10 $ BILLION SOLUTIONS

WE HAVE THE MEANS TO DO THINGS DIFFERENTLY !

Document on FISCAL SOLUTION by the Coalition against the tarification and privatization of public services..

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COALITION AGAINST THE TARIFICATION AND PRIVATISATION OF PUBLIC SERVICES

Table of fiscal solutions and measures to control spending – February 2015

		Additional fiscal revenues (money collected annually by $millions)	Measures to control spending (money collected annually by $millions)
A. IMPROVING PROGRESSIVE TAXATION AND REVIEWING FISCAL SPENDING OF INDIVIDUALS			
1	Establishing 11 tax brackets (<u>proposed levels</u>) 15% = $0 to $24,999 16% = $25,000 to $34,999 17% = $35,000 to $39,999 18% = $40,000 to $49,999 20% = $50,000 to $59,999 22% = $60,000 to $69,999 26% = $70,000 to $99,999 32% = $100,000 to $149,999 34% = $150,000 to $199,999 36% = $200,000 to $249,999 38% = $250,000 and more	$1,000M	
2	Abolishing tax credits on individual capital gains		$739M
3	Diminishing the RRSP ceiling (from $24,270 to $12,000)		$300M
4	Reducing tax credits for dividends (50% of $360 million in 2012)		$180M
5	Modulating taxes to consumption in relation to goods purchased	$745M	
B. RESTORING THE BALANCE OF TAXATION BETWEEN INDIVIDUALS AND CORPORATIONS			
6	Increasing the provincial tax rate on corporations to 15% (now at 11,9%)	$1,220M	
7	Increasing fiscal contributions of financial institutions, notably by reinstating capital tax	$600M	
8	Re-evaluating fiscal measures for corporations : 8.1. Abolishing tax credits for capital gains ($361M) ; 8.2. Eliminating measures allowing for deferring due tax payments ($568M) ; 8.3. Re-evaluating tax holiday policies ($238M).		$1,167M
9	Reducing subsidies to corporations		$500M
10	Increasing royalties on natural resources (in the respect of First Nation claims and in consideration of profit sharing with local communities) (ex. : the mining industry – hybrid royalties on gross value (3 to 8%) and on profits (10 to 25%)	$410M	
C. FIGHTING AGAINST FRAUD AND THE MISMANAGEMENT OF PUBLIC FUNDS			
11	Fighting against tax evasion and tax avoidance	$740M	
12	Fighting against corruption and mismanagement in the allocation of government contracts	$600M	
D. Diverse measures			
13	Ceasing recourse to private placement agencies in public health institutions		$71M
14	Adopting measures to control drug costs, including the creation of an entirely public system of drug insurance	$1,000M	
15	Using open-source software throughout the government's structure		$266M
E. OTHER POTENTIAL FISCAL SOLUTIONS BEING STUDIED The Coalition does not have the data necessary to estimate the sums linked to these measures.			
16	Ceasing the use of PPPs in the construction of public infrastructure		?
17	Ceasing recourse to specialised medical clinics (possible savings of 30 to 40%)		?
18	Adopting a maximum wage for managers and directors of public and para-public institutions, and State companies (for ex. : Hydro-Québec, Loto-Québec, CSST, universities, CÉGEP, hospitals, etc.)		?
	PROJECTION TOTAL	$6,315M	$3,223M
	GRAND TOTAL (tax revenues + spending measures)	**$9,538M**	

Public Finances: **ALTERNATIVES ARE POSSIBLE!**

Is the budget-cutting, tarification, and privatisation of public services the only means to reach a balance in the budget? Is austerity an end in itself? No! Alternatives are possible!

We live in a society that has chosen a certain kind of wealth redistribution. Because of social measures put in place as of the 1960s, often as a result of important struggles, inequalities are much less pronounced in Québec than in other Canadian provinces, as well as many other countries.

Since the 1980s, governments the world over have been eroding these social gains, and have slowly been dismantling societies' social netting through programmes prescribed by the International monetary fund (IMF) and the World Bank (WB): cuts to public services and to social programmes, privatisations, sub-contracting and public-private partnerships (PPPs), deregulation, public management submitted to requirements of private interests, budgetary austerity, the illusive quest towards a zero deficit, etc. This commodification of common goods and public services implies privatising profits and socialising deficits. Similarly, governments have repeatedly lowered taxes and offered incentives to corporations. The consequence: since the end of the 1990s, these repeated tax breaks have withheld several billion dollars each year from Québec[1].

As a result, inequalities are now on the rise. The 2008 world economic crisis pushed governments towards the establishment of neoliberal policies. In Québec, the latest budgets have put forward austerity measures without precedent: price hikes (unfreezing of hydroelectric fees and tuition, for example), new "taxes" (the health tax remodelled under a veneer of progressive taxation), as well as cuts and downsizing in public service organizations. In 2014, spending in programs by diverse ministries was reduced to levels that have already led to significant cuts in jobs and services to the population. The government has made it clear: social programmes are under threat.

In 2003, they spoke of re-engineering; in 2012, of a cultural revolution; in 2014, of rigour. But we are not so easily fooled: in reality, these measures only profit the richest individuals and the largest companies. The middle-class, women, people in situations of poverty, students, the elderly, and migrant peoples are those who pay the real price of these policies. Banks and big business, meanwhile, continue to post record-breaking profits. For the population, however, the widening of wealth inequalities seems to be the only concrete result of neoliberal policies in Québec[2].

The results are so disastrous that the IMF itself has called for a stop to budgetary austerity policies, confirming that mechanisms of wealth redistribution (taxes and social transfers) "play less and less of a role since 2000. Why ? Because many countries have adopted reforms […] that have reduced the generosity of social assistance and have reduced tax rates on incomes, especially those of higher tiers."[3] This only goes to confirm what social organizations have been repeating for years.

Moreover, and before the creation of the most recent austerity measures, in 2006, the UN accused the Canadian and Quebecois governments of regression in terms of economic, social, and cultural rights for all citizens. As such, it is ever more urgent to mobilize ourselves to make our rights respected, and by the same token, to better the living conditions of the population.

This document proposes solutions and policies that work towards this goal. We exhibit 18 fiscal solutions and spending measures that would allow additional revenues to State coffers of $10 billion per year, all while redistributing more wealth.

Each of these proposals can potentially take different shapes. The goal is not to substitute ourselves for economists or for the Ministry of Finance and to define entirely the means of application of the measures we propose. Instead, we hope to demonstrate that regressive tax hikes, cuts in social programmes, and the imposition of tariffs are not the only options available.

