



Long Term Financial Plan

2021/22 to 2031/32

Acknowledgement of Country

The City of Victor Harbor acknowledges the traditional custodians of our beautiful land and surrounding waters, the Ramindjeri and Ngarrindjeri people, and pay our respects to elders past, present and emerging.



Contents

Consultation and Adoption	4
Overview	5
Legislation	6
Purpose of the Plan	6
Strategic Context	7
Statement of Financial Sustainability	8
Influences and Challenges	8
Basis of Preparation	9
Financial Strategy	9
Uniform Presentation of Finances	9
Funding the Asset Management Plans	9
Assumptions	10
Economic Indicators	10
Risk and Sensitivity	11
Measuring Our Performance	12
Financial Indicators	12
Loan Borrowings	15
Capital Works Program	17
Asset Management Plans	17
Significant Projects	19
Mainstreet Precinct	19
Sports and Recreation Centre	19
Arts and Culture Centre	20
Foreshore Upgrades	20
Other Projects	22
Appendix A: Uniform Presentation of Finances	24





Consultation and Adoption

Community input is an important part of the City of Victor Harbor's decision making process.

Council sought feedback from the community on a draft Long Term Financial Plan between Thursday, 26 August 2021 and Thursday, 16 September 2021.

The Long Term Financial Plan for the period 2021/22 to 2031/32 was adopted by the City of Victor Harbor on 27 September 2021.

Overview

Councils are required to prepare a Long Term Financial Plan and revise it annually. This Long Term Financial Plan describes how Council intends to fund the services and infrastructure provided to the community over the next 10 years.

A Long Term Financial Plan assists Council to balance community expectations, asset management needs and funding, to ensure long term financial sustainability. The Long Term Financial Plan is informed by Council's Community Plan and Asset Management Plans and brings the information from these into a numerical representation to show the effect on Council's finances.

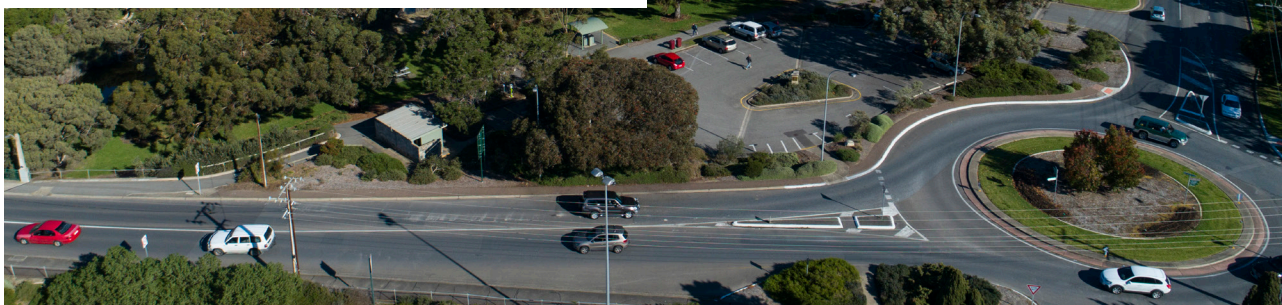
The Long Term Financial Plan is summarised by three Key Financial Indicators that provide a ready understanding of Council's financial position:

Operating Surplus Ratio	Is Council raising enough income to cover day to day costs?
Net Financial Liabilities Ratio	At what level is Council covering its borrowing liability?
Asset Renewal Funding Ratio	At what level is Council managing its current assets?

Asset Management Plan requirements have been

included in the Long Term Financial Plan with both renewal and new projects fully funded. The annual review of the Long Term Financial Plan will allow for changes in community requirements, capacity and funding opportunities to be considered.

A sensitivity analysis has been undertaken of this plan, considering the possibility of increases in inflation and interest rates beyond current assumptions. Council has the capability to meet these risks within the current Long Term Financial Plan, with ongoing monitoring of current and emerging risks and challenges needs to occur.



Legislation

The Local Government Act 1999 and associated regulations require councils to develop and adopt Long Term Financial Plans as part of the strategic documents framework.

The Long Term Financial Plan is a fundamental instrument of accountability and forecasts planned activities over the next ten years. The Plan provides an indication of the financial resources expected to be consumed and the impact that decisions made today may have on Council's financial sustainability of the future.

Generally, the Long Term Financial Plan shall include:

- A summary of proposed levels of operating and capital investment activities presented in a manner consistent with the Model Financial Statements entitled Uniform Presentation of Finances; and
- Key financial indicators set and adopted by Council for each year of the plan; an operating surplus ratio, a net financial liabilities ratio and an asset renewal funding ratio.
- A Long Term Financial Plan must be accompanied by a statement which sets out:
 - the purpose of the long term financial plan;
 - the assumptions used to prepare the plan; and
 - the key conclusions which may be drawn from the estimates, proposals, and other relevant information.

This plan will be reviewed at least annually and consider new information as it comes to hand throughout the budgeting review cycle.

