

PUBLIC FORCE

PUBLIC SERVICES, THE BEST OF OURSELVES



MUHC PPP CONTRACT

Chronology of a fiasco

The Conservatives' disregard

THE HARPER GOVERNMENT'S CONTEMPT FOR THE MIDDLE CLASS AND THE VULNERABLE SEEMINGLY KNOWS NO BOUNDS. AFTER HAVING WAGED A CAMPAIGN AGAINST THE FEDERAL PUBLIC SERVICE BY SLASHING MORE THAN 19,000 JOBS - A MOVE THAT HAS UNDERMINED PUBLIC SERVICES; AFTER HAVING TAKEN AIM AT THE UNIONS BY GETTING RID OF THE TAX CREDIT FOR LABOUR-SPONSORED INVESTMENT FUNDS AND, MOST NOTABLY, WITH THE ADOPTION OF BILL C-377, AN UNCONSCIONABLE AND UNCONSTITUTIONAL PRIVATE MEMBERS' BILL THAT POSES A DIRECT THREAT TO OUR RIGHT TO ASSOCIATION AS GUARANTEED UNDER THE CHARTER OF RIGHTS AND FREEDOMS, THEY ARE NOW LAUNCHING AN ATTACK AGAINST PRECARIOUSLY EMPLOYED WORKERS BY GUTTING THE EMPLOYMENT INSURANCE (EI) PROGRAM.

Changes to the Employment Insurance Regulations, which came into force in early January, were adopted without public consultation or further debate in the House. In fact, the Government did not even feel the need to present an impact analysis. Diane Finley, Canada's Minister of Human Resources and Skills Development, did nothing more than issue a press release to explain that by making these changes, her government, within the framework of the highly publicized Canada Economic Action Plan (in 2012-2013, the federal government spent in excess of \$83 million on advertising!) is "better connecting Canadians with available jobs". That's Conservative democracy for you!

A DISCRIMINATORY REFORM

It goes without saying that the use of the wording *changes to the regulations* is hypocritical since it is nothing more than a barbaric reform imposed by the Government. The reform itself creates three categories of claimants and punishes those who have to apply for

THIS UNJUSTIFIED AND UNJUSTIFIABLE EMPLOYMENT INSURANCE REFORM AFFECTS US ALL, AND CAN ONLY LEAD TO INCREASED POVERTY AND EXCLUSION. NOT ONLY DOES IT THREATEN THE SOCIAL AND ECONOMIC FABRIC OF OUR REGIONS, BUT IT ALSO JEOPARDIZES THE SAFETY NET THAT WAS SET UP TO DEAL WITH SETBACKS.

EI benefits more frequently because of the nature of their work. This of course, includes seasonal workers and precarious workers, of which 36% are employed by the public and parapublic sectors.

Also, on April 1, 2012, the Conservative Government replaced the Employment Insurance Board of Referees with the Social Security Tribunal (SST), making the appeal process even tougher. In the past, those who felt aggrieved by a decision of the Employment Insurance Commission could launch an appeal. The appeal was then heard by a tripartite committee made up of one employee and one employer representative and a chairperson. The process had the advantage of being straightforward and quick. Now, an appeal can only be initiated once a *compulsory formal review* has been requested, and the timeframe for such a review is unknown.

Furthermore, decisions can be reached without a comprehensive review of the file or even a hearing, and are made by a single member of the SST. It is a known fact that four of the members of the SST are defeated Conservative party candidates and that more than a dozen others, according to the Comité national des chômeurs, have ties with the Conservative party. In addition to making more room for arbitrary action, this new process may unfairly lengthen response times, discouraging jobless workers from appealing decisions.

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PRESIDENTS' MESSAGE {continued}

Those whose requests are accepted must also deal with interminable delays and are often made to wait as much as six weeks for their first cheque, in addition to being regarded as potential fraudsters. We recently learned that quotas are imposed on Service Canada employees to cut benefits. Their goal? No less than \$430 million across the country, including \$120 million in Quebec alone. To achieve their goal, they make random visits and, when warranted, spy on potential fraudsters. Accuse and impoverish. The end goal is quite clear: force unemployed workers to accept whatever job they can get.

WE MUST REMAIN UNITED!

Each of the member organizations of the SISP has joined the Coalition québécoise contre la réforme de l'assurance-emploi. This unjustified and unjustifiable employment insurance reform affects us all, and can only lead to increased poverty and exclusion. Not only does it threaten the social and economic fabric of our regions, but it also jeopardizes the safety net that was set up to deal with setbacks. The Harper Government must suspend the implementation of this reform, order independent assessments to determine the impact of EI changes, and hold public consultations on the reform. We must work together to alter the course taken by the Government. We must remain united!