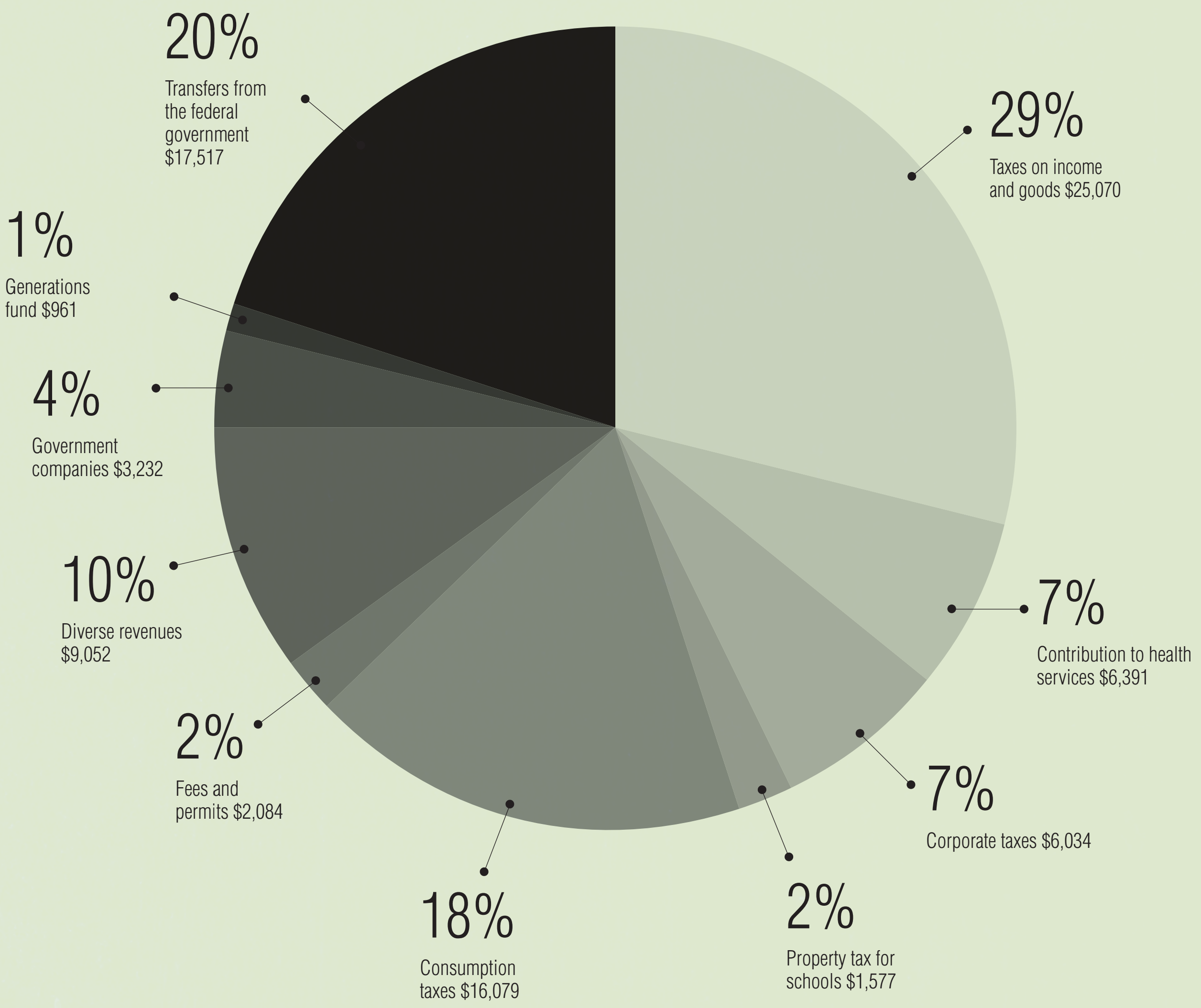
It is only a matter of choice, and Québec indeed has the means to do otherwise.

The Coalition against the tarification and privatisation of public services unites popular, union, community, feminist, and student organizations. Since 2009, this Coalition has opposed measures of budgetary austerity. It demands the adequate financing of public services and social programmes as a means to ensure the realization of human rights and to reduce social inequalities. In order to do so, it proposes fiscal measures allowing to better redistribute wealth.

Some useful information...

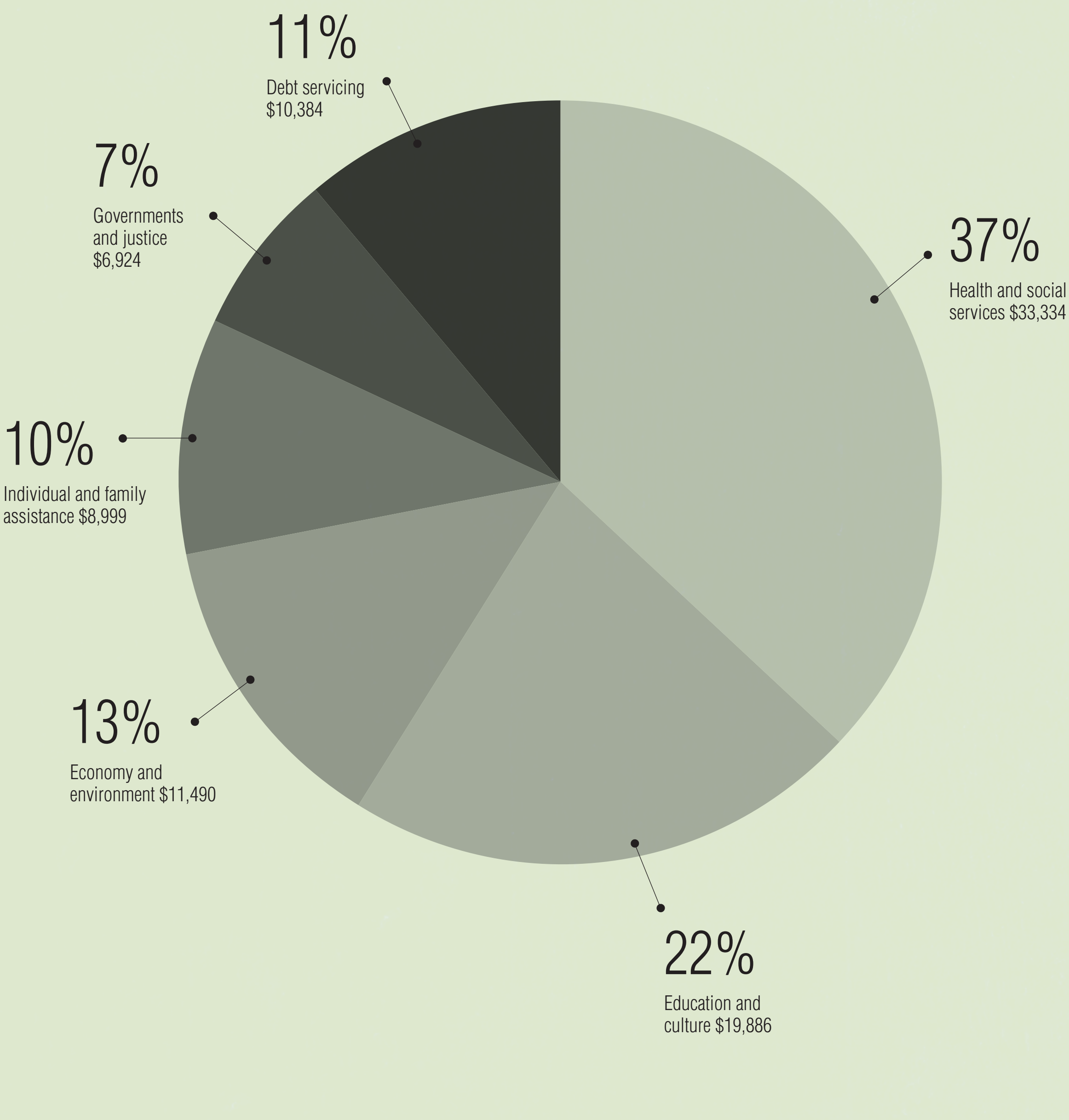
THE QUÉBEC GOVERNMENT'S REVENUES BY SOURCE
PUBLIC ACCOUNTS 2012-2013

(in millions of dollars)[4]



Some useful information...

THE QUÉBEC GOVERNMENT'S EXPENDITURES
PUBLIC ACCOUNTS 2012-2013
(in millions of dollars)[5]



A. Improving progressive taxation and reviewing fiscal spending of individuals

In the space of a few years, a slew of regressive fiscal measures have been put into place which benefit only the wealthiest. Let us examine potential solutions that could be implemented by changing consumption taxes, tax brackets, and tax credits on capital gains and dividends.

