

Section 4

Reserve for health and social services,
education, social solidarity and research

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Introduction

In recent years, Québec has devoted considerable effort to eliminating the deficit. This objective was enshrined in *the Act respecting the elimination of the deficit and a balanced budget* unanimously adopted by the National Assembly in December 1996.

Over the past three years, not only has a balanced budget been achieved, but very substantial excess amounts have even been posted at the end of each fiscal year.

However, when an excess amount is posted at the end of a fiscal year, it is often too late for the government to allocate, according to its priorities, all or part of this excess amount to financing initiatives for meeting the population’s needs more effectively. In the current context, any surplus achieved at the end of the fiscal year must be used to reduce the debt, unless the management of this surplus is entrusted to third parties and an expenditure is recorded in this regard.

Rigorous and more effective management of surpluses

Therefore, the government is announcing today the creation of a reserve which, in the coming years, will allow it to provide for the funding of new initiatives out of the excess amounts posted at the end of the fiscal year. Draft legislation will be tabled shortly in this regard.

Creation of a reserve comprising four components

The reserve will be used notably for modernizing the health and social services and education networks and for implementing new social solidarity and research initiatives.

This year \$950 million, taken from the excess amounts posted, will be placed in reserve: \$600 million for the health and social services sector, \$200 million for the education sector, \$100 million for social solidarity and \$50 million for research.

TABLE 4.1

ALLOCATION OF EXCESS AMOUNTS FOR 2000-2001 TO THE RESERVE FOR HEALTH AND SOCIAL SERVICES, EDUCATION, SOCIAL SOLIDARITY AND RESEARCH
(in millions of dollars)

Component	
Health and social services	600
Education	200
Social solidarity	100
Research	50
Total	950

Given that the reserve is permanent, the government will henceforth be able to decide, in preparing the Budget Speech, to allocate additional amounts to it. It will then specify the purposes for which these funds will be earmarked.

Maintaining government control and full transparency regarding the use of funds placed in reserve

The amounts paid into the reserve will remain under full government control.

Transparency with regard to the allocation and use of surpluses placed in reserve

Projects funded from the reserve will be selected jointly by the Minister of Finance, the Chairman of the Conseil du trésor and the ministers responsible for the sectors concerned by each of the four components. Projects chosen by the selection committees will have to obtain the authorizations generally required from the Conseil du trésor and, where applicable, from Cabinet.

Eligible projects will be non-recurring and will complement existing government programs.

Each year, the government will account for the use of funds taken from the reserve.

The funds allocated to the reserve will be deposited with the Caisse de dépôt et placement du Québec. The draft legislation respecting the reserve will include a provision allowing the Caisse de dépôt et placement du Québec to receive from the government amounts placed in reserve. The funds thus deposited will be managed according to the investment policies determined by the Minister of Finance. The revenue generated by these investments will be allocated to the reserve and will thus increase the resources that may be allotted to finance selected projects.

Concordance adjustments to the *Act respecting the elimination of the deficit and a balanced budget* will be introduced so that the concept of balanced budget used for the purposes of the Act takes into account the funds allocated to the reserve and the amounts that may be taken from it.