



Notice of Meeting and Meeting Agenda Capital Regional Hospital District Board

Wednesday, May 10, 2023

1:05 PM

6th Floor Boardroom
625 Fisgard Street
Victoria, BC

The Capital Regional District strives to be a place where inclusion is paramount and all people are treated with dignity. We pledge to make our meetings a place where all feel welcome and respected.

1. TERRITORIAL ACKNOWLEDGEMENT

2. APPROVAL OF THE AGENDA

3. ADOPTION OF MINUTES

3.1. [23-347](#) Minutes of the March 8, 2023 and March 15, 2023 Capital Regional Hospital District Board

Recommendation: That the minutes of the Capital Regional Hospital District Board meetings of March 8, 2023 and March 15, 2023 be adopted as circulated.

Attachments: [Minutes - March 8, 2023](#)
[Minutes - March 15, 2023](#)

4. REPORT OF THE CHAIR

5. PRESENTATIONS/DELEGATIONS

The public are welcome to attend CRD Board meetings in-person.

Delegations will have the option to participate electronically. Please complete the online application at www.crd.bc.ca/address no later than 4:30 pm two days before the meeting and staff will respond with details.

Alternatively, you may email your comments on an agenda item to the CRD Board at crdboard@crd.bc.ca.

6. CONSENT AGENDA

- 6.1. [23-232](#) Capital Regional Hospital District 2022 Audit Findings Report and Audited Financial Statements
- Recommendation:** The Hospitals and Housing Committee recommends to the Capital Regional Hospital District Board:
 That the Capital Regional Hospital District 2022 Audited Financial Statements be approved.
 (NWA)
- Attachments:** [Staff Report: CRHD 2022 Audit Report and Statements](#)
 [Appendix A: CRHD 2022 Financial Statements](#)
 [Appendix B: CRHD Audit Findings Report](#)
 [Appendix C: CRHD Other Financial Statement Analysis](#)
 [Appendix D: CRHD Financial Performance Indicators](#)
- 6.2. [23-335](#) Next Steps Related to Provincial Decriminalization of Controlled Substances
- Recommendation:** There is no recommendation. This report is for information only.
- Attachments:** [Staff Report: Next Steps Related to Provincial Decriminalization](#)
 [Appendix A: Bylaw No. 3962](#)
 [Supplemental 1: Presentation Clean Air Bylaw, Island Health](#)
 [Supplemental 2: Presentation Decriminalization & Clean Air Bylaw](#)

7. ADMINISTRATION REPORTS

8. REPORTS OF COMMITTEES

9. NOTICE(S) OF MOTION

10. NEW BUSINESS

11. ADJOURNMENT

Voting Key:

NWA - Non-weighted vote of all Directors

NWP - Non-weighted vote of participants (as listed)

WA - Weighted vote of all Directors

WP - Weighted vote of participants (as listed)

Meeting Minutes

Capital Regional Hospital District Board

Wednesday, March 8, 2023

1:05 PM

6th Floor Boardroom
625 Fisgard Street
Victoria, BC

PRESENT

DIRECTORS: K. Murdoch (Chair), C. McNeil-Smith (Acting Chair), M. Alto, P. Brent, S. Brice, J. Brownoff (EP), J. Caradonna, C. Coleman, Z. de Vries, B. Desjardins, S. Goodmanson (EP), G. Holman, D. Kobayashi, M. Little, D. Murdock, C. Plant, C. Stock (for P. Jones), L. Szpak, M. Tait (EP), D. Thompson, S. Tobias, A. Wickheim, K. Williams, R. Windsor

STAFF: T. Robbins, Chief Administrative Officer; N. Chan, Chief Financial Officer; L. Hutcheson, General Manager, Parks and Environmental Services; K. Lorette, General Manager, Planning and Protective Services; K. Morley, General Manager, Corporate Services; I. Jesney, Acting General Manager, Integrated Water Services; D. Elliot, Senior Manager, Housing; M. Barnes, Senior Manager, Health & Capital Planning; M. Lagoa, Deputy Corporate Officer; S. Orr, Senior Committee Clerk (Recorder)

EP - Electronic Participation

Regrets: Director P. Jones

The meeting was called to order at 1:04 pm.

1. TERRITORIAL ACKNOWLEDGEMENT

A Territorial Acknowledgement was provided in the preceding meeting.

2. APPROVAL OF THE AGENDA

MOVED by Director Plant, **SECONDED** by Director McNeil-Smith,
That the agenda for the March 8, 2023 Session of the Capital Regional Hospital District Board be approved.
CARRIED

3. ADOPTION OF MINUTES

3.1. [23-183](#) Minutes of the January 11, 2023 Capital Regional Hospital District Board

MOVED by Director Plant, **SECONDED** by Director McNeil-Smith,
That the minutes of the Capital Regional Hospital District Board meeting of January 11, 2023 be adopted as circulated.
CARRIED

4. REPORT OF THE CHAIR

There were no Chair's remarks.

5. PRESENTATIONS/DELEGATIONS

There were no presentations or delegations.

6. CONSENT AGENDA

There were no Consent Agenda items.

7. ADMINISTRATION REPORTS

There were no Administration Reports.

8. REPORTS OF COMMITTEES

- 8.1. [23-080](#) Capital Regional Hospital District Investment Portfolio Holdings and Annual Performance Update

N. Chan presented Item 8.1. for information.

9. BYLAWS

There were no bylaws for consideration.

10. NOTICE(S) OF MOTION

There were no Notice(s) of Motion.

11. NEW BUSINESS

There was no new business.

12. ADJOURNMENT

MOVED by Director Plant, **SECONDED** by Director McNeil-Smith,
That the March 8, 2023 Capital Regional Hospital District Board meeting be
adjourned at 1:06 pm.
CARRIED

CHAIR

CERTIFIED CORRECT:

CORPORATE OFFICER

Meeting Minutes

Capital Regional Hospital District Board

Wednesday, March 15, 2023

1:00 PM

6th Floor Boardroom
625 Fisgard Street
Victoria, BC

Special Meeting - Final Budget

DIRECTORS: K. Murdoch (Chair), C. McNeil-Smith (Acting Chair), M. Alto, J. Bateman (for M. Tait), P. Brent, S. Brice, J. Brownoff (EP), J. Caradonna, C. Coleman, Z. de Vries, B. Desjardins, S. Goodmanson (EP), G. Holman, D. Kobayashi, M. Little, D. Murdock, C. Plant, C. Stock (for P. Jones), L. Szpak, D. Thompson, S. Tobias (EP), A. Wickheim, K. Williams, R. Windsor

Staff: T. Robbins, Chief Administrative Officer; N. Chan, Chief Financial Officer; L. Hutcheson, General Manager, Parks and Environmental Services; K. Lorette, General Manager, Planning and Protective Services; K. Morley, General Manager, Corporate Services; I. Jesney, Acting General Manager, Integrated Water Services; M. Barnes, Senior Manager, Health and Capital Planning Strategies; R. Lachance, Senior Manager, Financial Services; B. Semmens, Manager, Financial Planning & Performance; M. Lagoa, Deputy Corporate Officer; S. Orr, Senior Committee Clerk (Recorder)

EP - Electronic Participation

Guests: D. MacKay and D. Boychuk, Island Health

Regrets: Directors P. Jones, M. Tait

The meeting was called to order at 1:00 pm.

1. TERRITORIAL ACKNOWLEDGEMENT

Director Kobayashi provided the Territorial Acknowledgement.

2. APPROVAL OF THE AGENDA

MOVED by Director Plant, **SECONDED** by Director McNeil-Smith,
That the agenda for the March 15, 2023 Session of the Capital Regional Hospital District Board be approved.
CARRIED

3. PRESENTATIONS/DELEGATIONS

There were no presentations or delegations.

4. SPECIAL MEETING MATTERS

4.1. [23-088](#) Capital Regional Hospital District Bylaw No. 415: Annual Budget 2023

N. Chan spoke to Item 4.1.

Discussion ensued regarding:

- Oak Bay Lodge property
- annual assessments

MOVED by Director Plant, SECONDED by Director Windsor,

1. That Bylaw No. 415, "Annual Budget Bylaw, 2023", be introduced and read a first, second and third time.

CARRIED

MOVED by Director Plant, SECONDED by Director Windsor,

2. That Bylaw No. 415 be adopted.

CARRIED

4.2. [23-197](#) Amendment to the Capital Regional Hospital District 2023-2032 Ten Year Capital Plan

MOVED by Director Plant, SECONDED by Director Windsor,

That the Capital Regional Hospital District 2023-2032 Ten Year Capital Plan be amended and approved as submitted.

CARRIED

4.3. [23-163](#) The Summit at Quadra Village Capital Modifications - Approval of a Capital Bylaw

K. Lorette spoke to Item 4.3.

Discussion ensued regarding noise reduction

MOVED by Director Alto, SECONDED by Director Plant,

1) That the recommended capital modifications totalling \$200,000 be approved and expensed from the Summit Management Reserve.

CARRIED

MOVED by Director Alto, SECONDED by Director Plant,

2) That Bylaw No. 416, "Capital Regional Hospital District Capital Bylaw No. 186, 2023" be introduced and read a first, second, and third time.

CARRIED

MOVED by Director Alto, SECONDED by Director Plant,

3) That Bylaw No. 416 be adopted.

CARRIED

5. ADJOURNMENT

MOVED by Director Windsor, SECONDED by Director Alto,

That the March 15, 2023 Capital Regional Hospital District Board meeting be adjourned at 1:22 pm.

CARRIED

CHAIR

CERTIFIED CORRECT:

CORPORATE OFFICER

**REPORT TO THE HOSPITALS AND HOUSING COMMITTEE
MEETING OF WEDNESDAY, MAY 03, 2023**

SUBJECT **Capital Regional Hospital District 2022 Audit Findings Report and Audited Financial Statements**

ISSUE SUMMARY

To receive the Capital Regional Hospital District (CRHD) 2022 Audit Findings Report and approve the Audited Financial Statements.

BACKGROUND

The CRHD was established in 1967 by the provincial government (*Hospital District Act*) to provide the local share of capital funding for healthcare infrastructure in the capital region. CRHD shares the same boundaries, board of directors and administrative staff as the Capital Regional District (CRD).

Section 17 of the *Hospital District Act* and Section 814 of the *Local Government Act* require that audited financial statements be prepared each year. The 2022 Financial Statements have been prepared by management in accordance with Canadian Public Sector Accounting Standards (PSAS), as recommended by the Public Sector Accounting Board (PSAB).

Partnering with Island Health and community stakeholder agencies, the CRHD supports a healthy region by investing in strategic priorities in healthcare. These include new construction, upgrades, renewals and expansion of health facilities and medical equipment. More recently, CRHD also contributes by developing land and health facilities for Island Health to occupy for health authority purposes. Financial activities include strategies and actions to raise the local cost share of funding for capital projects directed by Island Health and 100% for CRHD directed development and construction initiatives. A significant activity in 2022 was the completion of the Oak Bay Lodge site demolition. This development project is being pursued in partnership with Island Health.

Under PSAB regulations, the CRHD is required to present four statements with accompanying notes:

1. Statement of Financial Position
2. Statement of Operations
3. Statement of Change in Net Debt
4. Statement of Cash Flows

Attached as Appendix A are the CRHD 2022 Audited Financial Statements. These also include Schedule A which provides a listing of contributions paid to district hospitals.

The Audit Findings Report from KPMG (Appendix B) summarizes the responsibilities of the audit firm, scope of investigations and audit results. The report confirms there have been no significant changes in the audit approach from the Audit Planning Report previously presented to the Board on January 11, 2023, and the audit findings confirm the financial statements present fairly, in all material respects, the financial position of CRHD as at December 31, 2022.

ALTERNATIVES

Alternative 1

The Hospitals and Housing Committee recommends to the Capital Regional Hospital District Board:

That the Capital Regional Hospital District 2022 Audited Financial Statements be approved.

Alternative 2

That the Capital Regional Hospital District 2022 Audited Financial Statements be referred back to staff for additional information.

IMPLICATIONS

Financial Implications

Audit Findings Report

The Audit Findings Report (Appendix B) provides the results of the KPMG audit and reports specific results in areas of focus identified in the Audit Planning Report presented to the CRHD Board on January 11, 2023.

Financial Statements

The Statement of Financial Position and the Statement of Operations form the basis of the audited financial statements and are similar to the Balance Sheet and Income Statement in private organizations. The CRHD financial statements are prepared and presented in accordance with Canadian PSAS.

HIGHLIGHTS

1. Statement of Financial Position

The Statement of Financial Position presents the financial position of an entity at a given date. It is comprised of three main components: financial assets, financial liabilities and non-financial assets. For 2022, the financial position is in a net debt position of (\$86) million and with an accumulated surplus of \$20.8 million.

Financial Assets

Financial assets as of December 31, 2022, were \$31.3 million an increase of \$4.8 million or 18% from 2021. Table 1 summarizes financial assets as of December 31 and provides the change year over year.

Table 1 – Change in Financial Assets Year over Year

Statement of Financial Position (\$ millions)	2022	2021	\$ Change	% Change
Financial Assets				
Cash and cash equivalents	18.6	17.7	0.9	5%
Investments	9.0	5.0	4.0	80%
Due from CRD	0.1	0.1	-	-
Other receivables	0.3	0.1	0.2	200%
Restricted cash – MFA DRF	3.3	3.6	(0.3)	(8%)
Total Financial Assets	\$31.3	\$26.5	\$4.8	18%

Cash and cash equivalents include cash on hand, bank deposits and short-term highly liquid investments. Cash and cash equivalents increased by \$0.9 million primarily due to completion of the Oak Bay Lodge demolition project and less cash required for vendor payments. Investments increased by \$4.0 million year over year, due to an investment strategy which moved funds on hand into longer-term holdings. Further details on changes are included in Appendix C, section 4, Statement of Cash Flows.

Other receivables increased by \$0.2 million due to investment holdings and accrued interest receivable where restricted cash decreased by (\$0.3) million due to debt maturities exceeding new debt issuances in the year, therefore reducing the Municipal Finance Authority (MFA) Debt Reserve Fund (DRF).

Financial Liabilities

Table 2 summarizes financial liabilities of \$117.6 million which include \$3.6 million in accounts payable and other liabilities and \$114.0 million in outstanding long-term debt.

Table 2 – Change in Financial Liabilities Year over Year

Statement of Financial Position (\$ millions)	2022	2021	\$ Change	% Change
Financial Liabilities				
Accounts payable & other liabilities	3.2	2.4	0.8	33%
Deferred revenue	0.4	0.4	-	0%
Short-term debt	-	1.8	(1.8)	(100%)
Long-term debt	114.0	128.3	(14.3)	(11%)
Total Financial Liabilities	\$117.6	\$132.9	(\$15.3)	(12%)

The accounts payable balance increased by \$0.8 million over prior year primarily due to the timing of claims on active major projects, net of final payments of project holdbacks related to the Oak Bay Lodge demolition. Long-term debt decreased by (\$14.3) million as a result of debt maturities exceeding new debt borrowings in 2022.

Non-Financial Assets

As shown in Table 3, non-financial assets of \$107.1 million consist solely of tangible capital assets.

Table 3 – Change in Non-Financial Assets Year over Year

Statement of Financial Position (\$ millions)	2022	2021	\$ Change	% Change
Non-Financial Assets				
Tangible Capital Assets	\$107.1	\$106.9	\$0.2	0%

The increase of \$0.2 million from prior year is primarily attributed to \$2.9 million of demolition work at Oak Bay Lodge, \$0.4 million in post-occupancy related expenditures for the Summit, net of \$3.1 million in amortization expense. Additional detail is presented in Note 5 of the 2022 Financial Statements.

2. Statement of Operations

The Statement of Operations reports the annual results of the entity's financial activities, presenting revenues less expenses and the net surplus.

Revenue

Revenue from all sources totaled \$38.3 million in 2022. Table 4 summarizes changes in revenue by source with a net decrease of (\$1.3) million or (3%) over prior year.

Table 4 – Change in Revenue Year over Year

Statement of Operations (\$ millions)	2022	2021	\$ Change	% Change
Requisition	26.5	28.1	(1.6)	(6%)
Payments in lieu of taxes	0.8	0.9	(0.1)	(11%)
Lease and other property revenue	4.4	4.4	-	0%
Interest income	0.8	0.3	0.5	167%
Debt Reserve Fund	0.3	-	0.3	100%
Actuarial adjustment of long-term debt	5.5	5.9	(0.4)	(7%)
Total Revenue	\$38.3	\$39.6	(\$1.3)	(3%)

Of the (\$1.3) million total revenue reduction through 2022, (\$2.0) million is a result of lower requisition due to lower debt servicing requirements and a result of a decrease actuarial adjustments on long-term debt. All other changes net to an offsetting increase of \$0.7 million over prior year, primarily a result of higher interest earnings and higher debt reserve fund surplus on expired debt.

Expenses

Expenses consist of contributions to Island Health, interest on debt, operating expenditures and amortization expense. Table 5 summarizes the change in expenses over prior year.

Table 5 – Change in Expenses Year over Year

Statement of Operations (\$ millions)	2022	2021	\$ Change	% Change
Contributions to Island Health	6.6	9.5	(2.9)	(31%)
Interest on long-term debt	6.9	7.2	(0.3)	(4%)
Amortization	3.1	3.1	-	-
Operating expenses	1.4	1.3	0.1	8%
Total Expenses	\$18.0	\$21.1	(\$3.1)	(15%)

Contributions in the year were \$6.6 million, a decrease of (\$2.9) million or (31%) over prior year. Contributions vary year-over-year depending on the timing of projects and claim submissions of various initiatives. Of amounts paid in 2022; \$4.5 million went towards minor capital projects in the region and \$2.1 million towards major capital projects such as the Emergency Department Redevelopment at Lady Minto Hospital, the High Acuity Unit at Victoria General Hospital, and various Urgent and Primary Care Clinics in the region.

The decrease in interest on long-term debt of (\$0.3) million is due to lower balances payable as a result of maturities outpacing new debt issuances.

Operating expenses consist of administration, feasibility studies and property management costs. The \$0.1 million increase is primarily attributed to higher administration and property management costs \$0.2 million, net of decreased feasibility studies costs (\$0.1) million.

2022 Annual Surplus

The accumulated surplus/(deficit) represents the sum of annual surpluses and deficits to date for the CRHD. The accumulated surplus or net book value of equity for the CRHD is \$20.8 million, indicating the organization has assets (financial and non-financial) of greater value than what it owes (Financial Liabilities).

The annual surplus is the net difference between revenues and expenses for the current year. In 2022, operations resulted in an annual surplus of \$20.3 million, an increase of \$1.8 million or 10% over prior year. The increase in surplus is due to the decrease in capital cost share paid to Island Health with deferral of some capital project costs to 2023.

Surplus funds are used to pay for capital and other commitments through reserve for future use and for repayment of current outstanding debt principal.

3. Other Financial Statement Analysis

Analysis of the remaining two statements and Schedule A can be found in Appendix C:

- Statement of Change in Net Debt
- Statement of Cash Flows
- Schedule A: Grants to District Hospitals

4. Financial Indicators

Financial indicators are metrics used to quantify current conditions in addition to forecasting trends. They can be used as a tool to evaluate overall financial condition of the entity. The following indicators are relevant to CRHD's performance and financial sustainability.

4.1 Debt service costs as a percentage of revenue (Debt Service Ratio)

The debt service ratio is an indicator of the percentage of revenue committed to the payment of interest and principal on temporary and long-term debt. A high percentage indicates greater use of revenue for the repayment of debt. As the CRHD's primary mandate is to secure borrowing and provide capital contributions for health facility infrastructure, a high debt servicing ratio is expected. CRHD's debt servicing costs as percentage of revenue at December 31, 2022, is 54% (2021: 53%).

