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The purpose of this report is to seek Council approval to have the commercial activities on the Christchurch Hospital site separately valued and rated.

BACKGROUND

The recent completion of the Hospital Car Park Building on the old St Andrews Manse site (the Manse Campus) has highlighted some rating inequities. Although the Car Park Building is a commercial activity it is currently given a non rateable status simply because it is sited on hospital land. The same also applies to the shops which are located in the foyer of the main entrance to the Hospital, the University Bookshop on the ground floor of the Medical School Building and the metered car parks within the Hospital grounds (Parkside/Riverside Campus).

Hospital land, like land used by schools or universities is in terms of the Rating Powers Act (1988) non rateable.

Under sections 4 and 5 of the Rating Powers Act, however, this need not apply where there is a lessee or licensee with exclusive right to occupy part or the whole of the property. What this means is that where there is a lease agreement or licence to occupy which is for more than 12 months the Council can treat these areas as rateable.

The Car Park Building was erected as a joint venture between Canterbury Health and a private developer with day-to-day management carried out by the Christchurch City Council. In addition and incidental to this the Council also manages the public car parking spaces within the hospital grounds having installed parking meters which are subject to the standard on street parking enforcement procedures.

THE PARKING UNIT VIEW

The Parking Operations Manager comments as follows:

“Whilst the Christchurch Hospital Parking Building and the pay and display meter system installed on the Parkside/Riverside Campus are integrated for budgetary and operational purposes, they are in reality separate entities.

The Parking Building is managed and operated under the terms of a three-way lease between Canterbury Health, the developer/owner, and the Council. The pay and display area on the other hand is subject to a deed of licence between Canterbury Health and the Council, which applies to public parking on both the Parkside/Riverside and Manse campuses of the Hospital.

Historically the deed of licence was entered into in 1996 as a means of legalising the use of the infringement system by the Council within the public parking areas of the hospital, by in effect defining the area as a public road. There is therefore in essence no difference between this site and any other public road upon where parking is rationed via meters, time restrictions, etc. It should also be noted that the principal rationale for this initiative was to enable the hospital to dispense with the use of wheel-clamping as a means of controlling parking on the site, with the subsidiary aim being to ration parking.

The primary reason pay and display meters have subsequently been installed on the Parkside/Riverside Campus rather than retaining the previous time restrictions is simply that meters are a far more effective rationing mechanism, particularly in very high demand areas. Conversely meters were not installed in the public parking areas of the Manse Campus because the demand and therefore the need for more effective rationing was not as high as on the Parkside/Riverside Campus. Although revenue is accrued from the meters this benefit should be seen as funding the control of public parking on both sites, as opposed to being an end in itself, i.e. not as a commercial operation.

In deliberating upon whether or not to apply rates to the Christchurch Hospital parking operation the Council may wish to reflect on the fact its over-arching goal in entering into the arrangements outlined above, inclusive of the joint venture Parking Building, was the alleviation of parking congestion at Christchurch Hospital for the wider public benefit, and not commercial gain. This is reinforced by the fact that various concessions have been provided to a range of hospital user groups, which would not be the case if commercial return had been the primary goal.

In the final analysis, while there may be a case, albeit a tenuous one in the view of the Parking Unit, for applying rates to the Hospital Parking Building in similar vein to other Council owned/operated parking buildings, the Parking Unit does not consider there is a similar case for rating the pay and display parking area. This view is based upon the fact that the primary aim of this system, as with metered parking in general is to ration a limited resource in the wider interests of the public good, rather than for commercial reasons. The point is also made that had time restrictions been retained as the parking control mechanism on the Parkside/Riverside Campus it is unlikely that the question of rating would have arisen.

No budget provision has been made for the payment of rates in respect of either the Parking Building or the pay and display meter area.”

RATING RATIONALE

The rationale for rating car parks and shops can be summarised as follows:

- **Normal Business Expense**

Rates, like electricity, insurance, postage and stationery are a normal business expense which all business activities can expect to incur. By not rating these activities the Council is in effect subsidising either the businesses or Canterbury Health. This subsidy equates to \$35,500 for the Car Park Building and could be of the order of \$12,000 for the metered car parks and shops.

- **Consistency**

Similar activities like the University Bookshop on the University of Canterbury Ilam Campus and car parks like Wilson's Car Parking Building in Bedford Row, the Lichfield Street Car Parking Building and the Rolleston Avenue Car Park all pay rates. The total rates payable in 1999/2000 by these activities will be:

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| University Bookshop - Ilam Campus | \$10,054 |
| Wilson's Car Park Building - Bedford Row | \$8,860 |
| Lichfield Street Car Park Building | \$53,268 |
| Rolleston Ave Car Park | \$5,901 |

The Hospital business activities identified above are no different and should from an equity point of view be treated in the same way.

- **Non Core Activities**

The non rateable status accorded by the Rating Powers Act is intended for core activities and not commercial activities like car parks and shops. This is one of the reasons why the commercial activities on the University site are separated out from the core university activities and rated separately.

RATING IMPLICATIONS

It is proposed, subject to Council approval, to rate the Hospital Car Park Building this financial year. The capital value of the Car Park Building is \$4.45M. Canterbury Health have been advised that the Car Park Building could incur rates this financial year. Our valuation service provider (Quotable Value New Zealand Ltd) will if recommendation (2) is adopted be instructed to value the other activities in preparation for rating in the 2000/01 financial year.

- Recommendation:**
1. That the Hospital Car Park Building be fully rated in 1999/2000.
 2. That the other commercial activities be separated off and valued for rating purposes for the rating year beginning 1 July 2000.

The Chairman comments:

My view is that the clearly commercial activities should be rated. However, I accept the view of the Parking Operations Manager that the metered areas of public parking at the hospital are akin to on-street metered parking and that the revenue derived should be seen as funding the control of public parking.

Chairman's

- Recommendation:**
1. That the Hospital Car Park Building be fully rated in 1999/2000.
 2. That the commercial shops be valued and rated from 1 July 2000.