SUMMER CONTEST

Would you get a crime novel, a Caribbean music CD, an essay, a DVD of a classic Quebec movie or a TV series? The decision is yours if you are the winner of our summer contest! Admit there are worse things in life!

PRIZES UP FOR GRABS

ONE OF TWO \$50 GIFT CARDS FROM
RENAUD-BRAY.

**TO PARTICIPATE ANSWER THE
FOLLOWING QUESTION:**

**Name one of the videos produced by the SISP
that can be found on its Facebook page?**

You have until September 30, 2013, to send your answer to the following email address:

concours1@sisp-n.ca.

Don't forget to include your name, mailing address and phone number. Limit of one entry per email address per day.

The draw will take place on October 2, 2013.



DID YOU KNOW?

The Association catholique des institutrices rurales du district d'inspection primaire de La Malbaie (ACIR) was founded by Laure Gaudreault, and a few of her fellow female colleagues, in November 1936. The movement launched by Gaudreault, who is known as a pioneer of the teachers' unions, quickly gained momentum: less than a year later, more than a dozen rural associations had merged with the Fédération catholique des institutrices rurales du Québec (FCIR), the predecessor of the CSQ, over which she presided. Her first battle? **Secure an annual salary of \$300 for teachers.** In 1942, after difficult negotiations with Premier Maurice Duplessis, Laure Gaudreault won her battle and was successful in her quest.

Optimization of services across the healthcare system

THE APTS CHALLENGES RÉJEAN HÉBERT

Social workers are exhausted, occupational therapists and physiotherapists are running on empty and speech therapists, dieticians and nutritionists are totally discouraged. These are only some of the effects that the health and social services optimization projects have had on the network. These projects, entrusted in large part to a private consulting group by the name of Proaction, have led to a sense of dismay and problems affecting professional consciousness. For the staff involved, the "Proaction approach" means that services offered to the public, as well as weekly meetings must be calculated up to the minute to report on statistics and extra paperwork. For several months, the Alliance du personnel professionnel et technique de la santé et des services sociaux (APTS) has been fighting to oust Proaction and its statistical tools from the health and social services network. The APTS has in fact repeatedly spoken to the Minister about this issue. This is a major file for the organization who has vowed that "it will not back down"...

The abusive and excessive cost of contracting out information technology

THE SFPO URGES THE TREASURY BOARD TO TAKE ACTION

In view of the constant cost overruns that have been plaguing information technology (IT) projects, the Syndicat de la fonction publique et parapublique du Québec (SFPO) has called for a public inquiry into the awarding of government IT contracts. In response to the SFPO's request for an official inquiry, Stéphane Bédard, Minister responsible for Government Administration and President of the Treasury Board, stated that he would not rule out the possibility of asking the Charbonneau Commission to broaden its mandate to look into the government's awarding of information technology contracts. To date, no official announcement has been made. In the last few years, several of the provincial government's information technology projects have been beset by exorbitant cost overruns and major delays. In some cases, projects simply fell through and had to be started from scratch. The Quebec government spends billions on information technology and does not get its money's worth. Needless to say, public services and the population at large are most directly affected. Just as an inquiry into the construction industry was necessary, a similar inquiry into the awarding of information technology contracts is also needed.

To sign the SFPO's petition: avaaz.org/fr/petition/Enquete_publique_sur_les_contrats_informatique_au_gouvernement_du_Quebec

WHISTLEBLOWER PROTECTION FOSTERS INTEGRITY WITHIN GOVERNMENT ACCORDING TO THE SPGO

In the wake of the Charbonneau Commission¹, the effective protection of whistleblowers is a task lawmakers must now tackle. According to the Syndicat de professionnelles et professionnels du gouvernement du Québec (SPGO), the philosophy behind any piece of legislation should be to protect workers from reprisals should they decide to disclose wrongdoings rather than punish those who do not blow the whistle. Richard Perron, President of the SPGO, voiced concerns expressed by the SPGO to Treasury Board President Stéphane Bédard. Mr. Bédard acknowledged, among other things, that the proposed reverse onus of proof for whistleblowers who have been threatened with reprisals was indeed an interesting avenue. On its own however, this approach is not enough to eliminate the scourge of corruption. In a recent report entitled *Corruption and Public Services*^{*2}, Public Services International highlight the importance of creating quality public services staffed with competent workers. Fragmenting, minimizing and under-funding the public sector is part of the problem of corruption in service delivery. The current government should take the steps needed to work towards this goal given that it is the most effective way to eradicate situations that lead to corruption. It is also imperative that we tackle the culture of fear that often prevents people from identifying wrongdoings that threaten the integrity of public services. Unfortunately, reprisals against whistleblowing employees are common. As a result, we must implement a mechanism that guarantees that those who take a stand are not penalized. The SPGO, intent on being helpful and providing Quebec with the best tools possible, promises to keep a close eye on the situation.

