



REGIONAL  
DISTRICT  
OF NANAIMO

## Regional Hospital District Taxation Rate Comparison

### **RECOMMENDATION**

That the Nanaimo Regional Hospital District Board receive the report titled “Regional Hospital District Taxation Rate Comparison”, dated December 10, 2024, for information.

### **BACKGROUND**

This report supports discussion on NRHD tax requisition rates in comparison to other regional hospital districts (RHDs). At the June 18, 2024 Nanaimo Regional Hospital District (NRHD) Board meeting the Board passed the following motion:

*That the Nanaimo Regional Hospital District Board directs staff to provide a report showing the taxation and debt servicing costs and related property tax increase for the 5 key projects, factoring the unallocated remaining reserve funds as of 2024, and provide a comparison of taxation rates of the Nanaimo Regional Hospital District against other Health Districts in the Province as well as the impact on reserve fund balances.*

This report addresses the request for a comparison of NRHD taxation rates against other regional hospital districts (RHDs) who have had similar large capital projects to fund.

Historically, the Nanaimo Regional Hospital District (NRHD) budgeted hospital tax rates were low compared to other regions across the province. Though funding commitments were able to be met, this low taxation strategy did not build the reserves in preparation for large future capital projects.

In April 2022, after seeking additional information about proposed capital projects and inviting presentations from community stakeholders on their healthcare challenges and infrastructure priorities, the NRHD confirmed its five capital planning priorities as a new patient tower, cancer centre, cardiac catheterization lab and high acuity unit (HAU), all to be located at Nanaimo Regional General Hospital (NRGH), and a new long-term care facility.

To address the upcoming expenditures, the Board approved a financial strategy that would include significant tax increases to prepare to meet its funding commitments by building the reserves to reduce reliance on borrowing. The NRHD tax requisition was almost doubled in 2022 and there was a 28.2 per cent tax requisition increase in 2023 and 2024, with subsequent 28.2 per cent tax rate increases currently planned through 2027.

As a result of historical and current hospital tax rate trending, the municipalities and electoral areas of the NRHD have risen to be among the communities with the highest hospital tax rates per average house value in the Province in 2024.

#### RHD Tax Rate Comparison Themes:

The following themes are identified as a result of the tax rate comparison exercise.

- The NRHD tax rate trend is similar to other RHDs which have had comparable large capital projects in their region. (e.g. Fraser-Fort George Regional Hospital District is cost-sharing on the University Hospital of Northern British Columbia new patient tower).
- Prior to 2021 the NRHD tax rate trended below the provincial hospital tax rate average year over year.
- Given the Board's commitment to the priority projects in 2022, the NRHD tax rate is now one of the highest in the province.
- RHD tax rate trending shows a decline in tax rates in BC following completion of large capital projects.

#### Considerations When Comparing RHD Tax Rates

Comparing hospital tax rates by regional hospital districts (RHD) does not provide a clear comparison as there are many variable factors that have to be considered. The difficulties in a straight comparison include:

- The only comparable statistic provincially is the average tax rate per average house value by municipalities.
- The composition of each RHD varies by the number of participating municipalities and electoral areas.
- RHDs do not necessarily have the same boundaries as regional districts. (e.g., Comox-Strathcona Regional Hospital District boundaries encompass both the Strathcona Regional District and the Comox Valley Regional District), complicating a straight comparison.
- Capital projects planned for co-funding vary by region.
- Electoral areas are not able to be considered in the comparison as the government only collects hospital tax rate data by municipalities.
- Population size varies by region which impacts how many residents share the tax burden.
- Within an RHD, municipal and electoral area hospital tax rates vary as average house value varies.
- RHD financial documents are not issued in a standardized reporting format for straight comparison.

Based on available provincial data<sup>1</sup> the only viable comparison statistic is the average hospital tax per average house value by municipality. To provide a base standard of hospital tax rate comparison, the Government of BC utilizes the average house value as the criterion to report on the average hospital tax per household by municipality. RHDs are not statistically compared as their composition varies significantly by participating municipalities and electoral areas. Additionally, it is notable that electoral areas are not considered in this analysis as the province does not gather hospital tax rate data for electoral areas.

NRHD staff have reviewed British Columbia RHDs annual tax rates per average house value with a specific focus on regions who have had comparable large capital projects. Analysis excludes municipalities located in the Metro Vancouver Regional District as the Greater Vancouver Regional Hospital District was dissolved in 1998-99 when

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<sup>1</sup> Average Provincial hospital tax rates are sourced from the BC Government's Tax and Charges on Representative House-Schedule 704, website: <https://www2.gov.bc.ca/gov/content/governments/local-governments/facts-framework/statistics/tax-rates-tax-burden>

the BC Government transferred its responsibilities to regional health boards in the area. Its property taxation authority was transferred to the South Coast British Columbia Transportation Authority (Translink). For example, the City of Surrey, which is a member municipality of Metro Vancouver Regional District, does not have a hospital tax requisition as funding for capital healthcare facilities is managed solely between the BC Government and the Fraser Health Authority. The analysis (Attachment 1) identified that RHDs that have similar large capital projects have a comparable trend of raised tax rates for a variable period of time prior to and during construction of major capital projects to fulfil their funding commitments with the BC Government.

For further comparison, in March 2021 the Comox Strathcona Regional Hospital District (CSRHD) conducted a survey of Vancouver Island RHDs to identify the types of capital projects each RHD provided cost-sharing on and what the taxation rate per average household was at the time of the survey (Attachment 2). This comparison showed the NRHD trending below other RHDS in 2020 and 2021. Fraser-Fort George Regional Hospital District completed a similar scan of RHDs in preparation for a presentation at UBCM 2024 that focused on advocating to the BC Government for a review of the RHD cost sharing model (Attachment 3).

**REVIEWED BY:**

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- T. Moore, Chief Financial Officer
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**ATTACHMENT(S)**

1. Regional Hospital District Tax Requisition Comparison 2014 to 2024
2. Comox Strathcona RHD Survey - March 2021
3. Fraser-Fort George Regional Hospital District – UBCM Presentation