

# Muskrat Falls Inquiry Speaking Notes

## July 2019

----

### SLIDE 1

Thank you to Commissioner LeBlanc and his team for the invite to present and answer your questions here today.

My time here is limited, so I will dive right in.

This process is incredibly important to the future of our province. This process is not only about finding out how we got here, it is about how we deal with the ramifications of this project going forward – and, hopefully, ensure that we never again find ourselves in this situation.

For my part in this process, I am here today representing NAPE – the largest public and private sector union in the province – uniting and representing nearly 30,000 workers across our great province.

We have members in just about every community in this province. Every single one of them will be impacted by this project – and how we collectively decide to deal with it.

We have commissioned a research firm – Policy Link - to provide a position paper in preparation for our presentation and my comments are based in part on their findings. The report is available to the inquiry.

**SLIDE 2**

While the size and scope of this project and the ramifications on the people of this province is massive, I am here today to focus on three key areas:

1. The cost – who pays and how much?
2. The Impacts on public services, the public purse, and public infrastructure
3. The impact on individual members and collective bargaining.

**SLIDE 3**

For the purposes of this presentation and this panel, I will be focusing on the financial impact of Muskrat Falls going forward.

However, I want to note here that in addition to the financial cost, Muskrat Falls potentially poses significant environmental and socio-economic costs, especially due to methylmercury contamination, threatening indigenous and local peoples health and traditional livelihoods.

While these costs are beyond the scope of this presentation, the potential impacts are very real.

We have a collective duty to listen to these people, these communities.

For many in the province, this project is an abstract thought – concrete and soil in a river in a far-off land. It is much more real for those living there. We need to respect that.

**SLIDE 4**

While I will be focusing on the financial impact of the project going forward, I would be remiss if I didn't mention – at least in passing – how disturbed I have been to hear the testimony of this inquiry and to have followed the extensive coverage over the past several months.

There are very real, and painful lessons to be learned here – and I hope we learn them well.

It has become apparent to me through this inquiry that we are here due to a failure of leadership, a multitude of failures in our political and institutional systems, and via a lack of oversight and transparency.

I personally wanted this project to work – I think we all did.

We were told by those in charge, those that we trusted, that it would work. That it was on schedule and on budget. Via this inquiry, we are learning the multitude of ways in which that was not the case.

Since I became President of NAPE in 2015, that realization has become more and more clear as the days have gone by. The impact of this project will be massive – not only for us but for future generations.

We all need to reflect on how we got here. I am hopeful that this inquiry will help us get there.

However, that is not why I am here today and that is not my task in this inquiry.

The fact of the matter is we are here now and we have to figure out where to go next.

## **SLIDE 5**

So where is here?

As we all know we are currently at about \$12.7 billion and counting – well above what we were all promised in the beginning and at various stages along the way.

As the saying goes: “A billion here, a billion there, and pretty soon you're talking real money.”

But it is hard for many of us to fathom what that number means in real life terms.

## **SLIDE 6**

So, let's break it down a bit.

I'll use public sector costs as comparators as that will come into play later in my presentation.

Muskrat Falls will cost about \$700 million per year.

**To put that into perspective, that's more than the total combined salaries of ALL CORE GOVERNMENT employees combined for 2019.**

It's a little more than three new mental health facilities. Or the same amount of new penitentiaries.

It's about the cost of the new promised hospital in Corner Brook.

Facilities we have been desperately needing to build for decades.

Total government infrastructure spending in 2019 will be less than that amount.

Perspective.

## **SLIDE 7**

So what will be the impact on public services?

Well, it depends.

The costs of Muskrat Falls could have very large impacts on public services - or much smaller impacts. It depends largely on the choice that the government makes on the means to pay those costs.

The overall choice of how the cost will be paid is a political one that will be made by the government. There is nothing inevitable about that choice; whatever government ends up selecting, the government will own that choice, because it was entirely capable of making a different one. It is entirely capable of changing its mind and pursuing a different direction.

So far, the provincial government has indicated that it will make its final choice of how to pay the costs after the Public Utilities Board releases its final report in January 2020:

In the meantime, the government has set out its current plan for dealing with the costs for the year 2021.

## **SLIDE 8**

We have been told by multiple political parties that “the people of the province will not bear the costs of Muskrat Falls”.

While it sounds good on the campaign trail, it simply cannot be true in its fullest form.

We will pay.

It is important to acknowledge that there is no magic bullet that will eliminate the Project's costs. Nobody is happy about the costs, but nothing that the government or anyone else can say will make the costs go away.

The costs will need to be paid off.

The only question is how.

There are three basic elements (whether that are expressly enumerated or not) to the formula that makes up that decision thus far:

Rate mitigation

Cuts/layoffs

Increase Revenue (including getting some funding or relief from the federal government)

I do not have the time or space here now to break down the plans that have been proposed but there is more detail on that front in our paper.