THE EVB-CSQ NETWORK, 20 YEARS OF SUSTAINABLE DEVELOPMENT

For 20 years now, the Établissement vert Brundtland (EVB-CSQ) network has been making its mark and gaining recognition throughout Quebec by promoting pacifism, democracy, solidarity and the environment. The network, launched in 1993 by the Centrale des syndicats du Québec (CSQ), has flourished in public schools across the province. With more than 1400 participating establishments, most of which are elementary and high schools, the network has steadily broadened its reach, bringing into its fold other establishments that employ CSQ members: colleges, early childhood centres, adult education centres, professional training centres, office buildings (with RECYC-QUÉBEC), the health care sector and even some private establishments. The EVB-CSQ network is getting ready to celebrate its 20th anniversary with festivities set to take place in Quebec City on May 15 and 16, 2013. What a wonderful example of how unions can promote social change. www.evb.csq.qc.net

¹ Commission of Inquiry on the Awarding and Management of Public Contracts in the Construction Industry.

² Hall, David. *Corruption and Public Services*, Public Services International Research Unit, November 2012.



Make no mistake : **The RREGOP is not on the verge of bankruptcy !**

MANY DEFINED-BENEFIT PENSION PLANS ARE CURRENTLY FACING A VARIETY OF ISSUES AND CHALLENGES. THERE SEEMS TO BE A GREAT DEAL OF CONFUSION HOWEVER, WHEN IT COMES TO THE CONCEPT OF PENSION PLAN "DEFICITS". RIGHT-WING GROUPS AND COMMENTATORS (MONTREAL ECONOMIC INSTITUTE, FRASER INSTITUTE, ETC.), AS WELL AS DIFFERENT MEDIA OUTLETS, HAVE ONLY ADDED TO THE CONFUSION BY TALKING ABOUT "DEBT". TO REALLY UNDERSTAND WHAT IS GOING ON, WE BELIEVE A BRIEF EXPLANATION OF SOME BASIC CONCEPTS IS IN ORDER.

1 – PENSION PLAN LIABILITIES

"Gross" pension liabilities represent the total cost of a plan's current and future benefit commitments to plan members, whether they are active or retired (promised benefits or vested benefits). With the RREGOP, this includes the "2% benefit" that corresponds to the 1st annual contribution of a 20 year-old, which may only be paid to that person in 40 years, and may last for more than 30 years. The "gross liability" therefore consists of all benefits promised over a period of **several decades**.

What could be qualified as a pension plan's "deficit" is in fact its "net liability". It is simply the difference between the plan's commitments and its assets. Assets are placed in what we commonly refer to as a "pension fund" into which employees and employers make contributions.





2 – PENSION FUNDS

Unlike most pension plans, the RREGOP consists of two distinct funds: one for the contributors and one for the employer (Government of Quebec). Each fund is responsible for 50% of the benefits paid out to current and future pensioners.

a) Fund for participating RREGOP contributors

This fund consists of contributions deducted from salaries and returns generated. This fund is managed by the Caisse de dépôt et placement du Québec. As of December 31, 2011, it was about 104.2%¹ capitalized, meaning that it had more than 4.2% of the funds needed to pay its share (50%) of the benefits accrued by its members, whether active or retired.

b) The government's fund

We should mention that between 1973 (the year the RREGOP was created) and 1993, the government did not put any money in an actual fund. It was satisfied with paying its share (50%) of the pension annuities. In 1993 however, the government set up an actual fund called the Retirement Plans Sinking Fund (RPSF) in which it deposits money, on a yearly basis, for all its pension plans, including the RREGOP. In 2012, the RPSF had about 58%² of the funds needed to pay its share (50%) of accrued benefits. The government also committed to achieving a capitalization rate of 70% by 2020.

3 – DEFICIT OR DEBT?

