

**NAPE**

Newfoundland and Labrador Association of Public and Private Employees

# FINANCIAL IMPACT OF THE MUSKRAT FALLS PROJECT

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NAPE President - Jerry Earle

# KEY PRESENTATION FEATURES

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## 3 FOCUS AREAS

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- THE COST - who pays? and how?
- IMPACT - public services, public purse, and public infrastructure
- IMPACT - individual members and collective bargaining

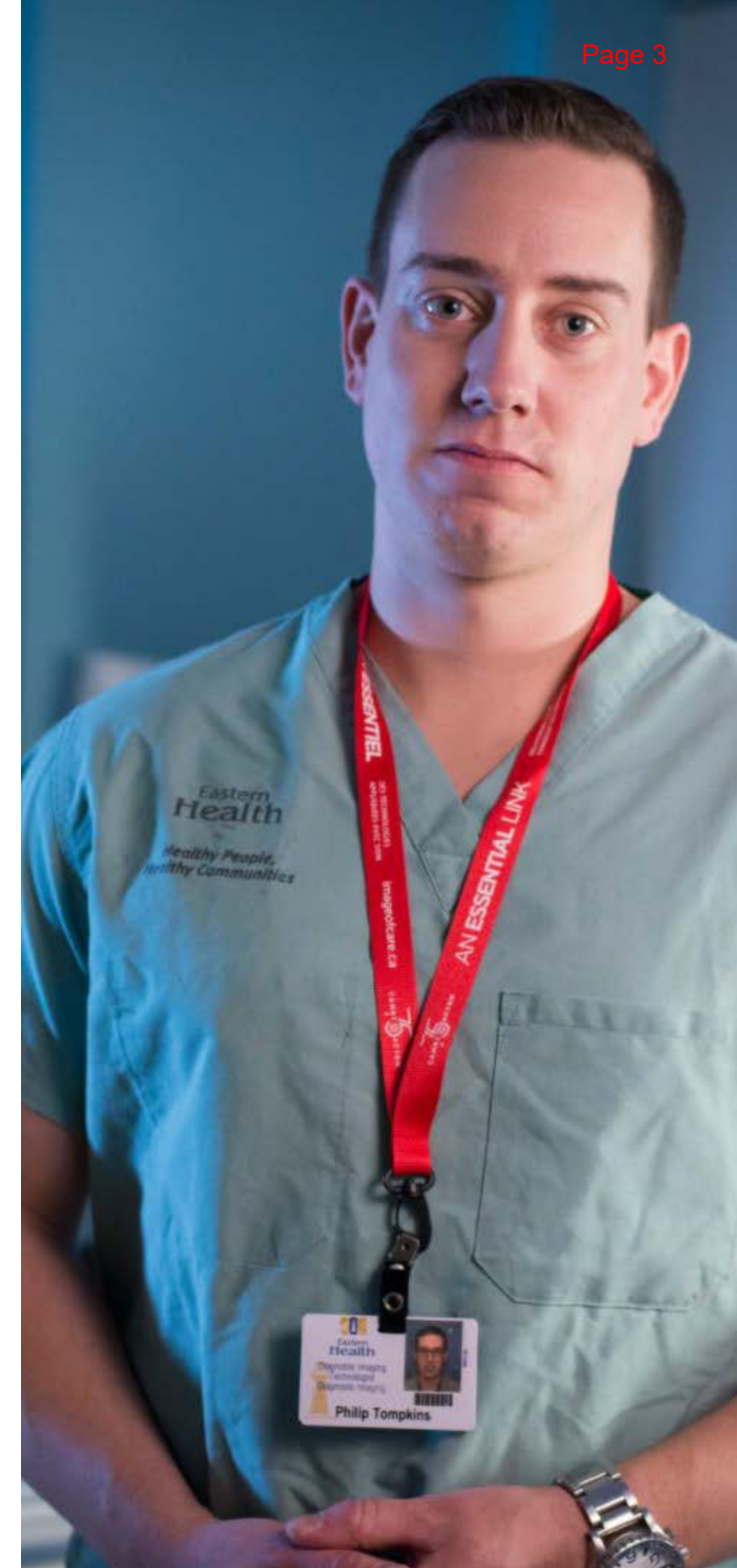


# FOCUS - FINANCIAL AND FORWARD

Financial impact of Muskrat Falls going forward.

Environmental and socio-economic costs, threatening indigenous and local people's health and traditional livelihoods.