PROGRESSIVE AND REGRESSIVE TAXATION

Taxes, fees, and tariffs do not affect everybody equally. Consumption taxes, tarification, and privatisation are measures that are "regressive." Inversely, income taxes are "progressive."

PROGRESSIVE TAXATION

Based on increasing proportions of taxation according to income. The bigger the income, the more taxes have to be paid. Progressive taxes help redistribute wealth and reduce the inequalities of income between the wealthy and poor.

REGRESSIVE TAXATION

Based on fees, tariffications, and an "equal" taxation of everybody, without taking levels of income into account, even if, in reality, the weight of these measures on people is unequal. For example, the TVQ and electricity fees are regressive because rich and poor people pay the same amount ; the health tax, in the way it is currently formulated, is also regressive because it represents 0.5% of a $20,000 income, but only 0.15% of a $130,000 income...three times less, and even if the former pays $100 in health taxes, and the latter $200 ! Regressive fees and taxes thus contribute to increasing the gap between the wealthy and the poor.

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1. ESTABLISHING 11 TAX BRACKETS FOR INDIVIDUALS = $1 BILLION

Recent financial statistics reveal that 6.372 million taxpayers submitted a tax return in 2011, of which 4 million were taxable. The average amount paid by each taxpayer is $3,665. In 2011, 75.5% of taxpayers had a total yearly income of less than $50,000.6

Quebec's tax system is less and less progressive. If in 1988 there were 16 different tax brackets (each of which had a different applicable rate), today there are only four. What's more, the rate of the first bracket has increased year by year, from 13 to 16% (applicable on taxable incomes between 0 and $41,095), whereas the last bracket diminished from 33% to 25.75% (for those taxable incomes above $100,000). This tax break for the most well-off is a political choice which the State makes, and which deprives itself of significant revenues. As such, it weakens its capacity to respond to the population's general needs.

Here is the current tax model according to 2013 rates (taxable income brackets are indexed each year):

TAXABLE INCOME BRACKET	RATE
$0 to $41,095	16%
$41,095 to $82,190	20%
$82,190 to $100,000	24%
$100,000 and more	25,75%

The creation in 2012 of a fourth tax bracket by the PQ government will bring in more than $326 million in 2014-2015.7 Even if it's a step in the right direction, this measure (which affects about 5% of taxpayers) is entirely insufficient for re-establishing the progressive nature of taxation.

In consideration of this, we propose the establishment of 11 tax brackets for individuals, according the model in the following table:

BRACKET	RATE
$0 to $24,999	15%
$25,000 to $34,999	16%
$35,000 to $39,999	17%
$40,000 to $49,999	18%
$50,000 to $59,999	20%
$60,000 to $69,999	22%
$70,000 to $99,999	26%
$100,000 to $149,999	32%
$150,000 to $199,999	34%
$200,000 to $249,999	36%
$250,000 and more	38%

By using these 11 brackets, the Québec government could collect an additional $1 billion annually. This would allow a decrease in payments for 94% of current taxpayers (principally "middle-class", receiving incomes of $25,000 to $70,000 per year) and would substantially hike payments by the wealthiest.

It is important to emphasize the impact this would have on taxpayers, since there is a kind of psychosis surrounding everything concerning taxes. This psychosis rears its head most when we speak of hiking taxes, even when it does not affect the majority of those currently paying them.

This is based in large part on a faulty comprehension of taxation, and thus of how tax brackets function.

Each tax bracket represents a taxable income level to which is applied a specific rate. If a taxpayer's income increases, it is only the amount that breaches a new bracket which will be taxed, and not the entirety of their income.

For example, if in 2013 I had a taxable income of $41,095, and it increases to $45,000, it is only the $3,905 ($45,000 - $41,095) that breaches a new bracket, and is thus taxable at the second bracket's rate of 20% - and not my entire income.

In the same fashion, nobody pays any taxes on their first $11,195 of income, which represents the basic personal income for 2013. This would remain applicable whether you make $50,000 or $500,000.

Here are a few examples of the 11 tax brackets we are proposing as compared to the four actual brackets (2013), according to different types of income:

INCOME	TAX WITH CURRENT 4 BRACKETS	TAX WITH OUR PROPOSED 11 BRACKETS	DIFFERENCE
$24,000	$3,840	$3,600	– $240
$45,000	$7,356	$7,100	– $256
$55,000	$9,356	$9,000	– $356
$70,000	$12,356	$12,200	– $156
$150,000	$31,944	$36,000	+ $4,056

AN INCREASE IN TAXES FOR THE WEALTHIEST NOT SUCH A FAR FETCHED IDEA

Unsurprisingly, the addition of new tax brackets is time and again vehemently resisted by the wealthiest people and their allies in big media outlets. Let us remember the panic that seized Québec when the Parti québécois brought up the idea in Fall 2012. Some spoke of a potential “exodus” of the more wealthy, and even of “fiscal angst.” But no one in Québec pays 25.75% of provincial taxes on 100% of their taxable income, only on the portion that is above $100,000! As a matter of fact, it is important to keep in mind that tax rates do not apply to a taxpayer’s entire income (and it’s the same for the wealthy), but according to different income categories.

Here is an example (following table) which applies the 11 new suggested tax brackets to an income of $300,000. This table does not take into account possible fiscal avoidance and social assistance received, and the total comes out to $90,000, representing an average provincial tax rate of 30%.

TAX BRACKET	AMOUNT TAXED	TAX RATE	AMOUNT TO PAY
** Keep in mind that the amount of $11,195 (2013), identified in the tax return as a basic personal sum, is considered a non-refundable tax credit. No taxpayer (including the wealthiest) pays taxes on this first bracket of income.			
$0 – $24,999	$24,999	15%	$3,750
$25,000 – $34,999	$9,999	16%	$1,600
$35,000 – $39,999	$4,999	17%	$850
$40,000 – $49,999	$9,999	18%	$1,800
$50,000 – $59,999	$9,999	20%	$2,000
$60,000 – $69,999	$9,999	22%	$2,200
$70,000 – $99,999	$29,999	26%	$7,800
$100,000 – $149,999	$49,999	32%	$16,000
$150,000 – $199,999	$49,999	34%	$17,000
$200,000 – $249,999	$49,999	36%	$18,000
$250,000 et plus	$50,000	38%	$19,000
TOTAL TAX TO PAY (theoretically, at least)			$90,000 (30%)

Note: If you would like to measure the impact (probably positive) of the 11 bracket system proposed by the Coalition, take your taxable revenue (see line 299 on last year’s tax return), and do the same exercise.

‘WITHOUT COUNTING THE RRSP, TFSA, AND OTHER TAX EXEMPTIONS THAT WOULD ALLOW THIS PERSON TO PAY LESS TAXES.


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Revising certain fiscal expenditures

For several years, we have been witnessing a “fiscalisation” of social measures. That is, the government’s tendency to transform social programmes into tax expenditures (see definition below).

In so doing, successive governments willingly deprive themselves of an important part of their income, yet they have the gall to declare to the population that they do not have the means of investing in programmes that would improve living conditions and contribute to social justice. According to the Council on Family and Childhood (Conseil de la famille et de l’enfance), the government deprived itself of $19 billion in 2007, because of 287 fiscal expenditures. The challenge is a tough one: for example, is it better that middle-class households individually receive a $50 credit for public transportation, or to invest equivalent sums in improving and maintaining accessibility to public transportation?

In order to offer a global perspective on the changes necessary to reinforce the progressive character of our fiscal system, it is necessary to address fiscal spending, and principally that which only profits the wealthiest people.