We often hear that the Government of Quebec's "debt", for all its pension plans, is \$78 billion³. However, as explained in point 1, that number does not represent **a debt but a liability**, that is, the amount of the government's commitments to all its personnel, working and retired. The government's "gross liability" for the RREGOP specifically, totals about \$43.9 billion⁴. However, there is already \$25.5 billion in the government fund (known as the RPSF). Therefore, what remains to be financed is the difference between the liability and the amount already in the fund, which is about \$18.4 billion⁵. Contrary to what the media want us to believe, that \$18.4 billion is not a "debt" that has to be reimbursed tomorrow morning! In fact, the term does not really make much

sense when discussing pension plans. It's like saying that a 25-year mortgage has to be repaid in a single payment...It is as absurd as adding the salaries of all government employees to be paid between 2013 and 2083 to the current debt!

4 – IN CLOSING

The Fund for participating RREGOP contributors is **one of the only pension funds to be fully capitalized**. Rather than being singled out and considered a financial burden on society, **government employees should be held up as an example to others for the**



sound management of their pension plan. Although we would prefer it if the government's fund was also fully capitalized, the situation is definitely improving. **In 1997-1998, the net liability of all the Government of Quebec's pension plans represented 21.8% of the gross domestic product (GDP), but only 9% of the GDP in 2011-2012⁷**. In other words, the relative burden of the government's commitments to its pension plans (net liabilities) in relation to collective prosperity (GDP) **is not increasing but actually decreasing!** Is that what they call heading for bankruptcy?

¹ RREGOP's actuarial evaluation updating, december 31st.

² QUÉBEC, MINISTÈRE DES FINANCES (2011-2012). *Consolidated financial statements of the Gouvernement du Québec*, p. 107.

³ *Ibid.*, p. 107.

⁴ *Ibid.*, p. 107.

⁵ *Ibid.*, p. 107.

⁶ *Ibid.*, p. 107.

⁷ QUÉBEC, MINISTÈRE DES FINANCES (2011-2012). 2011-2012 Budget Plan, Section I, p. 15.

Asbestos: Pressing need for a central registry

LAST DECEMBER, AFTER YEARS OF STUDIES, THE CSST FINALLY PROPOSED A REGULATION TO BETTER PROTECT THOSE WHOSE WORK IS LIKELY TO GENERATE ASBESTOS DUST. ALTHOUGH A NUMBER OF GOOD MEASURES WERE RECOMMENDED, THERE WAS ONE MAJOR OMISSION FROM THE DRAFT REGULATION: THE CREATION OF A CENTRAL REGISTRY FOR QUEBEC.

Asbestos is everywhere, including the workplace. For many years, sprayed asbestos, commonly known as limpet or flock, was used in a variety of applications (flock consisted of friable asbestos materials). It was also used in thermal insulation products (as insulation applied to equipment and installations to prevent heat loss). In addition to these particular applications, asbestos can be found in asphalt pavement, cement-asbestos pipes, vinyl-asbestos floor tiles, and brake pads; at one time, it was even mixed into play dough!

Asbestos is found in many public buildings. In an inventory conducted by the Société immobilière du Québec (SIQ), 289 of its buildings were found to have asbestos; this includes office buildings, garages, warehouses, courthouses, conservatories,

police stations, detention centres, etc. In an assessment prepared by the Ministry of Education and the Ministry of Health and Social Services in 1999, 453 buildings owned by 52 school boards were identified as containing sprayed asbestos at various stages of deterioration. The assessment also revealed that the sprayed asbestos was in an advanced stage of deterioration in more than 2300 rooms, and that remedial action was promptly required. There have not been any assessments since then. These examples alone illustrate the need for a single comprehensive inventory.

« CONTRARY TO POPULAR BELIEF, WORKERS MOST EXPOSED TO ASBESTOS ARE NOT MINE-WORKERS BUT CONSTRUCTION WORKERS, PARTICULARLY THOSE WHO DO MAINTENANCE OR REPAIR WORK. IN FACT, CONSTRUCTION WORKERS ACCOUNT FOR ALMOST HALF OF ALL CASES OF ASBESTOS-RELATED DISEASES »

ASBESTOSIS DOES NOT ONLY AFFECT MINeworkERS

According to the Institut national de santé publique du Québec, there were 1059 deaths from cancer of the pleura (mesothelioma) and 195 deaths from asbestosis (pulmonary fibrosis) between 1981 and 2003 in Quebec. Contrary to popular belief, workers most exposed to asbestos are not mineworkers but construction workers, particularly those who do maintenance or repair work. In fact, construction workers account for almost half of all cases of asbestos-related diseases.

