



April 2010

Social justice, rights and sharing the wealth ! For over 40 years, Quebecers have fought for a society based on solidarity and for quality public services available to everyone. The 2010 Budget of the Charest government is an attack on these rights already threatened by neo-liberal policies.

The government's position:

- According to Minister Bachand, the financial situation of Quebec is alarming : an annual deficit of nearly 5 billion dollars, an unacceptable debt, exploding healthcare costs...
- Quebec must collect more money. The 2010 budget has as its target to get back to a balanced budget by 2014.

How will Quebec do this ?

- By reducing the expenses of different ministries.

The government says it will assume 62%¹ of the effort required

- By increasing revenues by increasing user fees in health, education, Hydro, and by an increase in the Quebec Sales Tax (QST).

These will come out of the pockets of individuals, who will take on 31% of the burden.

Businesses, on the other hand, get off easy, contributing only 7% to the effort .

How did this happen ?

- The present deficit is due in part to the decisions made by governments to reduce income taxes. This benefited companies and well-off individuals the most and deprived the government of 5 billion dollars in taxes since 2007².
- The deficit was also caused by the financial crisis and the recession that followed. Since 2008, the government has invested billions to restart the economy.

→ So the government decided that its citizens should pay for the crisis triggered by government and the financial sector...

A real turning point in how public services are financed :

- Up until the end of the 80s, the tax system favoured a better redistribution of wealth and guaranteed access to essential services for all.
- Now the government says it won't go and get more money through income tax, saying that it would hurt the economy. According to Jean Charest, user fees are the only option possible. Quebec puts its emphasis on taxes and fees paid directly by individuals who use these services.

→ This serious change will have disastrous consequences as concerns the quality and access to public services.

→ It's people on low income and the middle class that will be hit the most by this system of user fees and cutbacks. They will have to either spend less, go into debt, or even stop using some services.



THE END OF FREE HEALTHCARE (+1.5 Billion)

A health « contibution »

- Collected each year when filing income tax to pay part of healthcare costs.
- Every adult will pay \$25 in 2010, \$100 in 2011, and **\$200 beginning in 2012**.
- Whether you make \$20,000 or \$200,000 a year you pay the same. Only individuals with incomes less than \$14,200 and families with less than \$29,165 a year will **not** pay this tax.

A health care fee : the sicker you are the more you pay !...

\$ 25 for each visit to the doctor, up to \$250 a year

- This will start in 2013.

→ *These taxes will discourage people from getting medical services and seeking prevention services*

→ *The people with most medical problems and poorer people will use medical services less, not because they don't need them, but because they won't be able to afford them.*



INCREASES IN HYDRO RATES (+1.6 billion)

- An increase of 3.75% each year beginning in 2014 for 4 years as well as regular increases. Result ? ...Electricity costs will go up by 20%.
- *These increases come after Hydro-Quebec increased its rates by 20% since 2004, and doubled its profits from 2 to 4 billion.*
- *And even today certain large companies have lower rates than those paid by citizens, and they won't pay the new increases !*



INCREASE IN TUITION FEES

- In addition to the increases that were put in place since 2007 (\$50 by semester) new increases have been announced... up to \$1,000 more by 2017.
- *These increases will make it more difficult for poorer people to get an education*



INCREASE OF 2% IN THE QUEBEC SALES TAX (QST) (+2.6 Billion)

- By 2012, this tax will increase to **9.5 %** (in 2010 it is 7.5%).
- *Whether you buy a Mercedes or you buy toothpaste, the tax rate is the same (A good example of what is called a regressive tax).*

HIGHLIGHTS



NEW SOLIDARITY TAX CREDIT

- Takes three existing credits (QST, property, Northern allowance) and makes them into one
- Adds 510 million to the reimbursable credits for the QST.
- ***This certainly helps our poorest fellow citizens. But it just lightens the tax, a sugar coating to make the bad medicine taste better.***



REDUCTION IN GOVERNMENT EXPENSES (+ 6.9 Billion)