TAX EXPENDITURE

Within our tax system, it is possible to diminish one’s taxable income by means of several measures, from exemptions to tax refunds, deductions, credits, and other tax delays. Tax – or fiscal – expenditures consist of these measures. These are exemptions afforded to individuals or corporations in order to diminish their fiscal burden. Some of these tax expenditures benefit a large part of the population: think of family allowance plans, for example. But other measures benefit only a minority, and it is these that we propose to revise.

Here are our suggestions on how to revise certain tax expenditures:

2. ABOLISHING TAX CREDITS ON INDIVIDUAL CAPITAL GAINS = $739 MILLION

Presently, when an individual benefits from a capital gain (a profit) as a result of selling stock, property, or a building for rent, 50% of the ensuing revenue is not taxable. However, 100% of revenues accruing from employment are taxable. This measure thus seems discriminatory because it favours a minority of well-off people: 57% of all capital gains were pocketed by the 1,5% of taxpayers who make more than $150,000 per year.[8]

By abolishing tax credits on individual capital gains, the State could collect $739 million[9] an amount which is currently idle in the pockets of individuals without benefiting society. What’s more, the elimination of this measure would discourage speculators who buy and sell buildings on the short term, and make significant fiscal gains as well as having consequences for housing prices in the surrounding neighbourhood.

CAPITAL GAIN

A capital gain is a surplus value – the gap between the cost of acquisition and the cost of sale – at the time of the selling of stocks, bonds, property, or buildings.

It should be noted that a profit or capital gain made on the sale of one’s primary residence is completely exempted from taxes, and does not figure in the $739 million. This measure does not concern this tax exemption.

3. DIMINISHING THE RRSP CONTRIBUTION CEILING = $300 MILLION

Tax laws currently allow devoting up to 18% of revenues from the previous year to a registered retirement savings plant (RRSP). However, there is a fixed maximum amount to this contribution. In 2007, people could add up to $19,000 to their RRSP. In 2013, this amount is $24,270. This implies that only those individuals making $134,833 and more per year (around 4% of taxpayers) have the right to invest the maximum yearly sum of $24,270 (18% of their income) in their RRSP, if they do not have a private pension plan.

By using the government’s fiscal statistics for our calculations[10], we observe that lowering this ceiling to $12,000 would in no way infringe on the savings capacity of the majority of the population, since the $12,000 ceiling represents the maximum contribution (18% of income) for people making $66,666 and more. Considering that 75.5% of taxpayers have incomes below $50,000 per year, the effect of this proposition would limit the ability of the most wealthy to shield a significant part of their income from taxes.

By diminishing the contribution ceiling from $24,270 to $12,000, we estimate that the government could collect $300 million.

4. REDUCING TAX CREDITS FOR DIVIDENDS = $180 MILLION

As asserted by the Ordre des comptables professionnels agréés (Order of certified professional accountants), "dividends represent a very efficient tool in fiscal planning for the owners" of a corporation[11]. Perhaps too efficient? Indeed, the dividends collected by individuals are taxed at considerably inferior rates as compared to wages, and even profits on interest. As such, it is quite advantageous for the owner of a publicly traded company to ensure that a significant part of his salary be paid out in some form of dividends. Especially considering that the sharing of dividend revenues between spouses, and even with children above 18 years old, is particularly easy. In this way, it is possible to shield considerable sums from taxes by fractioning dividends between legal-aged family members. The most recent Québec fiscal statistics reveal that in 2013, the "tax credit on dividends of taxable Canadian companies" costed taxpayers $360 million. If this tax credit was reduced by 50%, the government would be able to collect $180 million in additional revenues.

DIVIDENDS

A dividend is a share of the profits made by a company, which is paid out to its share-holders following a decision by the board of directors. This is equivalent to a return received by share-holders for their investment.

5. MODULATING TAXES TO CONSUMPTION IN RELATION TO GOODS PURCHASED = $745 MILLION

Consumption taxes are regressive measures because, at an equal rate (for example, the Québec sales tax – TVQ – is 9.975%), they represent the largest part of medium- and low-income households. Yet, a system of modulated taxation could make the difference between goods deemed essential and those that are not. If the government considered this proposal, it would also have to adopt a tax modulation strategy comparable to those existing in Europe, in order that:

1. the TVQ would not be applied to essential goods and services (notably electricity, heating fuel, basic telephone services, children's clothing, school supplies), nor to food and health products, but that it would be applied, at a higher rate, to other products;

OR THAT

2. the TVQ would be modulated according to the nature of the particular good or service. In this way, essential products and services would be taxes at lower rates, and other products (luxury goods, for example) would be subjected to higher tax rates. Higher rates could also be applied to certain goods in order to respond to social and/or environmental objectives (often called a bonus-malus tax). Several governments, notably in Europe, already apply this principle, known as dedicated taxation.[12]

In order to demonstrate how these taxes are applied, we can refer to the example of high-end vehicles. These can be considered luxury goods, since it is not necessary to travel in such vehicles, especially considering that they are often energy-intensive and highly polluting. As such, the Centrale des Syndicats du Québec (CSQ) has made the demand that luxury vehicles be more highly taxed[13]. In its proposal, the dedicated tax on luxury vehicles would go from 1% to 5%, and would apply to purchasing prices of $40,000 and over. The bonus-malus tax would apply to energy-intensive vehicles with elevated carbon emissions. According to the CSQ, this measure could net about $700 million per year.

Other types of taxes which aim at fostering a certain type of behaviour also exist. In Belgium, for example, a picnic tax has existed since 2007, which applies to disposable products such as plastic plates and utensils[14]. In Québec, gas, alcohol, and cigarettes are already subject to dedicated taxes. Many people consider that such a tax could also be applied to water in plastic bottles. On top of discouraging the purchase of disposable packaging, a veritable environmental scourge, millions of dollars could be collected by the State[15].

A tax on financial services could also be applied. Presently, certain services offered by financial institutions are exonerated (exempted from TVQ), as are some basic food products, childrens' diapers, and books. By applying the TVQ to financial services in 2012, the government could have recuperated $181 million[16].

There are a number of such measures, and the application of each of these would result in yet more funds being collected by the government.

By simply modulating the Québec sales tax (TVQ) for luxury goods and polluting products, as well as on certain financial services, the government could bring in $745 million. However, the Coalition is opposed to the increasingly strong neoliberal tendency of substituting individual income taxes with taxes on consumption and an increase in fees.

B. Restoring the balance of taxation between individuals and corporations[17]

In 2013-2014, individuals contributed 84% of the Québec government's income (without taking into consideration federal transfers), while corporate contributions amounted to 16%. Corporations have also benefited from numerous subsidies, tax breaks, and from other very favourable measures. It is imperative that a revision of fiscal policies be made in order to restore the balance of taxation between individuals and corporations. Here are our proposals.

6. . INCREASING THE PROVINCIAL TAX RATE ON CORPORATIONS TO 15% = $1.22 BILLION[18]

Actual tax rates on manufacturing companies in Canada and the United States[19]

	FEDERAL	PROVINCE/STATE	TOTAL
QUÉBEC	15%	11.90%	26.90%
ONTARIO	15%	11.50%	26.50%
BRITISH COLUMBIA	15%	11%	26%
CALIFORNIA	29.03%	8.84%	37.87%
ILLINOIS	28.82%	8.65%	37.47%
VIRGINIA	29.94%	5.46%	35.40%
TEXAS	31.50%	1%	32.50%

Note: There are several specifications according to each taxable income bracket, according to sector of activity, etc. However, this table allows us to make a useful comparison.

In 2013, a Québec corporation paid a maximum tax of 26.9% on its taxable income, after deduction of applicable credits, and without taking into account subsidies received. This rate is split between the federal and provincial levels at 15% and 11.9%, respectively. For SMEs, a lower rate is applied, both at the provincial and federal levels.