Refer to Appendix C for a comparison of CRHD to other Hospital Districts on Vancouver Island and southern British Columbia.

4.2 Current assets versus current liabilities (Current Ratio)

The current ratio is a measure of the liquidity of an organization, meaning the CRHD's ability to meet current obligations through the use of current assets (cash, accounts receivable, short-term investments). A high ratio indicates a greater ability to meet both planned and unexpected expenditures. The CRHD's current ratio as at December 31, 2022, is 7.3 to 1 (2021: 4.9 to 1), indicating CRHD's current assets are sufficient to pay current liabilities 7.3 times.

4.3 Interest costs as a percentage of total revenues (Interest Coverage Ratio)

This ratio is an indicator of the percentage of revenue committed to the payment of interest on temporary and long-term debt. A high percentage indicates greater use of revenues for servicing interest on outstanding debt. The CRHD's interest coverage ratio at December 31, 2022, is 5.6, meaning the CRHD's revenue is sufficient to repay interest expense 5.6 times (2021: 5.5)

CONCLUSION

Board approval of the CRHD 2022 Audited Financial Statements is required by the *Hospital District Act*, and the *Local Government Act*. Audited financial statements must be available for the Ministry of Health and Municipal Finance Authority. KPMG has completed the annual audit and as noted in the Auditor's Report, it is the Auditor's opinion these Financial Statements present fairly the financial position of CRHD at December 31, and the results of the financial activities for the year then ended are in accordance with Canadian Public Sector Accounting Standards.

RECOMMENDATION

The Hospitals and Housing Committee recommends to the Capital Regional Hospital District Board:

That the Capital Regional Hospital District 2022 Audited Financial Statements be approved.

Submitted by:	Rianna Lachance, BCom, CPA, CA, Senior Manager, Financial Services
Concurrence:	Nelson Chan, MBA, FCPA, FCMA, Chief Financial Officer
Concurrence:	Kevin Lorette, P. Eng., MBA, General Manager, Planning & Protective Services
Concurrence:	Ted Robbins, B. Sc., C. Tech., Chief Administrative Officer

ATTACHMENTS

- Appendix A: CRHD 2022 Financial Statements
- Appendix B: CRHD Audit Findings Report [for the year ended December 31, 2022 (KPMG)]
- Appendix C: CRHD Other Financial Statement Analysis
- Appendix D: CRHD Financial Performance Indicators

Capital Regional Hospital District 2022 Financial Statements

British Columbia, Canada
Fiscal year ended December 31, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Chair and Directors of the Capital Regional Hospital District

Opinion

We have audited the financial statements of the Capital Regional Hospital District (the District), which comprise:

- the statement of financial position as at December 31, 2022
- the statement of operations for the year then ended
- the statement of changes in net debt for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the District as at December 31, 2022, and its results of operations, its changes in net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our auditor's report.

We are independent of the District in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the District's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the District or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the District's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the District's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the District to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants

Victoria, Canada
_____ 2023

Capital Regional Hospital District

MANAGEMENT REPORT

The Financial Statements contained in this report have been prepared by management in accordance with Canadian public sector accounting standards. The integrity and objectivity of these statements are management's responsibility. Management is also responsible for all the statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The Capital Regional Hospital District Board of Directors are responsible for approving the financial statements and for ensuring that management fulfills its responsibilities for financial reporting and internal control, and exercises this responsibility through the Hospitals and Housing Committee of the Board.

The external auditor, KPMG LLP, conduct an independent examination, in accordance with Canadian public sector accounting standards, and express their opinion on the financial statements. Their examination includes a review and evaluation of the District's system of internal control and appropriate tests and procedures to provide reasonable assurance that the financial statements are presented fairly. The external auditor had full and free access to staff and management. The Independent Auditor's Report outlines the scope of the audit for the year ended December 31, 2022.

On behalf of Capital Regional Hospital District,

Nelson Chan, MBA, FCPA, FCMA
Chief Financial Officer
May 10, 2023

Statement of Financial Position

As at December 31, 2022

	2022	2021
Financial assets		
Cash and cash equivalents	\$ 18,607,086	\$ 17,671,161
Investments	9,000,000	5,000,000
Accounts receivable		
Due from Capital Regional District	107,379	130,801
Other	281,085	87,423
Restricted cash - MFA Debt Reserve Fund (Note 2)	3,288,444	3,607,145
	<u>31,283,994</u>	<u>26,496,530</u>
Financial liabilities		
Accounts payable and other liabilities	3,265,947	2,447,965
Deferred revenue	366,515	367,001
Short-term debt (Note 3)	-	1,819,000
Long-term debt (Note 4)	113,972,340	128,318,806
	<u>117,604,802</u>	<u>132,952,772</u>
Net debt	(86,320,808)	(106,456,242)
Non-financial assets		
Tangible capital assets (Note 5)	107,097,097	106,903,759
Contingent liability (Note 4c and 12)		
Commitments (Note 6)		
Accumulated Surplus (Note 10)	\$ 20,776,289	\$ 447,517

The accompanying notes are an integral part of these financial statements

Nelson Chan, MBA, FCPA, FCMA
Chief Financial Officer

Statement of Operations

For the year ended December 31, 2022

	Budget (Note 11)	2022	2021
Revenue			
Taxation - Municipalities	\$ 24,291,188	\$ 24,291,188	\$ 25,998,529
Taxation - Electoral Areas	2,068,029	2,068,029	2,031,625
Taxation - First Nations	101,619	101,619	108,353
Payments in lieu of taxes	834,368	834,368	879,761
Lease and other property revenue	4,393,178	4,421,133	4,420,933
Interest income	75,000	808,282	285,488
Debenture maturity refund	437,420	258,253	-
Actuarial adjustment on long-term debt	-	5,506,241	5,874,862
	32,200,802	38,289,113	39,599,551
Expenses			
Grants to district hospitals (Schedule A)	10,541,082	6,565,342	9,475,488
Interest on long-term debt	6,872,863	6,856,743	7,207,154
Interest on short-term debt	15,000	8,438	1,926
Amortization	-	3,110,364	3,084,450
Operating expenses	3,042,750	1,419,454	1,343,679
	20,471,695	17,960,341	21,112,697
Annual surplus	11,729,107	20,328,772	18,486,854
Accumulated surplus/(deficit), beginning of year	447,517	447,517	(18,039,337)
Accumulated surplus, end of year	\$ 12,176,624	20,776,289	\$ 447,517

The accompanying notes are an integral part of these financial statements

Statement of Change in Net Debt

For the year ended December 31, 2022

	Budget	2022	2021
	(Note 11)		
Annual surplus	\$ 11,729,106	\$ 20,328,772	\$ 18,486,854
Acquisition of tangible capital assets	(10,905,233)	(3,303,702)	(10,278,012)
Amortization of tangible capital assets	-	3,110,364	3,084,450
Change in net debt	823,873	20,135,434	11,293,292
Net debt, beginning of year	(106,456,242)	(106,456,242)	(117,749,534)
Net debt, end of year	\$ (105,632,369)	\$ (86,320,808)	\$ (106,456,242)

The accompanying notes are an integral part of these financial statements

Statement of Cash Flows

For the year ended December 31, 2022

	2022	2021
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 20,328,772	\$ 18,486,854
Items not involving cash:		
Actuarial adjustment on long-term debt	(5,506,241)	(5,874,862)
Amortization	3,110,364	3,084,450
Changes in non-cash assets and liabilities:		
Accounts receivable	(193,662)	(29,377)
Accounts payable and accrued liabilities	817,982	(1,335,737)
Deferred revenue	(486)	5,486
Due from Capital Regional District	23,422	570,369
Restricted cash	318,701	298,559
Net change in cash from operating activities	18,898,852	15,205,742
Capital activities:		
Cash used to acquire tangible capital assets	(3,303,702)	(10,278,012)
Net change in cash from capital activities	(3,303,702)	(10,278,012)
Investing activities:		
Acquisition of investments	(9,000,000)	-
Proceeds from investments	5,000,000	(5,000,000)
Net change in cash from investing activities	(4,000,000)	(5,000,000)
Financing activities:		
Additions to short-term debt	-	1,819,000
Repayment of short-term debt	(1,819,000)	-
Additions to long-term debt	5,060,362	6,172,570
Repayment of long-term debt	(13,900,587)	(13,875,412)
Net change in cash from financing activities	(10,659,225)	(5,883,842)
Net change in cash and cash equivalents	935,925	(5,956,112)
Cash and cash equivalents, beginning of year	17,671,161	23,627,273
Cash and cash equivalents, end of year	\$ 18,607,086	\$ 17,671,161
Cash paid for interest	\$ 6,832,708	\$ 7,134,689
Cash received for interest	808,282	285,488

The accompanying notes are an integral part of these financial statements

Capital Regional Hospital District

Notes to Financial Statements

For the year ended December 31, 2022

GENERAL

The Capital Regional Hospital District (the “Hospital District”) is incorporated under letters patent issued October 17, 1967. The Hospital District provides Capital Region hospitals with funding for capital project construction and the purchase of moveable equipment.

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Hospital District are prepared by management in accordance with Canadian public sector accounting standards as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Significant accounting policies adopted by the Hospital District are as follows:

a) Basis of Accounting

The Hospital District follows the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay.

b) Taxation

Each Municipality, Electoral Area and First Nation within the Regional District is requisitioned for their portion of the Hospital District service. These funds are then levied by the Municipalities, First Nations and the Province (for Electoral Areas) to individual taxpayers and remitted to the Hospital District by August 1 of each year.

c) Cash Equivalents

Cash equivalents include short-term highly liquid investments with a term to maturity of less than 90 days at acquisition.

d) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes amounts directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets, excluding land, are amortized on a straight line basis over their estimated useful lives as follows:

Asset	Useful Life
Building and building fixtures	10 to 50 Years

Amortization is charged annually, in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

- i. Contributions of tangible capital assets
Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and also are recorded as revenue.
- ii. Works of art and cultural and historic assets
Works of art and cultural and historic assets are not recorded as assets in these financial statements.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

iii. Interest capitalization

The Hospital District does not capitalize interest costs associated with the acquisition or construction of a tangible capital asset.

iv. Impairment

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Hospital District's ability to produce goods and services or when the value of the future economic benefits associated with the asset is less than the book value of the asset.

e) Long-Term Debt

Long-term debt is recorded net of repayments and actuarial adjustments.

f) Debenture Issue Cost

Debenture issue costs are recorded as an expense in operations as incurred.

g) Section 20(3) Reserve

As permitted by section 20(3) of the Hospital District Act, funds are raised for the future purchase of land, equipment, minor renovations to hospitals, and related studies. The unspent balance of the reserve is a component of the Hospital District Accumulated Surplus.

h) Grants to District Hospitals

Government transfers including grants to district hospitals are recognized as an expense in the period the transfer is authorized and all eligibility criteria have been met by the recipient.

i) Financial Instruments

Financial instruments are classified into two categories; fair value or cost.

- i. Fair value category: portfolio investments quoted in an active market are reflected at fair value as at the reporting date. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments are recorded as an expense.
- ii. Cost category: portfolio investments not quoted in an active market, financial assets and liabilities are recorded at cost or amortized cost. Gains and losses are recognized in the Statement of Operations when the financial asset is derecognized due to disposal or impairment. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of financial assets are included in the cost of the related instrument.

Financial assets are assessed for impairment on an annual basis. If there is an indicator of impairment, the Hospital District determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Hospital District expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

j) Use Of Estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Actual results could differ from these estimates.

2. RESTRICTED CASH – MFA DEBT RESERVE FUND

The Municipal Finance Authority of British Columbia (MFA) is required to establish a Debt Reserve Fund into which each borrower who shares in the proceeds of a debt issue is required to pay certain amounts set out in the debt agreements. Interest earned on these funds (less administrative expenses) becomes an obligation of the MFA to the borrower. If at any time insufficient funds are provided by the borrowers, the MFA will then use these funds to meet payments on its obligations. Should this occur, the borrowers may be called upon to restore the fund. The balance of the Debt Reserve Fund cash deposits at December 31, 2022 is \$3,288,444 (2021: \$3,607,145)

3. SHORT-TERM DEBT

The balance of short-term debt as of December 31, 2022 is \$nil (2021: \$1,819,000). Short-term debt of \$1,819,000 was repaid in April 2022, when the interest rate was 1.13%.

4. LONG-TERM DEBT

a) Debt

Long-term debt represents gross debt borrowings of \$251,214,060 (2021: \$270,613,414) net of repayments and actuarial adjustments of \$137,241,720 (2021: \$142,294,609).

The loan agreements with the MFA provide that, if at any time the scheduled payments provided for in the agreements for the Hospital District and other authorities are not sufficient to meet the MFA's obligation in respect to such borrowings, the resulting deficiency becomes a liability of the Hospital District and other members of the MFA.

The following principal payments are payable over the next five years and thereafter:

2023	2024	2025	2026	2027	Aggregate amount after 2027
\$ 13,862,297	\$ 11,903,172	\$ 8,850,625	\$ 7,227,101	\$ 6,042,613	\$51,018,000

b) Interest Rates of Long Term Debt Borrowings Issued in the Year

2022	2021
3.07% to 3.82%	1.25% to 1.53%

The long-term debt bears interest at rates ranging from 0.91% to 3.85%. The weighted average interest rate at December 31, 2022 is 2.69% (2021: 2.56%).

c) Demand Notes – Contingent Liability

The MFA holds demand notes related to the Hospital District's debenture debt in the amount of \$8,311,279 (2021: \$8,746,511). The demand notes are not recorded as they only become payable should debt be in default or if the MFA requires the funds to meet debt obligations.

5. TANGIBLE CAPITAL ASSETS

	Cost			Accumulated Amortization				Net Book Value at
	Balance at December 31, 2021	Additions	Transfers	Balance at December 31, 2022	Balance at December 31, 2021	Amortization Expense	Balance at December 31, 2022	December 31, 2022
Work in Progress	\$ 1,985,691	-	(1,985,691)	\$ -	-	-	-	\$ -
Land	31,642,375	2,922,075	1,985,691	36,550,141	-	-	-	36,550,141
Buildings	79,437,279	381,627	-	79,818,906	6,161,586	3,110,364	9,271,950	70,546,956
	\$ 113,065,345	3,303,702	-	\$ 116,369,047	6,161,586	3,110,364	9,271,950	\$ 107,097,097

	Cost			Accumulated Amortization				Net Book Value at
	Balance at December 31, 2020	Additions	Transfers	Balance at December 31, 2021	Balance at December 31, 2020	Amortization Expense	Balance at December 31, 2021	December 31, 2021
Work in Progress	\$ -	1,985,691	-	\$ 1,985,691	-	-	-	\$ 1,985,691
Land	23,591,590	8,050,785	-	31,642,375	-	-	-	31,642,375
Buildings	79,195,743	241,536	-	79,437,279	3,077,136	3,084,450	6,161,586	73,275,693
	\$ 102,787,333	10,278,012	-	\$ 113,065,345	3,077,136	3,084,450	6,161,586	\$ 106,903,759

a) The Heights Long-Term Care Facility Site

In 2012, the Hospital District approved a 27 year land lease with the Baptist Housing Mount View Heights Care Society for the site owned by the Hospital District at 3814 Carey Road. The land has a historical cost of \$1,913,640.

Notes to Financial Statements continued

6. COMMITMENTS

a) The Hospital District has the following approved and active capital bylaws:

Bylaw	Description	Approved Project Cost (Island Health)	Hospital District Share	Funded to December 31, 2021	Funded in Current Year (Schedule A)	Funded to December 31, 2022	Remaining Commitment	Planned Approved Funding 2023 - 2027
Sec 20(3)	Equipment and Non-Traditional Projects	\$ 2,955,000	\$ 2,955,000	\$ -	\$ 2,955,000	\$ 2,955,000	\$ -	\$ -
CBL 171	MCP 2018	20,683,223	3,750,000	3,571,989	178,011	3,750,000	-	-
CBL 173	MCP 2019	19,030,689	3,750,000	3,468,463	201,958	3,670,421	79,579	79,579
CBL 174	James Bay UPCC	5,000,000	1,500,000	669,507	2,671	672,178	-	-
CBL 176	MCP 2020	17,554,299	3,750,000	3,139,709	222,991	3,362,700	387,300	387,300
CBL 177	Victoria UPCC #1	5,000,000	1,500,000	1,203,261	2,266	1,205,527	-	-
CBL 180	MCP 2021	16,172,313	3,750,000	260,047	930,231	1,190,278	2,559,722	2,559,722
CBL 181	Esquimalt UPCC	2,954,713	886,414	490,745	159,483	650,228	-	-
CBL 182	Victoria UPCC #2	4,998,639	1,499,592	1,169,837	76,503	1,246,340	-	-
CBL 183	Emergency Dept. Redevelopment - LMH	12,800,000	3,738,000	97,026	1,040,281	1,137,307	2,600,693	2,600,693
CBL 184	MCP 2022	9,375,000	3,750,000	-	5,006	5,006	3,744,994	3,744,994
CBL 185	High Acuity Unit – VGH	3,397,183	1,019,155	-	790,941	790,941	228,214	227,719
		\$ 119,921,059	\$ 31,848,161	\$ 14,070,584	\$ 6,565,342	\$ 20,635,926	\$ 9,600,502	\$ 9,600,007

Minor Capital Projects (MCP) are defined as projects valued between \$100,000 and \$2.0 million to sustain exiting infrastructure, replace building components and improve functionality. Major Capital Projects are defined as projects valued at greater than \$2.0 million and modify, expand/enhance or replace health service/program spaces. Island Health's Project Cost is based on their capital plan and various funders. CRHD cost shares a maximum of 30% for Major Capital project expenditures up to the approved bylaw amount. When a major or minor capital project is completed and no further claims are expected, the remaining commitment is reported as nil.

6. COMMITMENTS (continued)

b) Hospital District approved, planned, and active capital projects detailed by Hospital Facility:

Bylaw	Year Approved	Description	Approved Project Cost (Island Health)	Hospital District Share	Funded to December 31, 2021	Funded in Current Year (Schedule A)	Funded to December 31, 2022	Remaining Commitment	Planned Approved Funding 2023 - 2027
APPROVED AND ACTIVE CAPITAL PROJECTS									
Vancouver Island Health Authority									
Multiple	2018-2022	Minor Capital	8,741,205	2,292,146	1,390,187	(38,444)	1,351,743	939,980	939,980
Sec 20(3)	2022	Equipment Grant	2,925,000	2,925,000	-	2,925,000	2,925,000	-	-
174	2020	James Bay UPCC	5,000,000	1,500,000	669,507	2,671	672,178	-	-
177	2020	Victoria UPCC #1	5,000,000	1,500,000	1,203,261	2,266	1,205,527	-	-
181	2021	Esquimalt UPCC	2,954,713	886,414	490,745	159,483	650,228	-	-
182	2021	Victoria UPCC #2	4,998,639	1,499,592	1,169,837	76,503	1,246,340	-	-
Mount St. Mary Hospital									
Sec 20(3)	2022	Movable Equipment Grant	30,000	30,000	-	30,000	30,000	-	-
Gorge Road Hospital									
Multiple	2018-2022	Minor Capital	4,987,652	1,153,078	892,741	14,466	907,207	237,690	237,690
Juan de Fuca Hospital									
Multiple	2018-2022	Minor Capital	9,703,882	1,735,236	1,434,476	103,304	1,537,780	200,645	200,645
Lady Minto Hospital									
Multiple	2018-2022	Minor Capital	1,141,036	243,314	231,227	-	231,227	2,364	2,364
183	2021	Emergency Dept. Redevelopment	12,800,000	3,738,000	97,026	1,040,281	1,137,307	2,600,693	2,600,693
Queen Alexandra Hospital									
Multiple	2018-2022	Minor Capital	2,665,656	797,976	301,182	154,124	455,306	360,102	360,102
Royal Jubilee Hospital									
Multiple	2018-2022	Minor Capital	27,006,956	6,297,981	3,326,521	489,062	3,815,583	2,397,070	2,397,070
Saanich Peninsula Hospital									
Multiple	2018-2022	Minor Capital	4,212,783	1,094,632	787,991	30,960	818,951	272,516	272,516
Victoria General Hospital									
Multiple	2018-2022	Minor Capital	24,356,354	5,135,637	2,075,883	784,725	2,860,608	2,361,228	2,361,228
185	2022	High Acuity Unit	3,397,183	1,019,155	-	790,941	790,941	228,214	227,719
Total Commitments			119,921,059	31,848,161	14,070,584	6,565,342	20,635,926	9,600,502	9,600,007

b) Hospital District approved, planned, and active capital projects detailed by Hospital Facility (continued)

Bylaw	Year Approved	Description	Approved Project Cost (Island Health)	Hospital District Share	Funded to December 31, 2021	Funded in Current Year (Schedule A)	Funded to December 31, 2022	Remaining Commitment	Planned Approved Funding 2023 - 2027
PLANNED CAPITAL PROJECTS									
TBD	2023	New Long-Term Care – Royal Bay	223,694,000	67,108,200	-	-	-	67,108,200	67,108,200
Total Planned Capital Projects			223,694,000	67,108,200	-	-	-	67,108,200	67,108,200
Total Commitments and Planned Capital Projects			\$343,615,059	\$ 98,956,361	\$ 14,070,583	\$ 6,565,342	\$ 20,635,926	\$ 76,708,702	\$ 76,708,207

7. CONTRACTUAL OBLIGATIONS

At December 31, 2022, the Hospital District has no outstanding contractual obligations at December 31, 2022 (2021: \$2,183,438).

