



# PUBLIC FORCE

SISP Newsletter



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SPRING 2016

Presidents' editorial

## Progress through solidarity

As we turn the page on collective bargaining in the public sector, we think it is essential to emphasize the vast mobilization by our organizations' members. You made all the difference to the outcome of bargaining talks. The agreement in principle reached by the Common Front is the result of the combined efforts of everyone, something we're very proud of!

Be it the more than 150,000 people who demonstrated in the streets of Montréal on October 3 last year, the countless rallies and meetings in all corners of Québec or the four days of strike action, including one by more workers in Québec than any other since 1972, mobilization and pressure tactics were key to a bargaining strategy that paid off.

The sustained efforts of the SISP, in collaboration with our Common Front partners, made it possible to obtain a negotiated agreement in principle that you have ratified. It has to be said, in the difficult context in which this bargaining unfolded, the agreement is a major victory for public-sector workers.

Think back to the *Conseil du trésor's* measly offers in December 2014: a total raise of 3% over 5 years, with 2 years of wage freezes, not to mention its proposals for major reforms to our pension plan.

The workers represented by the SISP managed to make significant progress on the original offers, notably with improvements to the raises in pay, while solving inequities between job groups through salary relativity, preserving the various premiums and protecting the integrity of our pension plan for a considerable proportion of our members. Even more important, by showing their staunch solidarity, sending a fundamentally positive message, demonstrating the scope of our mobilization and rallying public opinion, we succeeded in forcing an ideological and stubborn government to back down. It's a lesson we would be wrong to disregard after two years marked by austerity policies.



The three SISP presidents : Lucie Martineau (SFPQ), Louise Chabot (CSQ) et Carolle Dubé (APTS)

### The struggle for public services continues

Even after the end of these negotiations, there is still a lot of work to be done to defend and promote access to quality public services all across Québec.

In the next year, we will be working hard for better funding in education, health care and social services as well as in ministries and government agencies. We have innovative and progressive solutions to propose that can provide better funding for our services without affecting middle-class families and the most disadvantaged. As well, we will invest considerable efforts in trying to persuade Ottawa and Québec to step up action against tax avoidance and the use of tax havens.

As well, since greater ties of solidarity and the struggle for more social justice are central to the SISP's concerns, we will take an active part in the World Social Forum in Montréal next August. So 2016 promises to be a busy year indeed. We care about public services and we intend to continue to defend and promote them with the energy, rigour and determination that characterize the SISP.



## Put an end to the era of tax havens

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This spring, Oxfam-Québec and *Échec aux paradis fiscaux*, a collective to which the SISF belongs, launched an information-awareness campaign about the impact of tax havens. The objective is to build strong mobilization by civil society that will push the Québec and Canadian governments to put an end to the era of tax havens.

Taxes are essential to the working of any democratic society. By paying our fair share, we all participate in the development of society and the economy. At the present time, though, many companies and well-off individuals use tax havens to avoid paying taxes while profiting from the social and economic benefits provided by public services and social programs. We have to put a stop to this injustice.

Tax havens are a far from marginal phenomenon; they are in fact a central cog in the globalized economy. According to the Bank for International Settlements, half of financial transactions around the world now involve offshore accounts located in tax havens. Globally, there was 21 and 32 trillion dollars in tax havens in 2010.

Closer to home, the amounts flowing into in tax havens are growing year after year. According to the Institut de recherche en économie contemporaine (IREC), direct Canadian investments in the seven leading tax havens ballooned by a factor of 37.6 between 1987 and 2014, while Canada's GDP only grew 3.3 times during the same period. According to Statistics Canada data, these investments in the 10 main tax havens reached almost \$200 billion in 2014.

These facts clearly illustrate the enormous scope of the problem. Changes to tax laws and regulations are absolutely essential in order to solve this problem once and for all. This is precisely the goal of the campaign that we are launching jointly with Oxfam-Québec.

At the international level, there is now agreement on initiatives aimed at preventing tax avoidance. The G20 has charged the OECD with developing the BEPS (Base Erosion and Profit Shifting) project, an action plan with some fifteen anti-tax haven measures that Canada has endorsed.

In Québec, the Ministry of Finance also took a step in the right direction last year. In the wake of the financial scandals that came to light in Switzerland and Luxembourg last year, the government here set up a special parliamentary committee on the use of tax havens. During hearings, the ministry recognized the scope of the problem and assessed annual lost tax revenue at more than one billion dollars.

So there is a dawning awareness on the part of political authorities. Governments must do more and begin adopting tough measures to prohibit tax avoidance manoeuvres once and for all.

The campaign by the *Échec aux paradis fiscaux* collective and Oxfam-Québec will continue into 2017. Various activities are planned and you are invited to keep close track of it.

