



NATIONAL ASSEMBLY

SECOND SESSION

THIRTY-FOURTH LEGISLATURE

Bill 7

An Act to amend the Financial Administration Act and the Act respecting municipal debts and loans

Introduction

**Introduced by
Mr Daniel Johnson
Minister for Administration and the Public Service,
Chairman of the Conseil du trésor**

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EXPLANATORY NOTES

This bill amends the Financial Administration Act in order to allow the Government to create specific purpose accounts for the deposit and withdrawal of sums of money received under a contract or agreement which prescribes the appropriation of such sums for a specific purpose.

The bill also amends that Act and the Act respecting municipal debts and loans in order to make express the power of certain public sector bodies and municipalities to carry out transactions relating to instruments and contracts of a financial nature.

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THE PARLIAMENT OF QUÉBEC ENACTS AS FOLLOWS:

1. The Financial Administration Act (R.S.Q., chapter A-6) is amended by inserting, after section 29, the following section:

“29.1 The sums referred to in section 29 and received under a contract or agreement which provides for their appropriation for a specific purpose may be deposited in a specific purpose account.

A specific purpose account is created by the Government on a joint proposition by the chairman of the Conseil du trésor and the Minister; the Government shall determine the nature of the activities and costs which may be charged to the account and the limits in respect of the disbursements which may be made from the account. The terms of management of the account are determined by the Conseil du trésor.

The consolidated revenue fund shall be charged with all disbursements which are chargeable to such an account, up to the amounts determined by the Government at the time the account is created.

None of the revenues of the Government of Québec which are derived from levies, taxes and duties, or from transfer payments by the Government of Canada under the Federal-Provincial Fiscal Arrangements and Federal Post-Secondary Education and Health Contributions Act (R.S.C. 1985, chapter F-8) and the Canada Assistance Plan (R.S.C. 1985, chapter C-1), may be deposited in a specific purpose account.”

2. The said Act is amended by inserting, after section 72, the following:

“DIVISION VIII.1

**“INSTRUMENTS AND CONTRACTS OF A FINANCIAL NATURE INVOLVING PUBLIC
SECTOR BODIES**

“72.1 For the purposes of the provisions of this division,

(1) “instruments or contracts of a financial nature” means any financial instrument or contract whose object is the management of financial risks, in particular currency exchange agreements, interest rate exchange agreements, options and futures contracts;

(2) “public sector bodies” means

(a) the bodies referred to in subparagraphs 1 to 4 of the first paragraph of section 69.6;

(b) the government agencies or bodies contemplated by section 4 and paragraph 1 of section 5 of the Auditor General Act (R.S.Q., chapter V-5.01);

(c) joint stock companies of which all the voting shares form part of the public domain.

“72.2 Public sector bodies which have the power to borrow may, with the authorizations and approvals required by law for the exercise of that power, conclude currency exchange agreements or interest rate exchange agreements, or terminate such agreements according to their terms.

The provisions of the first paragraph do not apply to a public sector body in respect of an agreement contemplated by that paragraph, to the extent that the power to enter into such an agreement is expressly provided by law or by the constituting act of the body.

“72.3 In addition to the powers granted to them under section 72.2, public sector bodies which have the power to borrow may, with the authorizations and approvals required by law for the exercise of that power, and if they deem it appropriate for their financial management, acquire, hold, invest in, conclude, dispose of or terminate, according to their terms, any instrument or contract of a financial nature which the Government may determine for one or several bodies or for a category of bodies.

The provisions of the first paragraph do not apply to a public sector body in respect of an instrument or contract of a financial nature, to the extent that the power to acquire, hold, invest in or conclude such an instrument or contract is expressly provided by law or by the constituting act of the body.

“72.4 Transactions carried out within the framework of a program established by a public sector body and approved by the Government are not subject to the authorizations and approvals referred to in the first paragraph of sections 72.2 and 72.3 where the program establishes the principal compulsory characteristics of the transactions and limits the financial commitments which may result from them.

“72.5 The Government may, in respect of those instruments and contracts of a financial nature which it determines and in respect of currency exchange agreements or interest rate exchange agreements, exempt one or several public sector bodies or a category of such bodies, with or without conditions, from the obligation to obtain the authorizations and approvals required by the first paragraph of sections 72.2 and 72.3.”

3. The Act respecting municipal debts and loans (R.S.Q., chapter D-7) is amended by inserting, after section 15.2, the following sections:

“15.3 A municipality may, with the authorization of the Minister of Municipal Affairs, conclude any currency exchange agreement or interest rate exchange agreement or terminate such an agreement according to its terms.

“15.4 In addition to the powers granted to it under section 15.3, a municipality may, with the authorization of the Minister of Municipal Affairs, enter into transactions in respect of instruments or contracts of a financial nature which the Government may determine for one or several municipalities or for a category of municipalities.

“15.5 Transactions carried out within the framework of a program established by a municipality and approved by the Government are not subject to the authorizations required by sections 15.3 and 15.4 where the program establishes the principal compulsory characteristics of the transactions and limits the financial commitments which may result from them.

“15.6 The Government may, in respect of those instruments and contracts of a financial nature which it determines and in respect

of currency exchange agreements or interest rate exchange agreements, exempt one or several municipalities or a category of municipalities, with or without conditions, from the obligation to obtain the authorizations required by sections 15.3 and 15.4.

“15.7 For the purposes of sections 15.3 to 15.6, “instruments or contracts of a financial nature” means any financial instrument or contract whose object is the management of financial risks, in particular currency exchange agreements, interest rate exchange agreements, options and futures contracts.”

4. The instruments or contracts of a financial nature in respect of which a transaction has been carried out before (*insert here the date on which this section comes into force*) by a public sector body contemplated by section 72.1 of the Financial Administration Act or by a municipality to which sections 15.3 to 15.7 of the Act respecting municipal debts and loans apply, are valid from the date of the transaction, and their validity may not be contested if they have been signed by the duly qualified representatives of the body or municipality, except where the cause of invalidity is established by the terms of the transaction.

5. The provisions of this Act will come into force on the date or dates fixed by the Government.