



PRESS RELEASE
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Gander, NL - December 19, 2006

LOWER MILL RATE CURBS TAX HIKE

Council tabled its 2007 budget at a special meeting Dec. 18, approving a residential mill rate decrease of one full point, from 11 to 10 mills.

Deputy Mayor and Finance Chair Zane Tucker pointed out that the latest increase in municipal property assessments represented an average tax increase of nearly 13 per cent and, while a small increase was necessary for the coming year, Council succeeded in balancing the 2007 budget while effectively cutting Residential Property Tax by 11%.

As a result, Gander homeowners will see an average residential tax increase of just two per cent in 2007. Meanwhile, the two per cent increase has been applied evenly across both residential and commercial sectors, with an equal increase in all Business Tax mill rates.

In the case of Commercial Property Tax, the entire formula has been restructured, though the net increase for commercial property owners remains at two per cent. The Commercial Property Tax mill rate of 12.45 has been nearly halved to 6.35 mills, and a new Water and Sewer Tax will be levied at the same rate. While this restructuring has no net impact on local businesses, the new formula will enable the Town to recover at least part of the cost of providing services to Provincial properties in the community, which pay neither property tax nor grants in lieu of taxes although several are among those placing the heaviest demand on municipal infrastructure.

Operating Budget

Deputy Mayor Tucker noted the strong growth in Gander's economy over the past year and the positive outlook for next year and beyond. While that growth strengthens the Town's financial stability, he said, it also places increased demands on municipal programming and infrastructure. Throughout this year's budgetary process, Council fielded requests for new programming totaling some \$500,000, eventually approving new spending of \$288,000.

Highlighting that spending are the reinstatement of a Town Engineer and creation of a new position in economic development, both the direct result of demands created by the burgeoning economy; and a substantial and long-awaited boost to the honorariums paid to volunteer firefighters.

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Council has increased its financial support of the Broadening Horizons Recycling program and will make initial investments in a long-term and sustainable civic enhancement strategy and a new art procurement program to showcase and benefit local artists.

The Town has been working closely with the North Atlantic Aviation Museum to stabilize its operations and safeguard its future as Gander's single most valuable cultural/tourism attraction. The 2007 budget includes a contingency fund to cover mortgage costs or leverage other funding to that end.

Other tourism-related commitments include funding for a hot air balloon festival being planned for 2007 and celebrations marking Gander's 50th anniversary as an incorporated municipality, coming up in 2008.

Operating costs for the Gander Community Centre have escalated with the rising costs of fuel and electricity. As a result, the Town subsidy for the facility has been set at \$150,000, up from \$65,000 in 2002; user fees will increase by five per cent; and other measures will be taken to reduce costs and increase revenues. Increases to those fees which were set in September will not take effect until September, 2007.

Deputy Mayor Tucker also pointed out that the strength of the local economy, combined with other factors, will allow the Town to reduce its capital borrowing by approximately \$600,000, which will translate into direct savings on debt charges of \$800,000 over the next 10 years. At the end of this fiscal year, the Town's debt service ratio will stand at 14.19 per cent, its lowest in many years, and is forecast to remain below 20 per cent, despite financial obligations associated with the new \$9 million water treatment plant.

The total operating budget for 2007 comes in at \$10,794,600, an increase of \$1,365,600 over 2006.

Capital Budget

The 2007 capital budget totals \$2,014,100, including the Provincial share of multi-year programs and infrastructure projects funded under the Gas Tax Program.

The Capital Roads Program will receive \$1,160,000 in 2007, Municipal Works and Services will spend \$712,600, Gander Fire Rescue will see \$35,000 in capital improvements and the remaining \$106,500 will be invested in recreation infrastructure.

The 2007 roads program will focus on Elizabeth Drive from Airport to Edinburgh and Memorial Drive from Elizabeth to the T'Railway, with the section from Elizabeth to Airport funded by the Gas Tax Program.

Other capital purchases include replacement of a street sweeper and boom truck, a new Town Plan and continuation of T'Railway paving. A new playground will be developed on Nungesser Avenue and improvements will be carried out to the Spruce Court playground, tennis courts and skateboard park.

Money has also been earmarked for replacement of the Town's original fluoride machine, however, changing attitudes toward adding fluoride to municipal water supplies have led Council to call for a full review before committing to the purchase. Should the process be eliminated, the money will be redirected to other priorities.

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The full text of the 2007 budget speech and schedule of tax rates and fees is available at the Town Hall or on the Town's official website at www.gandercanada.com.

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