

The Quebec Government's "Re-Engineering": What Does It Mean For Our Social Programs?

What is the "Re-Engineering"?

Since its election in April 2003, the Quebec Liberal Party has undertaken a major revision of the role of government in Quebec society, referred to as a "Re-Engineering" or a modernisation of the State. This effort reflects a will to reduce the size of the state, or, in other words, to cut public services, impose fees for services and privatize.

The "Re-Engineering" affects many different sectors of our society, and will have a profound impact on our social programs and on our society as a whole. This document highlights some of the ways in which the re-engineering is being implemented: tax cuts, budget cutbacks, the imposition of fees, legislation and new policy orientations and reform.

The Re-Engineering Means... A Clear Orientation in Favour of Tax Cuts

As part of its election platform, the Liberal party announced tax cuts of \$1 billion per year for 5 years. Although the government failed to deliver these tax cuts in its 2003 and 2004 budgets, it continues to publicly maintain this priority.

What do tax cuts mean for our social programs?

37% of the overall Quebec budget comes from income tax, so these cuts represent a substantial reduction in revenue for social programs. Over 5 years, \$15 billion will be cut, and, when combined with the tax cuts introduced by the previous government, Quebecers will see a total of \$39.9 billion in income tax cuts over 8 years. This means far less money for the social programs people rely on and for other initiatives to fight against poverty.

The Re-Engineering Means... Major Budget Cutbacks

So far, the government has tabled two budgets: a "mini-budget" in June 2003, and a regular budget in March 2004. Cuts announced in both budgets are cause for major concern.

Education

- **June 2003:** \$110 million less was allocated to education compared to 2002-2003. This led to the cutting of the program "Ça bouge après l'école" (\$81 million over three years), and to a shortfall for primary, secondary, college and university networks (\$53 million).
- The Loan and Bursary program was not indexed for the first time since 1999 (equivalent to a cut of \$12 million).
- The program to guarantee a loan for the purchase of a micro-computer was suspended, affecting 8 000 young people (\$5 million).
- The Ministry of Education approved an increase in ancillary fees (activity fees, administrative, etc) in 23 CEGEPs.
- The Fonds subventionnaires de recherche was cut by \$15 million.
- **March 2004:** Budgetary credits were increased by only 2,7%. Indexation alone would have required an increase of 3,9%.
- The government transformed \$63 million in student bursaries into loans. This will mean a substantial increase in student debt.

Welfare

- **June 2003:** The Minister of Employment, Social Solidarity and the Family government announced the stricter application of penalties (from \$75 to \$300 per month) for refusing to participate in programs proposed by Emploi-Québec.
- **March 2004:** The welfare budget was cut by \$48 million, with the objective of having 6000 households leave welfare.
- Credits for programs for welfare recipients ("aide à l'emploi") were cut by \$30 million.
- As a result of these cuts, 100 welfare agents lost their jobs in the Montreal area alone.

Housing

- **June 2003:** Budgets for the renovation of Low-Cost Housing were cut by \$5.5 million (25%).
- Over 2000 social housing units were lost through a grant transfer within the affordable housing program which increased the private stream of the program at the expense of the public stream.
- A study of possible changes to the calculation rules currently used at the Rental Board to legally allow higher rent increases is underway, and the role of the Rental Board itself is also being called into question.
- **March 2004:** Money was added to speed up construction of projects currently underway and to subsidize new units. However, the new units will only be constructed in the private sector, with rents of up to \$800 per month for a 2-bedroom apartment. Despite public commitments and a waiting list of 17 500 in Montreal alone, there was no money for the construction of new HLM social housing units.

Health

- **March 2004:** An investment of \$955 million was announced, including money for the indexation of costs to the system, hospital deficits, and \$200 million for development. However, this amount does not include money for salary increases and pay equity, and will not fully address the current needs for waiting lists, long term care, home care, mental health, rehabilitation services and community groups (estimated at a total of \$1,1 billion), unless there are cuts elsewhere.

Daycare

- **June 2003:** Daycare budgets were cut across the board by 2.6%.

Immigration and Relations with Citizens

- **March 2004:** The Ministry's overall budget was cut by 16%. The benefit for people taking French courses was cut from \$150 to \$30 per week. In practice this means people will have to apply for welfare, if they are eligible.

Other Ministries and Public Corporations

- **March 2004:** The following ministries also received major cuts: International Relations (11%); Natural Resources (11%); Environment (8%); Labour (7%); and Public Security (4%). The budget for Télé-Québec was also cut by 8%.

The Re-Engineering Means...

Increased Fees

Electricity

- In March 2003, the government asked Hydro-Québec to contribute an additional \$600 million to government revenues. This translated into an increase in fees of 3%, effective January 2004. A second increase of 1,4% was applied beginning in April 2004.
- For the coming year the government is planning an additional increase of 0.7% in revenue from Hydro-Québec, which will likely translate into yet another increase.

Daycare

- Fees for daycare rose from \$5 per day to \$7, an increase of 40%, effective January 2004.