## **SLIDE 9**

In its fullest form, a \$700 million cost per year equals about 11,500 jobs based on a 65,000 per job average including benefits and pensions.

The current funding gap in the Liberal plan is about \$200 million. That equals about 3,000 jobs based on the same metrics.

This is not meant to fear monger or sensationalize – this is to provide perspective about the size and scope of the numbers we are talking about.

That money needs to come from somewhere.

If the decision is made to introduce deep austerity measures, the impact would be massive. Not only on the individuals we represent, but for the entire province – both economically and socially.

Behind every statistic, behind every number on the ledger there is a dedicated and hardworking public sector worker trying to feed their family, pay bills, pay off a mortgage, find and pay for childcare, make ends meet, and so on.

They are not just numbers on a page, they are real people. They work each day to deliver the public services that make this province work, keep our communities safe, and drive our economy. They are people who put their hard-earned money back into the local economy.

This province works because they do.

Cutting public sector workers not only impacts the individual worker - it means fewer services for everyone, it means fewer opportunities for young people to stay and work in our province, and it means less money in the local economy. It means longer wait times, less care, and more people falling through the cracks.

The ripple effects of drastic actions, particularly in the form of service cuts, layoffs, and/or privatization will be felt far and wide, and can only serve to worsen the situation overall – for both the public and private sectors.

We must also recognize that cuts to public services or to the people that provide them would be felt the hardest by those who are most vulnerable in our society – the sick, the elderly, women, and the poor to name but a few.

They will bear the brunt of public sector austerity.

## **SLIDE 10**

For the sake of the time allotted to me, I will now turn my attention to collective bargaining.

We are already feeling the pinch of Muskrat Falls at the table – and we only have one round of bargaining under our belt since this project ramped up.

We are cognizant of the current fiscal situation and we understand that we are all in this together – the future health of our province, socially and economically, important to us all. As I like to say when we have detractors speaking out about our bargaining process – this is our province, too!

We want it to work. We need it to work. We will do everything in our power to strike that balance.

That said, we also need to be clear that the fiscal mismanagement of this project is not the fault of our members; they should not bear the brunt of the corrective actions as a result.



When times are good, public sector workers are often last in line for improvements, when the times are tough, our members are usually at the front of the line to suffer the consequences.

Let me be clear – public sector workers have paid more than their fair share to help the financial situation of the province.

We have concerns that the costs of Muskrat Falls will be used a stick in future rounds of bargaining – by the government of the day and the various special interest and employers groups who have taken a more active role in our bargaining process of late.

We are prepared for the coming ‘disaster narrative’ that will be spun as we head to the table to bargain.

We know this is coming. We are prepared.

But we should all ensure that we don’t fall into this trap.

We must realize that what happens at the public sector bargaining table impacts private sector bargaining as well. So we have yet another ripple effect.

We have among the highest rates of poverty and inequality in the country as is. Collective bargaining helps to combat those issues and more. We know that where unions are strong, health and socio-economic indicators rise across the board.

Our message is clear – we will not allow this project to be used as a bludgeon at the bargaining table.

While the situation is grave, there are options and alternatives available to hanging the cost of Muskrat Falls on the hard-working people of the province who deliver the goods and services that the people of this province rely on.

**SLIDE 11**

What is the impact on individual NAPE members?

Well, as explained above, it depends largely on the political choices that the government makes in allocating the costs of MF.

The government can choose to allocate the costs fairly and equitably among ratepayers and taxpayers. Or it can choose to target the public service with spending cuts (although targetting the public service will also negatively affect businesses and private sector workers, as noted above).

If the government chooses to allocate the MF costs equitably among ratepayers and Taxpayers. Or it can choose to target the public sector.

The key here is that there is a choice. There are options.

The situation is not good, but we should not panic with knee-jerk reactions that can send our province into a tailspin.

**SLIDE 12**

Unfortunately, I do not have the time to get into the myriad of options that are available during my time here today, but they are outlined in NAPE's research document.

The paper outlines four specific alternatives available to help deal with the costs of Muskrat Falls.

1. Maintain appropriate electricity rates in line with neighbouring jurisdictions.

2. Introduce energy efficiency programs to reduce impact on individuals.
3. Electrification to support revenues (and reduce environmental impact)
4. Exploration of other revenue sources (taxation, federal revenue, etc...)

### **SLIDE 13**

I believe my time is likely wrapping up, so I will conclude my presentation.

It was difficult for me to scale down our thoughts and positions on the issues into 20 minutes but I hope I was able to provide some context on the matter of the financial impact of this project from the perspective of our union and the members we unite and represent.

I once again thank you for your invitation to be involved in this tremendously important process and I look forward to the questions portion of today's proceedings.