This rate used to be much higher. In less than 15 years, federal tax rates on corporate revenues went from 28% to 15%, among the lowest in developed countries. Québec could thus considerably recover certain taxation areas abandoned by the federal government by increasing corporate taxes, in the same way that they did so with the TVQ when the federal government decreased the GST.

That said, many people fear that a tax hike may push corporations to leave the province. However, according to a KPMG study[20], Canada, well in front of the United States, is the country which offers the best fiscal conditions for corporations.

Others assert that tax breaks for companies allow for a stimulation of the economy and the creation of jobs. However, even with significant decreases in taxes, the country's largest non-financial corporations could account for $604 billion sitting idly in their coffers. In Québec, the amount over-saved is estimated at $111.75 billion[21]. Where is the stimulation of the economy? Where is job creation?

As a result, we propose that the provincial tax rate on corporations be increased from 11.9% to 15%, excluding SMEs. This new 15% tax would equal the federal rate. With 15%, Québec would compare to other Canadian provinces, where rates vary between 10% and 16%. This would obtain the government $1.22 billion.

7. INCREASING FISCAL CONTRIBUTIONS OF FINANCIAL INSTITUTIONS, NOTABLY BY REINSTATING CAPITAL TAX = $600 MILLION

It is claimed that the withdrawal of capital tax aims to encourage investment, which would allow for an increase in productivity, thus helping the economy, and as a result, the government's tax revenues. A valid argument for the manufacturing sector...but what about banks?

The government is gambling on recuperating this tax based on additional revenues that would result from it (which we strongly doubt since the money resulting from tax breaks is still sitting idle in corporate bank accounts, and has not been re-invested ![22]). Let us suppose that we approve of not discouraging investment in the modernization of a factory...however, the financial sector functions with a different logic. By investing, these companies do not aim at increasing their productivity or their workforce. Instead, they seek to maximize their profits according to existing financial imperatives. The money injected in this sector is neither recuperated through income tax, nor through the funding of health services. A large part of the banks' capital is obtained from credit card interests, and several banking fees: in no way is this stimulating investment and increasing productivity!

CAPITAL TAX

Introduced in 1947 and abolished by the liberal government of Jean Charest, the capital tax collected revenues from capital assets – branches, warehouses, goods, etc. - capital stock, long-term debts, and their reserves and surplus.

According to the latest available tax statistics, nearly 60% of all profits in Québec are made by financial institutions[23]. Yet, they benefit from the lowest tax rates of all economic activity sectors! In fact, half of these companies pay no taxes at all. Calculations from IRIS demonstrate that the larger a financial corporation is, the lesser its tax rate: indeed, smaller financial corporations have effective tax rates of 12%, whereas this is 5.6% for larger corporations[24].

Why, in this case, give them another fiscal advantage ?

If the government decided to reinstate the capital tax for all financial corporations, it could increase its annual revenues by a minimum of $600 million[25]. To give a good sense of the enormity of the sums in question, the Royal Bank posted profits of $2.09 billion in the first trimester of 2014, and the six largest Canadian banks combined for $8.49 billion, an 11% increase[26]. In 2013, the net profits of these six largest banks amounted to $30 billion, an increase of 20% from 2011.

8. RE-EVALUATING FISCAL MEASURES FOR CORPORATIONS

In 2011, the government consented to Québec corporations' tax expenditures of $4.1 billion - $3.3 billion to reduce taxes paid (an increase of 24% in 6 years) and $800 million in tax breaks for consumption[27]. Several of these tax expenditures, which deprive the State of substantial revenues ($1.2 billion), are questionable.

Here are three of them.

8.1 ABOLISHING TAX CREDITS FOR CAPITAL GAINS = $361 MILLION

The partial inclusion of capital gains in the determination of taxes to be paid by corporations withdraws $361 million[28] from the government's annual revenues. Here again, the tax system suffers from a double standard: the first submits the entirety of workers' income to taxation, and the second allows speculating corporations to shield 50% of their income from taxation. This double system puts SMEs, as well as middling taxpayers, at a disadvantage, all while encouraging financial speculation as a means of avoiding paying taxes.

8.2 ELIMINATING MEASURES ALLOWING FOR DEFERRING DUE TAX PAYMENTS = $568 MILLION

In 2009, the government imposed a sacrifice of $568 million on itself[29] by allowing companies with financial or other difficulties to defer the payment of taxes due to losses incurred during previous years. This situation only gets worse as these companies continue to evade taxation when they're back to being profitable.

The study of the phenomenon of deferring taxes, better studied at the federal than provincial level, reveals that this fiscal policy allows companies to defer, indefinitely and without interest, the payment of taxes for reasons of depreciation, research and development, training, etc. In this way, $44 billion in taxes were deferred in 2005 by 20 Canadian companies[30]. In Québec, the Alcan corporation owes more than a billion dollars, accumulated over more than 20 years[31]. It is ever-more urgent that our governments put in place all mechanisms necessary to avoid companies from corrupting the goals of this fiscal measure by deferring continuously the payment of due taxes, without any interest accrued.

8.3 RE-EVALUATING TAX HOLIDAY POLICIES = $238 MILLION

The same observation can be made for two other measures totalling $238 million[32], not collected because of tax breaks to various corporations. Indeed, in certain situations, a company can benefit from a temporary fiscal exoneration or benefit from an income tax exemption. We would like to draw attention in particular to the tax credit relative to resources ($150 million), largely to the benefit or mining companies which already benefit from an excessively generous royalty system.

9. REDUCING SUBSIDIES TO CORPORATIONS = $500 MILLION

A study by the Fraser Institute in 2009 demonstrated that Québec is the most generous Canadian province in terms of subsidies to corporations. The numbers in the following table[33] represent total federal, provincial, and local subsidies received in each province. We can see that Québec companies are the grand winners in the subsidies category.

Total amount of subsidies to companies (2007), by province, territory, and per resident[34]

Province and Territory	Total subsidies (2007, in $millions)	Population (2006)	Average per resident (in $)
Newfoundland	71	506,000	140.3
Prince Edward Island	59	139,500	422.9
Nova Scotia	72	937,500	76.8
New Brunswick	180	746,900	240.9
Québec	6,017	7,750,500	776.3
Ontario	2,145	12,932,500	165.8
Manitoba	193	1,205,700	160.0
Saskatchewan	292	1,013,800	288.0
Alberta	1,169	3,592,200	325.4
British Columbia	1,025	4 ,384,300	233.7

In government budgets, subsidies to companies are a tax expenditure on the same footing as employment insurance or social assistance. In a period of budgetary restriction where the government insists that everybody has got to do their part, why make the choice of cutting these programmes while leaving intact the "system of corporate welfare"?

We do not disagree with the principle of supporting companies, especially SMEs. However, several current subsidies, often granted to big corporations, cost a lot of money and have very little return for society. An exercise in the revision of these subsidy programmes, with a clear picture of their performance according to regional needs and specificities, could allow to reduce the total amount of subsidies afforded to Québec companies, and in this manner to save nearly $500 million.

10. INCREASING ROYALTIES ON NATURAL RESOURCES = $400 MILLION

In its report of February 2013[35], the Auditor General of Québec (AGQ) revealed that, from 2006-2011, 55% of mining companies paid no royalties.

Already, in its report of 2008-2009, the AGQ recommended that an analysis of costs and benefits be made in order to evaluate whether Québec society benefited from the exploitation of its natural resources. This request was justified at the time, since we could observe a disconnect between the royalties received ($93.9 million in 2008), compared to the estimated costs of fiscal measures benefiting mining companies ($136 million in 2008).

ROYALTY

A royalty is a payment which must be made in exchange for a right of exploitation. In the case of mining companies, they must pay royalties in order to exploit Quebecois soil.