- Reducing the increases in expenses in different programs and Ministries (health, education, seniors, families). In total 5 billion dollars³ less per year by 2013. The annual percentage increase in expenses was 4.85% since 2003.. and this will be cut to 2.2% as of 2011.
- **Government efficiency measures** : freezing total salaries, replacing only one of two people (administrators) who retire
- Better return from Hydro-Quebec and Loto-Quebec.
- ***The government says that they will assume 62% of the required cuts, but in reality it will be the population that will pay.***
- ***The cutbacks will inevitably mean a reduction in public services and their quality...more expensive services that are less accessible.***
- ***The government wants to put into place certain principles drawn from the private sector (competition, efficiency, rationalization)... A move towards further privatization?⁴***

The government can pay for its expenses in two ways :

- Income tax, is the basis of our fiscal system and is termed **progressive**. There are several tax brackets reflecting different levels of income. The more you make , the more you pay proportionally. The poorest people don't pay at all. Also all citizens (except for the poorest) contribute according to their ability to pay for health, education and other public services.
 - Taxes and user fees are, on the other hand, called **regressive** measures. Rich or poor, everyone pays the same amount. For poorer households these fees represent a greater percentage of their income. So richer people pay, proportionally, **less** than the poorer person.
- Following this idea of User-Pay, healthcare, education and other services are not paid for by society as a whole but by each individual. We will now, more and more, be treated as customers and not citizens who share these costs together.

There are other choices ! !

Realistic alternative solutions do exist to finance our public services and social programs. The government should recover the wealth where it now exists, and its not in the pockets of the middle class and people on modest incomes.

- **Add tax brackets** in line with incomes and increase the tax rates on high income individuals. Remember, back in 1990 there were 16 tax brackets... there are only three today!
- **Tax capital gains for individuals at 100%** (not 50% like now). 82 % of these benefits go to people with incomes already over \$100,000 a year.
- **Increase taxes on companies** : Remember only 50% of companies pay taxes and companies pay only 11% of all taxes⁵.
- **Increase taxes on banks** that made over 12 billion dollars in profits in 2012
- Reintroduce the **tax on capital** for companies and reduce tax credits for large corporations.
- Introduce a **progressive** sales tax depending on what items are bought.
- Intensify the fight against **tax evasion**.

WE NEED A MASS PROTEST MOVEMENT !

The government has decided to undermine our model of society and public services and thus opens the door to privatization. We have got to organize to keep a system based on universality, on social justice and a sharing of wealth.

- In **Point-Saint-Charles**, community groups, through Action-Watchdog (Action-Gardien), are organizing to understand the budget, denounce and protest it. Make your voice heard and get involved! The Community Clinic has also set up a committee to fight for a good healthcare system.
- For Quebec as a whole, **The Coalition against user fees and privatization** brings together the community sector, unions, students, feminists and others. Following the demonstration of April 1st of this year, this group has launched a "Stop Charest" campaign. Its symbol is a RED HAND (to be pinned on your clothes, graffiti, on protest signs). A petition will also soon be available. Pressure tactics are in the works for this Fall.

The message : Back down Mister Charest, because we won't !

FOR MORE INFO AND TO GET INVOLVED:

Action-Gardien : <http://actiongardien.org> 514-509-0795
Community Clinic : <http://ccpsc.qc.ca/> ; 514-937-9250 - local 7279
Coalition against user fees and privatization: www.nonauxhausse.org



SOURCES

¹ Robert Dutrisac, Le Devoir, « A l'assaut du modèle québécois », 31 mars 2010.

² Bernard Elie, « Sentiments partagés envers un important virage », Le Devoir, 1^{er} avril 2010.

³ Pierre Beaulne, Économie Autrement, « Budget du Québec pour 2010-2011 : un coup de matraque », Avril 2010.
www.economieautrement.org

⁴ IRIS, « Budget 2010 : comment financer les services publics ? », mars 2010. www.iris-recherche.qc.ca

⁵ MÉPACQ, C'est (encore) à vous de payer pour la crise ! Non aux hausses de tarifs !