

Quebec

Caught

with her hand in the candy bag

were intended to cover expenses incurred in the provincial capital.

That's not all. The general management of the Lieutenant-Governor's Office (personnel, security, executive vehicle, living expenses in Quebec City, etc.) cost provincial taxpayers nearly \$10 million over her ten-year tenure.

The Auditor General of Quebec could not determine how much of that money was misused, but he did find some troubling irregularities in her spending.

Equally disturbing was the absence of clear government guidelines and policies for Thibault to follow. Auditors underlined that very few control mechanisms were in place to ensure tax dollars were not misspent, and that existing rules were seldom enforced. Moreover, warning signs were ignored by bureaucrats!

Clearly, both levels of government bear responsibility in this outrageous squandering. New accountability measures are now being implemented, but once again it took a scandal for governments to act.

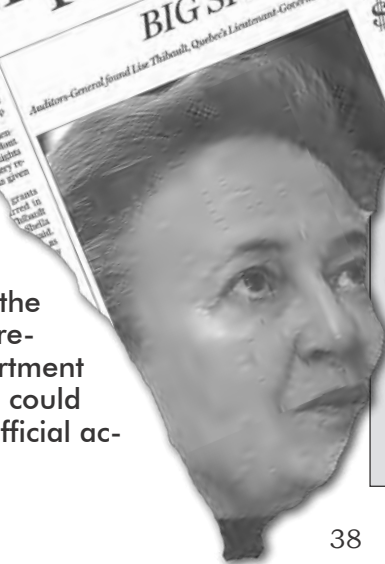
Both auditors rightly recommend that Thibault be made to reimburse any tax dollars she misappropriated. But to this day, and despite the evidence, she denies any wrongdoing. Should she refuse to reimburse her improper expenditures (with interest), the Quebec Taxpayers League has demanded her \$33,000 a year pension be withheld. ■

Former Lieutenant-Governor of Quebec, Lise Thibault, was known to be a lavish spender while in office from 1997 to 2007. She had no problem billing taxpayers for a \$825 suite at the Ritz-Carlton in Montreal or racking up \$59,000 for a garden party. But few people suspected the extent to which she had used taxpayers' money to cover personal expenses. And we're not talking about pennies here!

In a June report, the Auditor General of Canada revealed that \$700,000 out of the \$1.7 million Thibault received from the Department of Canadian Heritage could not be traced to her official activities. Of this \$700,000, the former Lieutenant-Governor used at least \$239,000 to pay for personal expenses or for activities not linked to her duties. She also indulged in some double-dipping, claiming \$129,000 from the federal government for meals and accommodation expenses that were already covered by the government of Quebec. In addition, Thibault pocketed \$343,200 as tax exempt supplementary pay, although the funds



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Highlights from the Thibault fiasco!

- \$4,000 for a reception to celebrate the birthday of a family member.
- \$2,800 for two meals taken at a restaurant in the Quebec City area.
- \$12,000 for taking a Quebec government plane to go on a fishing trip and a tour of a provincial park.
- \$1,600 for a three-day trip to New Brunswick during which golfing was the only scheduled activity.
- \$2,400 for a five night stay at the Mont-Tremblant ski resort.
- \$44,900 paid in on-call premiums to Thibault's head of security on days no official duty was recorded in the agenda or days when she would golf or ski -- even though another bodyguard was on the duty at the same time.
- Canadian Heritage reimbursed credit card bills bearing no signatures or claims without supporting documents. In 2002, CH instructed Thibault to provide better documentation in support of her claims, but failed to enforce the directive.
- \$45,000 worth of gifts were reimbursed to Thibault over the years, despite her repeatedly refusing to provide a list of recipients.
- Thibault completely ignored a 2004 Canadian Heritage directive to table a certified report of expenditures every year; yet, she was never made to comply. ■

An epidemic of tax relief aversion

The centerpiece of the 2007 Quebec budget was \$950-million in income tax cuts. It's been some time since Quebecers had experienced this magnitude of tax relief. Yet, the budget unleashed so much controversy that the Liberal minority government was almost brought down. A poll even showed that less than 30% of Quebecers actually welcomed the income tax cuts. It was as if the whole province was swept by an epidemic of tax relief aversion!

Granted, the poll question may have been loaded, but support for this kind of tax relief is undoubtedly low. Why? Because decades of bad fiscal policy – namely targeted tax cuts, the proliferation of tax credits and steep tax progressivity – has created a problem. Over 90% of the income tax collected in Quebec comes from only 40% of the tax return filers. Another 20% of filers pay very little and the remaining 40% pay no tax at all. No wonder a majority of Quebecers do not care much for income tax cuts. The majority do not pay any!

Most would rather have the government spend more money on social programs. Of course throwing more money into health care or the public school system will not get rid of the shortcomings they are plagued with. Only systemic changes will. Another problem is that taxpayers who are actually paying for the social programs can barely shoulder the tax burden needed to fund them.

And that's not good. The heavier the tax burden, the more professionals and skilled workers leave the province, especially the young. Tax evasion spreads. The economy slows down. On the other hand, broad-based and substantial tax relief will generate economic activity, creating decent paying jobs. No doubt most people would prefer enjoying a good standard of living and paying some income tax rather than living in poverty and paying none. A strong economy also tends to drive government revenues up. That's a good thing providing the extra money is used to pay down Quebec's monstrous debt.

There's no question lowering income tax benefits everyone in the long-run. That's why the Quebec Taxpayers League didn't hesitate to advocate this sound economic policy in the media, amidst the controversy. Thumbs up to Finance Minister Monique Jérôme-Forget for refusing to compromise on the overdue tax relief contained in her budget! ■



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