Cutbacks in subsidies to City of Montreal

- The government reduced the amount of grants to be given to the City of Montreal under the City Contract signed with the previous government.
- Among other things, this resulted in the third increase in one year in fees for public transportation: the monthly pass went from \$54 to \$59 in January 2004.
- The city also announced a tax increase to pay for repairs to the aqueduct system.

The Re-Engineering Means...

A Series of Laws

In November 2003 the government tabled at least 12 bills affecting low-income Quebecers. Ten of these bills were adopted into law before the end of the fall session of the National Assembly. Debate was limited to 2 hours per bill, and the government imposed closure to hasten their adoption. Some of the bills resulted in the fees outlined above; others are explained here. Both the lack of democratic process and the far-reaching impact of these bills are troubling.

Health Care and Social Services

Through Bill 25, the government has imposed the broadest reorganization of the health care system in 30 years. The reform merges CLSCs, long-term care centres and in some cases hospitals into a single structure ("instance"); all of these institutions will see their Board of Directors abolished and replaced by a single board composed of 16 members, all appointed by the Minister of Health. This "instance" will form the core an "integrated services network" and will coordinate services through partnerships with other agencies, including those in the private sector. Major concerns include:

- The law changes structures, but there is no new money or staff to resolve major problems within the health care system;
- The disappearance of independent CLSCs and CHSLDs and their mission;
- Contracting out and a greater privatization of services;
- An end to democratic participation of citizens in the decision-making bodies of institutions;
- The return to a medical and curative vision of illness instead of a global, social vision of health;
- A calling into question of the universality of several health and social services previously offered free of charge through public institutions in Quebec. Only some targeted groups designated as "vulnerable" or with particular health problems will have a right to these services;
- Major threats to the autonomy and funding of community organisations.

Working Conditions and Workers' Rights

- Law 31, which amended Article 45 of the Labour Code and was adopted in December 2003, allows for contracting-out in the public and private sectors. This will lead to a deterioration of job quality for thousands of workers, many of whom are already living on low incomes.
- Law 7 prohibits workers of an "intermediate health resource" from forming a union. Law 8 prohibits workers in a home-based daycare from forming a union. In both of these sectors, workers, primarily women, work very long hours for little pay, and have few if any benefits. Law 30 limits the number and determines the composition of unions in health and social services institutions. All three of these laws fundamentally threaten the basic right of workers to organize to improve their working conditions.

Daycare

- Law 32 favours the development of private daycare spaces, at the expense of spaces in the public sector.

Social and Economic Development

- Law 34 removes social and economic organisations from decision-making bodies on regional development.

Appeal procedures regarding public administrations

- Two bills related to appeal procedures within public administrations were tabled in November 2003 but as of May 2004 have not yet been adopted. These reforms will make it harder to defend social rights, as they introduce more complex appeal procedures in relation to decisions made by government services such as welfare and the Quebec Automobile Insurance.

Mergers / De-mergers

- Laws 9 and 33, both adopted in December 2003, create the conditions for municipal de-mergers. In allowing de-mergers, the Government is abandoning efforts to redistribute wealth between the boroughs, an idea that has been on the table for decades. For a borough like Côte-des-Neiges, the (small) redistribution fund in addition to the (slow) progression towards uniform tax rates at least represented a hope of being able to offer residents better quality municipal services.

The Re-Engineering Means...

Policies and Reforms

Finally, the government has also initiated broad policy reforms in several areas.

Quebec Pension Plan

A consultation on changes to the plan – including a restriction of the eligibility criteria for disability benefits and a considerable cut to surviving spouses' benefits - was held in February 2004. No formal proposals have been tabled as yet.

Public-Private Partnerships

The government announced its intention to create a government agency to promote public-private partnerships. This will lead to privatizations in many areas, possibly including the construction and management of hospitals (particularly the "megahospitals"), roads, schools and prisons. Public-private partnerships across Canada and in other countries have proven to cost more and to seriously compromise both the quality and the accessibility of services.

Poverty Strategy

In April 2004, Minister Béchard tabled an action plan to fight poverty. Some elements of this strategy are positive, including significant increases in family allowances for low-income families (a measure initially announced in the March 2004 budget). However, changes to welfare are limited, promises regarding a return to free medication are not respected, the 15 cent increase in the minimum wage still leaves a person working 40 hours a week at almost \$4000 under the Statistics Canada Low-Income Cut-Off, and there is virtually nothing to address the problems of the 31% of senior citizens who live in poverty. The strategy also emphasises employment as a means of overcoming poverty, but provides no new measures to help people move toward the job market; as noted above, Emploi-Québec budgets were actually cut by \$30 million. In addition, most of the major changes made through the "Re-Engineering"- from the labour reforms to increased fees for daycare - will serve to increase poverty instead of alleviating it.

Other Areas

New policy initiatives and action plans are expected in several areas, including immigration and integration; legal aid; energy development; sustainable development; population; family policy (including work/ family conciliation) and a reform of democratic institutions.