

Nego Bulletin

Generations Fund: How the Treasury Board Hides/Hoards *our* Money

In its negotiations with public sector workers, the Quebec government has been deliberately misleading in its statement of public finances. Throughout the negotiations, it has been claiming that it cannot afford the wage increases that we are demanding. When in reality the Treasury Board is holding on to more money than it is publicly claiming to have. Its main tool of accounting deception has been the **Generations Fund**.

Set up in 2006, the Generations Fund was designed by the government to pay down the debt. But instead of actually being used to pay down the public debt, the amounts are deposited into a fund held by the Caisse de Depot¹, and invested in equity markets. As of March 31, 2015, the value of the fund was \$6.91 billion².

In a nutshell, the government basically uses the Fund to claim it has less money than what it actually has, year after year. For instance, for the current 2015-2016 fiscal year, the government is claiming a balanced budget in its latest economic update of November 25. In reality, the government is actually running a \$ 1.5 billion surplus; but it is claiming payment to the Generations Fund of \$1.5 billion as an expense, resulting in a \$0 balance (balanced budget). For 2016-2017, the amount similarly claimed is \$ 2.16 billion for the year; and for 2017-2018, it is \$2.66 billion! Even for 2014-15, officially the province ran a deficit of \$1.14 billion; but that included a payment of \$1.28 billion to the Fund. This means the actual fiscal situation for the year was a surplus of \$140 million.³

Government's Position Purely Ideological

The way that the government uses the Generations Fund both financially and rhetorically clearly demonstrates that there is no financial basis for their denial of our modest salary demands: The government-projected \$7.33 billion real surplus over the next three years can easily cover our current demands, which have been estimated to cost between \$3.45 billion and \$ 3.84 billion using government figures (\$388 million per 1% salary increase, times 8.9%-9.9% total increase over three years). Instead, this denial is purely ideological: Using the pretext of paying down the debt, the Liberal government would rather pay billions of public money to enrich speculative equity markets and those who play it, than use the money to give workers pay increases that would stop a decades-long slide in their standard of living.

We need to keep this in mind when we consider our response to the government's pending salary counter-offer.

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¹ <http://behindthenumbers.ca/2015/04/20/the-generations-fund-getting-into-debt-for-very-little-gain/>

² <http://www.finances.gouv.qc.ca/en/page.asp?sectn=36&contn=347>

³ [NOVEMBER 2015 UPDATE: THE QUÉBEC ECONOMIC PLAN](#). Government of Quebec.