

**TITLE: [CNR-OC] Request to Activate Previously Approved Loan Funds for Urgent Expansion of Tweed Valley Respite Service (TVRS) Facility at Cudgen Road, Kingscliff**

**ORIGIN:**

**Director Community & Natural Resources**

**SUMMARY OF REPORT:**

Tweed Valley Respite Service Inc ("TVRS") is requesting activation of a proportion (\$495,000) of previously Council-approved loan funds at the annual loan servicing cost to Council less \$10,000 per annum to facilitate urgent expansion of its aged care services at Kingscliff.

Currently, TVRS exercises long term occupancy of "The Cottage" facility at Cudgen Road, Kingscliff. Council is the owner of the land and building.

The need for expansion at this site, in order to provide aged services in Tweed, is now critical, and reflects demographics of this area.

To date, two (2) loans to TVRS for expansion at this site have been approved by Council. Neither approved loan has been activated.

In May 2003, Council resolved to allocate \$495,000 in the 2003/2004 budget from loan funds to construct a respite administration building and associated facilities on Council's land to be leased by Tweed Valley Respite Service at the annual loan servicing cost to Council less \$10,000 per annum, and this to be included in the advertised budget.

In 2005, owing to increased costs identified in a 2004 feasibility study, Tweed Valley Respite Service Inc requested additional monies. This amount was an additional \$495,000 with terms as for initial loan. It was originally to be included in the rate rise and was later actually included in the budget as loan funds.

The current annual loan servicing cost to Council for \$495,000 requested by TVRS @ 7.13% over 20 years is \$46,827.52 per annum. The original approved terms would reduce the cost to TVRS to \$36,827.52 per annum.

If the loan to TVRS is approved, Council will own the facility after 20 years.

TVRS is seeking to carry out extensions to the facilities as soon as possible and would seek to access the approved funds in early 2009.

**RECOMMENDATION:**

**That:-**

- 1. Council activates a proportion of approved loan monies previously allocated to Tweed Valley Respite Service as per Council resolution on 7 May 2003.**

- 2. Council allocates \$495,000 to Tweed Valley Respite Service Inc. to construct extensions to Tweed Valley Respite Service Aged Care service facilities on Council land, being Lot 2 DP1041750 Cudgen Road, Kingscliff.**
- 3. This loan be repaid by Tweed Valley Respite Service Inc. at annual repayment of \$36,827.52 over a 20 year period (which is the current annual loan servicing cost to Council, less \$10,000) as a rent equivalent and that Tweed Valley Respite Service Inc. enters into a formal lease agreement with Council.**

**REPORT:**

Tweed Valley Respite Service Inc (TVRS) is a long standing community-based and incorporated organisation which has operated in Tweed Shire since 1987. TVRS provides respite, support and educational services to people who are frail aged and/or have a dementia and their carers, and to children and adults with a disability and their carers.

The core aim of the organisation is to offer services which will enable carers to continue caring for their person at home, to support the person to continue living either with their family or independently, and to continue participating in the community.

Since 2000, in alignment with increased demand for services, TVRS has grown significantly to now provide over 18 substantial programs with more than a fourfold growth in client and carer numbers. Staffing levels have increased from 13 to 120 and the service brings over \$4,000,000 in funding annually to Tweed Shire.

The upgrading of its accommodation facilities to accommodate growth has been a strategic issue since 2003. This is now a critical operational issue for all sections of TVRS.

At this point, the unresolved issue is adequate accommodation for Aged Care Services. This is an especially critical problem in the Tweed given the percentage of the older population who will develop a dementia and the importance of a community based response which will enable the person to stay at home longer, rather than proceeding immediately to residential care.

The current facility at Kingscliff is fully utilised and care options in the community for people experiencing dementia and their carers are seriously limited until expansion is undertaken.

In order to commence expansion, TVRS now requests activation of an approved loan of \$495,000 under the original terms:

*On 7 May 2003, Council resolved to allocate \$495,000 in the 2003/2004 budget from loan funds to construct a respite administration building and associated facilities on Councils land to be leased by Tweed Valley Respite Service at the annual loan servicing cost to Council less \$10,000 per annum, and this to be included in the advertised budget.*

The current annual loan servicing cost to Council of \$495,000 requested by TVRS @ 7.13% over 20 years is \$46,827.52 per annum. The original terms would reduce the cost to TVRS to \$36,827.52 per annum.

TVRS is seeking to carry out extensions to the facilities as soon as possible and would seek to access the approved funds in early 2009.

The following information provides a history which also outlines how the organisation has sought to resolve the issues of inadequate accommodation, and the most recent outcomes of this.

**History**

TVRS began its services with two programs in 1987.

In 1990 land at Cudgen Road, Kingscliff was allocated by Council for use by TVRS.

In 1994, in a partnership arrangement between Council and TVRS, a purpose-built Respite Cottage for frail aged persons and people with dementia was constructed using Home and Community Care (HACC) Capital Assistance funds. TVRS has conducted its aged care services at this site since 1994/5. Council is the owner of the land and the building.

In 2003/2004, owing to increased demand for TVRS services, a request was received by Council from TVRS to expand the footprint of land available and to secure loan funds to assist TVRS in expanding the building.

At the Council Meeting 7 May 2003, Council resolved to allocate \$495,000 in the 2003/2004 budget from loan funds to construct a respite administration building and associated facilities on Council's land to be leased by TVRS at the annual loan servicing cost to Council less \$10,000 per annum, and this to be included in the advertised budget.

The terms of this loan was that it would be repaid over 20 years as rent equivalent to the principle of the loan and annual interest, less \$10,000 a year. Council would own the facility after 20 years.

In January 2004, a feasibility study was conducted to ascertain whether extensions should be built at the Kingscliff site or at Council's South Tweed site with a decision to proceed at Kingscliff. Building costs rose significantly during the period of the study and TVRS requested additional monies in 2005 originally to be included in the rate rise and later actually included as loan funds. This amount was an additional \$495,000 with terms as for initial loan.

To date, neither loan has been activated.

In 2007, TVRS intended to utilise the loan monies to purchase a site in Murwillumbah. This did not proceed.

In 2008 TVRS purchased the ex Christian College site at Dungay to fulfil requirements for Management, Administration and a Disability Skills Development Centre. This purchase does not require use of approved loans funds.

However, TVRS has continued to significantly expand services to the aged care sector with a growth in funding, programs, staff and clients. The demands reflect the demographics of this area.

**LEGAL/RESOURCE/FINANCIAL IMPLICATIONS:**

As per report.

**POLICY IMPLICATIONS:**

Nil.

**UNDER SEPARATE COVER/FURTHER INFORMATION:**

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Nil.

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