8. CONTRACTUAL RIGHTS

- a) The Hospital District financed the capital cost of the Summit at Quadra Village, a complex care facility. The facility was substantially completed by December 31, 2019 and residents moved in July 2020. Under the agreement, Island Health contributes through annual lease payments over a 25 year period. Lease payments commenced February 1, 2020 and are \$4,338,178 annually.
- b) The Hospital District has an agreement with Fido Solutions to operate a temporary cellular site on the lands at 2251 Cadboro Bay Rd. for a term of five years until March 31, 2026. The annual rent is \$20,000.

9. RELATED PARTY TRANSACTIONS

The Hospital District is a related party to the Capital Regional District (CRD). The Board of Directors for each entity is comprised of the same individuals. As legislated by the Hospital District Act, the officers and employees of the CRD are the corresponding officers and employees of the Hospital District. The CRD and the Hospital District are separate legal entities as defined by separate Letters Patent and authorized by separate legislation. During the year the Hospital District purchased, at cost, \$883,575 (2021: \$763,651) of administrative support and project management services from the CRD, of which \$nil (2021: \$nil) was capitalized.

The Regional Housing First Program (RHFP) is a partnership between the CRD, the Provincial and Federal governments to provide capital funding to affordable housing projects in the region. The CRD, Capital Region Housing Corporation and the Hospital District will invest a combined \$40 million towards projects. In 2018, a RHFP project management office was created to support the delivery of the program. During the year the Hospital District contributed, \$118,287 (2021: \$143,978) to the CRD, to cost share in administrative support and project management services.

10. ACCUMULATED SURPLUS

	2022	2021
<u>Surplus/(Deficit):</u>		
Other	\$ (4,773,808)	\$ (18,683,901)
Reserve funds set aside for specific purposes:		
Debt Management Reserve	3,359,413	-
Regional Housing First Program Reserve	10,383,057	10,068,435
Summit Management Reserve	891,288	533,340
Land Holdings Management Reserve	1,405,013	1,286,762
Capital Loan Fund	6,771,594	4,630,407
Hospital District Act Section 20(3) Reserve	2,739,732	2,612,474
Accumulated Surplus	<u>\$ 20,776,289</u>	<u>\$ 447,517</u>

11. BUDGET DATA

The budget data presented in these financial statements is based upon the 2022 operating and capital budgets approved by the Board on March 16, 2022. The chart below reconciles the approved budget to the budget figures reported in these financial statements.

	Budget Amount
Revenue budget	\$ 33,950,389
Less:	
Transfers from reserve	(1,678,252)
Prior-year surplus	(71,335)
Revenue per Financial Statements	<u>32,200,802</u>
Expense budget	33,950,389
Add:	
Grants to district hospitals	3,836,082
Less:	
Transfers to reserve	(3,360,287)
Debt principal payments	(13,954,489)
Expense per Financial Statements	<u>20,471,695</u>
Annual Surplus	<u>\$ 11,729,107</u>

12. CONTINGENT LIABILITY

From time to time, the Capital Regional Hospital District is subject to claims and other lawsuits that arise in the course of business, some of which may seek damages in substantial amounts. Liability for these claims and lawsuits are recorded to the extent that the probability of a loss is likely and it is estimable.

13. FINANCIAL RISKS AND CONCENTRATION OF RISK

The Capital Regional Hospital District has exposure to the following risks from its use of financial instruments:

a) Credit risk:

Credit risk refers to the risk that a counter party may default on its contractual obligations resulting in a financial loss. The Hospital District is subject to credit risk with respect to the accounts receivable and cash and cash equivalents. Credit risk arises from the possibility that taxpayers and entities to which the Hospital District provides services may experience financial difficulty and be unable to fulfill their obligations. This risk is mitigated as most accounts receivable are due from government agencies and are collectible.

There have been no significant changes to credit risk exposure from 2021.

13. FINANCIAL RISKS AND CONCENTRATION OF RISK (continued)

b) Liquidity risk:

Liquidity risk is the risk that the Hospital District will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Hospital District manages its liquidity risk by monitoring its operating requirements; preparing budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

Accounts payable and accrued liabilities are generally due within 30 days of receipt of an invoice.

There have been no significant changes to liquidity risk exposure from 2021.

c) Market Risk:

Market risk is the risk that changes in market prices, such as foreign exchange rates or interest rates will affect the Hospital District's income or the value of its holdings of financial instruments. The objective of market risk management is to control risk exposures within acceptable parameters while optimizing return on investment.

i. Foreign exchange risk:

The Hospital District does not enter into foreign exchange transactions and therefore is not exposed to foreign exchange risk.

There have been no significant changes to foreign exchange risk exposure from 2021.

ii. Interest rate risk:

The Hospital District is exposed to interest rate risk through its investments and debt instruments. It is management's opinion that the Hospital District is not exposed to significant interest rate risk in their investments as they manage this risk through its investment policy which includes restrictions on types and concentration of instruments held.

Exposure to interest rate risk in relation to debt instruments is limited to long term debt renewals and short term financing. The risk applies only to long term debt when amortization periods exceed the initial locked in term. Short term financing is subject to daily floating rates, which can result in variability over the course of short term financing. Interest rate risk related to debt instruments is managed through budget and cash forecasts.

There has been no change to the risk exposure from 2021.

14. COMPARATIVE INFORMATION

Certain 2021 comparative information has been reclassified to conform with the financial statement presentation adopted for the current year.

Grants to District Hospitals

For the year ended December 31, 2022

	Total grants December 31 2021	Expense 2022	Transfers to completed projects	Total grants December 31 2022
PROJECTS IN PROGRESS				
Designated Health Care facilities	\$ 1,770,686	\$ -	\$ -	\$ 1,770,686
Vancouver Island Health Authority	11,433,519	3,127,479	(5,908,000)	8,652,998
Gorge Road Hospital	965,881	14,466	(230,420)	749,927
Juan de Fuca Hospital	1,908,065	103,304	(155,167)	1,856,202
Lady Minto Hospital	678,242	1,040,281	(186,277)	1,532,246
Mount St. Mary Hospital	30,000	30,000	(30,000)	30,000
Queen Alexandra Hospital	301,181	154,124	(238,518)	216,787
Royal Jubilee Hospital	10,342,373	489,062	(1,454,818)	9,376,617
Saanich Peninsula Hospital	1,714,889	30,960	(484,395)	1,261,454
Victoria General Hospital	3,423,381	1,575,666	(718,364)	4,280,683
	<u>32,568,217</u>	<u>6,565,342</u>	<u>(9,405,959)</u>	<u>29,727,600</u>
COMPLETED PROJECTS				
Designated Health Care facilities	22,394,214	-	-	22,394,214
Vancouver Island Health Authority	80,563,323	-	5,908,000	86,471,323
Gorge Road Hospital	7,942,371	-	230,420	8,172,791
Juan de Fuca Hospital	37,655,442	-	155,167	37,810,609
Lady Minto Hospital	5,635,055	-	186,277	5,821,332
Mount St. Mary Hospital - Fairfield	15,479,545	-	30,000	15,509,545
Queen Alexandra Hospital	9,231,426	-	238,518	9,469,944
Royal Jubilee Hospital	259,776,173	-	1,454,818	261,230,991
Saanich Peninsula Hospital	20,018,153	-	484,395	20,502,548
Victoria General Hospital	99,746,518	-	718,364	100,464,882
	<u>558,442,220</u>	<u>-</u>	<u>9,405,959</u>	<u>567,848,179</u>
	591,010,438	6,565,342	-	597,575,779
LESS:				
Province of British Columbia share of grants to hospitals recorded before change in capital payment process in 2000	(126,010,301)	-	-	(126,010,301)
	<u>\$ 465,000,137</u>	<u>\$ 6,565,342</u>	<u>\$ -</u>	<u>\$ 471,565,478</u>

Total grants to date is cumulative since incorporation of the Hospital District in 1967



Capital Regional Hospital District

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Capital Regional Hospital District Audit Findings Report



Capital Regional Hospital District

Audit Findings Report
year ended December 31, 2022



For the meeting on May 3, 2023

kpmg.ca/audit



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Click on any item in the table of contents to navigate to that section.



Audit highlights



Status of the audit



Audit risks and results



Misstatements



Control deficiencies and improvement observations



Additional matters



Appendices

The purpose of this report is to assist you, as a member of the Hospitals and Housing Committee, in your review of the results of our audit of the financial statements as at and for the period ended December 31, 2022. This report builds on the Audit Plan we presented to the Hospitals and Housing Committee. This report is intended solely for the information and use of Management, the Hospitals and Housing Committee and the Board of Directors and should not be used for any other purpose or any other party. KPMG shall have no responsibility or liability for loss or damages or claims, if any, to or by any third party as this report has not been prepared for, and is not intended for, and should not be used by, any third party or for any other purpose.



Audit highlights

Purpose of this report

The purpose of this report is to assist you, as a member of the Hospitals and Housing Committee (the “Committee”), in your review of the results of our audit of the financial statements of Capital Regional Hospital District (“CRHD” or the “District”) as at and for the year ended December 31, 2022.

Status of the audit

We have completed the audit of the financial statements, with the exception of certain remaining outstanding procedures, which are highlighted on page 5 of this report.

Significant changes to our audit plan

There were no significant changes to our audit plan which was originally communicated to you in the audit planning report.

Audit risks and results

Findings related to significant risks are discussed on page 6.

Audit risks and results – other focus areas

Findings related to other focus areas are discussed on page 7.

Uncorrected audit misstatements

Professional standards require that we request of management and the Committee that all identified audit misstatements be corrected.

One historical difference from 2017 remains uncorrected related to debt issuance costs recognized in 2017 as an expense rather than over the 25 year term of the debt. This results in a timing difference that will decline in value over the term of the debt. The uncorrected difference results in an overstatement of debt and understatement of accumulated surplus of \$93,100 which is immaterial to the financial statements as a whole. We concur with management’s representation that the differences are not material to the financial statements. Accordingly, the differences have no effect on our auditor’s report.

Corrected audit misstatements

There are no matters to report.

Control deficiencies and improvement observations

We did not identify any control deficiencies that we determined to be significant deficiencies in internal control over financial reporting.

Significant accounting policies and practices

Findings related to significant accounting policies and practices are discussed on page 10.

Independence

As required by professional standards, we have considered all relationships between KPMG and CRHD that may have a bearing on independence. We confirm that we are independent with respect to CRHD within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any other standards or applicable legislation or regulation from January 1, 2022 up until the date of this report.



Status of the audit

As of May 3, 2023, we have completed the audit of the financial statements, with the exception of certain remaining procedures, which include amongst others:

- Completing our discussions with the Hospitals and Housing Committee
- Obtaining evidence of Board acceptance of the financial statements
- Obtaining a signed management representation letter
- Completing subsequent event review procedures up to the date of the Board of Directors' acceptance of the financial statements.

We will update the Committee and Board of Directors, and not solely the Chair, on significant matters, if any, arising from the completion of the audit, including the completion of the above procedures.

Our auditor's report, a draft of which is included in the draft financial statements, will be dated upon the completion of any remaining procedures.



Significant risks and results

We highlight our significant findings in respect of **significant risks** as identified in our discussion with you in the Audit Plan, as well as any additional significant risks identified.



Fraud risk from management override of controls

This is a presumed fraud risk. Management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Although the level of risk of management override of controls will vary from entity to entity, the risk nevertheless is present in all entities. We have not identified any specific additional risks of management override relating to this audit.

Our response

Our procedures included:

- testing of journal entries and other adjustments,
- performing a retrospective review of estimates
- evaluating the business rationale of significant unusual transactions.

Significant findings

We noted no issues as a result of our testing.

Audit focus areas

We highlight findings in other areas of focus as identified in the Audit Plan as follows:



Oak Bay Lodge

In August 2020, ownership of Oak Bay Lodge was transferred from Island Health to CRHD. There are restrictive covenants in the transfer agreement, requiring CRHD use the land for “public good”, which includes not-for-profit care facilities in health or other publicly funded health care services; subsidized, supported or other public housing, shelter accommodation for homeless persons and associated health and social supports including harm reduction.

CRHD acquired the demolition permit for the property that resides on the land and demolition was completed in 2022. During 2021, a community consultation began on the future use of the land which continued into 2022. CRHD's intention is to construct a health care facility on the land.

Our response

KPMG reviewed the Board and related committee meeting minutes for activity and commitments related to the property with financial implications.

KPMG selected a sample of costs incurred related to the demolition of the property and agreed such costs to invoices to verify their accuracy and nature related to preparation for future capital assets.

KPMG considered any indications of adjustments required to the value of the land recognized in fiscal 2020 on acquisition. No adjustments were recommended.

KPMG assessed the measurement and disclosure of activities relating to the site during the year.

Significant findings

There were no issues noted in our testing.

Uncorrected audit misstatements

Uncorrected audit misstatements include financial presentation and disclosure omissions.



Impact of uncorrected audit misstatements – Not material to the financial statements

The management representation letter includes the Summary of Uncorrected Audit Misstatements, which discloses the impact of all uncorrected misstatements considered to be other than clearly trivial, including the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole.

One historical difference from 2017 remains uncorrected related to debt issuance costs recognized in 2017 as an expense rather than over the 25 year term of the debt.

This results in a timing difference that will decline in value over the term of the debt. The uncorrected difference results in an overstatement of debt and understatement of accumulated surplus of \$93,100.

Based on both qualitative and quantitative considerations, management have decided not to correct certain misstatements and represented to us that the misstatements—individually and in the aggregate—are, in their judgment, not material to the financial statements. This management representation is included in the management representation letter.

We concur with management's representation that the uncorrected misstatements are not material to the financial statements. Accordingly, the uncorrected misstatements have no effect on our auditor's report.



Control deficiencies and improvement observations

Consideration of internal control over financial reporting (ICFR)



In planning and performing our audit, we considered ICFR relevant to CRHD's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on ICFR.

Our understanding of internal control over financial reporting was for the limited purpose described above and was not designed to identify all control deficiencies that might be significant deficiencies. The matters being reported are limited to those deficiencies that we have identified during the audit that we have concluded are of sufficient importance to merit being reported to those charged with governance.

Our awareness of control deficiencies varies with each audit and is influenced by the nature, timing, and extent of audit procedures performed, as well as other factors. Had we performed more extensive procedures on internal control over financial reporting, we might have identified more significant deficiencies to be reported or concluded that some of the reported significant deficiencies need not, in fact, have been reported.

A deficiency in internal control over financial reporting



A deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed, or when the person performing the control does not possess the necessary authority or competence to perform the control effectively.

Significant deficiencies in internal control over financial reporting



A significant deficiency in internal control over financial reporting is a deficiency, or combination of deficiencies, in internal control that, in the auditor's professional judgment, is of sufficient importance to merit the attention of those charged with governance.

We did not identify any significant deficiencies in internal control over financial reporting.



Significant accounting policies and practices



Significant accounting policies



- There were no initial selections of or changes to significant accounting policies and practices.
- There were no significant accounting policies in controversial or emerging areas.
- There were no issues noted with the timing of the CRHD's transactions in relation to the period in which they were recorded.
- There were no issues noted with the extent to which the financial statements are affected by a significant unusual transaction and extent of disclosure of such transactions.
- There were no issues noted with the extent to which the financial statements are affected by non-recurring amounts recognized during the period and extent of disclosure of such transactions.



Significant qualitative aspects of financial statement presentation and disclosure



- There were no issues noted with the judgments made, in formulating particularly sensitive financial statement disclosures.
- There were no issues noted with the overall neutrality, consistency, and clarity of the disclosures in the financial statements.
- There were no significant potential effects on the financial statements of significant risks, exposures and uncertainties.



Significant accounting estimates



- There were no issues noted with management's identification of accounting estimates.
- There were no issues noted with management's process for making accounting estimates.
- There were no indicators of possible management bias.



Other audit matters

We highlight below examples of audit procedures performed including those that do not relate specifically to a transaction reported in the financial statements, but rather procedures performed to obtain an understanding of the organization and its internal controls to inform our risk assessment and design procedures to address where material errors could



Risk Assessment

- Update our understanding of the Entity and its environment (industry, economic environment, regulatory and legislative requirements).
- Identify key business processes (Treasury and Debt, Revenue, Purchases and Payments, Payroll) and where material errors in the financial statements could arise, including from error and fraud.
- Validate our understanding of key business processes by performing a walkthrough of each significant process to determine if the process operates as described.
- Update our understanding of the Entity's internal controls and risk assessment processes and evaluate their suitability based on the nature and complexity of the organization.
- Evaluate if a culture of honesty and ethical behaviour has been created and maintained.
- Evaluate if appropriate policies and procedures for communications and information systems are in place to support accurate and timely preparation of the financial statements.
- Documents inspected include Code of Conduct, Reporting of Serious Misconduct Policy and Procedure, Quarterly financial reporting and management updates.

Substantive audit procedures

- Cash, investments and debt balances were confirmed with the respective financial institutions.
- A sample of capital asset additions were compared to underlying source documents. An estimate of amortization expense was compared to actual.
- A sample of payments made after year end were tested to determine if they were recorded in the appropriate fiscal year.
- Revenues and expenses were tested by way of analytical procedures, developing an expectation based on prior year and budget, and comparing to actual.
- Grants to Island Health were tested for accuracy by comparing to cash payment, approved bylaw and classification by nature and facility.

Concluding and reporting

- Evaluate management bias in the preparation of financial statements, based on patterns in the selection and application of accounting policies and principles.
- Financial statement presentation and disclosure were evaluated for compliance with accounting standards and comparability to industry leading practice, for example financial reporting award requirements of Government Finance Officers Association International.
- Legal exposure and estimates of contingency provisions were evaluated against supporting documentation including direct confirmation with external legal counsel.
- Disclosures in the financial statement notes were evaluated for completeness based on our knowledge of the Entity's ability to continue as a going concern, related party transactions, future contractual commitments and events occurring after year end.
- Deficiencies in internal control and other control observations were discussed with management, and if significant, communicated to the Board through a separate communication entitled Management Letter.

