolidated revenue fund.”

#### ACT TO ESTABLISH A BUDGETARY SURPLUS RESERVE FUND

**25.** The Act to establish a budgetary surplus reserve fund (R.S.Q., chapter R-25.1) is repealed.

#### ACT RESPECTING THE UNIVERSITÉ DU QUÉBEC

**26.** Section 23 of the Act respecting the Université du Québec (R.S.Q., chapter U-1) is amended by replacing the last sentence by the following sentence: “The University shall transmit to the Minister any budgetary estimates or five-year investment plans for the University, constituent universities, research institutes or superior schools requested by the Minister.”

**27.** The Act is amended by inserting the following section after section 23:

“**23.1.** The University shall transmit interim reports on its financial position to the Minister, on the dates and in the form the Minister determines; the reports are to contain those of the constituent universities, research institutes and superior schools.”

**28.** Section 44 of the Act is amended by replacing the second sentence by the following sentence: “Constituent universities must submit to the Université du Québec any budgetary estimates and five-year investment plans requested by the Board of Governors.”

**29.** The Act is amended by inserting the following section after section 44:

“**44.1.** Every constituent university shall submit interim reports on its financial position to the Université du Québec, on the dates and in the form determined by the Board of Governors. The reports of a constituent university form part of the reports of the Université du Québec.”

#### MISCELLANEOUS, TRANSITIONAL AND FINAL PROVISIONS

**30.** On the joint recommendation of the Minister of Finance and the chair of the Conseil du trésor, the Government may

(1) for the fiscal year 2009-2010, take out of the consolidated revenue fund a sum of \$6,645,000,000 to cover, on the conditions it determines, the payment of the expenditure entered in the net debt at 1 April 2008 and appearing in Schedule I and the sums needed, in the course of that fiscal year and the subsequent fiscal years, to cover any revision of that expenditure;

(2) establish each year and on the conditions it determines the extent to which the balance of the appropriations referred to in paragraph 1 will not lapse.

**31.** The accrued amount of the surplus referred to in the Balanced Budget Act (R.S.Q., chapter E-12.00001) is set at zero at 1 April 2006.

**32.** The surplus appropriated to the budgetary reserve fund established by the Act to establish a budgetary surplus reserve fund (R.S.Q., chapter R-25.1) in the budget speeches of 24 May 2007, 13 March 2008 and 19 March 2009, in the amount of \$2,501,000,000, is deemed appropriated to the stabilization reserve fund by section 5.2 of the Balanced Budget Act, as amended by this Act.

In addition, a sum of \$109,000,000, corresponding to the difference between the surplus recorded and the surplus anticipated for the fiscal year 2006-2007, is appropriated to the stabilization reserve fund.

The same applies to the revenue earned on the sums referred to in the first paragraph.

**33.** The sums taken out of the consolidated revenue fund and paid into the Generations Fund before 21 September 2009 that reduced the balance of the budgetary reserve fund established by the Act to establish a budgetary surplus reserve fund are deemed to have been paid into the Generations Fund in accordance with section 4.1 of the Act to reduce the debt and establish the Generations Fund (R.S.Q., chapter R-2.2.0.1), enacted by section 24 of this Act.

**34.** Sections 1 to 4, 6, 8, 25 and 31 have effect from 1 April 2006. Sections 23 and 24 have effect from 1 January 2007.

**35.** This Act comes into force on 21 September 2009.

## SCHEDULE I

*(Section 30)*

EXPENDITURE ENTERED IN THE NET DEBT ON 1 APRIL 2008

## EDUCATION, RECREATION AND SPORTS

## PROGRAM 4

Pre-school, primary and secondary education	2,262,000,000.00
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## PROGRAM 5

Higher education	631,000,000.00
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	2,893,000,000.00

## HEALTH AND SOCIAL SERVICES

## PROGRAM 2

Regional operations	3,752,000,000.00
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	3,752,000,000.00

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6,645,000,000.00