

5. REMISSION OF RATES – FREEDOM CLINIC TRUST, 160 BOWHILL ROAD

Officer responsible Rates Manager	Author Wayne Hann, DDI 371-1422
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The purpose of this report is to seek, on behalf of the Freedom Clinic Trust, approval for a remission of rates under the provisions of Sections 179 of the Rating Powers Act in respect of the property at 160 Bowhill Road leased by the Trust and which is used for charitable purposes.

BACKGROUND

The property at 160 Bowhill Road was purchased in May 2001 by Kingdom Clinic Ltd with the intention of leasing the property to the Freedom Clinic Trust which is a charitable trust incorporated under the Charitable Trusts Act 1957.

The lease has been structured on the basis of Kingdom Clinic Ltd funding costs for the purchase of the property but such that it not be a profit making enterprise for Kingdom Clinic Ltd. Freedom Clinic Trust, for its part, has been established to provide or facilitate free or subsidised holistic health care, social and community services mainly in north-east Christchurch to those who would not otherwise be able to afford or access such services.

The health services to be offered will be free for Community Services card-holders and will be heavily discounted for non-card holders. It will be run as a branch surgery of the Kingdom Clinic in Woolston which is New Zealand's only independent free medical centre, and which is currently unable to meet the demand for free health care from its current premises. Extrapolating from the experience of the Kingdom Clinic it is likely that almost all patients will be from the lowest socio-economic deciles.

The general medical services provided (by the Kingdom Clinic Ltd as owner) will be self-funding (via Government medical subsidies) and the Kingdom Clinic will be contributing to the running costs of the Freedom Clinic, the lessee. However, the Freedom Clinic Trust needs to obtain funding for the purchase of capital items, for necessary renovation of the building and for the running costs, including an annual rental of \$10,000 of the non-medical services which it hopes to provide alongside the medical service which are so vital in trying to address the needs of people in the most disadvantaged sector of society.

POWER TO REMIT RATES

Power to remit rates is contained in Section 179 of the Rating Powers Act 1988. A range of criteria are outlined at Part I of the Second Schedule of the Act being grounds upon which a local authority may grant a remission of rates. This remission is at the discretion of the local authority.

The property at 160 Bowhill Road qualifies for a remission of rates under clause (n) of Part I of the Second Schedule to the Act, being land *"owned or occupied by or in trust for any society or association of persons, whether incorporated or not, whose object or principal object or one of whose principal objects is to promote generally the arts or any purpose of recreation, health, education, or instruction for the benefit of residents or any group of residents of the district"*.

The property has a 1 September 2001 capital valuation of \$114,000 and the 2001/02 rates were assessed at \$746.40 being assessed on the basis of a residential differential under the Council's operative differential rating scheme. This represents a "remission" of rates of approximately \$300 for this current rating year, being the difference between the commercial/industrial differential and the residential differential currently applied to the property.

PRESENT REMISSION POLICY

The Council currently has no formal policy in relation to applications for remission of rates rather tending to treat each application on its individual merits. There are, unfortunately, no comparable properties currently being granted a remission of rates within Christchurch.

OFFICER'S COMMENT

While the Freedom Clinic Trust would qualify for a remission of rates under Clause (n) of Part I of the Second Schedule to the Act, this application is not supported. The Freedom Clinic Trust was given a \$2,000 set-up grant by the Burwood/Pegasus Community Board in November 2001. Given this support and the likelihood of applications from similar trusts, support by way of an ongoing rates remission is not favoured.

Recommendation: That the application for remission of rates from the Freedom Clinic Trust in respect of the property at 160 Bowhill Road be declined.