In its report of 2012-2013, the AGQ concluded that: "improvements realized in regards to this are unsatisfactory. The Ministry has not made an analysis to determine whether the benefits linked to mining activities compensate the costs incurred. However, without such an exercise, it remains impossible to estimate the net fall-out of mining activities for Québec society."

In 2007, there were 345 contaminated mining sites in Québec. According to the Commissioner for Sustainable Development, the cost of restoring these sites, which is the government's responsibility, amounts to $1.9 billion. This means that the mining industry, on top of not contributing equitably to financing public services and infrastructure, leaves the cost of cleaning up its environmental disasters to the rest of society!

During the submission of the 2010-2011 budget, the Québec government modified several parameters of the royalties system. Amongst other measures, from the 1st of April 2010 to the 1st of January 2012, existing royalty rates of 12%, were progressively increased to 16% of mining profits.

Admittedly, this new measure is an improvement. In the year 2011-2012, following this increase, the royalties received amounted to $365 million, compared to $259 million from 2000 to 2009 for mining companies in Québec.

But there are other ways in which royalties could be collected which would allow to bring in more revenue. For example, the Québec meilleure mine[36] organisation proposes the implementation of a system which combines a royalty rate on the gross value of extracted ore (from 3 to 8%, according to metal princes) and a royalty rate on profits (from 10 to 25% depending on gross profits). The adoption of such a system could have allowed the Québec government to collect revenues of up to $4.1 billion, had it been applied from 2001 to 2011. Such royalty models are already applied elsewhere in the world. As such, we could increase government revenues to $410 million, without taking into account the reduction of costs that could be realized by offering fewer fiscal incentives to mining companies, and ensuring a better control of redevelopment and restoration of mining sites.

Such types of royalties could also be considered for companies using large amounts of water for industrial purposes (bottling plants, factories, aluminium plants, etc.), as well as for the lumber industry.

C. Fighting against fraud and the mismanagement of public funds

Beyond necessary reforms to Quebec's fiscal system, it is equally essential to denounce the government's inaction in terms of fighting tax evasion as well as the dubious (and costly) management of public funds.

TAX EVASION

Tax Evasion consists of individuals or organizations willingly ignoring or violating specific parts of tax law in order to diminish their fiscal contribution – for example, by not declaring the entirety of their taxable income. Tax evasion is fraud, and can lead to criminal charges.

TAX AVOIDANCE

The expression "tax avoidance" takes into account all unacceptable and abusive strategies in fiscal planning. Tax avoidance occurs when a taxpayer or company reduces or eliminates taxes by means of one or several transactions which respect the letter of the law (and as such are legal), but which violate the spirit and intent of said law.

In both cases, these are attacks on the equity and integrity of the tax system, by flouting the well-established principle according to which each must pay their equal share of taxes.


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L'AUSTÉRITÉ!

11. FIGHTING AGAINST TAX EVASION AND TAX AVOIDANCE = $740 MILLION

In its Seoul Declaration of 2006, the OECD indicated that respecting fiscal legislation would be one of the principal challenges facing fiscal administrations in ensuing years. States lose billions of dollars to tax evasion, aggressive fiscal planning (AFP, see note for definition[37]), and tax havens.

For several years now, Revenu Québec has increased its efforts to recuperate a portion of these sums. The agency declared that $3.4 billion were recuperated in 2012-2013. However, the political choice of prosecuting small crimes, such as under-the-table work, continues to be made, instead of attacking the systematic tax evasion by corporations and wealthy individuals, who have an army of specialists on hand to help reduce the tax load - without mentioning the criminal nature of certain types of tax evasion...

The population of Canada and Québec requires official estimates in order to understand the direct impact of tax havens on government revenues[38]. It must be noted that fiscal authorities in the United Kingdom have already obtained this information.

In the meantime, we can estimate the costs of tax evasion by our own means. According the Statistics Canada, in 2013 there were $170 billion of Canadian investments in a dozen tax havens. If we take into account that the Québec economy represents about 20% of the Canadian economy, we can estimate that there are about $34 billion of Québec investments in tax havens. Now, by applying a return rate of 10% (the average global return of the Caisse de dépôt et placement du Québec for the period 2010-2013), we obtain an approximate average taxable return of $3.4 billion. Finally, by using the average tax rate of 20% for Québec only, it is a total of $680 million in additional revenues that would be collected by the provincial government. For its part, the Canada Revenue Agency estimated very modestly that, in 2012, $4 billion in taxes went uncollected from hidden accounts in tax havens. Since Québec represents about 20% of the Canadian economy, we can estimate losses on taxes at $800 million for the province.

By obtaining the mean of these two estimates, we can assert that the Québec government could increase its revenues by about $740 million by fighting against tax evasion and avoidance.

This is a minimum estimate, and there is undoubtedly more to be found, considering “that these ‘investments’, despite their appearance, are not what they seem. They in no way represent an immobilization or an investment in the real economy.”[39]. These are essentially strategies to avoid taxes that “divert the spirit of our tax laws in such a serious manner that it will be increasingly difficult to maintain the illusion of their legality.”[40]

12. FIGHTING AGAINST CORRUPTION AND MISMANAGEMENT IN THE ALLOCATION OF GOVERNMENT CONTRACTS = $600 MILLION

In 2009, the television show Enquête of Radio-Canada revealed that the costs of construction contracts granted by the government were inflated by at least 30% after bidding. Since then, the Commission d'enquête sur l'octroi et la gestion des contrats publics dans l'industrie de la construction (otherwise know as the Charbonneau Commission) has shed light on the strategies which inflate private contracts by many thousands of dollars. Incidentally, one of the impacts of this commission has been a reduction in the costs of infrastructure contracts in Québec, and especially in the Montreal region. However, there is still much work to be done, since the Commission's mandate is limited to the construction industry, and that projects at additional cost have already been approved for several years to come. Taking into account the fact that $41 billion in public works were undertaken from 2008 to 2012, it becomes clear that significant sums of money are in play. In fact, these works are not financed by the government's operational budget, but by borrowing. For example, if we consider that the aforementioned bill of $41 billion over five years (2008-2012) is over-inflated by 30%, this means that the public debt was increased by $12.3 billion, without an effective return.

It is difficult to ascertain the annual sum represented by this useless spending of public funds. Several factors come into play: the interest rate paid by the government on its loans, the duration of loans, government policies on reimbursement, etc. Whatever the case may be, if we consider that the government is going to have to pay back this debt over a period of 25 years, we can see that State spending increasing by hundreds of $millions each year.

Finally, let us mention the significant amounts that the Québec government doles out for its digital systems, with investments upwards of $1 billion in 2009-2010 and 2010-2011. Already, in November 2012[41], the Auditor General denounced the government's management in granting digital contracts, lamenting that definitions of needs and cost estimates in 37 of 38 examined contracts were badly researched or otherwise entirely absent. In a quarter of the cases studied, contract costs surpassed submissions. Moreover, the Auditor General noted that there were neutrality issues present in the selection committees.

It must be emphasized that the Québec government grants more than 55% of contracts to external companies, despite this proportion being 8% to 35% elsewhere in the world.

Such lax government behaviour costs $millions more for taxpayers, and all this despite repeated warnings by the Auditor General. Clearly, it is difficult to evaluate the exact sum that the government could save, but it is important to take into consideration.

D. Diverse measures

13. CEASING RECOURSE TO PRIVATE PLACEMENT AGENCIES IN PUBLIC HEALTH INSTITUTIONS = $71 MILLION

Official data supplied by the Ministry of Health and Social Services (MHSS) during a credit study of 2012-2013 allowed for the calculation of additional spending shouldered by the public system as a result of recourse to private labour. As such, concerning nurses, auxiliary nurses and respiratory therapists, the sums spend amounted to $223 million for 2010-2011[42] ($192 million in 2008-2009). According to the MHSS, the average hourly cost of this private labour for establishments is about 18% more than professionals employed in the existing system. The additional costs incurred as a result of recourse to private labour amount to more than $40 million for the same year.

