

DIRECTOR SHIRE SERVICES REPORT

8th March 2005

DSS1 TOWN IMPROVEMENT FUND
FILE: R8-2 NJT (278284)

SUMMARY:

Reporting on funding options for the Town Improvement Fund.



Council considered a report on the 2004/2009 Transportation Infrastructure Strategic Plan at its meeting on the 15th July 2004 and resolved:

That the 2004/2009 Transportation Infrastructure Strategic Plan be adopted, and, that the funding for the three down river villages, Willawarrin and Bellbrook be reviewed.

The current Town Improvement Fund has been in operation since amalgamation in 1975. The amount allocated to each village/town has historically been in direct proportion to rate revenue from that village/town and is set aside to carry out specific capital works.

The types of Capital Works carried out under the Town Improvement Fund has increased over the years to now include, kerb and gutter, drainage, footpath, urban road rehabilitation and other associated works.

As detailed in the Table 1, there has been a significant decrease in funding for Town Improvement Works, as a percentage of net rate revenue, over the last 20 years. In 1985 the percentage of net rate income spent on Town Improvement Works was 8.08%, whereas in 2004/2005 it was 4.46%. This means a reduction in real terms of \$311,350 since 1985. Note that net rate revenue takes into account subsidies such as pensioner rebates.

Table 1

Year	1985	1990	1994/1995	1999/2000	2004/2005
Total % of Rate	8.08%	7.45%	6.57%	5.55%	4.46%
Town Improvement Program Budget	\$230,000	\$325,274	\$333,200	\$356,250	\$380,750
Total General Net Rate Revenue	\$2,845,000	\$4,365,685	\$5,073,169	\$6,414,133	\$8,544,528

Table 2 shows total rate revenue for each town and village, the existing town improvement budget, and the equitable distribution of funding required under present budget arrangements.

Table 2 Town Improvement Program Budget

	Rate Income	% of Rate Income	Existing TI Budget	TI per Rate Income
Bellbrook	\$13,874	0.25%		\$976
Crescent Head	\$589,311	10.67%	\$60,180	\$41,452
Frederickton	\$170,349	3.09%	\$12,750	\$11,982
Gladstone	\$102,591	1.86%	\$12,750	\$7,216
Grassy Head	\$10,924	0.20%		\$768
Hat Head	\$229,505	4.16%	\$30,345	\$16,143
Kempsey	\$1,934,723	35.04%	\$126,480	\$136,088
Kinchela	\$18,769	0.34%		\$1,320
Kundabung	\$5,568	0.10%		\$392
Smithtown	\$143,578	2.60%	\$12,750	\$10,099
South West Rocks	\$2,075,193	37.59%	\$109,140	\$145,969
Stuarts Point	\$213,858	3.87%	\$23,970	\$15,043
Willawarrin	\$13,008	0.24%		\$915
TOTAL	\$5,521,251	100.00%	\$388,365	\$388,365

To provide a more equitable distribution of funding, allocations for Kempsey and South West Rocks require to be increased, funding for Crescent Head, Gladstone, Hat Head, Smithtown, and Stuarts Point require decreasing whilst Frederickton would remain the same. As shown in Table 2, minimal income is provided from Grassy Head, Bellbrook, Kinchela, Kundabung, and Willawarrin, thus making it difficult for other urban areas to subsidise these smaller villages under this program.

If work needs to be undertaken in these villages, then that work would need to be funded from other sources.

The estimated cost of providing kerb and gutter to both sides of a typical urban block 200m in length is \$80,000. This amount can be significantly higher depending on the location, as extensive drainage may be required as part of the work.

As shown in Table 2, funding provided is often not sufficient to construct kerb and gutter in a typical urban block. Projects are often deferred until sufficient funds are accumulated for that village to proceed with the project.

In older urban areas with limited infrastructure, the expectations of the community are heightened by the provision of the type of infrastructure in new subdivisions, such as, kerb and gutter, footpaths, drainage infrastructure, and street lighting, all to current standards.

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A desktop exercise was carried out recently to estimate the cost of providing kerb and gutter in towns and villages where existing drainage problems exist. The sums of these kerb and gutter projects are listed in Table 3. Other types of Capital Projects such as road rehabilitation, footpaths, construction, drainage augmentation have not been estimated.

Table 3 Outstanding Kerb & Gutter construction

	Length (km)	Estimate
Kempsey	6.85	\$1,370,000
South West Rocks	8.90	\$1,780,000
Crescent Head	4.10	\$820,000
Frederickton	5.91	\$1,182,000
Smithtown	1.35	\$270,000
Gladstone	0.68	\$136,000
Hat Head	2.40	\$480,000
Stuarts Point	1.10	\$220,000
Willawarrin	1.90	\$380,000
Bellbrook	0.95	\$190,000
Total	34.14	\$6,828,000

It is recommended that the funding within the TI Program be distributed as a proportion of net rate revenue. Funding should be pooled for the smaller villages of Frederickton, Gladstone, Smithtown, Stuarts Point and Hat Head to provide a capital project on a five-year rotational basis, as shown in Table 4.

Table 4

	Urban Rate Revenue	Existing TI Budget	TI budget per Urban Rate Revenue	Difference
Crescent Head	\$589 311	\$60 180	\$41 452	-\$18 728
Kempsey	\$1 934 723	\$126 480	\$136 088	\$9 608
South West Rocks	\$2 075 193	\$109 140	\$145 969	\$36 829
Frederickton Gladstone Hat Head Smithtown Stuarts Point	\$922 024	\$92 565	\$64 855	-\$27 710
TOTAL	\$5 521 251	\$388 365	\$388 365	\$0

Note that the redistribution of funding indicated in Table 4 is based on the current funding levels being maintained.

If Council wishes to provide much needed capital improvements in its towns and villages, then a significant increase of funding is required and the increased funding would be distributed in the same proportion as rate revenue generated. In order for much

need capital works to undertaken in the urban areas, Town Improvement funding should be increased to former levels, that is, 8.1% of Total General Rate Revenue (\$692 100).

- ***Environmental Implications***

The environmental implications from the following recommendation would be completing town improvement works.

- ***Social Implications***

The social implications from the following recommendation are increasing requests for improvement works and reducing funding levels.

- ***Economic (Financial) Implications***

The economic implications from the following recommendation are shown in the report.

- ***Policy or Statutory Implications***

There are no policy or statutory implications.

- ***Director's Review***

Council may wish to increase its allocation for capital improvement works in town and village in line with the proposed distribution to address the backlog of works sought for the Town Improvement Program.

RECOMMENDATION:

1. That the funding within the TI Program continue to be distributed as a proportion of net rate income but funding be pooled for the smaller villages of Frederickton, Gladstone, Smithtown, Stuarts Point and Hat Head to provide funding for a capital project on a five year rotational basis.
2. That consideration be given in the 2005/2006 budget to increasing the funding for the Town Improvement Program.

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K J Finnie
DIRECTOR SHIRE SERVICES