### PUT PRESSURE ON YOUR ELECTED REPRESENTATIVES ...

Put pressure on your elected representatives and voice your opposition to tax havens by signing the on-line petition. Go to :  
<https://act.oxfam.org/quebec/mettons-fin-a-l-ere-des-paradis-fiscaux>

# An entirely public drug insurance plan: an innovative and economical solution

The cost of drugs in Québec has risen steadily for the past two decades, reaching close to \$7.5 billion in 2012. They account for the second largest share of expenditures on health care after medical services. A recent study done at the University of British Columbia showed that, even taking into account the age of the population, per capita spending on prescription drugs is 30% higher in Québec than in other provinces. It is high time the government acted. Québec must move ahead and establish an entirely public drug insurance plan.

Combined with measures to control the cost of drugs and rules governing the drug industry, an entirely public drug insurance plan could generate substantial savings and give the entire population better access to drugs. According to the most recent estimates done by professor Marc-André Gagnon, a recognized expert in the field, the creation of such a plan would save Québec \$828 million.

Various OECD countries, including France, the United Kingdom, New Zealand and Sweden, already have similar plans which, over time, have

produced enviable results. It's a realistic solution that has proven its worth elsewhere in the world.

Health and Social Services Minister Gaétan Barrette in fact recognizes that Québec could save between \$600 and \$800 million through group purchases. We are entitled to ask why the Québec government is not following through on this innovative idea that would yield substantial savings. It's a much more promising option than imposing yet more penny-pinching budget cuts.

More than 400 organizations of the civil society, the SISP among them, are advocating for the creation of such a plan. The *Coalition Solidarité santé* has recently launched a campaign on the theme "Le remède aux coupures, ça existe" (There is a cure for cuts). You can go on line at [remedeauxcoupures.cssante.com/](http://remedeauxcoupures.cssante.com/) to sign a letter of support and send it directly to your MNA and the ministers concerned. We firmly believe that it is by raising public awareness and educating our decision-makers about the benefits of an entirely public drug insurance plan that we will succeed in making it a reality.

# Reduce transfers to the Generations Fund to ensure the future of public services

Did you know that Québec has not just balanced the budget but has had actual surpluses for two years now? Despite this, the cuts, rate increases and a whole array of other austerity policies continue as if there were no budget leeway, which is what the government tells us day after day.

In fact, though, while the second and third budgets brought down by Minister Carlos Leitão balance government revenue and spending, what has to be realized is that hundreds of millions of dollars are transferred annually to the Generations Fund, one of the tools brought in to reduce Québec's debt. Management of the Generations Fund is left up to the Caisse de dépôt et placements du Québec, which has the mandate of earning profits on investments. The government's hope is that in doing so it will obtain yields that are higher than the interest paid on the debt.

We're not opposed to this strategy for paying off the debt, but we are not at all in favour of the government's aggressive approach to it.

In 2010, Québec adopted new financial goals, setting a target for the ratio of gross debt to gross domestic product (GDP) of 45% by 2026. To give you an idea of what this means, the ratio was 55.1% on March 31, 2015.

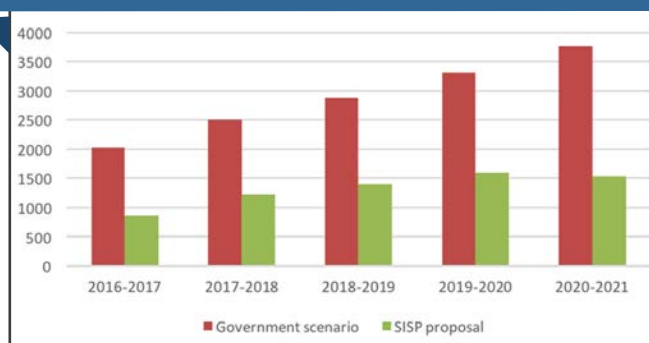
To reach its target, the government has opted to increase the amounts paid into the Generations Fund significantly, from less than \$1 billion in 2012-2013 to more than \$3.4 billion by 2019-2020.

At a time when our public services are cruelly starved for funding, when major infrastructure investments are needed and when anaemic growth in spending puts all of our systems under pressure, it would be more prudent to reallocate some of these transfers to funding for public services.

The growth in transfers to the Generations Fund has a marginal impact on reducing the debt/GDP ratio. But it does deprive the government of considerable resources for funding public services and social programs. The objectives that the government is trying to reach are no justification for such a strategy. If investments in the Generations Fund continue at the current rate, the debt/DGP ratio will reach 40.9% in 2026, much lower than the target of 45%. In other words, the government is going too fast, and the debt-reduction targets could be met while substantially reducing payments to the Generations Fund.

The SISP proposes that these transfers be reduced by \$1.3 to \$2 billion a year for the next five years. This would free up significant leeway for reinvesting in public services. During this period, there would still be transfers of between \$800 million and \$2 billion to the Generations Fund each year. This more prudent debt-reduction strategy would allow the Generations Fund to continue to grow while leaving more resources for our public services.