By extending this analysis to the entirety of professional categories working in healthcare, we observe that more than $396 million were spent in 2010-2011 to hire private workers[43]. If we maintain the previous evaluation of 18% in additional costs due to this type of labour, we arrive at excess spending of $71 million.

More than just being expensive, the recourse to private placement agencies has a host of perverse effects for public sector employers. Indeed, by forcing them to dedicate a part of the budget for several years, the recourse to agencies limits their ability to improve services to the population and reduces the available budget for recruiting permanent personnel.

14. ADOPTING MEASURES TO CONTROL DRUG COSTS, INCLUDING THE CREATION OF AN ENTIRELY PUBLIC SYSTEM OF DRUG INSURANCE = $1 BILLION

In Québec, the cost of medicine is much higher than in most countries of the Organization for economic cooperation and development (OECD). The average drug bill for Québec residents amounts to $1,000 per person, per year, compared to $700 in British Columbia, $440 in Sweden, and $270 in New Zealand. And this bill is only set to increase as a result of the agreement concluded between Canada and the European Union[44].

Drug spending represents 20% of healthcare expenses (against 16% in the rest of the country), and takes second place to the costs of the Régie de l'assurance maladie du Québec (RAMQ). Drug insurance premiums jumped from $175 in 1996 to $579 in 2013, or 231% in 17 years. As such, our hybrid drug insurance system (public-private) accumulates annual deficits of up to $2 billion.

Clearly, action must be taken to control de explosion of drug costs and to guarantee access to affordable medicine for the entirety of Quebecois society.

In Sweden, which resembles Québec with its 9.5 million inhabitants, spends half of what the province does on medicine ($3.7 billion against $7 billion). Why? Like France, the UK, New Zealand, and others, Sweden has adopted an entirely public system of drug insurance. This policy has allowed these countries to put in place a host of measures which reclaim control of their drug costs. And these measures get results : according to researchers, prices are 24% to 48% lower than Québec, and the annual growth of costs is two to three times less than ours.

Upwards of 300 social groups, including the Coalition, demand the creation of an entirely public system of drug insurance, which would allow savings of between $1 billion and $3 billion per year, according to the scope of such a system. Such a source of revenues is indeed quite significant for our public finances.

15. USING OPEN-SOURCE SOFTWARE THROUGHOUT THE GOVERNMENT'S STRUCTURE = $266 MILLION

The use of open-source software in Quebec's public administration would allow savings of several hundred million dollars in licensing fees. By choosing free and reliable software, the government would by the same token make a choice based on the concepts of sharing and exchange.

In March 2013, the PQ government in power went forward and granted a contract for 738,000 digital machines to Microsoft. As a result, the cost of installing the most recent versions of Windows and Office is estimated at $1.4 billion. Of this amount, $266 million (19% of the total bill) were paid to Microsoft solely for licensing fees!

However, many countries have already begun moving towards open-source software. This is the case for, amongst others, France, England, Germany, China, and Brazil. To take only the French example, a ministerial note informs us that costs were divided by as much as a factor of ten. This is certainly a convincing argument for those still resisting a transition towards open-source software for reasons that costs of converting documents, technical support, and training would be too high.

While the government lacks the courage necessary to act and make the transition towards open-source software, millions of dollars are finding their way into the pockets of American multinational corporations.

E. Other potential fiscal solutions being studied[45]

In planning the control of spending, another source of savings for the Québec government would be to abandon the granting of contracts to the private sector for certain activities under its responsibility. A long list could be written up concerning the waste of public funds incurred by the increasing recourse to private companies in several domains of public services.

For example, the Proaction company alone obtained at least $15 million in contracts, often without needing to make a bid, for healthcare establishments and social services. Yet, Proaction's optimization method has been repeatedly denounced by health-care professionals for its repercussions the quality of services to the population[46].

Here is an overview of two cases: PPPs in the construction of public infrastructures, and the recourse to specialised medical clinics.

Otherwise, as another potential fiscal solution, we will exhibit the potential savings that could be made by instoring a ceiling on management's wages in the public sector, in para-public institutions, and in State companies.

16. CEASING THE USE OF PPPS IN THE CONSTRUCTION OF PUBLIC INFRASTRUCTURE

An independent report from Sécor-KPMG[47], made public in November 2012, demonstrates a 78% cost overdraft for 20 large-scale infrastructure projects throughout Québec. The firm also evokes “non-optimal contractual practices”, which would seem to be the norm for most PPP projects. The motives invoked to justify the recourse to the PPP method, that is lower costs and a rigorous respect of deadlines, have not been validated.

Let us recall that in June 2010, the Auditor General of Québec made public its opinion, according to which projects constructed through PPPs were not necessarily cheaper than projects constructed by traditional means – quite the contrary, in fact. Its calculations demonstrated that, in the example of the university hospitals of Montreal, the traditional method would allow cost reductions of $10 million[48].

What's more, the recourse to the PPP method in the construction of public infrastructures posed a certain number of issues. First, it is founded on the de-responsibilisation of the State with regards to services rendered to the population. By leaving the construction, management, and maintenance of public infrastructures to private companies, the State becomes merely the tenant of its own infrastructure. The goal as such is to give private enterprise the ability to decide the best means to optimize government assets[49].

We must concern ourselves with the surrounding PPP contracts as well. It is impossible to read the contracts and know what will await the people of Québec in 20 to 30 years. It is all the more disturbing that several companies linked to public contracts by PPP are currently accused of fraud and corruption in court. How is it that none of the many warnings issued by the Auditor General and several other organization were heeded?

In the case of public funds, the recourse to PPPs is a means, in the context of infrastructure projects, to displace financial risk of private sector projects onto the public sector. The private partner is ensured an emphyteutic revenue – that is, a revenue comparable to paying rent – over a long period (20 to 40 years) while the public partner has to take responsibility for the fluctuation of project costs and associated risks. The three following examples, from three different sectors, clearly illustrate the dangers of PPPs for public partners.

- In the education sector, the UQAM has used the PPP method in several projects, including the Complex des Sciences and the Îlot Voyageur. The absence of financial risk-sharing meant that the private company in charge of construction went above estimates, and the UQAM, then the Québec government (that is, taxpayers) were obligated to pay the additional costs of $400 million. In the end, this university wing was never completed[50].
- In the transportation sector, the construction and operation of seven service facilities along the Québec highway network was meant to reap some real financial benefits. However, this project has been a resounding failure. According to the AGQ, each step in the process leading to the signature of an agreement with the private partner had several significant issues. The government did not obtain sufficient information to evaluate the project, notably concerning the profitability and the risks for each method. Only one company made a proposal. Worse yet, the solidity of its funding plan was never demonstrated either. Moreover, the PPP contract gave way to significant modifications of the financial model. The addition of three bonuses issued by the MTQ to tourist offices is estimated to represent more than $13 million over 20 years.
- In the healthcare sector, the entirety of the process leading to the signing of contracts of university hospitals and PPPs continues to raise many questions. These projects are estimated to cost over $6 billion to the Québec people, and the real costs have already more than doubled in relation to the original announcements. The Sécor-KPMG company announced in 2012 that construction costs would increase 127% for the CHUM and 78% for the CUSM.