This situation prompted the Board of Directors of the CSST, in December 2012, to adopt, after many years of discussions and studies, a draft regulation aimed at better protecting those whose work is liable to generate asbestos dust.

THE SISP DEMANDS THE IMPLEMENTATION OF A CENTRAL REGISTRY FOR QUEBEC

The project, which was generally well received by the SISP, imposes new inspection and disclosure obligations for employers whose buildings contain any form of asbestos. A working committee, made up of health and safety advisors from member organizations, has come up with a few recommendations intended to make the regulation even stronger. These recommendations were endorsed by SISPs Executive and submitted to the CSST during the public consultation period.

The recommendations made by the SISP address certain technical aspects of the draft regulation. More specifically, they seek to clarify the responsibilities of certain employers whose employees work in rented premises, provide worker representatives with better access to the register maintained by the employer, and to make sure that any remedial action required after an inspection or an audit is carried out in a timely manner.

Beyond these more technical demands, the SISP also calls for the creation of a central registry, to be maintained by the Ministry of Health and Social Services, which would draw from local registries kept by employers whose buildings are found to contain asbestos. This central registry is much needed when we consider the long latency period between exposure to asbestos and illness, and the prevalence of job mobility in today's job market. In fact, job mobility has become the standard and affects thousands of workers across Quebec. It is not uncommon for a person, throughout the course of a long career, to work for several employers and in different buildings and environments.

Individuals who have retired from the public service, educational institutions and health and social services, are being diagnosed with pleural plaques, asbestosis and mesothelioma, and are finding it difficult to determine the source of their exposure. A register like the one being recommended would not only serve as an invaluable database for these particular individuals, but would also be a useful screening and research tool for public health authorities.

At the time this article was written, it was not yet known how the CSST would respond to our recommendations.



THERE'S NO NEED TO PANIC BUT CAUTION IS ADVISED

The mere presence of asbestos does not pose a health risk. The problem occurs when asbestos-containing materials deteriorate, either through a natural process or as a result of human activity, and asbestos fibers are released into the air. Since asbestos has not been used in building materials for several years, it is more common to find it in older buildings. Doing maintenance or repair work in these buildings is therefore more likely to generate asbestos dust. The regulation in effect defines the safety measures that should be taken for each category of work, based on the level of risk involved (low, moderate or high). If you are unsure, consult your union.



OVERVIEW OF THE PUBLIC SERVICES INTERNATIONAL 29TH WORLD CONGRESS

The Robin Hood Tax is unanimously received

LAST NOVEMBER, PUBLIC SERVICES INTERNATIONAL (PSI) HELD ITS 29TH WORLD CONGRESS IN DURBAN, SOUTH AFRICA. PRESIDENTS OF THE MEMBER ORGANIZATIONS OF THE SECRÉTARIAT INTERSYNDICAL DES SERVICES PUBLICS (SISP), LOUISE CHABOT (CSQ), LUCIE MARTINEAU (SFPO), CAROLLE DUBÉ (APTS) AND RICHARD PERRON (SPGQ), WERE IN ATTENDANCE.

Public Services International brings together more than 20 million workers, represented by 650 unions in 148 countries. Founded in 1907, it serves to defend and promote public services and workers' rights with a focus on social justice and international solidarity. Every five years, it invites hundreds of union delegates from around the world to its international congress to reflect on key issues, particularly those affecting public services. The goal is to develop common actions and strategies to assure universal access to quality public services.

« AS WE MEET, PUBLIC SERVICE WORKERS FACE THE PROSPECT OF LOSING THEIR JOBS - NOT BECAUSE THEIR SERVICES ARE NO LONGER NEEDED, AND NOT BECAUSE THE SERVICES ARE NOT ACHIEVING THEIR OBJECTIVES. THE PROBLEM, HE EXPLAINS, IS BECAUSE OF THE THIRST FOR PROFITS, THE GREED OF BANKERS AND THE FAILURE OF GOVERNMENTS. »

- Dave Prentis, President of PSI

SOME OVERWHELMING FINDINGS

The first finding? Most of what threatens the public service transcends national borders: global financial crisis and recession, rebalancing of economic power towards emerging economies, outsourcing, aggressive tax planning by multinationals, etc. To respond to these threats, coordinated action by workers around the world is needed.

