

[Previous Story](#)[Next Story](#)

Article rank | 16 Feb 2013 | The Telegram (St. John's)  
 BY JAMES MCLEOD [jmcleod@thetelegram.com](mailto:jmcleod@thetelegram.com) Twitter: [Telegramjames](#) | THE TELEGRAM

# Worthy causes face off against spending cuts

Finance Minister Jerome Kennedy said he'd give everyone all the money they asked for, if he could.

But the underlying implication at pre-budget consultations Friday in St. John's was no matter how worthy the cause is, right now the government just doesn't have the money to spend.

The annual consultations are usually a forum for community groups, industry organizations, charities and citizens to come to government with requests for specific projects.

This year, there was a lot of that, but Kennedy made it very clear that with a forecast deficit of \$1.6 billion in 2013, the government is looking for ways to cut spending.

"The causes that you're presenting to us are all very good. They all have substance," he said at the end of the day, as he wrapped up the afternoon meeting. "If I was making the decisions on a personal level, everyone would get everything they want."

Government spending has ballooned in the past decade. During the same period of time, the province stopped receiving federal equalization payments and Atlantic Accord payments from Ottawa. On top of that, the Progressive Conservative government has cut taxes, so the treasury has about \$500 million less tax revenue coming in.

Steadily rising oil prices have filled the gap, but with maintenance production shutdowns in the offshore, and lower than forecast oil prices, the government is facing a \$726-million deficit this year, a \$1.6-billion deficit next year, and a similar shortfall the year after.

Plenty of business groups were on hand Friday, calling for the government to slash spending, and cut back on public-sector pension plans to solve the fiscal crisis.

Richard Alexander, executive director of the Newfoundland and Labrador Employers' Council, told Kennedy to be aggressive with the cuts — pensions need to be cut and public servants need to be laid off.

"Until you deal with the elephant in the room, which is the public sector pensions, it's going to be very difficult for the province to get its fiscal situation in check," he said to reporters. "Having said that, we have the largest public service of any jurisdiction in North America, and that has implications for the productivity of the province. It has implications for our labour market, and this province simply can't afford to have the largest public service of any jurisdiction in North America."

Board of Trade chairman Denis Mahoney similarly argued for the government to get "back to basics" with programs and services.

But Kennedy took Mahoney to task; earlier this week at a Board of Trade luncheon, businesswoman Cathy Bennett called for the government to expand services and implement full-day kindergarten.

"There's nobody arguing against the concept. What I'm saying to you is you're here today saying we have to reduce and we have to practise restraint, and yet your board endorsed something without any idea of the cost," Kennedy said. "That seems to me to be, you know, somewhat divergent from the message that you're giving us today."

Mahoney said full-day kindergarten is a good idea, and the provincial government just needs to find money somewhere else to pay for it.

"Education is one of the core services that the people of this province come to expect," Mahoney said. "The business community wants to ensure that the quality of education in this province is first class, and if adding full-day kindergarten to the program is part of that solution, then that's about the reallocation of resources inside government."

Over the course of the day, Kennedy heard presentations from environmental groups, seniors groups, student groups, heritage groups and other people who wanted to impress upon him the importance of their particular work.

Amy Huskins, with the Conception Bay Family Resource Program, talked about how important it is to provide core funding for early childhood programs.

"Children who are exposed to high-quality learning experiences are more likely to be independent, more empathetic, have higher self-esteem and more likely to have higher academic achievement later in life," she said. "Investing in healthy development in children and families will inevitably result in a financial return later on. Studies have shown that for each dollar invested in early childhood, the return can be as high as eight dollars."

Nobody is going to get any firm answers from the government for a few months, but Kennedy made it clear

that when the budget does come out this spring, there will be spending cuts, and there will be a multi-year plan to rein in costs.

In the meantime, he said everyone who's presenting to government has a worthy cause — they just can't all get government money.



Pre-budget consultations continue across the province until Feb. 28.

Printed and distributed by NewspaperDirect | www.newspaperdirect.com, US/Can: 1.877.980.4040, Intern: 800.6364.6364 | Copyright and protected by applicable law.

[Previous Story](#)

[Next Story](#)