Purpose of the Long Term Financial Plan

Council's primary planning document is the City of Victor Harbor Community Plan 2030, adopted in August 2020. The Community Plan communicates our goals and aspirations over the next ten years, and supports future decisions based on longer term revenue and expenditure impacts.

Long term financial plans are particularly important for Local Government due to the high level of long-lasting assets relative to their income base. The Long Term Financial Plan will guide Council decisions on the mix and timing of operating activities and new assets whilst summarising financial sustainability.

A Council's long-term financial performance and position is sustainable where planned long-term service and infrastructure levels and standards are met without unplanned increases in rates or disruptive cuts to services.

This Long Term Financial Plan reflects Council's strategy of setting appropriate levels of debt, minimising rate increases, striving for intergenerational equity, and meeting the needs and aspirations of our community.

Strategic Context

Strong links between the Long Term Financial Plan and other strategic documents are vital in order to provide an accurate picture of Council's financial sustainability and ability to meet its aspirations.

The Long Term Financial Plan provides a direct connection between the:

- City of Victor Harbor Community Plan 2030
- Asset Management Plans, and
- Annual Business Plans and Budgets.

Our Aspirations



We are a caring, connected and active community



We have a culture of innovation, collaboration and creativity



We manage growth and change responsibly



We protect our environment

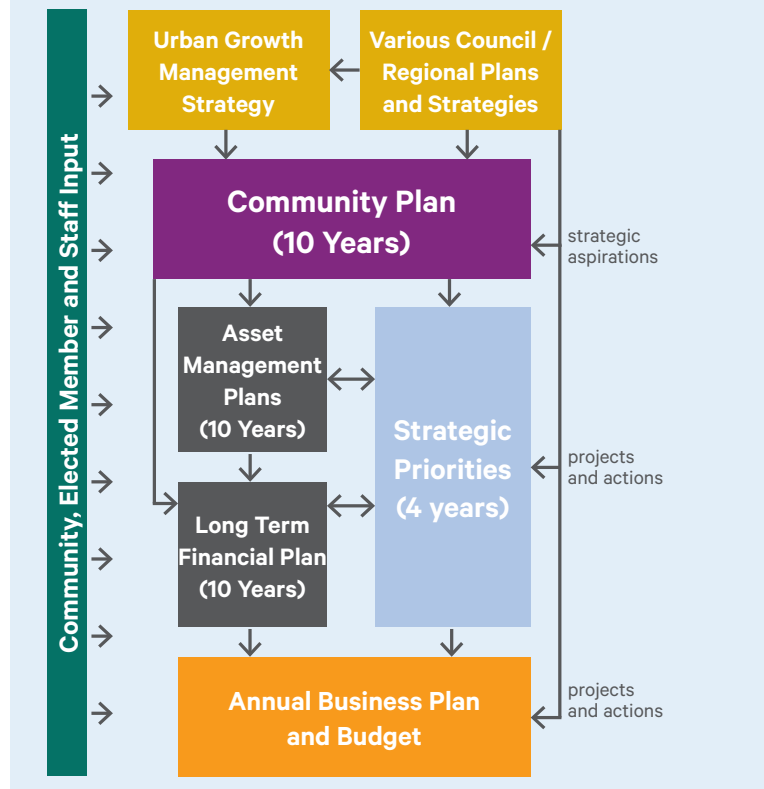


We have services and infrastructure that meet our community's needs



We are a financially sustainable and well-governed organisation

Diagram: Strategic Planning Framework



This Long Term Financial Plan provides financial outcomes for the objectives outlined in Council's Community Plan and associated Asset Management Plans (AMP), guides preparation of the Annual Business Plan and Budget each year and is underpinned by community consultation.

Statement of Financial Sustainability

In accordance with the Local Government Act 1999, each year Council reviews and updates the Long Term Financial Plan. This allows Council to reassess potential impacts on the organisation's financial sustainability due to internal and external influences.

The Long Term Financial Plan is based on information available at the time of preparation. The planning outcomes may be affected by external influences of which Council has limited control, these include:

- Federal and State Government grant funding decisions
- Changing inflation, insurance, and interest rates
- Legislative change and cost shifting, and
- Regulated fees and charges.

The Long Term Financial Plan aims to achieve the following targets:

Key Financial Indicator	Target
Operating Surplus Ratio	-2% to 2% with a rolling three year average of 0%
Net Financial Liabilities Ratio	Maximum of 80%
Asset Renewal Funding Ratio	90% to 110% with a rolling three year average of 100%

A Long Term Financial Plan that maintains the target ranges established by Council should instil a sense of confidence within the community for ongoing, financially sustainable decision making.

Influences and Challenges

Community Expectations

Around 39% of Council's community are welfare dependent. It is difficult for these people to pay higher levels of rates than inflation.

This demographic provides challenges to Council in addressing needs such as footpaths, lighting and community services. These services and infrastructure can be additional to what Council currently supplies with limited ability to raise additional funds from rating.

An additional challenge for Victor Harbor is managing the expectations of non-residents. As a coastal community, there is a high level of holiday homes and significant influx of tourists during peak seasons. There is a level of expectation that Council will deliver 'city' services.

