OUR VISION:

Excellent health and care for everyone, everywhere, every time.

Island Health

May 25, 2026

Michael Barnes, MPP
Senior Manager, Health and Capital Planning Strategies
Capital Regional Hospital District
Capital Regional District
625 Fisgard Street
Victoria, BC V8W 0E1

Sent via email: mbarnes@crd.bc.ca

Dear Michael:

Re: CRHD Cost-Share Contributions and Health Infrastructure Delivery

Thank you for your May 12, 2026, correspondence regarding Regional Hospital District cost-share contributions and potential changes to the Capital Regional Hospital District's (CRHD) funding approach.

Island Health recognizes the pressures local and regional governments face regarding supporting growing need for health infrastructure, escalating costs for this infrastructure, multiple competing priorities across sectors, and the increasingly limited capacity of tax payers to absorb tax increases.

I am responding in my capacity of being responsible for identifying, planning and advancing priority health infrastructure projects in the South Island. This letter is intended to speak to the practical implications of changes to CRHD cost-share contributions and should not be read as legal advice or as a definitive interpretation of provincial policy. Questions regarding provincial policy, legislative requirements, or Regional Hospital District cost-share expectations should be directed to the Ministry of Health and the Ministry of Infrastructure, as appropriate.

As you are aware, the current 30% CRHD contribution assumption for major capital projects is already materially lower than the historic 40% regional contribution reference point. The practical effect of this change in contribution is significant: a lower regional contribution reduces the funding available to advance priority health infrastructure in the CRD region. The move from a 40% reference point to a 30% CRHD contribution for major capital projects already has a substantive impact on Island Health's ability to deliver health care infrastructure in the CRD region. A further reduction would compound that impact.

This is particularly significant in the current capital environment. Project budgets are not carrying large margins, and costs continue to escalate across construction, equipment, infrastructure renewal, consultant fees and contingency. In that context, even relatively small percentage changes translate into material funding gaps.

Health infrastructure is integral to care delivery. Clinical buildings, electrical capacity, medical equipment, diagnostic and treatment space, infection prevention requirements, accessibility, and building renewal form the foundation required to enable the delivery of safe and effective health services. When capital funding is reduced, the impact extends beyond buildings and equipment; over time, it constrains Island Health's maintain, modernize, and expand the service capacity required to support patient care needs.

Island Health and the CRHD are critical partners in delivering health care infrastructure for the region. From Island Health's perspective, the cost-share model is not simply a financial arrangement – it is fundamental to advancing projects from planning through to approval, funding and delivery. When regional contributions are reduced, it impacts on the project scope, the project schedule, and project viability. Ultimately it delays the delivery of need infrastructure for the community requiring care.

Contribution shifts also create pressure across Island Health's broader capital plan, as provincial and health authority capital funding must be managed across a portfolio of priorities in Island Health's service area. Reduced or less predictable regional contributions in one area may affect the ability to advance priorities in other regions and can create broader uncertainty for capital planning, particularly where multiple Regional Hospital Districts are supporting major projects at the same time. The practical consequence is reduced capacity to renew, replace and expand the health infrastructure that supports care delivery in the Capital Region. Over time, which means fewer projects advancing, projects taking longer to deliver, projects being reduced in scope, or projects not proceeding at all. While the effect may not always be visible immediately as a direct service reduction, the long-term result is a lower level of health care service capacity than would otherwise be possible in the CRHD region.

Island Health is committed to continued collaboration with the CRHD and the Province to advance priority health infrastructure for the region. As noted earlier, should there be interest in changing the current relationship between the CRHD and Island Health, next steps most likely require legal review and clarifying existing legislative expectations.

We recognize the pressures for infrastructure funding within the current environment. For Island Health, maintaining a stable and predictable cost-share framework is critical to ensure that residents of the Capital Region continue to have access to the health infrastructure and services they need.

Sincerely,

Jesse Tarbotton, RPP
Director, Capital Planning, Real Estate & Leasing

cc: Ted Robbins, Chief Administrative Officer, Capital Regional District
Kevin Lorette, General Manager, Housing, Planning & Protective Services, Capital Regional District
Kathy MacNeil, President & CEO
James Hanson, Vice President, Community Clinical Operations and Support Programs
Bobi Plecas, Deputy Minister, Ministry of Infrastructure
Cynthia Johansen, Deputy Minister, Ministry of Health
Amy Miller, Assistant Deputy Minister, Ministry of Infrastructure
Mark Bell, Director, Ministry of Infrastructure