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





Failure of leadership

Failure of political and institutional systems

Lack of oversight and transparency



**\$ 12.7 BILLION+**

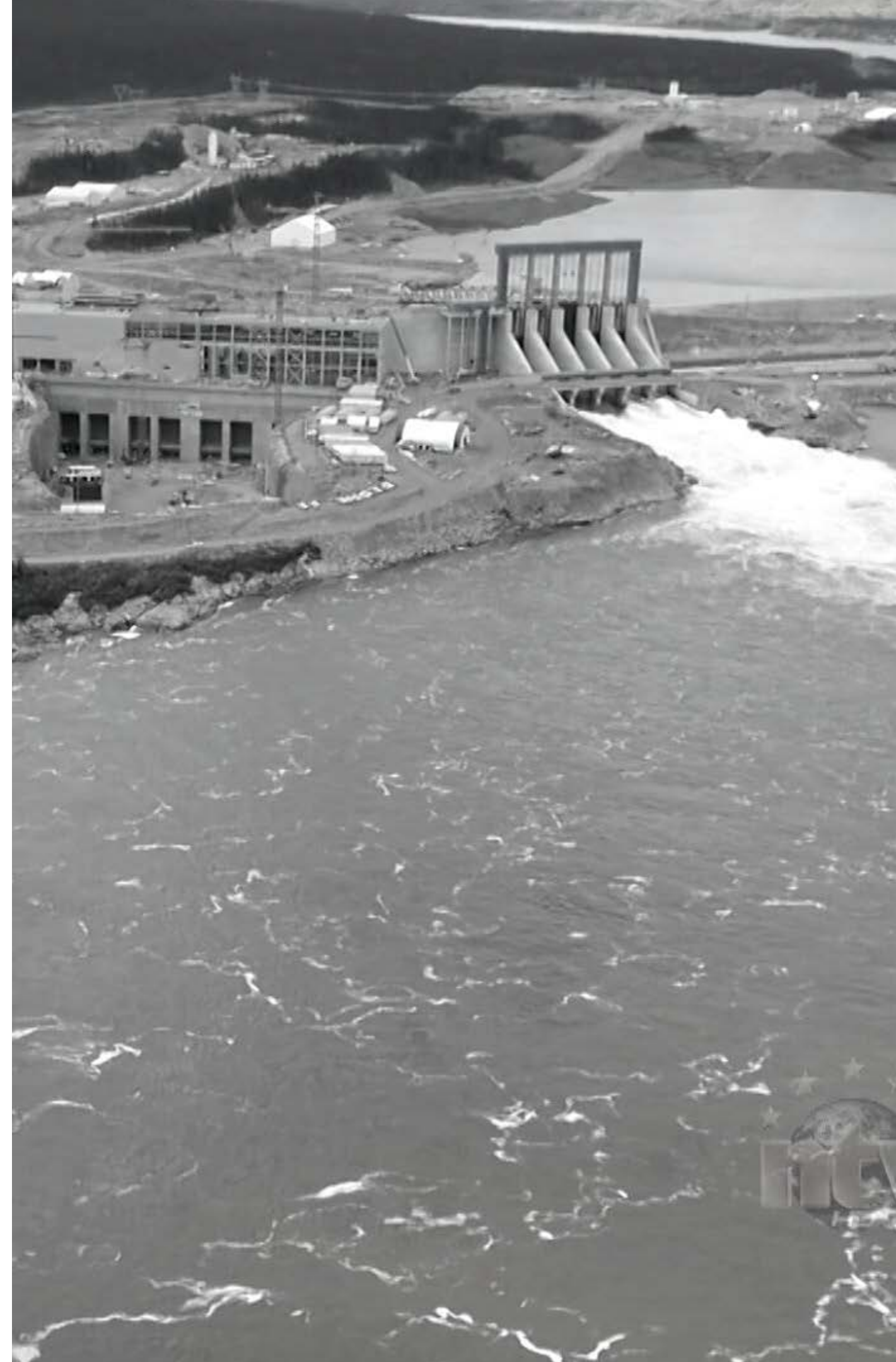
# COST

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Cost per year for Muskrat Falls: ~ \$700M

<b>Example:</b>	<b>Cost:</b>
New Penitentiary	\$200M
New Mental Health Facility	\$200M
New Corner Brook Hospital	\$750M
ALL PSE spending for 2019	\$612M
ALL salaries (core govt) 2019	\$652M
ALL infrastructure spending for 2019	\$594M

Muskrat Falls represents approximately 30% of the province's net debt





# IMPACT: PUBLIC SERVICES

## DEPENDS ON APPROACH

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, and will be made by government.

