

CAPITAL REQUIREMENTS.

Para. 1. (a.) *The extent to which the Government should contribute towards the capital requirements of Hospital Boards, and the basis upon which such contributions should be given.*

GOVERNMENT CONTRIBUTION.

Little difficulty was experienced by your Commission in arriving at a conclusion as to the extent to which the Government should contribute towards the capital requirements of Hospital Boards. The Minister of Health gave it as his opinion that the Government should contribute one-half of the capital requirements, and this view was generally adopted by the representatives of the various Hospital Boards who gave evidence. In the Hospitals Act, 1885, the policy was laid down that the Government should contribute a subsidy in respect of capital expenditure of £1 for every £1 levied by a Hospital Board from contributory local authorities, and this policy was continued in the Hospitals and Charitable Institutions Act, 1909.

Your Commission therefore recommends accordingly, and further is of opinion that the Minister should freely exercise his power to refuse the payment of subsidy upon any capital expenditure which in his opinion is beyond the reasonable requirements of the district or would involve an excessive rate of levy by the Board. As an illustration, it was given in evidence that the Inangahua Hospital Board contemplated the expenditure of £20,665 on buildings, notwithstanding that the total rateable capital value of the district is only £391,142, and it now costs the district a rate of 1·343d. in the £1 for hospital and charitable aid. Seeing that the average hospital rate in the Dominion is 0·296d. in the £1 on the rateable capital value, such an expenditure as proposed by the Inangahua Hospital Board would place an undue tax upon the district and the country.

It was urged by some Hospital Boards that the Government should become wholly responsible for the cost of all hospital buildings. The South Canterbury Hospital Board passed a resolution "that capital for new buildings be provided by the Government, and the interest and sinking fund be a charge on the Consolidated Fund."

Your Commission cannot agree with such a suggestion, feeling that the removal of the existing responsibility which Boards have to their ratepayers would bring down a deluge of requests for buildings at the public expense. Even with the present check upon Boards, some, regardless of their ratepayers' criticisms, involve their district financially, and the desire for increased hospital accommodation throughout the Dominion would become greater were Boards relieved from finding money for capital expenditure. The demand upon the State would become a heavy drain on the country's finances, and it must be remembered that any large building expenditure would bring with it increased cost of maintenance.

BASIS OF CONTRIBUTION.

There seemed to be little conflict in the evidence submitted regarding the basis of such contribution, and your Commission is in accord with the majority of the views expressed, and is of opinion that the basis of such contribution should be a flat rate subsidy of £1 for £1 on capital expenditure. In this connection, therefore, your Commission recommends that there shall be no alteration in the policy now in operation.

It was urged by the representatives of some Boards that the Government contribution should be paid on a sliding scale, on a similar principle to that recommended for the payment of the Government contribution on maintenance requirements. Your Commission believes that such a principle adopted with regard to capital expenditure would grant too great a concession to poorer Boards, and might encourage them to undertake building operations beyond the needs and means of their respective districts.

INTEREST ON LOANS.

The basis of subsidizing interest on loans was more difficult of settlement, owing to the conflict of evidence submitted. It was argued that interest was, strictly