



## NANAIMO REGIONAL HOSPITAL DISTRICT 2025 PROVISIONAL BUDGET

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### **RECOMMENDATIONS**

1. That the 2025 Nanaimo Regional Hospital District provisional budget be approved.

### **BACKGROUND**

The *Hospital District Act*<sup>1</sup> requires Regional Hospital Districts to pass preliminary budgets by December 31 each year. Regional Hospital Districts provide annual capital funding to health authorities in support of local health care facilities under the *Hospital District Act*.

For the Nanaimo Regional Hospital District (NRHD), the funding is a combination of both annual minor capital grants for equipment and projects funded through current tax requisition as well as major capital project support, which is funded through reserves, (accumulated by tax requisition) and borrowing, (the debt payments for which are paid by taxation). While regional hospital district funding is voluntary and may vary to some extent across the province, typically the NRHD, like other hospital districts, provides 40% funding for capital equipment and capital projects for local health facilities, and the Province, through Island Health, provides the remaining 60% of the capital funding under the traditional cost-sharing scheme.

The NRHD 2025 Provisional Budget (Attachment 1) raises \$43,294,208 in property tax revenues for 2025. The budget includes \$3,500,000 for capital equipment and minor capital projects at facilities in the Nanaimo Regional Hospital District area, \$6,036,662 for debt repayments in 2025, and \$39,206,661 transfer to reserve for major infrastructure projects.

This is a provisional budget based on the 2024-2028 Financial Plan and includes known major project funding requests from Island Health based on prior year's correspondence. The change in government, including a new Cabinet and new or changed ministries, has interrupted Island Health's capital planning process and, consequently, we have not yet been provided with the 2025-2034 10-year capital plan. It is staff's view that there are advantages to deferring final budget decisions to the new year once more complete and updated information has been received. After staff have evaluated the information, a revised budget will be presented in the new year, likely in February 2025.

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<sup>1</sup> Section 23 of the Hospital District Act and Section 1 of B.C. Reg 406-82 Hospital District Act Regulation

## **FINANCIAL IMPLICATIONS**

In keeping with the NRHD Board's prior year direction, the tax requisition has been increased to \$43,294,208 in 2025 (28.2% increase over prior year), unchanged from that projected for 2025 in the 2024-2028 approved financial plan. The tax requisition of \$43,294,208 in 2025 results in an estimated tax rate of \$57.29 per \$100,000 based on the 2024 assessments, which is \$12.08/\$100,000 increase compared to the 2024 tax rate. The actual tax requisition amount in 2024 was \$33,782,691. The table below shows the 2025-2029 future tax requisition amounts as compared to the previous approved financial plan.

Tax Requisition Summary:

<b>Financial Plan</b>	<b>2024 Actuals</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>
Provisional						
2025-2029	33,782,691	43,294,208	55,483,692	71,105,125	91,124,773	98,414,755
Financial Plan						
Approved						
2024-2028		43,294,208	55,483,692	71,105,125	91,124,773	98,414,755
Financial Plan						

The 2025-2029 tax requisitions allow for significant contributions to reserves consistent with the prior year approved financial plan which will be used to help offset the cost of borrowing for the proposed projects identified in the 2024-2033 Capital Plan (Attachment 2). This will allow the NRHD to reduce its borrowing requirement and realize a significant savings in debt-related costs in the future. The current financial plan has approximately \$74.4 million in reserves and incorporates an additional \$325.8 million in reserve contributions from 2025-2029. These reserves will be used to significantly help with funding of the long-term care facility, new patient tower and cardiac catheterization lab, as well as other major projects, thereby delaying the need to borrow.

A tax increase greater than the amounts identified in the above table would allow for more funds to be applied to capital projects from reserves thereby reducing the need for future borrowing. Alternatively, a tax increase of less than the amounts identified in the table above will necessitate greater borrowing in the future and result in increased tax requisitions at that time in order to meet debt repayment obligations.

## **REVIEWED BY**

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- T. Moore, Chief Financial Officer
- E. Hughes, Manager, Strategy & Intergovernmental Services
- C. Crabtree, General Manager, Corporate Services
- D. Holmes, Chief Administrative Officer

## **ATTACHMENTS**

1. Nanaimo Regional Hospital District 2025 Provisional Budget
2. Island Health's 2024-2033 Capital Plan for NRHD January 18, 2024

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