Recently, the French State came to the conclusion that it would be cheaper to buy out the largest PPP contract in France than to wait for it to finish. The buyback of the Centre Hospitalier Sud-Francilien (CHSF) was made necessary as a result of the project's outrageous costs and the surveying of more than 8000 defects in only 2 years. The French State plans to save between €600 million and €700 million by cutting the dead weight of the PPP. Clearly, it is not only possible, but entirely justified to find solutions to PPPs in Quebec's healthcare system[51].

Another example in the healthcare sector – the CHSLD Saint-Lambert-sur-le-Golf, the first PPP experience in a CHSLD, faced many problems. The contract not only plans the design, the construction, and the maintenance of the building, but also the delivery of care and services. The government will remain a tenant, and will be linked to the Groupe Savoie for 25 years. According to an independent study[52], the PPP for the Saint-Lambert-sur-le-Golf CHSLD will cost $287 million over 25 years, instead of the original announcement of $203 million. With the public method, thanks among others to the strict control of costs and the knowledge of the CSSS Champlain staff, the same project would have costed $60 million less, or $227 million.

Moreover, the Coalition for public CHSLDs[53] observed the disastrous impact of the promoter's inexperience in the management of a CHSLD, which accommodates patients lacking self-sufficiency, combined with pitiful working conditions. A high turnover, a lack of training, and staff burnout led to numerous complaints by patients and their families. Following a number of deaths in the establishment, demands for an inquiry were made to the coroner. The media gathered devastating testimonies and evidence which made headlines[54].

17. CEASING RECOURSE TO SPECIALISED MEDICAL CLINICS FOR SURGERIES = 30 TO 40% CHEAPER

Since 2006, it is possible to get an operation in private mini-hospitals called Specialized Medical Centres (SMCs). The surgeries that were initially permitted in these institutions included cataracts and hip/knee replacements. However, modified regulations have widened the scope of interventions offered by SMCs to about 50 different treatments. Under certain conditions, it is also possible for a hospital to associate itself to a SMC in order to dispense specialised medical services.

It is already well know that having recourse to SMCs is quite expensive. According to the Health and Social Services Agency of Montreal, the procedures offered by these private institutions cost between 30% and 40% more than in the public system[55]. The Sacré-Coeur Hospital in Montreal has calculated that a procedure made at Rockland MD, the most well-known of SMCs, costs on average $200 more than an institution in the public network[56].

Despite these additional costs, nearly 9000 Sacré-Coeur Hospital patients have been operated on by the Rockland MD private clinic since 2008, by means of a sub-contracting deal which has already costed the MSSS more than $18 million[57].

The Rockland MD – Montreal Sacré-Coeur Hospital Agreement[58]

*15th of December, 2012.

Financial Year	Number of Surgeries	Cost
2008-2009	1,024	$2,096,518
2009-2010	1,936	$3,768,080
2010-2011	2,160	$4,501,147
2011-2012	2,175	$4,578,756
2012-2013*	1,368	$3,163,514
Total 2008-2013	8,663	$18,108,015

The Rockland MD clinic was also created for its "fixed health fees", an illegal overbilling system denounced by the RAMQ. While the RAMQ continues to seek the $236,000 it reimbursed to aggrieved citizens, Rockland MD chooses to defend its "creative billing method" in court[59].

As a result, fears surrounding SMCs have been entirely validated. However, the number of patients who have undergone an operation in a private clinic, paid by the public system, increased by 24% in 2012[60].

Agreements with SMCS[61]

Region	Establishment	Private Clinic	Amounts Paid
Montreal	Sacré-Cœur Hospital	Rockland MD Centre	$3,173,514 (January 12th, 2013)
Laval	Cité-de-la-Santé Hospital	Laval Surgical Clinic	$1,203,847 (December 15th, 2012)
Laurentians	Saint-Jérôme Hospital	Laurentians Eye Institute	$3,792,573 (December 15th, 2012)

Let us mention that, in 2012, the Montreal Health Agency had sought to end this agreement, only to reapprove it in 2014[62]. The Minister Réjean Hébert announced his intention to repatriate surgeries effected at the Rockland MD Clinic to the public system for Sacré-Coeur Hospital patients. Then, on the 25th of August 2014, the Minister Barette sent a letter to the Rockland MD clinic in order to officially end the agreement, evoking the higher costs compared to the public system, and the Sacré-Coeur Hospital's capacity to satisfy a larger demand. The next day, he reversed his decision, and instead extended the agreement until October 2014. The case has yet to be resolved.

18. ADOPTING A POLICY OF WAGE CEILING FOR MANAGERS AND DIRECTORS OF PUBLIC AND PARA-PUBLIC INSTITUTIONS AND STATE COMPANIES

Significant savings could be made by adopting a policy of a wage ceiling for managers and directors of public and para-public institutions, and State companies. However, current governmental action does not seem to be going in this direction.

Yet, some of these solutions are very interesting. For example, in December 2013, we learned that Ontario was planning on submitting a new law to control the remuneration of senior executives in the entirety of the para-public sector. "If adopted, this law will give government the authority to establish a frame of income, including the establishment of a wage ceiling without exception."[63] Among the possible solutions, Ontario considered capping the wages of senior executives in the public sector and in State companies to double the Prime Minister's salary, which corresponds to $418,000 in Ontario (including premiums and bonuses). In doing so, Ontario estimates that savings of more than $12 million could be made per year[64].

If this measure was to be applied in Québec, the maximum executive salary would be capped at $350,000. As such, several salaries would have to be revised, starting with the CEOs of the Caisse de dépôt et placement ($940,000 for Michael Sabia in 2011) and Hydro-Québec ($511,000 for Thierry Vandal in 2011).

Salaries would also have to be revised in the educational sector. In March of 2012, the CBC asserted that "certain directors of Québec establishments receive more than half a million dollars per year, including the reimbursement of expenses such as business meals and travel."[65] The president of the Fédération québecoise des professeurs d'université, Max Roy, notes that "most universities are autonomous and determine salaries [themselves], but the money is provided in large part by public funding."[66]

As a result, it is possible to make savings by better controlling the remuneration of managers and directors of public and para-public institutions, and State companies.

Conclusion

The government insists that we must “tighten our belts” and “live within our means.” According to the prevailing discourse, there is no other choice but to privatize, to increase fees, and to cut in public services and social programmes.

With this document, the Coalition demonstrates that there is indeed money to be had! There are a variety of progressive taxation and spending control measures which, if implemented, could allow Québec to collect and addition $10 billion per year! By applying these fiscal solutions, the government would favour greater equity and a more vast redistribution of wealth, and in turn would ensure accessible and high-quality public services.

The fiscal solutions presented have been adopted by the Coalition members. That said, they are far from exhaustive. Fiscal specialists propose, for example, that doctors should be prevented from incorporating, to revise remuneration of doctors, to abolish family trusts, to implement a tax on unproductive capital, to create a minimum estate tax, and to suspend payments to the Generations Fund. Amongst others, these are solutions which have not been studied by the Coalition, but which could be interesting.

Let us also underline that the fiscal solutions presented apply only to the provincial level. Similar measures could equally be applied to municipal, federal, and larger yet, international levels. The Tobin or Robin Hood Tax proposes the taxation of different financial transactions - such a measure would allow not only able a more stable economy, but would allow the sustaining of global initiatives for better social and fiscal justice. On the international level, numerous voices are speaking out against tax havens as States lose increasingly outrageous tax revenues to them!

In this way, the fiscal measures which are put in place, OR NOT, depend on a societal choice. If you disagree with fee hikes, with privatisations, with regressive tax increases, and with current cuts in public services and social programmes, demonstrate your dissent and demand change in Quebec’s fiscal policy.

In order to be heard, the Coalition is organizing several mobilization actions at the national level in various regions of Québec. To learn more and participate in these actions: nonauxhausses.org!


ER LA CEINTURE

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