Appendices

1

Other required communications

2

Management representation letter

3

Changes in accounting standards

4

Insights into your business

5

Upcoming changes to auditing standards

6

Audit and assurance insights

7

Environmental, social and governance (ESG)

Appendix 1: Other required communications



Auditors' report

Refer to the draft report attached to the financial statements.

Engagement letter

A copy of the engagement letter and any subsequent amendments has been provided to management.



Reports to the Board of Directors

At the completion of the audit, we will provide our findings report to the Board of Directors.

Management representation letter

A copy of the management representation letter is attached.

Appendix 2: Management representation letter

KPMG LLP
Chartered Professional Accountants
St. Andrew's Square II
800-730 View Street
Victoria, BC V8W 3Y7

May 10, 2023

We are writing at your request to confirm our understanding that your audit was for the purpose of expressing an opinion on the financial statements (hereinafter referred to as “financial statements”) of Capital Regional Hospital District (“the Entity”) as at and for the period ended December 31, 2022.

General:

We confirm that the representations we make in this letter are in accordance with the definitions as set out in [Attachment I](#) to this letter.

We also confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Responsibilities:

- 1) We have fulfilled our responsibilities, as set out in the terms of the engagement letter dated September 9, 2022, including for:
 - a) the preparation and fair presentation of the financial statements and believe that these financial statements have been prepared and present fairly in accordance with the relevant financial reporting framework.
 - b) providing you with all information of which we are aware that is relevant to the preparation of the financial statements (“relevant information”), such as financial records, documentation and other matters, including:
 - the names of all related parties and information regarding all relationships and transactions with related parties;
 - the complete minutes of meetings, or summaries of actions of recent meetings for which minutes have not yet been prepared, of board of directors and committees of the board of directors that may affect the financial statements. All significant actions are included in such summaries



Appendix 2: Management representation letter (continued)

- c) providing you with unrestricted access to such relevant information.
- d) providing you with complete responses to all enquiries made by you during the engagement.
- e) providing you with additional information that you may request from us for the purpose of the engagement.
- f) providing you with unrestricted access to persons within the Entity from whom you determined it necessary to obtain audit evidence.
- g) such internal control as we determined is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. We also acknowledge and understand that we are responsible for the design, implementation and maintenance of internal control to prevent and detect fraud.
- h) ensuring that all transactions have been recorded in the accounting records and are reflected in the financial statements.

Internal control over financial reporting:

- 2) We have communicated to you all deficiencies in the design and implementation or maintenance of internal control over financial reporting of which we are aware.

Fraud & non-compliance with laws and regulations:

- 3) We have disclosed to you:
 - a) the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
 - b) all information in relation to fraud or suspected fraud that we are aware of that involves:
 - management;
 - employees who have significant roles in internal control over financial reporting; or
 - others

Appendix 2: Management representation letter (continued)

where such fraud or suspected fraud could have a material effect on the financial statements.

- c) all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements, communicated by employees, former employees, analysts, regulators, or others.
- d) all known instances of non-compliance or suspected non-compliance with laws and regulations, including all aspects of contractual agreements or illegal acts, whose effects should be considered when preparing financial statements.
- e) all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

Subsequent events:

- 4) All events subsequent to the date of the financial statements and for which the relevant financial reporting framework requires adjustment or disclosure in the financial statements have been adjusted or disclosed.

Related parties:

- 5) We have disclosed to you the identity of the Entity's related parties.
- 6) We have disclosed to you all the related party relationships and transactions/balances of which we are aware.
- 7) All related party relationships and transactions/balances have been appropriately accounted for and disclosed in accordance with the relevant financial reporting framework.

Estimates:

- 8) The methods, the data and the significant assumptions used in making accounting estimates, and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in the context of the applicable financial reporting framework.

Going concern:

- 9) We have provided you with all information relevant to the use of the going concern assumption in the financial statements.
- 10) We confirm that we are not aware of material uncertainties related to events or conditions that may cast significant doubt upon the Entity's ability to continue as a going concern.



Appendix 2: Management representation letter (continued)

Misstatements:

- 11) The effects of the uncorrected misstatements described in [Attachment II](#) are immaterial, both individually and in the aggregate, to the financial statements as a whole.

Non-SEC registrants or non-reporting issuers:

- 12) We confirm that the Entity is not a Canadian reporting issuer (as defined under any applicable Canadian securities act) and is not a United States Securities and Exchange Commission ("SEC") Issuer (as defined by the Sarbanes-Oxley Act of 2002).
- 13) We also confirm that the financial statements of the Entity will not be included in the group financial statements of a Canadian reporting issuer audited by KPMG or an SEC Issuer audited by any member of the KPMG organization.

Yours very truly,

Ted Robbins, Chief Administrative Officer

Nelson Chan, Chief Financial Officer

Kevin Lorette, General Manager, Planning and Protective Services

Appendix 2: Management representation letter (continued)

Attachment I – Definitions

Materiality

Certain representations in this letter are described as being limited to matters that are material.

Information is material if omitting, misstating or obscuring it could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Judgments about materiality are made in light of surrounding circumstances, and are affected by perception of the needs of, or the characteristics of, the users of the financial statements and, the size or nature of a misstatement, or a combination of both while also considering the entity's own circumstances.

Information is obscured if it is communicated in a way that would have a similar effect for users of financial statements to omitting or misstating that information. The following are examples of circumstances that may result in material information being obscured:

- a) information regarding a material item, transaction or other event is disclosed in the financial statements but the language used is vague or unclear;
- b) information regarding a material item, transaction or other event is scattered throughout the financial statements;
- c) dissimilar items, transactions or other events are inappropriately aggregated;
- d) similar items, transactions or other events are inappropriately disaggregated; and
- e) the understandability of the financial statements is reduced as a result of material information being hidden by immaterial information to the extent that a primary user is unable to determine what information is material.

Fraud & error

Fraudulent financial reporting involves intentional misstatements including omissions of amounts or disclosures in financial statements to deceive financial statement users.

Misappropriation of assets involves the theft of an entity's assets. It is often accompanied by false or misleading records or documents in order to conceal the fact that the assets are missing or have been pledged without proper authorization.

An error is an unintentional misstatement in financial statements, including the omission of an amount or a disclosure.



Appendix 2: Management representation letter (continued)

Attachment II – Summary of Audit Misstatements Schedule

Presented in dollars	Statement of operations effect	Statement of financial position effect		
Description of individually significant misstatements	(Decrease) Increase	Assets (Decrease) Increase	Liabilities (Decrease) Increase	Accumulated surplus (Decrease) Increase
To recognize debt issuance expense over the term of the debt instead of in the year of issuance	(\$93,100)	-	(\$93,100)	-
Total misstatements	(\$93,100)	-	(\$93,100)	-



Appendix 3: Changes in accounting standards

Standard	Summary and implications
Asset retirement obligations	<ul style="list-style-type: none"> • The new standard PS 3280 <i>Asset retirement obligations</i> is effective for fiscal years beginning on or after April 1, 2022. • The new standard addresses the recognition, measurement, presentation and disclosure of legal obligations associated with retirement of tangible capital assets. Retirement costs will be recognized as an integral cost of owning and operating tangible capital assets. • The asset retirement obligations (“ARO”) standard will require the public sector entity to record a liability related to future costs of any legal obligations to be incurred upon retirement of any controlled tangible capital assets (“TCA”). The amount of the initial liability will be added to the historical cost of the asset and amortized over its useful life if the asset is in productive use. • As a result of the new standard, the public sector entity will: <ul style="list-style-type: none"> • Consider how the additional liability will impact net debt, as a new liability will be recognized with no corresponding increase in a financial asset; • Carefully review legal agreements, senior government directives and legislation in relation to all controlled TCA to determine if any legal obligations exist with respect to asset retirements; • Begin considering the potential effects on the organization as soon as possible to coordinate with resources outside the finance department to identify ARO and obtain information to estimate the value of potential ARO to avoid unexpected issues.

Appendix 3: Changes in accounting standards (continued)

Standard	Summary and implications
Revenue	<ul style="list-style-type: none">• The new standard PS 3400 <i>Revenue</i> is effective for fiscal years beginning on or after April 1, 2023.• The new standard establishes a single framework to categorize revenue to enhance the consistency of revenue recognition and its measurement.• The standard notes that in the case of revenue arising from an exchange transaction, a public sector entity must ensure the recognition of revenue aligns with the satisfaction of related performance obligations.• The standard notes that unilateral revenue arises when no performance obligations are present, and recognition occurs when there is authority to record the revenue and an event has happened that gives the public sector entity the right to the revenue.

Appendix 3: Changes in accounting standards (continued)

Standard	Summary and implications
Purchased Intangibles	<ul style="list-style-type: none">• The new Public Sector Guideline 8 <i>Purchased intangibles</i> is effective for fiscal years beginning on or after April 1, 2023 with earlier adoption permitted.• The guideline allows public sector entities to recognize intangibles purchased through an exchange transaction. The definition of an asset, the general recognition criteria and GAAP hierarchy are used to account for purchased intangibles.• Narrow scope amendments were made to PS 1000 <i>Financial statement concepts</i> to remove the prohibition to recognize purchased intangibles and to PS 1201 <i>Financial statement presentation</i> to remove the requirement to disclose purchased intangibles not recognized.• The guideline can be applied retroactively or prospectively.



Appendix 3: Changes in accounting standards (continued)

Standard	Summary and implications
Concepts Underlying Financial Performance	<ul style="list-style-type: none"> • The revised conceptual framework is effective for fiscal years beginning on or after April 1, 2026 with earlier adoption permitted. • The framework provides the core concepts and objectives underlying Canadian public sector accounting standards. • The ten chapter conceptual framework defines and elaborates on the characteristics of public sector entities and their financial reporting objectives. Additional information is provided about financial statement objectives, qualitative characteristics and elements. General recognition and measurement criteria, and presentation concepts are introduced.
Financial Statement Presentation	<ul style="list-style-type: none"> • The proposed section PS 1202 <i>Financial statement presentation</i> will replace the current section PS 1201 <i>Financial statement presentation</i>. PS 1202 <i>Financial statement presentation</i> will apply to fiscal years beginning on or after April 1, 2026 to coincide with the adoption of the revised conceptual framework. Early adoption will be permitted. • The proposed section includes the following: <ul style="list-style-type: none"> • Relocation of the net debt indicator to its own statement called the statement of net financial assets/liabilities, with the calculation of net debt refined to ensure its original meaning is retained. • Separating liabilities into financial liabilities and non-financial liabilities. • Restructuring the statement of financial position to present total assets followed by total liabilities. • Changes to common terminology used in the financial statements, including re-naming accumulated surplus (deficit) to net assets (liabilities). • Removal of the statement of remeasurement gains (losses) with the information instead included on a new statement called the statement of changes in net assets (liabilities). This new statement would present the changes in each component of net assets (liabilities), including a new component called “accumulated other”. • A new provision whereby an entity can use an amended budget in certain circumstances. • Inclusion of disclosures related to risks and uncertainties that could affect the entity’s financial position. • The Public Sector Accounting Board is currently deliberating on feedback received on exposure drafts related to the reporting model.



Appendix 4: Insights to enhance your business

We have the unique opportunity as your auditors to perform a deeper dive to better understand your business processes that are relevant to financial reporting.

[Learn more](#)

Lean in Audit

Lean in Audit™ is KPMG’s award-winning methodology that offers a new way of looking at processes and engaging people within your finance function and organization through the audit.

By incorporating Lean process analysis techniques into our audit procedures, we can enhance our understanding of your business processes that are relevant to financial reporting and provide you with new and pragmatic insights to improve your processes and controls.

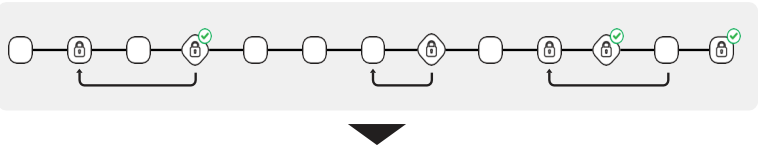
Clients like you have seen immediate benefits such as improved quality, reduced rework, shorter processing times and increased employee engagement.

We look forward to discussing how we can use this approach for your audit going forward.

How it works

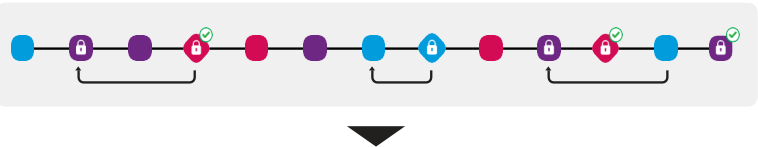
Standard Audit

Typical process and how it's audited



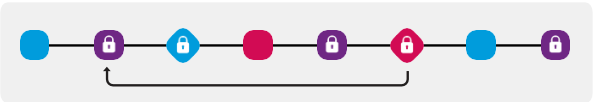
Lean in Audit™

Applying a Lean lens to perform walkthroughs and improve Audit quality and minimize risks and redundant steps



How Lean in Audit helps businesses improve processes

Make the process more streamlined and efficient for all



Value: what customers want (**maximize**)

Necessary: required activities (**minimize**)

Redundant: non-essential activities (**remove**)

Process controls

Key controls tested



Appendix 5: Upcoming changes to auditing standards

The International Auditing and Assurance Standards Board (IAASB) has issued three new and revised standards to strengthen and modernize the approach to quality management.

These standards address an evolving and increasingly complex environment, including a need for quality management systems that are proactive and adaptable.

	ISQM 1	ISQM 2	ISA 220 (Revised)
Scope	<ul style="list-style-type: none"> Focuses on quality management at the firm level Requires the firm to design, implement and operate a system of quality management (SoQM) to manage the quality of engagements performed by the firm Applies to all firms that perform audits or reviews of financial statements, or other assurance or related services engagements 	<ul style="list-style-type: none"> Focuses on the appointment of the engagement quality (EQ) reviewer and the EQ reviewer's responsibilities relating to the performance and documentation of an EQ review Applies to audits and reviews of financial statements; and other assurance and related services engagements 	<ul style="list-style-type: none"> Focuses on quality management at the engagement level Clarifies and strengthens the key elements of quality management at the engagement level, focusing on the critically important role of the engagement partner and reinforcing the importance of quality to all members of the engagement team Applies to audits of financial statements
Effective date	Firms are required to: <ul style="list-style-type: none"> have their SoQM designed and implemented by 15 December 2022 evaluate the SoQM at least annually, and no later than 15 December 2023 for the first evaluation 	Periods beginning on or after 15 December 2022	Periods beginning on or after 15 December 2022

Appendix 5: Upcoming changes to auditing standards

KPMG Global Quality Framework – in practice

Our Global Quality Framework outlines how we deliver quality at KPMG and how every partner and staff member contributes to its delivery. Quality **value drivers** are the cornerstones of our approach underpinned by the **supporting drivers**. **Performing quality engagements** sits at the core with our commitment to continually **monitor and remediate** to fulfil these drivers.

Live our culture and values

- Foster the right culture, starting with the tone at the top
- Clearly articulate strategy focused on quality, consistency, trust and growth
- Define accountabilities, roles and responsibilities, including for leadership
- Oversee using robust governance structures

Embrace digital technology

- KPMG Clara
- Intelligent, standards-driven audit workflow
- Digital data and emerging technologies

Apply expertise and knowledge

- Methodology aligned with professional standards, laws and regulations
- Deep technical expertise and knowledge
- Quality and risk management manual
- Standardized workpapers and guidance

Nurture diverse skilled teams

- Recruit appropriately qualified and skilled people, including specialists, with diversity of perspective and experience
- Invest in data centric skills – including data mining, analysis and visualization
- Focus on learning and development on technical expertise, professional acumen and leadership skills
- Assign appropriately qualified team
- Recognize quality



Monitor and remediate

- Rigorously monitor and measure quality at the local and global level – e.g. Quality performance review
- Obtain, evaluate and act on stakeholder feedback
- Anticipate opportunities to improve quality
- Perform root cause analysis

Perform quality engagements

- Critically assess audit evidence, using professional judgement and skepticism
- Direct, coach, supervise and review, including second line of defense and engagement quality review
- Appropriately support and document conclusions
- Monitor engagement milestones
- Consult where necessary

Associate with the right clients and engagements

- Follow the client acceptance and continuance policies
- Accept appropriate engagements
- Manage portfolio of clients

Be independent, objective and ethical

- Act with integrity and live our values
- Maintain an objective, independent and ethical mindset, in line with our code of conduct and policies
- Have zero tolerance of bribery and corruption

Assess risks to quality

- Identify and understand risks to delivering quality engagements and implement effective mitigating controls

Communicate effectively

- Provide insight, and maintain open and honest two-way communication
- Actively manage information flows within firms and between firms, regions and global
- Conduct and follow-up on the Global people survey
- Issue external communications, including transparency reports

See [KPMG International's Transparency Report](#) for more information on our approach to audit quality.

Appendix 6: Audit and assurance insights

Our latest thinking on the issues that matter most to Audit Committees, board of directors and management.

KPMG Audit & Assurance Insights

Curated research and insights for audit committees and boards.

Board Leadership Centre

Leading insights to help board members maximize boardroom opportunities

Current Developments

Series of quarterly publications for Canadian businesses including Spotlight on IFRS, Canadian Securities & Auditing Matters and US Outlook reports.

Audit Committee Guide – Canadian Edition

A practical guide providing insight into current challenges and leading practices shaping audit committee effectiveness in Canada.

Accelerate 2023

The key issues driving the audit committee agenda in 2023.

Momentum

A quarterly newsletter with the latest thought-leadership from KPMG's subject matter leaders across Canada and valuable audit resources for clients.

KPMG Climate Change Financial Reporting Resource Centre

Our climate change resource centre provides insights to help you identify the potential financial statement impacts to your business.

IFRS Breaking News

A monthly Canadian newsletter that provides the latest insights on international financial reporting standards and IASB activities.



Appendix 7: Environmental, Social and Governance (ESG)

The Importance of Sustainability Reporting



Sustainability Reporting – Who is impacted?

- **Lenders and underwriters** – increased focus on ESG considerations when making access to capital decisions
- **Investors** – ESG integration has become an investment norm
- **Employees** – ESG has become a key factor in attracting and retaining top talent
- **Consumers** – stakeholders increasingly scrutinize companies' ESG performance and transparency affecting brand acceptance and consumer demand



Importance to the Audit Committee

- **Regulatory developments** – ESG-related compliance costs and disclosure requirements continue to evolve as rules are finalized
- **Material ESG issues** – Audit Committees should understand stakeholder priorities and the company's material ESG risks and opportunities
- **Value creation** – developing a clear ESG strategy, along with a standardized reporting process can set a company apart from its competitors



Governance on ESG Data and Sustainability Reporting

- **Data collecting and reporting** – understand the ESG frameworks and reporting standards most commonly adopted in the industry and jurisdiction (benchmark to others in the industry)
- **ESG assurance** – Audit Committees are best positioned to understand which ESG metrics merit assurance. An assurance readiness assessment on Carbon is a common and often recommended first place to start

Appendix 7: Environmental, Social and Governance (ESG)

All companies are facing climate-related risks and opportunities – and are making strategic decisions in response. The impacts of climate-related risks in the financial statements are broad, potentially complex and will depend on the industry-specific risks.

How might climate-related risks impact the financial statements?

**01**

Assets

Consider the useful lives and residual values of PP&E and intangible assets, cash flow projections used for impairment testing of non-financial assets, and the potential impacts on inventories.

02

Liabilities

Consider the recognition of environmental and decommissioning obligations, accounting for emissions or 'green' schemes, impact on employee-benefit arrangements, and restructuring provisions.

03

Borrowers

Consider the accounting for different forms of government assistance, potential for embedded derivatives in green bonds, lease of green technology, impacts of leasing polluting assets.

04

Lenders

Consider how climate-related risks impact operating and financing leases, the potential impact on expected credit losses, and whether green loans meet the SPPI criterion.