In the last few years, a rise in the number of attacks intended to weaken and discredit unions has also been noted. In his opening address, Dave Prentis, President of PSI, emphasized the precariousness of today's job market: "As we meet, public service workers face the prospect of losing their jobs - not because their services are no longer needed, and not because the services are not achieving their objectives. The problem, he explains, is because of the thirst for profits, the greed of bankers and the failure of governments."

This precarity is all the more worrisome because it is happening at a time when global income inequality continues to grow at an accelerated pace. A lack of tax fairness, which limits the scope of and access to public services, repeated attacks against public programs and workers' rights to benefit private interests, rising food prices, the distribution of wealth and the adoption of hands-off strategies by our governments in the name of austerity – deregulation, privatization, and free trade, are at the heart of this gloomy trend.

The issue of tax havens was also at the forefront of discussions. During a plenary session, a video produced by the SISP entitled: *Tax Havens: The great scam* was shown to the 1200 international delegates in attendance. The video shines the light on abusive tax avoidance strategies used by some Canadian multinationals to avoid paying taxes. "Tax havens absorb 75% of taxes and, overtime, deprive the State of revenue it needs to ensure quality public services and fairly compensate its employees", voiced Louise Chabot, President of the CSQ, during the video presentation.

THE ROBIN HOOD TAX: AN INITIATIVE FOR THE COMMON GOOD

Among the dozens of issues raised and actions proposed, the international tax on financial transactions really rallied the troupes. Dubbed the *Robin Hood Tax*, it aims to curb global financial speculation by imposing a modest tax (0.05%) on transactions between banks. It is estimated that the tax could generate at least \$650 billion a year. The money would go into a fund to tackle poverty and climate change across the world. We should specify that the tax would only be on speculative financial transactions (listed shares, bonds, currency and derivatives), not ordinary consumer



From left to right:
Richard Perron (SPGQ), Carolle Dubé (APTS), Lucie Martineau (SFPQ) and Louise Chabot (CSQ)

What is the Robin Hood Tax?

It's a tiny tax (0.05%) on financial transactions.

How much would it generate?

It is estimated that the tax would generate \$650 billion a year.

What would the money go towards?

It would go towards fighting poverty, inequality and climate change, would promote job creation and support funding of public services.

Who is in support of the tax?

In addition to being backed by hundreds of thousands of citizens and hundreds of prominent economists, France, Germany, Japan, Austria, Great Britain, Belgium, the European Parliament and the European Commission support the project.

transactions like payments for goods and services, pay cheques and cross-border remittances. Interbank lending and central bank operations would also be excluded.

A BROAD CONSENSUS

Launched only a few years ago, the Robin Hood Tax project has gained a great deal of support in very little time. It has received strong support from France, Germany, Japan, Austria, Great Britain and Belgium, as well as the European Parliament and the European Commission. More than 350 academics, economists and businessmen have also voiced their support for the project including Joseph Stiglitz and Paul Krugman, recipients of the Nobel Prize in Economics, and billionaire investors Georges Soros and Warren Buffet. Carolle Dubé, President of the APTS, agrees with their position as well: "A tax such as this would have a profound positive impact on so many people. It would make it possible, among other things, to pass part of the cost of the global financial crisis back to those who were primarily responsible - i.e. the banks and the financial sector. It's a question of justice and equity."

Delegates will meet again in 2017 in Singapore. For more on the ISP and the Robin Hood Tax, go to: world-psi.org/en et robinhoodtax.ca



MUHC PPP contract:
Chronology of a fiasco

FOR YEARS NOW, THE SISP HAS CAUTIONED THE GOVERNMENT ABOUT THE RISKS ASSOCIATED WITH PUBLIC-PRIVATE PARTNERSHIPS (PPP). RECENT EVENTS HAVE ONLY SERVED TO CONFIRM THAT THESE WARNINGS SHOULD HAVE BEEN HEDED... WHAT FOLLOWS IS A BRIEF OVERVIEW OF THE DISMAL FAILURE OF THE PROJECT TO MODERNIZE THE MCGILL UNIVERSITY HEALTH CENTRE (MUHC), A PPP THAT WILL REQUIRE OVER ONE BILLION DOLLARS IN PUBLIC MONEY, AND HOW THE PROJECT IS NOW AT THE CENTRE OF A FRAUD AND CORRUPTION SCANDAL.