What we know so far:

PUB 2020 Report

Government Plan (Election 2019)

# IMPACT: PUBLIC SERVICES

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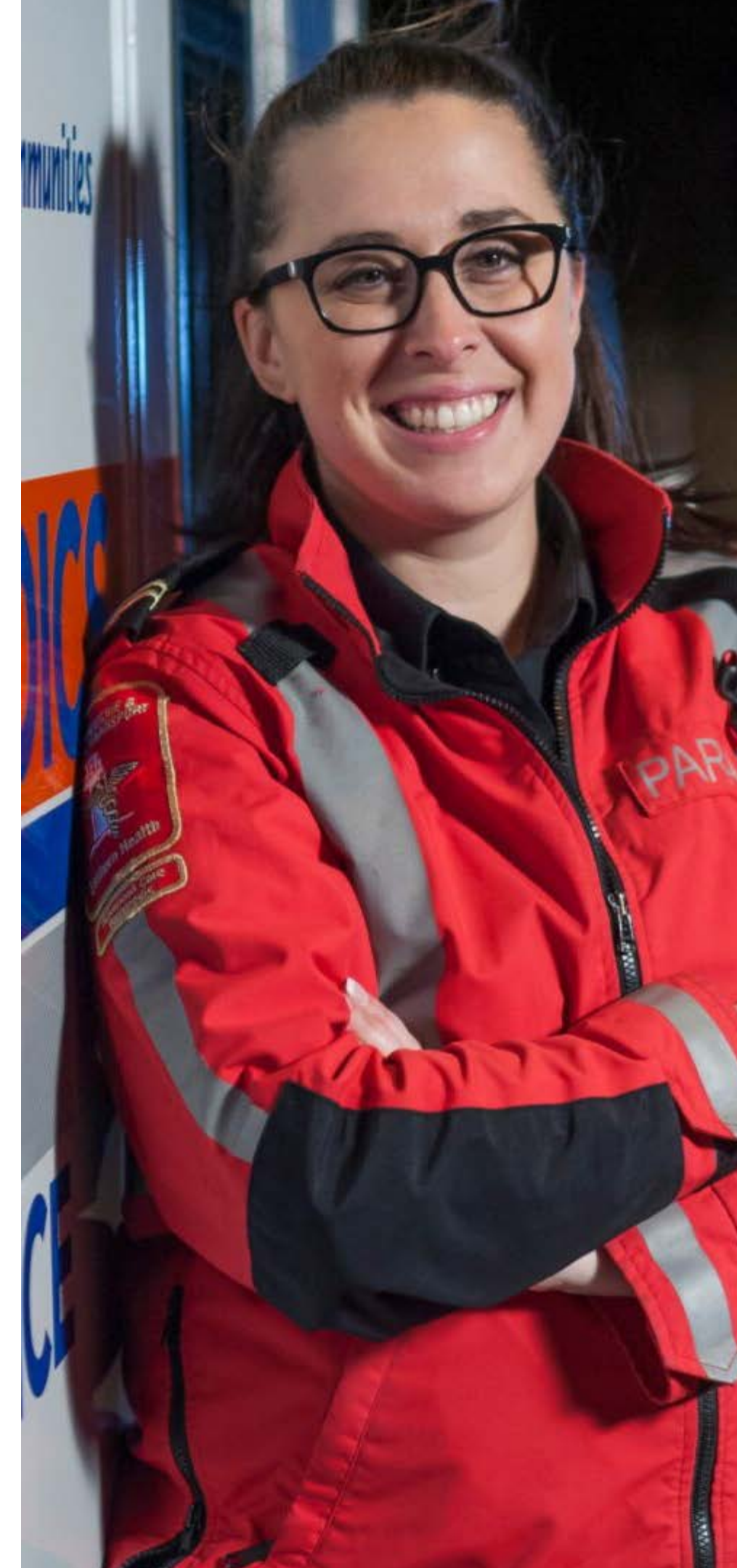
The cost will need to be paid.

Effects are already being felt on provincial coffers/services

No magic bullet. The only question is how?

"NLEs will "not bear the costs" of Muskrat Falls

Rate mitigation - Cuts - Layoffs - Increase Revenue







# RIPPLE EFFECT

\$700M = 11,500 jobs  
(\$65k per, including benefits)

\$200M (min. gap of Liberal plan) =  
3,000 jobs

Social and economic impact of  
massive cuts/layoffs

The ripple effect cost of cuts is too high

# IMPACT: BARGAINING

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Impact already being felt here as well

Muskrat Falls debt used as a stick

Disaster narrative

Again - it's about political choices

Public service workers are last in line when times are good and first in line when times are tough

Public service workers have already contributed their fair share

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# IMPACT ON INDIVIDUALS

Depends largely on the political choices that the government makes in allocating the costs of Muskrat Falls.

The impacts could be large or small.

The same applies to the impact on individual NAPE members' bottom lines. That impact will be determined by the cost allocation choices government makes.

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 targeting the public service will also negatively affect businesses and private sector workers, as noted above).



# ALTERNATIVES



Appropriate costs in electricity rates



Energy efficiency to reduce rate impacts



Electrification to support revenues



Other Revenue Sources

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