05

Disclosures

Consider the impact on the going concern assessment and related disclosures and whether the impacts of climate-related matters have been disclosed clearly.

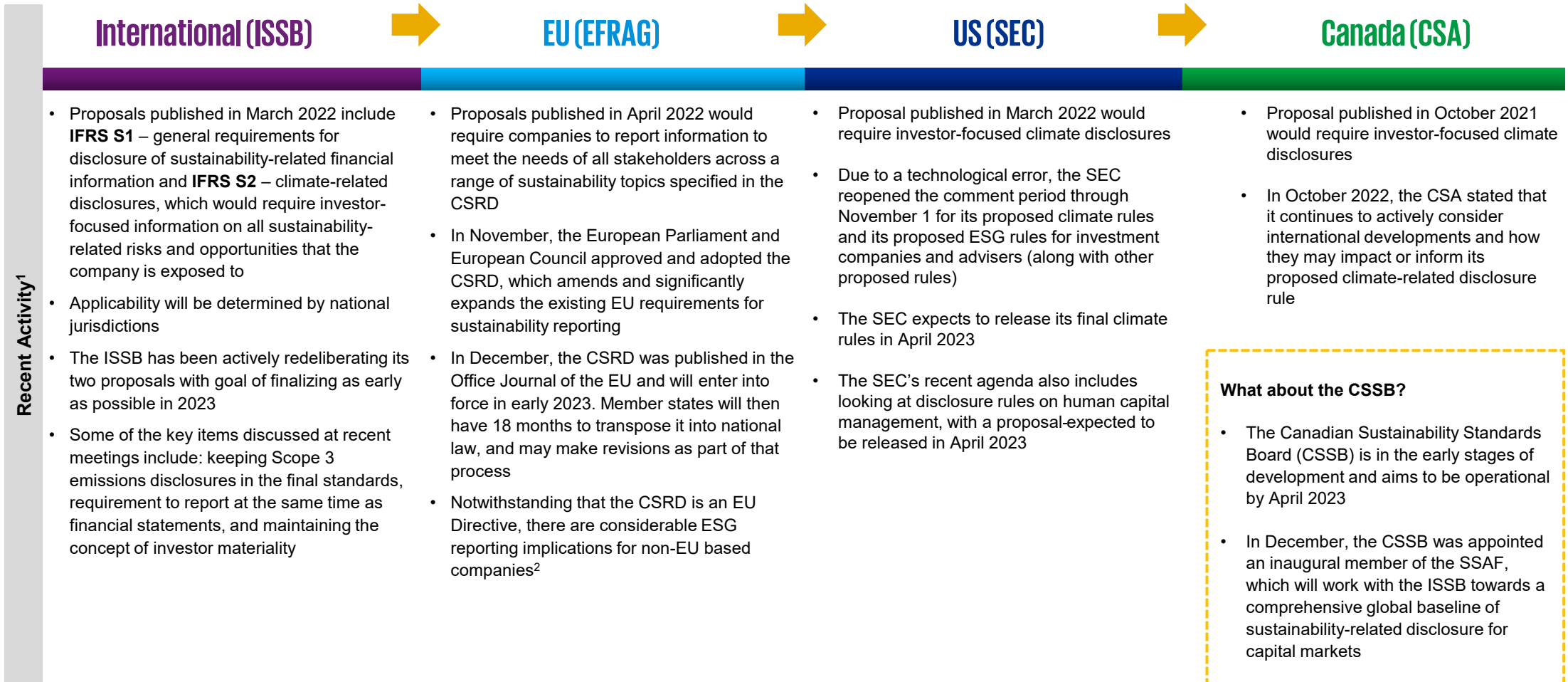


[See here for more information](#)



Appendix 7: Environmental, Social and Governance (ESG)

The Sustainability reporting journey: Regulatory update



1. Refer to our [Q4 2022 Current Developments – Spotlight on IFRS](#), [Q4 2022 Current Developments – Canadian Securities](#) and [Q4 2022 US Quarterly Outlook](#) publications for more details
 2. Refer to our publication [ESG in Europe – Requirements covering non-EU companies formally adopted](#)



Appendix 7: Environmental, Social and Governance (ESG)

ESG Discovery | Client journey



What is ESG Discovery?

ESG Discovery through KPMG Ignition is a 3-hour session held virtually or in-person, bringing you relevant insights to inspire thinking and inspire change.



Why book an ESG Discovery session?

The consideration of ESG (Environmental, Social and Governance) factors has become critical to the success of organizations across all sectors including yours.



Time commitment for you and selected individuals

- Sponsor attends 30-min kick-off call
- Provided ESG 101 material and a 15-minute ESG self-assessment questionnaire
- All participate in a 3-hour ESG Discovery session
- Sponsor attends a 30-minute debrief following session with KPMG



What we'll cover

- Overview of ESG and how it applies to your organization and industry
- Results and analysis of self-assessment
- Identification of ESG stakeholders and their interests
- Scenario planning exercises
- Prioritization of key actions



Exceptional experience

Explore and better understand your organization's ESG challenges and opportunities through a highly interactive ideation session that will help you prioritize next steps on your ESG journey.



What you'll get

- An understanding of current and future state impacts of ESG to your organization
- Clarity of the ESG priority areas for your organization going forward – and how KPMG can help



Next steps

Connect with your KPMG Partner to explore booking an ESG Discovery session for your organization



kpmg.ca

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KPMG member firms around the world have 227,000 professionals, in 145 countries.



Capital Regional Hospital District Other Financial Statement Analysis

Appendix C: Other Financial Statement Analysis

The 2022 Audited Financial Statements have been prepared by management in accordance with Canadian Public Sector Accounting Board (PSAB) Standards. Under PSAB regulations, governments are required to present five statements with explanatory notes. The first two statements are summarized in the staff report. This appendix provides a summary of the remaining statements.

3. Statement of Change in Net Debt

The Statement of Change in Net Debt is summarized in Table 7 and is primarily designed to explain the difference between the CRHD's annual surplus reported on the Statement of Operations and the change in net debt.

Table 7 – Change in Net Debt Year over Year

Statement of Change in Net Debt (\$ millions)	2022	2021
Annual surplus	20.3	18.5
Acquisition of tangible capital assets	(3.3)	(10.3)
Amortization of tangible capital assets	3.1	3.1
Change in net debt	20.1	11.3
Net debt, beginning of year	(106.4)	(117.7)
Net debt, end of year	(\$86.3)	(\$106.4)

In 2022, the CRHD's net debt position of \$86.3 million decreased by (\$20.1) million or (19%) over prior year. The change in net debt in 2022 is due to an annual surplus of \$20.3, acquisition of tangible capital assets of \$3.3 million relating to Oak Bay Lodge demolition and Summit capital additions, less \$3.1 million in amortization.

4. Statement of Cash Flows

The Statement of Cash Flows reports the sources and uses of cash during the period and Table 8 displays the total cash flow activity by category from the statement:

Table 8 – Change in Cash and Cash Equivalents Year over Year

Statement of Cash Flows (\$ millions)	2022	2021
Operating activities	18.9	15.2
Capital activities	(3.3)	(10.3)
Investing activities	(4.0)	(5.0)
Financing activities	(10.7)	(5.9)
Net change in cash & cash equivalents	0.9	(6.0)
Cash & cash equivalents, beginning of year	17.7	23.7
Cash and cash equivalents, end of year	\$18.6	\$17.7

The net change in cash and cash equivalents in 2022 was an increase of \$0.9 million, a result of cash received from operating activities of \$18.9 million, less investment in tangible capital assets of (\$3.3) million, less cash investments of (\$4.0) million, less cash used in financing activities (\$10.7) million.

5. Schedule A: Grants to District Hospitals

Schedule A summarizes the amounts raised for capital which are approved in the annual financial plan. These include equipment cost share, major capital projects cost share and minor capital projects cost share which are cash flowed over several years. Capital contribution expenses in the year were \$6.6 million and the value of projects completed during the year was \$9.4 million. Major capital contributed to Lady Minto Emergency Department Redevelopment, Victoria General Hospital High Acuity Unit, and Urgent and Primary Care Clinics in the region.

As shown in Note 6 to the financial statements, the CRHD cost shares between 30-40% of approved project costs and the CRHD share of authorized projects at December 31, 2022, is \$31.8 million (2021: \$34.1 million).

Appendix D provides graphical presentation of the 2022 total costs shared by facility.

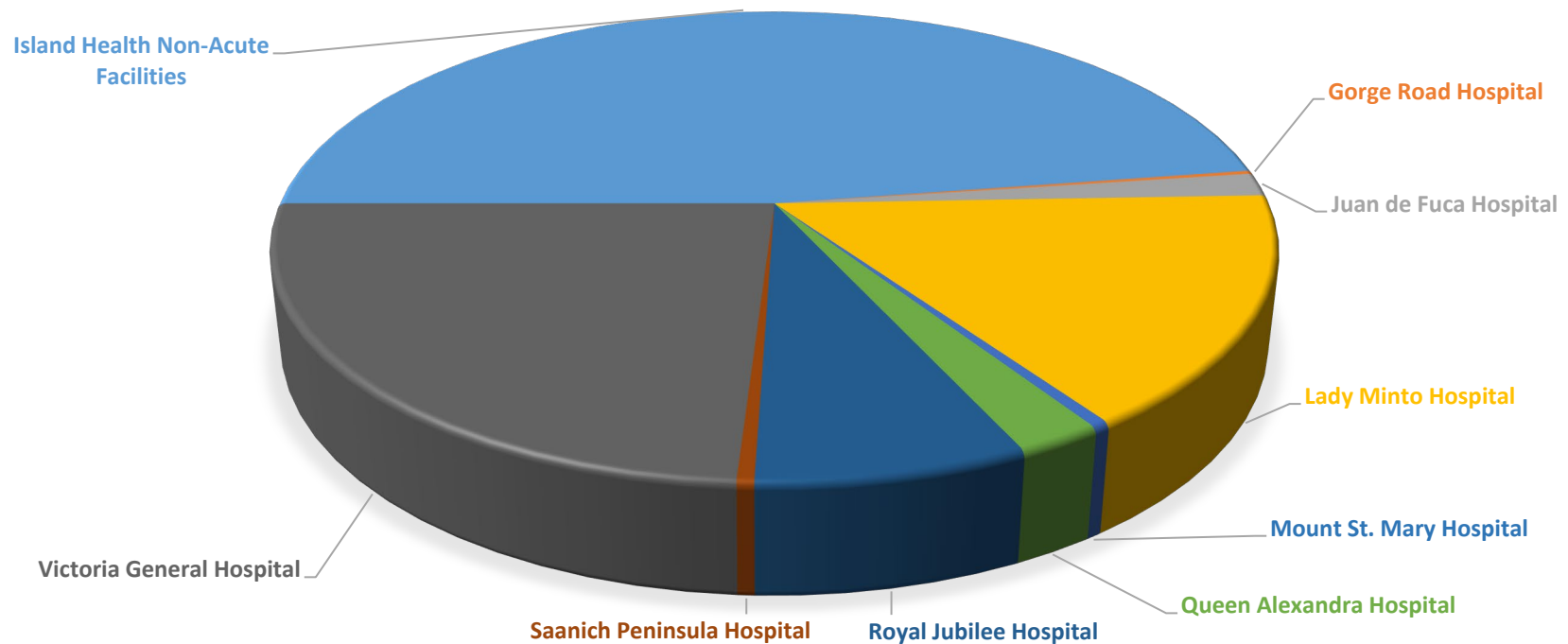
Capital Regional Hospital District Financial Performance Indicators

Appendix D: Financial Performance Indicators

1. 2022 Capital Contributions to Island Health

In 2022, the CRHD provided capital contributions to hospital facilities in the district totaling \$6.6 million. Further to the information provided in the Audited Financial Statements Note 6 and Schedule A, the distribution of 2022 total contribution expense is illustrated below, showing the relative share of total contributions received by each facility during the year. Island Health Non-Acute Facilities received contributions totaling \$3.1 million; \$2.9 million of this is attributed to the annual minor equipment cost share, which is prioritized by Island Health and distributed to health facilities in the district.

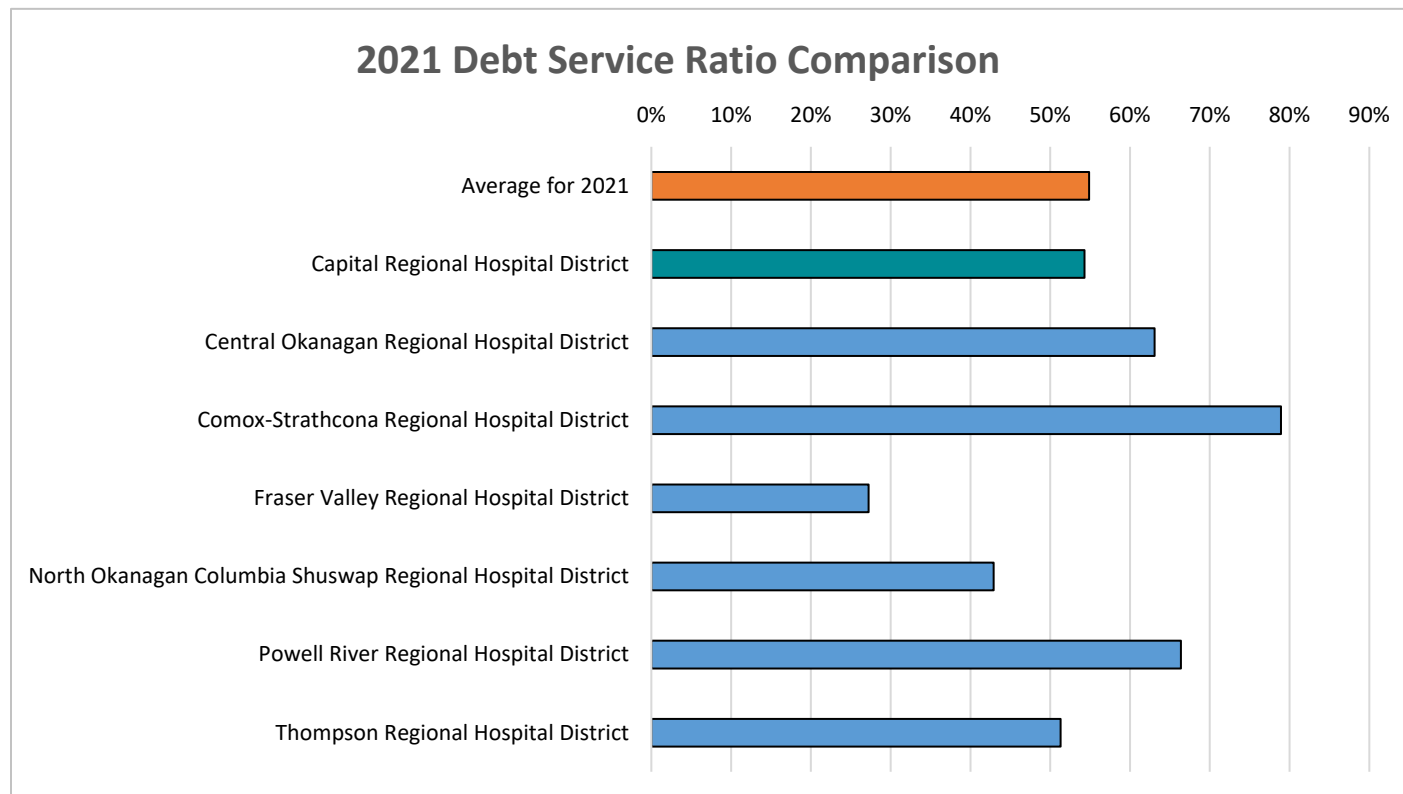
2022 CONTRIBUTIONS TO ISLAND HEALTH



2. Debt Service Ratio Comparison

Based on the 2021 financial results of other Hospital Districts on Vancouver Island and southern British Columbia, the average debt service costs as a percentage of revenue is 52%. At 54% for 2022 and 53% for 2021, the CRHD's debt service cost as a percentage of revenue is above the average for 2021. The CRHD's debt service ratio increased from the prior year as a result of net decreased revenue in 2022 primarily due to lower tax requisition.

Current year comparison data is not yet available.



**REPORT TO HOSPITALS AND HOUSING COMMITTEE
MEETING OF WEDNESDAY, MAY 03, 2023**

SUBJECT **Next Steps Related to Provincial Decriminalization of Controlled Substances**

ISSUE SUMMARY

In response to the January 31, 2023, decriminalization of personal possession of small amounts of controlled substances, Capital Regional District (CRD) staff have been working with Island Health, the Ministry of Mental Health and Addiction (MMHA) and the BC Centre for Disease Control (BCCDC) to determine an appropriate CRD response.

BACKGROUND

On February 1, 2023, the Hospitals and Housing Committee received a staff report that provided information about decriminalization. The report concluded that CRD staff would continue to work with MMHA, BCCDC and Island Health to understand the impact of decriminalization and report back on their guidance around local government responses.

MMHA and BCCDC have moved away from providing specific province-wide recommendations to local governments. Instead, they have created a “Decriminalization in B.C.” webpage on the [BCCDC's website](#) that addresses common questions and potential concerns related to decriminalization for local governments. Their key message recommends local governments engage with their local health authority to develop a response to decriminalization.

CRD staff have engaged in discussions about decriminalization and Bylaw No. 3962, “Capital Regional District Clean Air Bylaw No. 1, 2014” (Clean Air Bylaw or CAB attached as Appendix A) with Island Health. Island Health is not expecting a significant shift in consumption patterns due to decriminalization. They have recommended that the CRD maintain the status quo until the full impact of decriminalization becomes clear; at such time, any potential amendments necessary to protect the public’s health can be considered.

Island Health is working with MMHA and other relevant partners to monitor and evaluate the implementation of decriminalization. Should this monitoring indicate that local government intervention is required, Island Health will work with CRD staff to develop an appropriate response.

IMPLICATIONS

Public Health Implications

Island Health and the BCCDC have identified limited research into the health impacts of secondhand smoke of controlled substances as it is difficult to obtain legal and ethical approval for such studies. The evidence that does exist indicates that the nature of the substances and the way in which they are consumed pose little public health risk. There is no certain public health benefit of controlling exposure to secondhand smoke related to controlled substances.

Intergovernmental Implications

In alignment with the *Community Charter*, S.B.C. 2003, c. 26, and the *Public Health Bylaws Regulation*, B.C. Reg. 42/2004, any amendments to the CAB would have to be approved by the

Minister of Health and the local Medical Health Officer responsible for health matters within the CRD. Island Health via the Medical Health Officer for the South Island has advised against amending the CAB currently due to the lack of a clear public health concern. Because of this, it is unlikely that an amendment to the CAB would be approved by either Island Health or the Minister of Health.

On January 26, 2023, Campbell River's City Council passed a bylaw that would ban consumption of controlled substances on all municipal property against the recommendations of their Medical Health Officer. Pivot Legal Society challenged this ban asking the BC Supreme Court to declare the bylaw was out of the city's jurisdiction and was contrary to the provisions of the *Local Government Act* and *Community Charter* (outlined above). As a result, Campbell River's City Council repealed the bylaw on February 23, 2023. No court decision was made.

Under decriminalization, there may be cases where people using controlled substances are asked to stop and further steps may be taken by police and other levels of enforcement officers. For example, if someone is consuming on private property and is trespassing, police will be able to enforce the provincial *Trespass Act*.

Financial Implications

Maintaining the status quo would not impact current budgets. Amending the CAB will have financial implications related to conducting a legal review of amendments and associated changes to enforcement arrangements.

CONCLUSION

MMHA and the BCCDC have advised local governments to work with their local health authorities to determine the best response to decriminalization. Island Health has advised the CRD to maintain status quo and will update CRD staff should that guidance change.

RECOMMENDATION

There is no recommendation. This report is for information only.