On February 27, after months of investigation, the Permanent Anti-corruption Unit (known by the French acronym UPAC) issued arrest warrants for five individuals at the centre of a financial scandal involving the McGill University Health Centre (MUHC) and engineering giant SNC-Lavalin. It is alleged that Pierre Duhaime, former president of SNC-Lavalin, and former SNC-Lavalin executive Riadh Ben Aïssa, offered kickbacks to Dr. Arthur Porter, former director general of the MUHC, and to Porter's right-hand man Yanã Elbaz, to secure a lucrative \$1.3 billion contract to build an English language superhospital in Montreal. SNC-Lavalin allegedly paid both men a total of \$22.5 million. Jeremy Morris, a close friend of Dr. Porter's and an administrator of Bahamas-based investment company Sierra Asset Management, is alleged to have been a go-between for illegal transactions.

UPAC investigators have recovered emails between the accused documenting a complex and illegal scheme. It was also revealed that a first payment of \$10 million was transferred from SNC-Lavalin to Sierra Asset Management only three weeks after it won the lucrative contract to build the MUHC. Today, these 5 men face 24 charges including fraud against the government, conspiracy to commit fraud, breach of trust, and forgery.

A LUCRATIVE CONTRACT

As we know, the MUHC modernization project is a public-private partnership (PPP) that contractually binds the Government of Quebec and the consortium Groupe immobilier santé McGill, led by SNC-Lavalin and British company Innisfree Limited. The PPP agreement consists in building an adult hospital, a children's hospital, a cancer centre, a research institute, parking lots and a thermal power plant. The private partners are responsible for the design, construction, financing and maintenance of the facility and, in return, the consortium will receive annual payments from the government for the next 30 years. Payments are based on decidedly complex formulas, with the first payment to be made on the project's completion (scheduled for 2014).

Dr. Arthur Porter, a close friend of former Health Minister and newly minted Quebec Liberal Party leader Philippe Couillard, was named MUHC's executive director in April 2004. Appointed for a second term in 2008, he headed the project to modernize the MUHC until his resignation in December 2011. Dr. Porter, who has since retreated to the Bahamas, denies any wrongdoing, refuses to meet with UPAC investigators and refuses to return to Canada to answer the many charges that were brought against him. As for Yanai Elbaz, it has been reported that the former MUHC planning director who was in charge, among other things, of the Glen Yards construction site, was given a home as a gift by a construction company that was awarded more than 30 contracts by the MUHC between 2009 and 2012. The value of the home is estimated at \$1.7 million.

For several years, the SISF has cautioned the government against PPP agreements based on the lack of transparency and accountability and the risk of fiscal derailment. PPPs are supposed to generate significant benefits, and are often presented as an insurance policy intended to keep all worries at bay. And yet, in 2010, the Auditor General of Quebec, Renaud Lachance, described the MUHC PPP as being not being financially viable. Furthermore, as details continue to emerge in the media, PPPs are far from being a panacea. In fact, as it stands, the situation has deteriorated to a point where it has affected the MUHC's overall finances. Needless to say, employees and services to the public are being hurt the most.

BARON REPORT FINDINGS ARE WORRISOME

In September 2012, the government appointed a committee of experts, led by Dr. Michel Baron, that was tasked with shedding some light on the MUHC's disastrous financial situation; a situation that has only continued to worsen since 2009. The report's findings are troubling: by March 31, 2013, the deficit for recurring expenditures will hit a minimum of \$61 million. If other incidental losses are taken into consideration, the deficit could even reach \$115 million this year, something that has never been seen in Quebec. This massive amount is more than the total deficit for all 183 hospitals in Quebec for 2012!

The situation is scarcely better from a management perspective. The Baron committee also revealed that the MUHC management engaged in "hazardous" real estate transactions to get around the approvals normally required by the Agence de Montréal and the Ministry of Health and Social Services. Also exposed were "several gaps" in the rules of financial governance, "particularly before 2012", which is when Arthur Porter was at the helm. For example, when preparing their internal budgets, the MUHC, provided "funding it did not have". The executives who are still running the MUHC today, and who were "there under Porter", never did anything to stop the downward spiral that began in 2008-2009. The report concluded that the inaction of the MUHC administration had "seriously jeopardized the massive modernization project".

In February, after having been placed under quasi-trusteeship by Quebec, the MUHC announced that it would be cutting \$50 million from its budget, including \$4.4 million from the labs and \$3.6 million from radiology. The administration also plans to drastically reduce the number of support staff hours, which will compromise the establishment's hygiene and sanitation. And, as if that were not enough, layoffs are being planned for March. At the end of the day, in addition to having paid way too much, taxpayers will have access to fewer services.



