



Town Council of Gander

**Submission to the Government of Newfoundland & Labrador
Department of Finance
Pre-Budget Consultation**

**Presented by Deputy Mayor Cyril Abbott
for the Town Council of Gander**

March 2, 2015 – Hotel Gander

On behalf of Council I would like to thank the Provincial Government for allowing the Town of Gander to participate in your pre-budget consultation once again this year. There is no doubt that the major reduction in the price of oil has left you with a challenging task in preparing the budget and I don't envy you the decisions that your government will have to make.

Municipalities are very familiar with the balancing act that is involved in the drafting of a budget and go through the same process every year. Tough decisions have to be made, especially in a challenging economy, and priorities have to be identified. We realize that the bulk of the provincial budget is spent on health and education while the municipal portion of the provincial budget is fairly small in comparison.

When you are discussing your priorities, we would argue that municipal financial sustainability is very important as well. The day to day lives of residents are most directly affected by the services provided to them by municipalities. If we can't afford to provide basic services such as water and sewer or waste treatment, the quality of life in our communities suffers. Expenditure pressures on municipalities are growing: residents are demanding more and better services, higher levels of government are downloading services to lower levels of government, and new regulations are being adopted with a significant cost to municipalities. The new wastewater regulations are a good example.

As you are aware, the fiscal relationship between the provincial and municipal governments has been a subject of debate for many years. I think everyone agrees that the current system is broken and this has resulted in the fiscal framework discussions between the Province and Municipalities Newfoundland and Labrador.

MNL has presented the Province with a position paper on the matter and the Town of Gander strongly supports it. If municipalities are to become more fiscally stable in the future, something has to be done. Included in the position paper are numerous suggestions which would assist us. We realize that not all of them will be agreed upon and those that are may be introduced over a period of time given current budget constraints.

One suggestion that **will not** have a financial impact on the provincial coffers is the proposed accommodations tax. Accommodations taxes are an accepted method of

taxation throughout North America and indeed the precedent has already been set in this province. We see no reason that this method of taxation cannot be extended to the other municipalities in the province. It is not a tax that will mean a lot of revenue to most towns and cities, but it will to some of the larger centres, including Gander, which have recently had their Municipal Operating Grants completely eliminated. Provision of services and facilities to conventions comes with a cost to municipalities and the accommodations tax would be a great help to us in providing the infrastructure and services required at no cost to the Province.

There have been indications that the Province is looking at cutting back on its infrastructure investment over the next few years. Infrastructure spending has a long-term impact on our communities and significant reductions because of a short-term financial difficulty would not be a good idea.

Council encourages you to maintain the 70/30 cost-sharing arrangement with regard to cost-shared infrastructure spending. There is a significant infrastructure deficit province-wide and any changes to the cost-sharing formula will make it impossible to deal with. We feel that the multi-year capital program is working well, as it allows us to plan spending over a three-year cycle which makes our capital program more cost-effective. Given the skyrocketing construction costs for capital works, it is imperative that we be as efficient as possible in spending on these projects.

In Gander specifically, Council strongly urges you to continue construction of the new K to 3 school on Raynham Avenue that began last year. This new school has been identified as a need for years, as the current K to 6 school is not adequate to meet the needs of the children in our community. Putting a hold on this project would be doing a disservice to our children.

Mister Minister, I would like to thank you for the opportunity to participate in the consultation process. Council realizes that you have your work cut out for you and offers its best wishes in your deliberations.