Submitted by:	Michael Barnes, MPP, Senior Manager, Health and Capital Planning Strategies
Concurrence:	Kevin Lorette, P. Eng., MBA, General Manager, Planning & Protective Services
Concurrence:	Kristen Morley, J.D., General Manager, Corporate Services & Corporate Officer
Concurrence:	Ted Robbins, B. Sc., C. Tech., Chief Administrative Officer

ATTACHMENTS

Appendix A: Bylaw No. 3962, "Capital Regional District Clean Air Bylaw No. 1, 2014"



BYLAW NO. 3962

**CAPITAL REGIONAL DISTRICT
CLEAN AIR BYLAW NO. 1, 2014**

ADOPTED September 10, 2014

Includes all amending bylaws adopted up to January 9, 2019

(Bylaws No. 4237 & 4272)

A bylaw for the purposes of maintaining, promoting and preserving the public health of the inhabitants of the Capital Regional District to prohibit, regulate and impose requirements in relation to smoking in the Capital Regional District.

Consolidated for Public Convenience Only

This bylaw is for reference purposes only.

For reference to original bylaws or for further details, please contact the Capital Regional District, Legislative Services Division, 625 Fisgard St., PO Box 1000, Victoria BC V8W 2S6

T 250-360-3127, F 250-360-3130, www.crd.bc.ca

CAPITAL REGIONAL DISTRICT

BYLAW NO. 3962

A BYLAW TO PROMOTE CLEAN AIR BY REGULATING ENVIRONMENTAL SMOKE

Bylaw 4237

W H E R E A S:

- A. By Supplementary Letters Patent dated May 16, 1974, the powers, duties and obligations of all participating member Municipalities and any other local authorities to perform the function conferred on the Capital Regional District pursuant to Division XI – Community Health were transferred to the exclusive jurisdiction of the Capital Regional District, including, but without limiting the generality of the foregoing, the health powers conferred upon the Council of a municipality by the *Community Charter*, S.B.C. 2003, c. 26;
- B. The Board of the Capital Regional District may, by bylaw, pursuant to section 523 of the *Local Government Act*, R.S.B.C. 1996, c. 323, regulate and prohibit for the purposes of maintaining, promoting and preserving public health and maintaining sanitary conditions and undertake any other measures it considers necessary for those purposes;
- C. The Capital Regional District has been granted the additional power to exercise the powers conferred on a council of a municipality under section 8(3)(i) of the *Community Charter*, S.B.C. 2003, c. 26, in accordance with section 14 of the Capital Regional District Regulation, B.C. Reg. 65/90;
- D. Section 9(4) of the *Community Charter*, S.B.C. 2003, c. 26, and the Public Health Bylaws Regulation, B.C. Reg. 42/2004, requires that a bylaw to be adopted under section 2(a) or (b) of B.C. Reg. 42/2004 not be adopted unless the bylaw or a copy of it is first deposited with the Minister of Health and the local government has consulted with the Medical Health Officer responsible for health matters within the Capital Regional District;
- E. A copy of this bylaw has been deposited with the Minister of Health and the Board of the Capital Regional District has consulted with the Medical Health Officer;
- F. Environmental smoke whether from tobacco, cannabis, heated vapour or the burning of other substances can contain Class A carcinogens similar to benzene and asbestos, contain fine particles that can be inhaled deep into the lungs causing harm both locally and in other parts of the body, and is a health hazard to the inhabitants of the Capital Regional District;

Bylaw 4237

- G. It is generally recognized by scientific and medical communities that there is no safe level of smoke exposure and that whether the smoking occurs indoors or outdoors exposure to significant levels of environmental smoke can occur: and

Bylaw 4237

- H. It is desirable for the purposes of maintaining, promoting and preserving the public health of the inhabitants of the Capital Regional District to prohibit, regulate and impose requirements in relation to smoking in the Capital Regional District.

NOW, THEREFORE, the Board of the Capital Regional District, in open meeting assembled HEREBY ENACTS AS FOLLOWS:

1. INTERPRETATION

In this Bylaw:

“*burn*” or “*burning*” means the combustion or heating of a substance to produce smoke, vapour, aerosol or other substances that can be inhaled;

Bylaw 4237

“*business*” means carrying on a commercial or industrial undertaking of any kind or nature or the provision of a professional, personal or other service and includes an activity carried on by a government, government agency, Crown corporation, educational institution, municipality, regional district, or charitable organization;

“*bus stop*” means a place on a bus route marked by a sign at which buses stop to pick up and drop off passengers and includes a transit shelter;

“*Community Charter*” means the *Community Charter*, SBC 2003, Chapter 26;

“*Controlled Drugs and Substances Act (Canada)*” means the *Controlled Drugs and Substances Act*, S.C. 1996, c. 19;

Bylaw 4237

“*designated public space*” means public playing fields, public playgrounds and public squares;

“*Enforcement Officer*” means a person appointed as a bylaw enforcement officer or contractor by the Capital Regional District to enforce this Bylaw;

“*Independent School Act*” means the *Independent School Act*, R.S.B.C. 1996, c. 216;

Bylaw 4237

“*Local Government Act*” means the *Local Government Act*, RSBC 1996, Chapter 323;

“*main entrance*” means a place where the name or information about a park, designated public space or school yard is posted or a place designed by a responsible person as a common entry point by the public;

“*no-smoking sign*” means a no-smoking sign prescribed by this Bylaw;

“*park*” means land acquired, reserved or dedicated as a regional park or community park in accordance with the *Local Government Act* or the *Community Charter* and land acquired, held, occupied, zoned or regulated as park by a local government and shall include, without restricting the generality of the foregoing, within such parks, all beaches, public playgrounds, public playing fields, public squares, roadways and paths, but shall not include any highway passing through such park that has been dedicated as highway by plan of subdivision or that has been laid out, constructed and maintained by the Ministry of Transportation of the Province of British Columbia, or a local government, or that is a public highway under the *Highway Act*;

“*prominently*” means placed in such a position that the text of the sign or graphic symbol is clearly visible to a person in a school yard or inside a building, structure or vehicle or passenger conveyance, except a private residence;

“*public playgrounds*” means lands held, occupied, zoned or regulated for use by the public as outdoor areas containing playground equipment;

“*public playing fields*” means lands held, occupied, zoned or regulated for use by the public as outdoor areas for sporting activities;

“*public square*” means land acquired, reserved or dedicated as a public square in accordance with the *Local Government Act* or *Community Charter*;

“*responsible person*” means the person who controls, governs or directs the activity carried on within the building, place or premises referred to in this Bylaw and includes the person actually in charge thereof;

“*School Act*” means the *School Act*, R.S.B.C. 1996, c. 412;

Bylaw 4237

“*school yard*” means that portion of the lands of a school or francophone school as defined in the *School Act* and *Independent School Act* without buildings;

Bylaw 4237

“*smoke*” or “*smoking*” means burning a cigarette or cigar containing tobacco or another substance, or burning or heating tobacco or another substance using a pipe, hookah pipe, lighted smoking device or vapourizing device;

Bylaw 4237

“*transit shelter*” means a covered structure or facility located at a designated bus stop to provide protection from the elements for passengers waiting for a bus.

“*vapourizing device*” means an electronic device that vapourizes a solid, liquid or gas substance for inhalation:

Bylaw 4237

2. PROHIBITION

(1) No person shall carry or have in his possession a burning cigarette or cigar containing tobacco or another substance or a pipe containing burning tobacco or another substance, or burn tobacco or another substance using a pipe, hookah pipe, lighted smoking device or vapourizing device:

- a) in any park except in a private vehicle;
- b) in any designated public space;
- c) in any school yard;
- d) inside any part of a building or structure except in a private residence, hotel or motel room, or tent or trailer in a campsite;
- e) in any area of a business place where either or both food and beverages are served or consumed, or both served and consumed;
- f) in any vehicle or passenger conveyance, except in a private vehicle;
- g) within seven (7) metre area measured on the ground from a point directly below any point of a doorway, window or air intake in a place described in subparagraphs 2(1)(d) and (e);

Bylaw 4272

- h) within seven (7) metres of a bus stop measured on the ground from any point of the bus stop sign.

- (2) No responsible person shall permit a person to carry or have in his possession a burning cigarette or cigar containing tobacco or another substance or pipe containing burning tobacco or another substance, or to burn tobacco or another substance using a hookah pipe, lighted smoking device or vapourizing device:
- (a) inside any part of a building or structure, except inside a private residence, hotel or motel room, or tent or trailer in a campsite;
 - (b) in any area of a business place where either or both food and beverages are served or consumed, or both served and consumed;
 - (c) in any vehicle or passenger conveyance, except in a private vehicle.

- (3) Section 2(1) does not apply to a ceremonial use of tobacco in relation to a traditional aboriginal cultural activity.
- (4) Subsections 2(1) and 2(2) do not apply to a controlled substance within the meaning of the *Controlled Drugs and Substances Act (Canada)*.

3. POSTING OF SIGNS

- (1) A responsible person must display, or ensure the display of, a sign at all times, in the form established under paragraph 4(1):
- (a) at the main entrances to a park;
 - (b) at the main entrances to a designated public space;
 - (c) at the main entrances to a school yard;
 - (d) at each entrance to a building or structure for which that person is a responsible person except a private residence, hotel or motel room, or a tent or trailer in a campsite;
 - (e) inside a vehicle or passenger conveyance, except in a private vehicle;
 - (f) at any area of a business place where either or both food and beverages are served or consumed, or both served and consumed;
- (2) A responsible person must display, or ensure the display of, a sign, at all times, on each exterior wall of a building or structure where the prohibition contained in section 2(1) applies, that states:
- “Smoking is prohibited within seven (7) meters of openings into this building or structure including doors and windows that open and any air intake.”

4. SIGNS

- (1) A no-smoking sign shall state,
- (a) the phrase "no smoking", or
 - (b) a graphic symbol substantially in the form shown on Schedule "A" attached to this Bylaw, which shall be a minimum of six centimetres in diameter
- and may include
- (c) the words "Capital Regional District Bylaw No. 3962 Maximum Penalty

\$2,000.00."

- (2) A sign prescribed by former Capital Regional District Bylaw Nos. 2217 and 2401, and No. 3962 as it was prior to being amended by Capital Regional District Clean Air Bylaw No. 1, 2014, Amendment Bylaw No. 1, 2018, is a lawful no smoking sign for the purpose of this Bylaw.

Bylaw 4237

- (3) No person shall remove, alter, conceal, deface, write upon or destroy any sign posted pursuant to this Bylaw.

5. SEVERABILITY

If any section, subsection, sentence, clause or phrase of this Bylaw is for any reason held to be invalid by the decision of any Court, the section, subsection, sentence, clause or phrase may be severed from the remaining portion of this Bylaw.

6. OFFENCE

- (1) A person who contravenes, violates or fails to comply with any provision of this Bylaw, or who suffers or permits any act or thing to be done in contravention or violation of this Bylaw, or who fails to do anything required by this Bylaw, commits an offence and shall be liable, upon conviction, to a fine of not more than Two Thousand Dollars (\$2,000.00), the costs of prosecution and any other penalty or order imposed pursuant to the *Local Government Act*, *Community Charter* or the *Offence Act* (British Columbia). Each day that an offence against this Bylaw continues or exists shall be deemed to be a separate and distinct offence.
- (2) The penalties imposed under Section 6(1) shall be in addition to and not in substitution for any other penalty or remedy imposed by this Bylaw or any other statute, law or regulation.

7. INSPECTION

An Enforcement Officer is authorized to enter onto and into any land, building, structure or premises for the purposes established by sections 419 and 284 of the *Local Government Act* and any other authority to enter property granted in the *Local Government Act*, *Community Charter*, or another Act in accordance with the provisions of section 16(1)-(5) of the *Community Charter*, or other conditions of entry, if any, set out in the *Local Government Act*, *Community Charter* or another Act.

Bylaw 4237

8. REPEAL

Capital Regional District Bylaw No. 2401 is hereby repealed.

9. TITLE

This Bylaw may be cited as the "Capital Regional District Clean Air Bylaw No. 1, 2014."

10. EFFECTIVE DATE

The effect of this Bylaw is suspended until April 1, 2015 and this Bylaw shall come into force effective April 1, 2015.

READ A FIRST TIME THIS	9 th	day of	July	2014
READ A SECOND TIME THIS	9 th	day of	July	2014
AMENDED THIS	13 th	day of	August	2014
READ A THIRD TIME THIS	13 th	day of	August	2014
DEPOSITED WITH THE MINISTER OF HEALTH THIS	25 th	day of	August	2014
ADOPTED THIS	10 th	day of	September	2014

[original signed by]

CHAIR

[original signed by]

CORPORATE OFFICER

CAPITAL REGIONAL DISTRICT
CLEAN AIR BYLAW NO. 3962

SCHEDULE "A"

Bylaw 4237

The following graphic symbol is prescribed for the purpose of Section 4(1).



Clean Air Bylaw Island Health Annual Report to CRD

Dr. Mike Benusic, Medical Health Officer

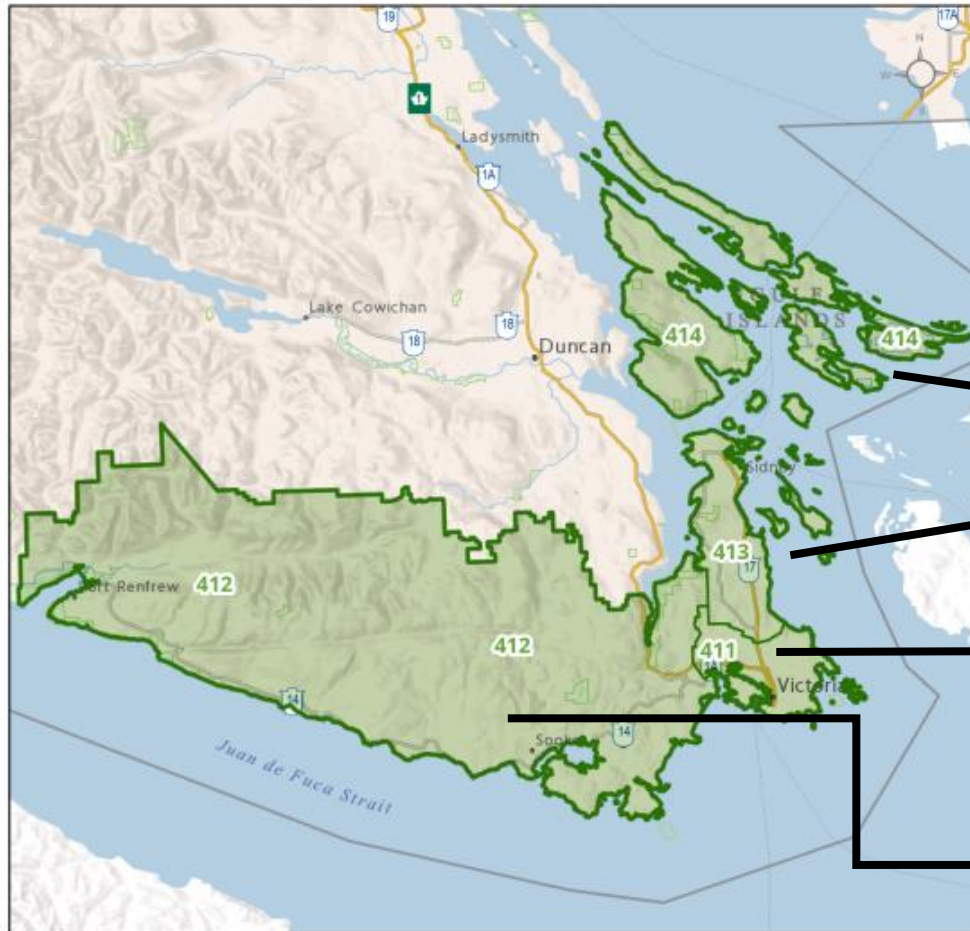
3 May 2023

41 South Vancouver Island



Local Health Area (LHA)

- 411 Greater Victoria
- 412 Western Communities
- 413 Saanich Peninsula
- 414 Southern Gulf Islands



Public Health Act

Section 73(3): A medical health officer must advise, in an independent manner, authorities and local governments within the designated area

- (a) on public health issues, including health promotion and health protection,
- (b) on bylaws, policies and practices respecting those issues, and
- (c) on any matter arising from the exercise of the medical health officer's powers or performance of his or her duties under this or any other enactment.