Transfers to the Generations Fund (\$M)

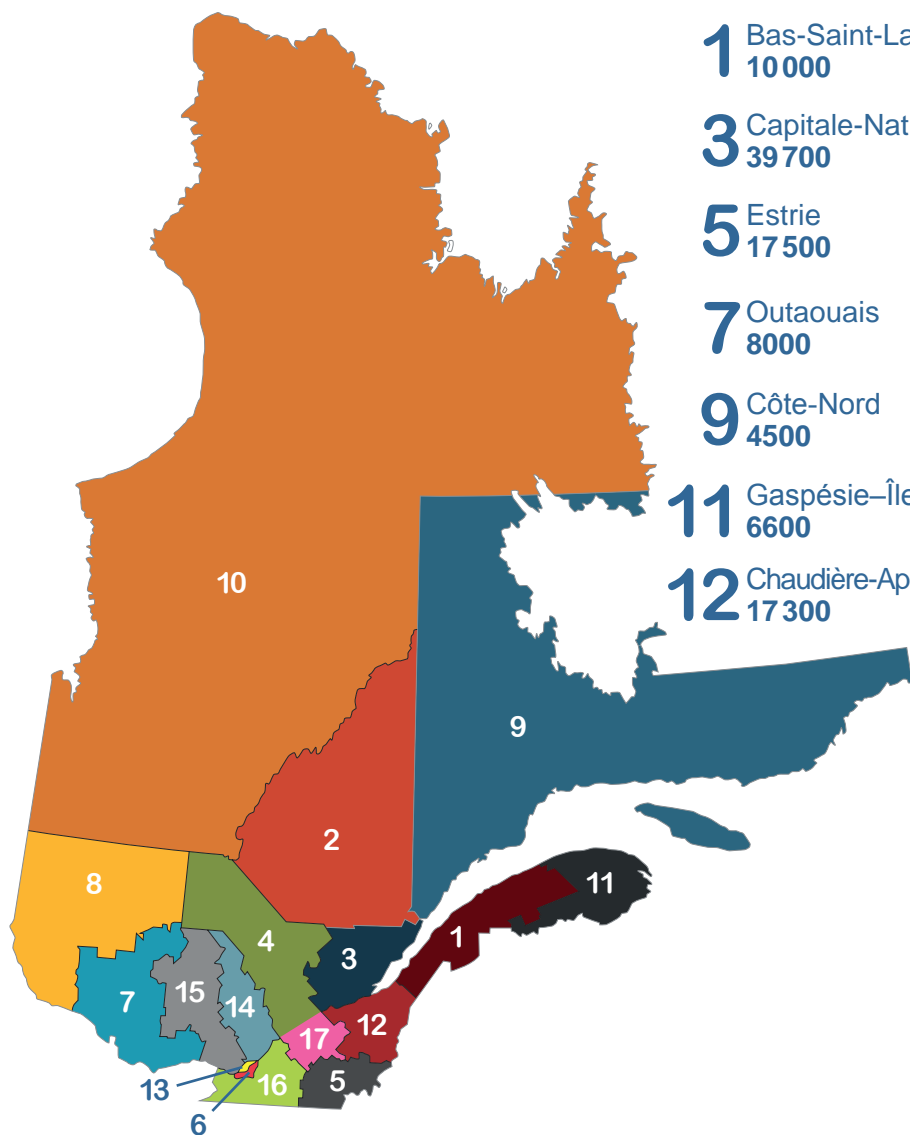




The 12th World Social Forum that will take place August 9-14, 2016 in Montréal will be a gathering place for discussions and expression in which the SISP participates. This year's WSF is historic in that it will be the first one held in a country in the northern hemisphere. Participants will have the opportunity to learn about and interact with numerous organizations and associations seeking solutions to the planetary crisis that affects humanity today. The mission of the WSF is to work together in international solidarity to build a better world. Another world is necessary. By joining our efforts together, another world is possible!

To register on line : [fsm2016.org](http://fsm2016.org)

## THE SISP, A DYNAMIC FORCE IN EACH REGION!



**1** Bas-Saint-Laurent  
10 000

**3** Capitale-Nationale  
39 700

**5** Estrie  
17 500

**7** Outaouais  
8 000

**9** Côte-Nord  
4 500

**11** Gaspésie-Îles-de-la-Madeleine  
6 600

**12** Chaudière-Appalaches  
17 300

**2** Saguenay-Lac-Saint-Jean  
14 500

**4** Mauricie  
13 500

**6** Montréal  
37 000

**8** Abitibi-Témiscamingue  
7 300

**10** Nord-du-Québec  
1 400

**13** Laval  
13 100

**14** Lanaudière  
13 700

**15** Laurentides  
13 700

**16** Montérégie  
43 900

**17** Centre-du-Québec  
10 000

**Total**  
**271 700**