

9. **APPLICATION FOR REMISSION OF RATES - ST GEORGE'S HOSPITAL INCORPORATED, 237 PAPANUI ROAD ETC**

RR 9701

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The purpose of this report is to submit an application to remit rates (under the provisions of Section 179(1) of the Rating Powers Act 1988). An application from Papprell Hadfield and Aldous, Solicitors to St George's Hospital Incorporated, has been received seeking a remission on land owned by St George's in Papanui Road.

**BACKGROUND**

The present application for remission is not the first received from St George's Hospital with consideration having been given by the Council on at least two earlier occasions. The matter was first considered in July 1984 when the Council declined to grant any remission to the hospital. Further consideration was given by the Council in April 1987 when the Council again declined to grant any remission.

The present application asks the Council to consider remission on the grounds that the land owned by St George's Hospital Incorporated falls within paragraph (i) of Part I of the Second Schedule to the Rating Powers Act which provides for remission on "*land owned or occupied by or in trust for any society or association of persons, ... the object or principal object of which is to conduct charities or to conserve the health or well-being of the community or attend to the sick or injured.*" Any such remission is of course at the discretion of the local authority.

St George's Hospital Incorporated is a charitable society which carries out the charitable objects of the Society either by itself or in association with such other persons, corporations, bodies or trusts. It also applies any profits accruing from the activities or work of the society to the furtherance of its charitable objects especially the altruistic nursing of the sick or for such other purposes which are called for under its charitable objects. One of the principal objects of St George's Hospital Incorporated is to "*erect, maintain and administer a private general hospital or hospitals and provide ancillary services*". Another object of the Society is to "*exercise and perform all necessary duties functions and obligations in regards to such hospitals and to the nursing and treatment of the sick and infirmed generally*".

**ASSESSMENT OF RATES**

Whilst St George's Hospital Incorporated is a charitable society, the services it provides are funded by patient charges.

During the 1998/99 rating year St George's Hospital paid some \$80,500 in rates and in addition pays substantial excess water charges (\$23,000 for the year ended 31 July 1998).

Rates are assessed against St George's Hospital on the basis of a residential and other differential under the Council's operative differential rating scheme. A residential and other differential is applied on the basis that St George's Hospital Incorporated is an incorporated society and is considered by the Council to be a charitable non-profit making body where there is no element of pecuniary gain to individual members of the society. This assessment represents a substantial saving of more than \$46,500 over rates that would be payable if a commercial/industrial differential was applied to the property. However, as the services are provided on a commercial basis, there is substantial pecuniary gain to those who provide services. A strong case could be made for rating the hospital as a commercial property.

While the quantum of rates paid by St George's is significant, there would be difficulty in justifying any further reduction in rates by way of remission under Section 179 of the Act, over and above that already enjoyed by the hospital, through the application of a residential differential. As indicated above, that reduction is of the order of \$46,500.

#### **SUMMARY**

The combined capital value of properties administered by St George's Hospital is \$13,975,000; land value \$3,388,000 and value of improvements \$10,587,000. The total rates paid by St George's for the 1998/99 rating year amounted to \$80,514.

**Recommendation:** That the application for remission of rates under the provisions of Section 179 of the Rating Powers Act be declined.