Chief MHO: Dr. Reka Gustafson

Dr. Dee Hoyano

Dr. Mike Benusic

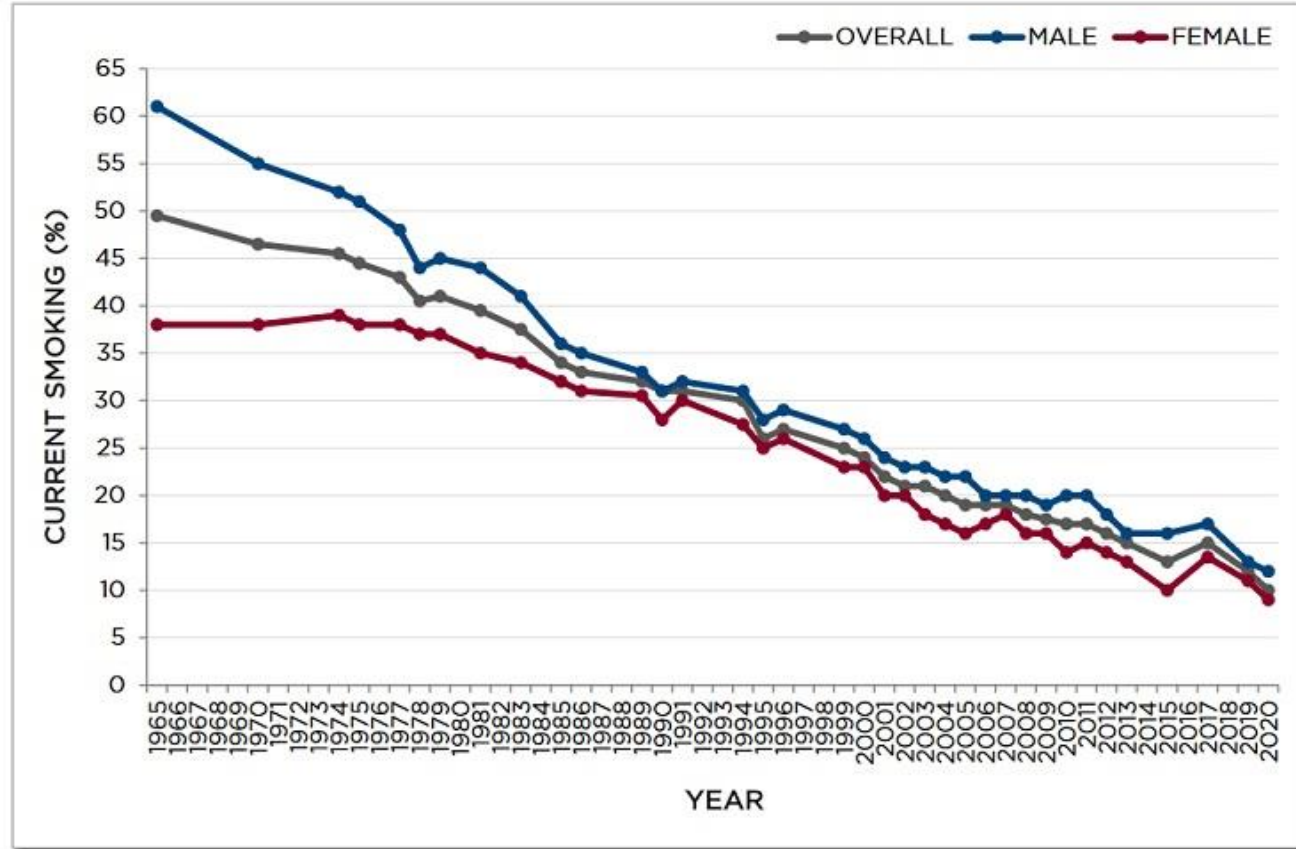
Dr. Murray Fyfe

Outline

1. Surveillance update
2. Introduction to Clean Air Bylaw
3. Island Health's role
4. Annual report

Surveillance Update

FIGURE 1.1: SMOKING PREVALENCE* IN CANADA, ADULTS AGED 15+, 1965-2020

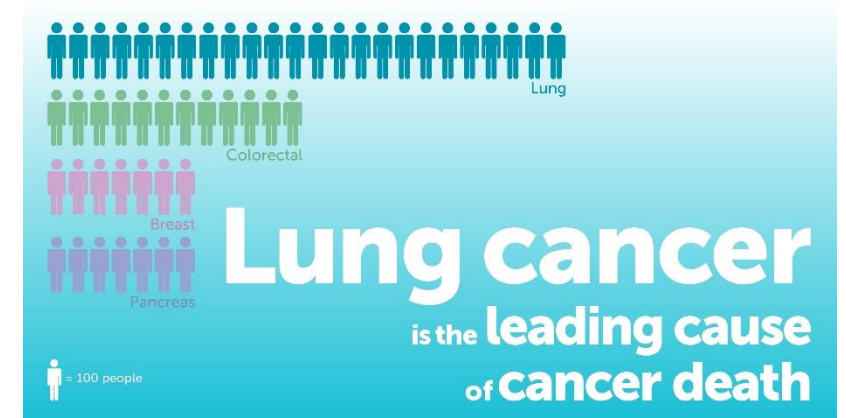
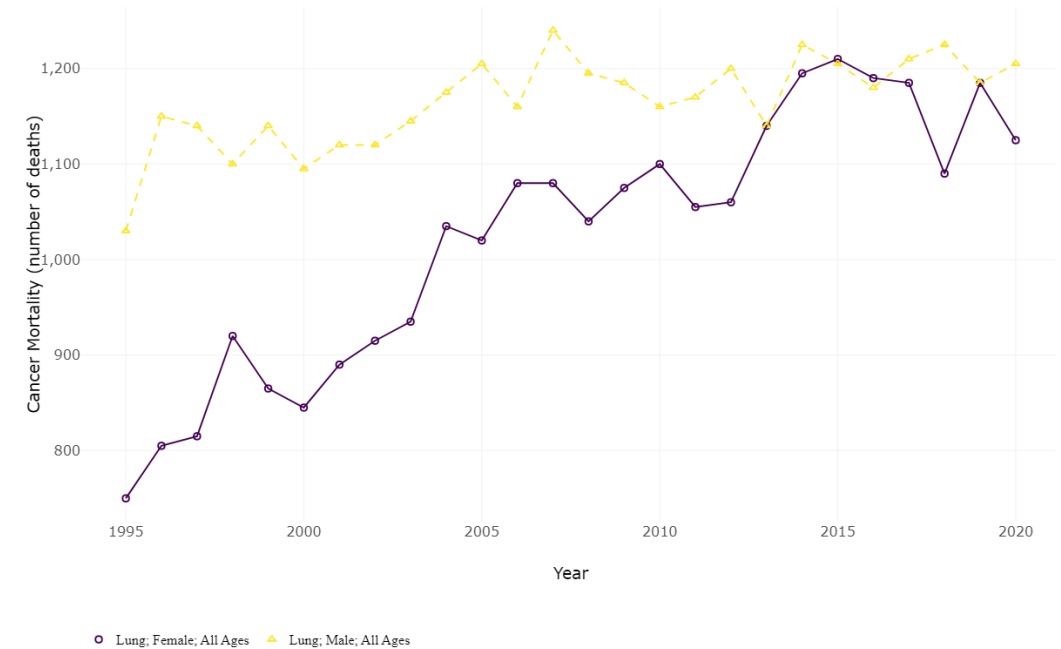


*INCLUDES DAILY AND NON-DAILY SMOKERS

DATA SOURCES: 1965-1986: A CRITICAL REVIEW OF CANADIAN SURVEY DATA ON TOBACCO USE, ATTITUDES AND KNOWLEDGE (HEALTH AND WELFARE CANADA, 1988); 1989-1989: SMOKING BEHAVIOUR OF CANADIANS: A NATIONAL ALCOHOL AND OTHER DRUGS SURVEY REPORT, 1989 (HEALTH AND WELFARE CANADA, 1992); 1990: CANADA'S HEALTH PROMOTION SURVEY 1990: TECHNICAL REPORT (HEALTH AND WELFARE CANADA, 1993); 1991: HEALTH STATUS OF CANADIANS: REPORT OF THE 1991 GENERAL SOCIAL SURVEY (STATISTICS CANADA); 1994: NATIONAL POPULATION HEALTH SURVEY (STATISTICS CANADA); 1995, 1996: GENERAL SOCIAL SURVEY (STATISTICS CANADA) [ALL AS QUOTED IN: PHYSICIANS FOR A SMOKEFREE CANADA, SMOKING IN CANADA, 2008]; 1999-2012: CANADIAN TOBACCO USE MONITORING SURVEY (HEALTH CANADA); 2013, 2015, 2017: CANADIAN TOBACCO, ALCOHOL AND DRUGS SURVEY (HEALTH CANADA); 2019, 2020: CANADIAN TOBACCO AND NICOTINE SURVEY (HEALTH CANADA).

Source: [University of Waterloo](https://www.uwaterloo.ca/)

Lung Cancer Deaths, BC



Source: [BC Cancer](https://www.bccancer.ca/)

Clean Air Bylaw

2. PROHIBITION

- (1) No person shall carry or have in his possession a burning cigarette or cigar containing tobacco or another substance or a pipe containing burning tobacco or another substance, or burn tobacco or another substance using a pipe, hookah pipe, lighted smoking device or vapourizing device:
- a) in any park except in a private vehicle;
 - b) in any designated public space;
 - c) in any school yard;
 - d) inside any part of a building or structure except in a private residence, hotel or motel room, or tent or trailer in a campsite;
 - e) in any area of a business place where either or both food and beverages are served or consumed, or both served and consumed;
 - f) in any vehicle or passenger conveyance, except in a private vehicle;
 - g) within seven (7) metre area measured on the ground from a point directly below any point of a doorway, window or air intake in a place described in subparagraphs 2(1)(d) and (e);
- Bylaw 4272*
- h) within seven (7) metres of a bus stop measured on the ground from any point of the bus stop sign.

- (2) No responsible person shall permit a person to carry or have in his possession a burning cigarette or cigar containing tobacco or another substance or pipe containing burning tobacco or another substance, or to burn tobacco or another substance using a hookah pipe, lighted smoking device or vapourizing device:
- (a) inside any part of a building or structure, except inside a private residence, hotel or motel room, or tent or trailer in a campsite;
 - (b) in any area of a business place where either or both food and beverages are served or consumed, or both served and consumed;
 - (c) in any vehicle or passenger conveyance, except in a private vehicle.

Bylaw 4237

- (3) Section 2(1) does not apply to a ceremonial use of tobacco in relation to a traditional aboriginal cultural activity.
- (4) Subsections 2(1) and 2(2) do not apply to a controlled substance within the meaning of the *Controlled Drugs and Substances Act (Canada)*.

A bylaw for the purposes of maintaining, promoting and preserving the public health of the inhabitants of the Capital Regional District to prohibit, regulate and impose requirements in relation to smoking in the Capital Regional District.

3. POSTING OF SIGNS

- (1) A responsible person must display, or ensure the display of, a sign at all times, in the form established under paragraph 4(1):
- (a) at the main entrances to a park;
 - (b) at the main entrances to a designated public space;
 - (c) at the main entrances to a school yard;
 - (d) at each entrance to a building or structure for which that person is a responsible person except a private residence, hotel or motel room, or a tent or trailer in a campsite;
 - (e) inside a vehicle or passenger conveyance, except in a private vehicle;
 - (f) at any area of a business place where either or both food and beverages are served or consumed, or both served and consumed;
- (2) A responsible person must display, or ensure the display of, a sign, at all times, on each exterior wall of a building or structure where the prohibition contained in section 2(1) applies, that states:
- “Smoking is prohibited within seven (7) meters of openings into this building or structure including doors and windows that open and any air intake.”

6. OFFENCE

- (1) A person who contravenes, violates or fails to comply with any provision of this Bylaw, or who suffers or permits any act or thing to be done in contravention or violation of this Bylaw, or who fails to do anything required by this Bylaw, commits an offence and shall be liable, upon conviction, to a fine of not more than Two Thousand Dollars (\$2,000.00), the costs of prosecution and any other penalty or order imposed pursuant to the *Local Government Act, Community Charter or the Offence Act* (British Columbia). Each day that an offence against this Bylaw continues or exists shall be deemed to be a separate and distinct offence.
- (2) The penalties imposed under Section 6(1) shall be in addition to and not in substitution for any other penalty or remedy imposed by this Bylaw or any other statute, law or regulation.

Island Health's Role

2023-2024 Scope of Services Between Island Health, Public Health and Capital Regional District (CRD)

Clean Air Bylaw No. 3962

ENFORCEMENT

- Apply a progressive enforcement approach on a continuum to address noncompliance and enforce the bylaw.
- Incorporate strategies to achieve voluntary compliance with the bylaw including targeted public education and awareness, signage and warnings; enforcement activities may include written warning tickets and municipal fine tickets based on a progressive enforcement continuum.
- Maintain and adhere to developed complaints policy and procedure for receiving, recording and responding to complaints.
- Compliance and enforcement measures will primarily be complaint based however may also include the monitoring of identified locations using a rotation of physical presence of the enforcement officer(s).
- Partner and consult with Island Health provincial Tobacco & Vapour Enforcement Officers on compliance issues where the provincial *Tobacco and Vapour Products Control Act* and Regulation and the Clean Air Bylaw may overlap.
- Island Health may request the assistance of CRD bylaw enforcement officers as necessary.
- Enforcement Officers will adhere to expectations of enforcement conduct and processes in all interactions with the public as outlined in the applicable Island Health policies and procedures.

EDUCATION & AWARENESS

- Enable prevention, reduction and enforcement of tobacco, vapour and cannabis product use through engagement and collaboration with community stakeholders.
- Provide consultation, education and awareness on request related to the bylaw to stakeholders including for example CRD staff and enforcement officers, retailers, and municipalities.
- Provide education and awareness of the requirements of the bylaw to the public through planned and coordinated community events.
- Maintain a CRD Clean Air Bylaw page on the Island Health website with current information for the public.
- Maintain the CRD Clean Air Bylaw email cleanairbylaw@islandhealth.ca and phone line 250-360-1450.
- Provide education regarding signage requirements and provide signage resources (decals/window clings) as applicable.
- Refer inquiries as appropriate to CRD staff for metal signage.
- Keep the CRD staff apprised of the potential impact of pending provincial legislation related to tobacco, vapour and cannabis products.

EVALUATION

- Collect and analyze data regarding inspections, complaint investigation, stakeholder collaboration and education outreach.
- Routine monitoring and analysis of smoking behaviours.

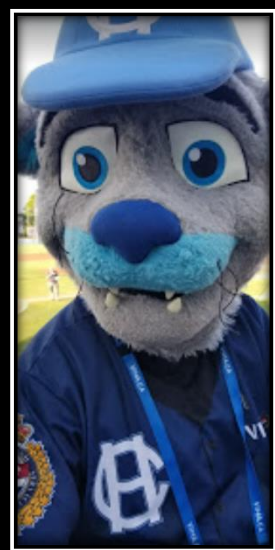
Idling Control Bylaw No. 1, 2008 and Tanning Facility Bylaw No. 1, 2010

- Provide complaint follow-up and investigation by Environmental Health Officers related to the Idling Control and Tanning Facility Bylaws.
- Document complaints and results of investigation.
- Implement a progressive enforcement approach starting with education and consultation.
- Refer to CRD if tickets or legal action is warranted.
- Reimburse CRD for Bylaw enforcement activities resulting from referrals.

Tattoo Facilities Bylaw No. 1, 2006

- Approve tattooing premises prior to commencement of operations.
- Inspect premise to ascertain that regulations in the Bylaw are being followed.
- Document results of premise approvals and inspections.
- Initiate the appropriate enforcement action to address non-compliance.

Education & Awareness



- Public events
- Presentations with Victoria HarbourCats to >800 students in SD61, 62, 63
- Use of Island Health social media, including:
 - National Non-Smoking Week
 - Weedless Wednesday
 - World No Tobacco Day
- [CRD Clean Air Bylaw webpage on Island Health website](#)
 - Information
 - Resources on bylaw
 - Resources on smoking cessation
- Public communications:
 - cleanairbylaw@islandhealth.ca
 - phone line 250.360.1450

Progressive Enforcement

Preventive

Education and awareness campaigns
Signage
Individual education conversations
Verbal and Written warnings

Restrictive

Municipal Tickets
Injunctions
Prosecutions



1,583 signage inspections

Enforcement (April 2022 – March 2023)

Complaint driven (50 received)

Section	Prohibitions	Quantity
2(1)(a)	Smoking in any park except in a private vehicle	6
2(1)(b)	Smoking in any designated public space	3
2(1)(c)	Smoking in any school yard	3
2(1)(d)	Smoking inside any part of a building or structure	2
2(1)(g)	Smoking within 7M of a door, window, or air intake	10
2(1)(h)	Smoking within 7M of a bus stop	4
3(1)(a)	Signage must be displayed at the main entrances to a park	1
3(1)(d)	Signage must be displayed at each entrance of a building	2
Total		31

Patrols

Section	Prohibitions	Quantity
2(1)(a)	Smoking in any park except in a private vehicle	18
2(1)(b)	Smoking in any designated public space	13
2(1)(c)	Smoking in any school yard	3
2(1)(d)	Smoking inside any part of a building or structure	0
2(1)(e)	Smoking in an area where food & beverage are served	0
2(1)(f)	Smoking inside a vehicle or passenger conveyance	0
2(1)(g)	Smoking within 7M of a door, window, or air intake	0
2(1)(h)	Smoking within 7M of a bus stop	9
Total		43

Idling, Tanning, & Tattoo Bylaws



Enforcement 2022-23	
Tattoo Premise Routine Inspections	35
Tattoo Premise Initial Inspections	27
Tattoo Premise Complaints	0
Idling Complaints	4
Tanning Facility Complaints	0

Environmental Health Officers (EHO's) enforce through inspection, complaint follow-up and investigations.

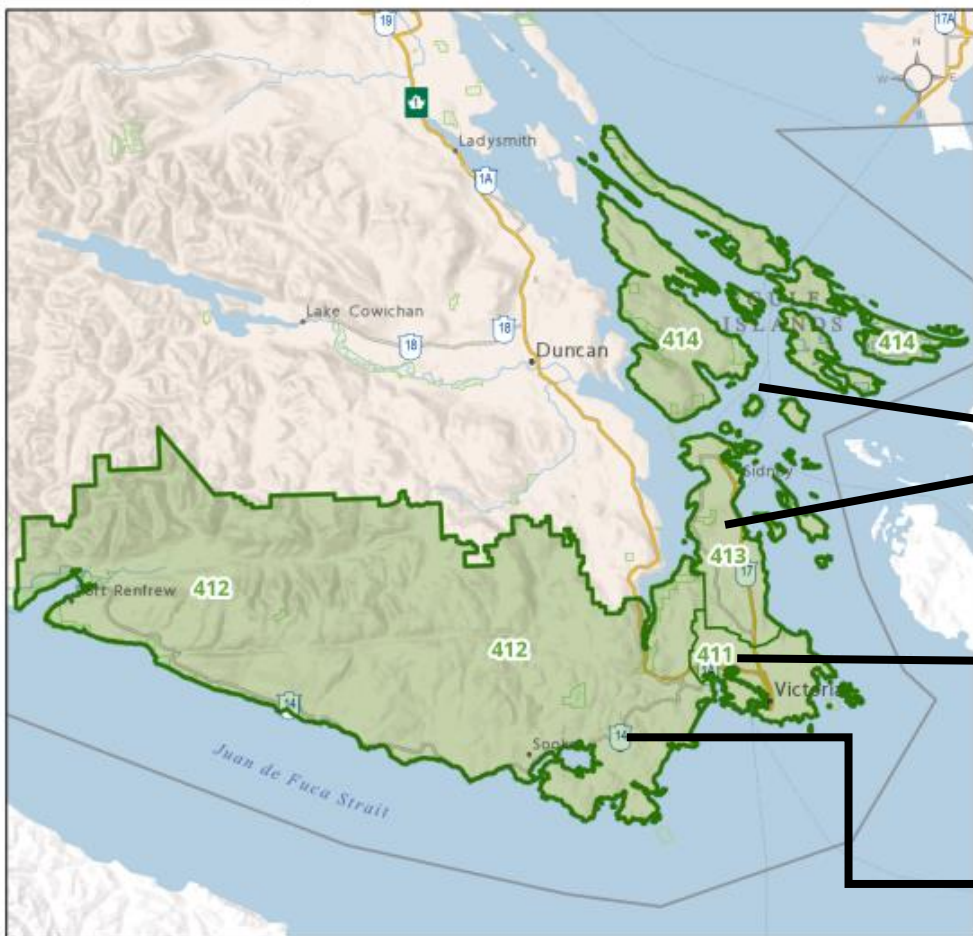
41 South Vancouver Island

Local Health Area (LHA)

- 411 Greater Victoria
- 412 Western Communities
- 413 Saanich Peninsula
- 414 Southern Gulf Islands



1837 Fort Street, Victoria
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Dr. Mike Benusic: michael.benusic@islandhealth.ca

Dr. Murray Fyfe: murray.fyfe@islandhealth.ca

Decriminalization & CRD Clean Air Bylaw

Dr. Reka Gustafson
Chief Medical Health Officer, Vice President Population & Public Health