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McGill University Health Centre

CONSORTIUM IN CHARGE
GROUPE IMMOBILIER SANTÉ MCGILL
(SNC-LAVALIN; INNISFREE LIMITED)

VALUE OF THE CONTRACT
\$1.34 BILLION

LENGTH OF THE CONTRACT
30 YEARS STARTING IN 2014

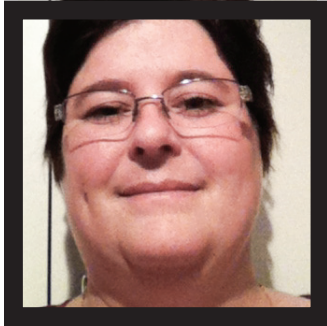
LOCATION
MONTREAL, ON THE SITE OF THE OLD GLEN
RAILWAY YARDS, NEAR THE VENDÔME

SCHEDULED TO OPEN
2014

THE FUTURE OF PPPS IN HEALTH CARE AND OTHER GOVERNMENT DEPARTMENTS

Have the setbacks and disappointments caused by the MUHC debacle prompted the government to change its mind about PPPs? Réjean Hébert, Minister of Health and Social Services, recently stated that he was giving up on PPPs in the health care sector, even if he admits to "being stuck with contracts" already signed by previous governments. According to Minister Hébert, PPPs in the health care sector have resulted in "unsuccessful experiences" and "were not beneficial". The SISF hopes that the results of these findings will be heard by Quebec's political class, and that other ministries will soon reach the same conclusion.

THE BEST OF OURSELVES



My name is Andrée Bertrand. I have been a home-based daycare provider, in Gracefield (Outaouais) for the last 16 years. Through my work, I encourage socialization among children ages 0 to 5 years. I provide them with a quality education program, so that they can achieve their full potential in an environment that is both healthy and safe. My job also involves preparing wholesome and nutritious meals and snacks. I enjoy spending time with each child and making them feel at home, coming up with activities that are fun for the younger ones, and concocting nutritious meals they really enjoy. My greatest challenge is making sure that my planned activities are suited to both the younger and the older children, and that they support the healthy development of each child. What drives me is seeing how much progress my little ones make over the course of a year and over several years for that matter, and having the opportunity to share a child's sense of wonder over the smallest thing.

My name is Denis Barbeau. For the last 27 years, I have worked as an actor at the École nationale de police du Québec, in Nicolet. My job consists in playing various roles to help replicate true-to-life situations for officers in training. The school provides basic training in police patrolling, investigation and management. When simulating a situation in which an officer may one day find himself, I must play my role as authentically as I possibly can. Whether the scenario involves simulating an arrest, conjugal violence or having to tell a parent that their child has died, the actors must be able to take on a wide range of roles in order to create situations that are as stressful and as troubling as what an officer would encounter in the field. The most difficult aspect of my job is maintaining the same level of intensity session after session. In a single day, I can play a father who is informed of his daughter's death up to six times! What I enjoy most is knowing that prospective police officers are being properly trained and that they owe it, at least in part, to the actors who work at the École nationale de police.



My name is Carine Bergeron. I am a lab technician at the Centre hospitalier universitaire de Sherbrooke (CHUS). My work involves analyzing samples taken from patients at the hospital. The job itself requires a great deal of meticulousness and precision. Since the results I provide have a direct effect on the treatments administered to patients, I must always give my very best. My work requires continued and disciplined attention and a great deal of thoroughness. I treat every sample as though it belonged to one of my family members. I would have to say that the most difficult aspect of our job is the constant pressure we are under, particularly at night. Although we often work in the shadows, we are part of a team that cares deeply about patient health. In fact, that's what I like most about my job. When a patient's health improves, I like to think that I played a small part in their recovery!

My name is Marie-Ève Tremblay. and I have been working as a statistician at the Institut de la statistique du Québec (ISQ) for the last 12 years. When I graduated from CEGEP, I wanted to become an actuary. I was awestruck however, when I began to learn about the many different facets of statistics; they are everywhere! That's when I decided that this particular branch of mathematics was the one for me - a decision I have never regretted. It's a good sign when your work day flies by unnoticed! My work is my passion. As part of a multidisciplinary team, my role is to recommend survey methodologies that will generate the highest quality estimates. Examples of surveys I have worked on include a nutrition survey for four year olds, a satisfaction survey for health care users, and a survey on child development. If you were to ask me about the point of my work, I would tell you that I don't feel indispensable because I don't save lives or put out fires, but statistics are often used by decision-makers and I am proud to play a part in the decision-making process!