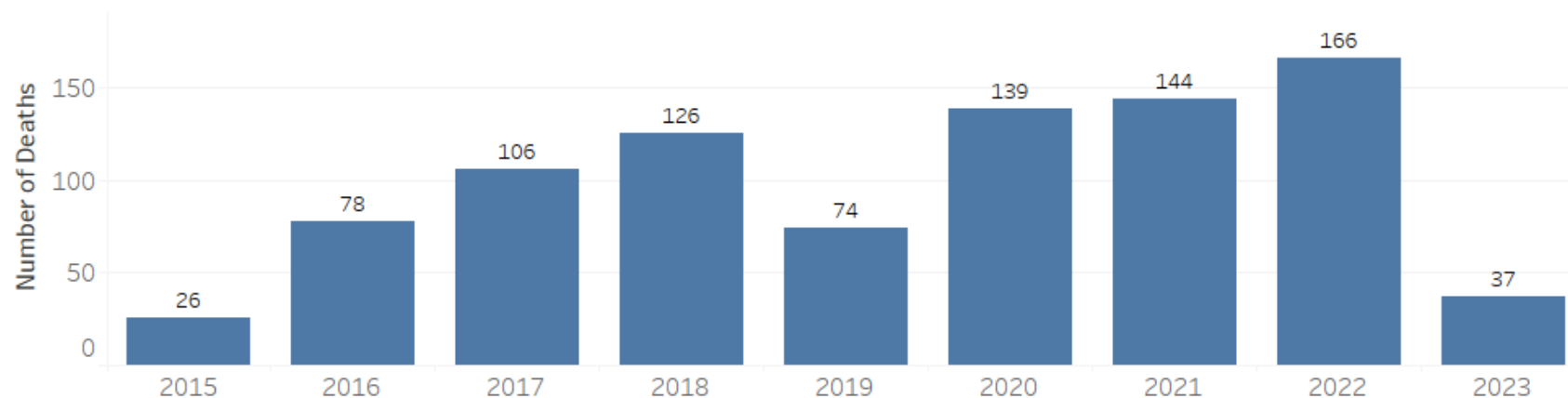
3 May 2023

Outline

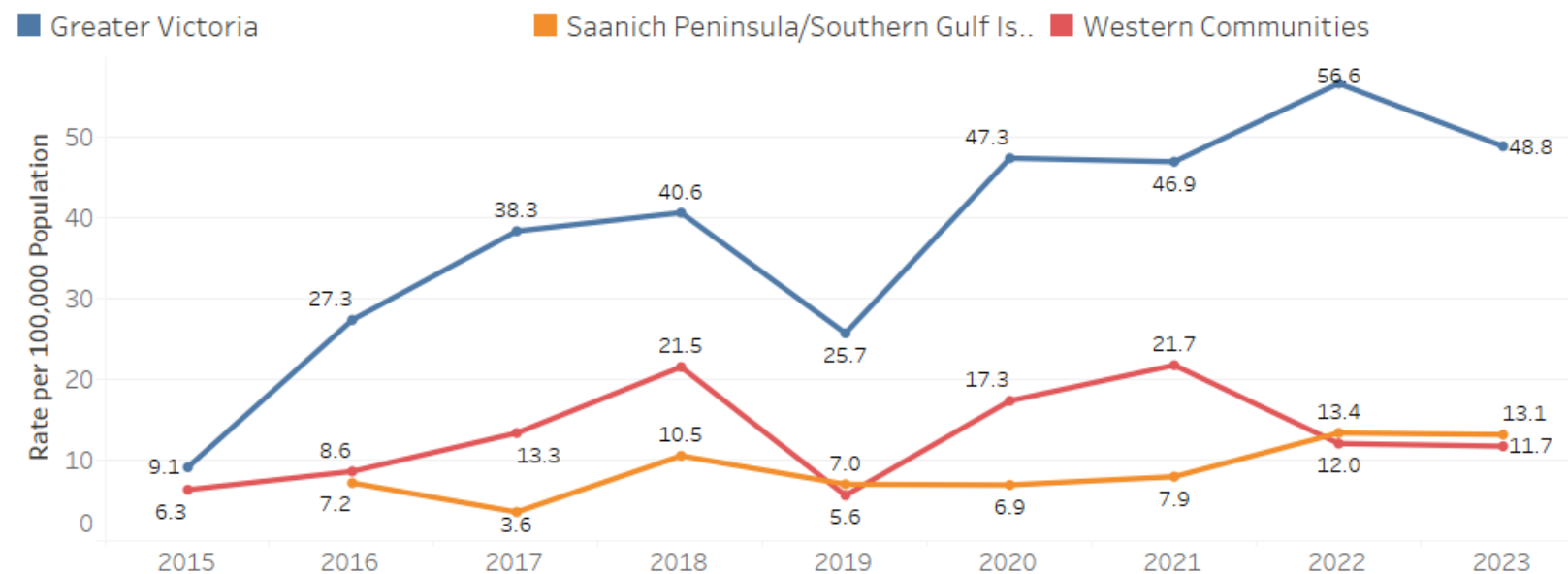
1. Toxic drug crisis update
2. Decriminalization: why and what
3. CRD Clean Air Bylaw and controlled substances
4. Discussion & next steps

Toxic drug crisis update

Number of Illicit Drug Toxicity Deaths by Year, South Island HSDA/Capital Regional District , 01-Jan-2015 to 31-Mar-2023

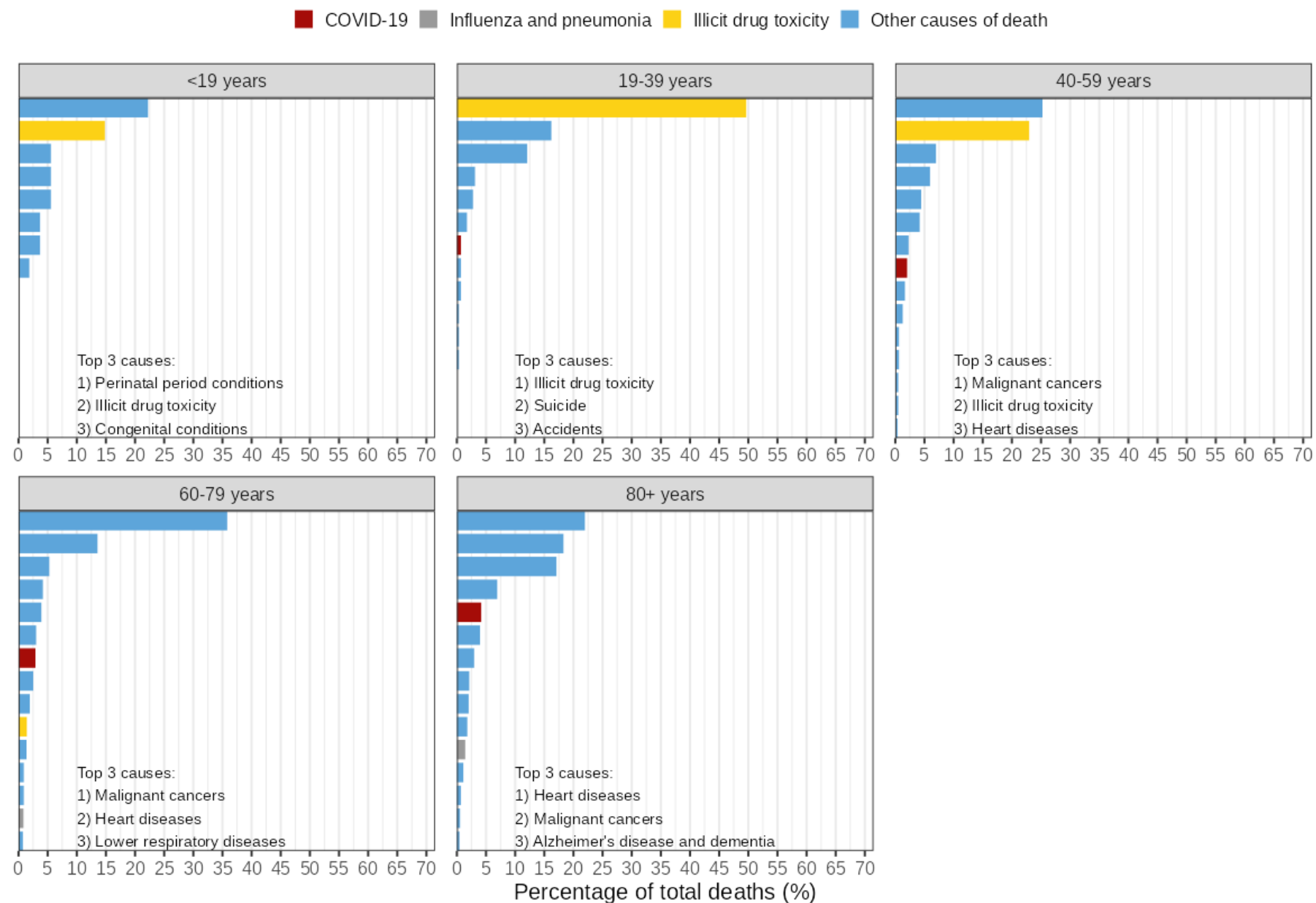


Rate of Illicit Drug Toxicity Deaths by Year, South Island HSDA/Capital Regional District, Local Health Areas, 01-Jan-2015 to 31-Mar-2023



Source: BC Coroner Service; data provided by BCCDC, compiled by Island Health Population Health Assessment, Surveillance & Epidemiology

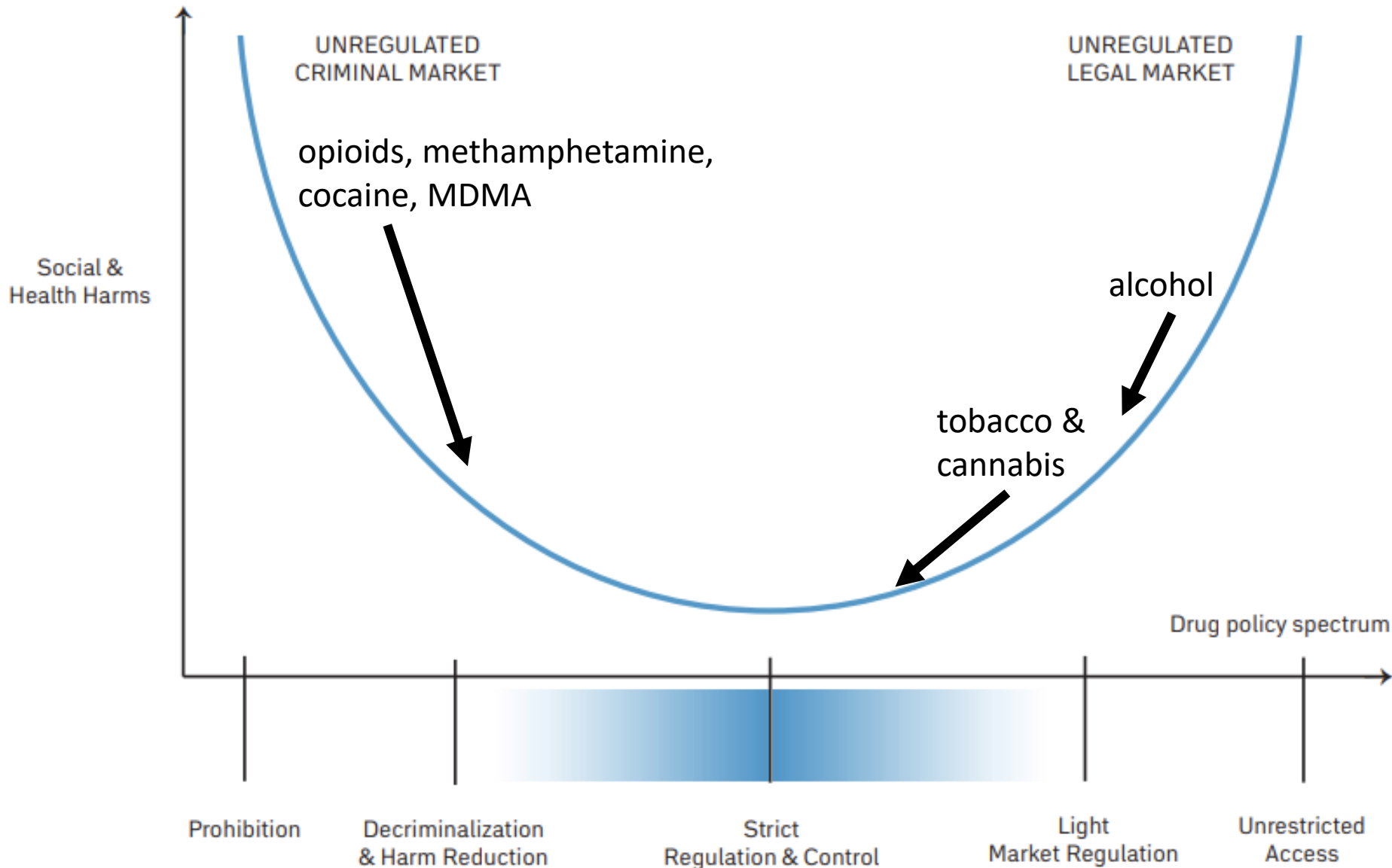
Top 15 causes of death by age group in Island Health for 2022



Cause unknown or pending in Vital Statistics data: 9.2%. This figure may change as cause of death data become more complete.

Data sources: 1) BC Vital Statistics; 2) Data on deaths due to illicit drug toxicity, accidents and suicides provided to BCCDC by BC Coroners Service.

Decriminalization: Purpose



- Reduce harm to people who are using drugs from a toxic supply and not accessing health and social services due to concerns of criminalization
- Step towards manage drug use as a health issue, not a criminal issue

Decriminalization: Key features



Applies to adults 18+



Inclusive of opioids, crack/powder cocaine, methamphetamine, and MDMA



Police will provide resource cards with information on local supports and will make voluntary referrals



2.5g cumulative threshold floor, with police discretion above



Approaches to unique populations, including Indigenous Peoples and people in rural/remote areas



Robust police training, and monitoring and evaluation framework

NO arrests or seizures for personal possession under the threshold

NO fines, tickets or other administrative sanctions

NO mandatory treatment or diversion

Decriminalization: Exceptions

On K-12 school premises

On premises of licensed childcare facilities

In airports

On Canadian Coast Guard vessels and helicopters

For Canadian Forces members subject to the *Code of Service Discipline*

In a motor vehicle or watercraft operated by a minor

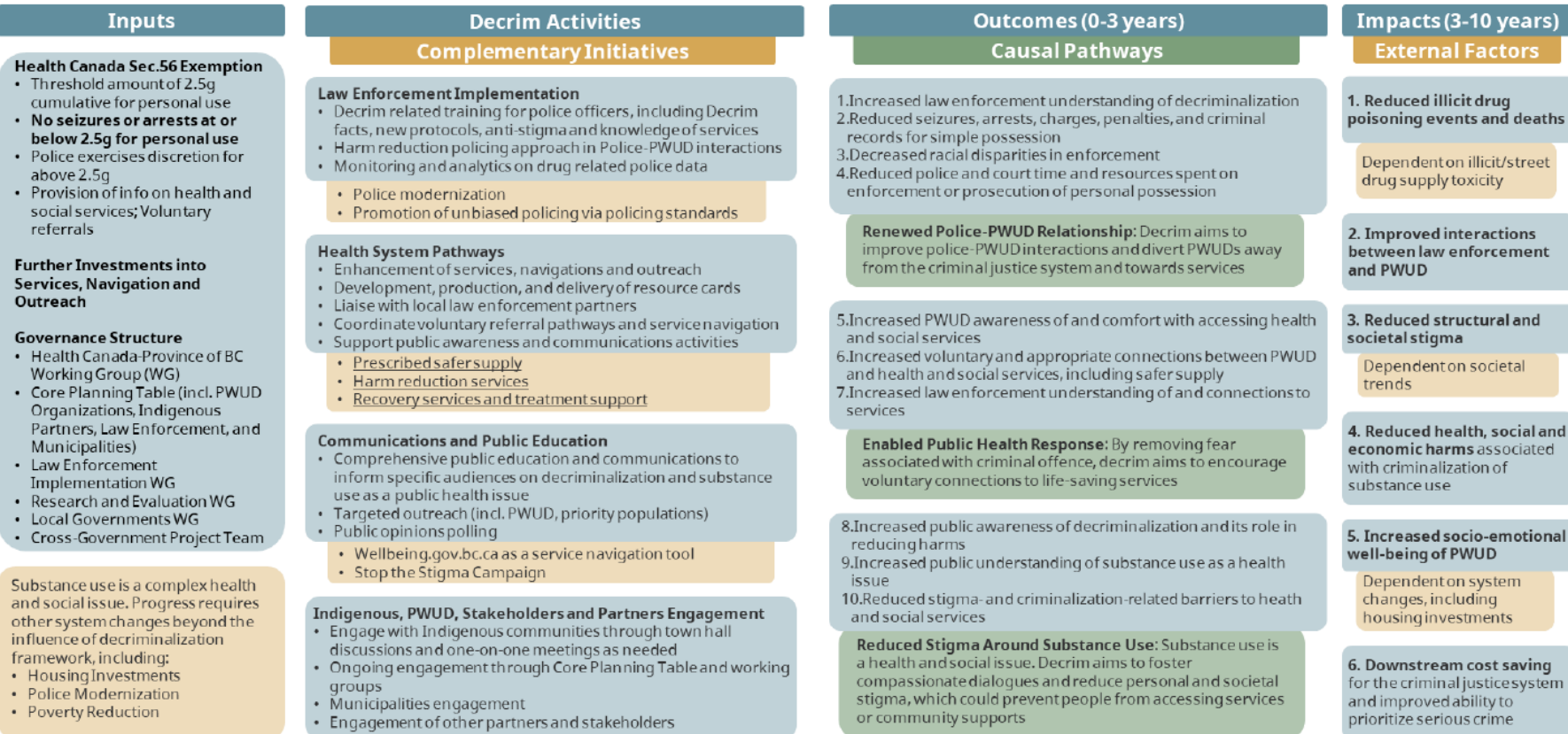
When readily accessible to the operator of a motor vehicle or watercraft

More information on scope of the exemption can be found at: <https://www2.gov.bc.ca/gov/content/overdose/decriminalization> or via [Health Canada](#) online

Decriminalization: Monitoring and evaluation

Causal Pathways: Stigma and criminalization prevent people from accessing critical health and social services and lead people to use alone, where the risk of overdose is elevated. **Decriminalization enables BC's public health response** to the overdose crisis by reducing stigma and harms of criminalization and addressing anti-Indigenous racism.

Complementary Initiatives and External Factors: Measurable progress towards the outcomes is unlikely to be achieved through decriminalization alone. Progress also relies on other complementary system change initiatives and is dependent on external factors.



- Monitoring elements required by Health Canada + provincial additions
- Internal evaluation (BCCDC participating via HRCS and qual)
- External CIHR funded evaluation (CRISM Ontario)

CRD Clean Air Bylaw & Controlled substances

- (4) Subsections 2(1) and 2(2) do not apply to a controlled substance within the meaning of the *Controlled Drugs and Substances Act (Canada)*.

Bylaw 4237

2. PROHIBITION

- (1) No person shall carry or have in his possession a burning cigarette or cigar containing tobacco or another substance or a pipe containing burning tobacco or another substance, or burn tobacco or another substance using a pipe, hookah pipe, lighted smoking device or vapourizing device:

- a) in any park except in a private vehicle;
- b) in any designated public space;
- c) in any school yard; ←
- d) inside any part of a building or structure except in a private residence, hotel or motel room, or tent or trailer in a campsite;
- e) in any area of a business place where either or both food and beverages are served or consumed, or both served and consumed; ←
- f) in any vehicle or passenger conveyance, except in a private vehicle;
- g) within seven (7) metre area measured on the ground from a point directly below any point of a doorway, window or air intake in a place described in subparagraphs 2(1)(d) and (e);

Any possession/use of controlled substance remains illegal, as with daycares and airports

Police retain legal authority under Trespass Act to remove

- h) within seven (7) metres of a bus stop measured on the ground from any point of the bus stop sign.

Bylaw 4272

Smoking bylaws in BC

- [Vancouver](#)

“smoke” or “smoking” includes burning a cigarette or cigar, or burning any substance using a pipe, hookah pipe, lighted smoking device or electronic smoking device; and
- [Surrey](#)

“smoke” or “smoking” means to inhale, exhale, burn or carry:

 - (a) a lighted cigarette, cigar, pipe, hookah pipe or other lighted smoking equipment that burns tobacco or other weed or substances; or
 - (b) an activated e-cigarette; and
- [RD Central Okanagan](#)

No person shall carry or have in his possession a burning cigarette, cigar or a pipe containing burning tobacco or burn tobacco or any other smoking material in any manner within a community park.
- [Duncan](#)

Smoke or Smoking means the burning, inhaling, exhaling, or carrying of a lighted cigarette, cigar, pipe, lighted smoking device, electronic smoking device, e-cigarette, and any other ignited smoking equipment to burn any vegetative matter or any vapour product.
- [Tofino](#)

“smoke” or “smoking” means to purposely inhale or exhale smoke from or burn or carry, a lighted cigarette, cigar, pipe, hookah pipe, or other lighted or electronic smoking paraphernalia that burns or vaporizes tobacco or cannabis or other weed or substance,

Considerations

- Goal: minimize harm
 - Would excluding controlled substances in the Clean Air Bylaw cause harm from second-hand exposures?
 - Would including controlled substances in the Clean Air Bylaw cause harm to people who use drugs?

Recommendation

- No urgency to change Clean Air Bylaw regarding controlled substances
- Further collaboration