Each year, Victor Harbor has forecast growth of 1.3%, being additional development which contributes additional rating funds however increased population and ratepayers translate to the need for increased services and infrastructure.

Council's Cost Shifting and Additional Compliance

Current legislation reform increases the compliance requirements of Council. Local Government continues to pick up services that have been provided by other levels of Government in the past.

These additional requirements increase Council's operating costs.

Basis of Preparation

Financial Strategy

Council's financial strategy is to manage the community's funds responsibly to continue to undertake current services that are provided to the community and manage Council's current assets.

Council recognises the limited income situation for many households in the community and therefore seeks to minimise increases to the rates burden of these households to close to inflation.

New services, upgraded assets and new assets will be provided as much as possible without moving outside of Council's set financial targets. Grants and potential Private/Public partnerships will be sought to create new assets to ensure that Council does not move outside of its financial targets or require significant increases of rates from its community.

Uniform Presentation of Finances

The Local Government (Financial Management) Regulations require councils summarise common financial information that may be easily compared to other similar councils within the annual financial statements. The format of the Uniform Presentation of Finances has been voluntarily agreed by all councils to be included in Long Term Financial Plan's.

This table (provided on page 25) highlights operating surplus/(deficit) as a key measure of Councils financial performance. Where council requires increased cash flow for a particular year, you can expect to see a bracketed amount on the bottom line 'net lending/(borrowing)' of each column.

Net borrowing at the end of a financial year will increase the Net Financial Liabilities ratio for that year. The Uniform Presentation of Finances is included in **Appendix A** (page 25).

Funding the Asset Management Plans

Council's Asset Management Plans provide for significant works over the 10 year period.

The Long Term Financial Plan allows for the funding of all the projects within the Asset Management Plans. Whilst changes may occur during the annual budget process, particular emphasis should be given to retaining the optimal timing for replacement of existing assets.

Council will continue to seek grant funding either at or above the levels included in the Long Term Financial Plan to minimise borrowings and thus impact on future rates.

Council is also open to private investment / partnerships to achieve positive outcomes for the community. Council has recently adopted an Unsolicited Proposal Policy that allows for the consideration of projects that stimulate and encourage business investment and innovation within the Council area. Both the Policy and the guidelines are available at www.victor.sa.gov.au or can be viewed at the City of Victor Harbor Civic Centre (1 Bay Road, Victor Harbor).

Assumptions

The following assumptions underpin the outcomes of this Long Term Financial Plan:

- Rate revenue increases have been included as:
 - Rate increases as per CPI forecast of 2% on average per year
 - Additional increase in growth at a forecast of 1.3% each year
 - Total increases of 2% + 1.3% being 3.3%.
- Employee expenses have been increased annually by 2.0-3.0%, this represents:
 - 2% for future Enterprise Bargaining Agreement (EBA) increases;
 - 0.5% for statutory increases on superannuation guarantee each year until the threshold of 12% is reached in Year 5 (2025/26)
 - 1% for staff increases in Year 4 (2024/25) and Year 7 (2027/28).
- Expenditure on renewal of assets has been drawn from Asset Management Plans and Capital Work Plans.
- Expenditure on new assets has been drawn from Capital Work Plans.
- Asset Revaluations included per statutory requirements of 1%.
- New assets result in maintenance increases of 0.5%.
- Assets received free of charge (i.e., new subdivisions) have been included throughout the plan at \$1 million.
- Interest on new borrowings has been calculated at the Cash Advance Debenture (CAD) rate of 1.3% for Year 1 (2021/22) and 2.05% for the remaining years.
- Interest on cash deposits has been calculated at the CAD rate of 0.45% for Year 1 (2021/22) and 0.25% for the remaining years.

- Services delivered through the operating budget remain unchanged throughout the plan.
- Assumptions are reviewed annually when the plan is reviewed.

Economic Indicators

Fundamental to the preparation of the Long Term Financial Plan, is the projected changes to external influences such as the Consumer Price Index (CPI). The CPI measures changes in the price of a 'basket' of goods and services which account for a high proportion of household expenditure.

The mix of goods and services typically consumed by councils differs to the average household, therefore a separate index is employed to measure price movements, the Local Government Price Index (LGPI).

The following are elements that are outside of Council's control, which effect the future year's financial results:

- Inflation affected by:
 - Revenue increases set by legislation such as Planning and Development Fees.
 - CPI at potentially 2%.
 - LGPI forecast at 1.7% for operating expenses.

COVID-19 is having impacts on economic conditions around the world. Australia and in particular South Australia, having been fairly protected to date, has an economy that is not being affected by some of the downward pressure that is occurring elsewhere. Cost of housing stock has increased considerably in country areas in the last year which will put pressure on current housing stock and potentially lead to increased building. Council's growth may be higher than currently forecast.

It is difficult to forecast in the current economic situation. The economic indicators will be reviewed each time the Long Term Financial Plan is reviewed which is at least annually.

Risk and Sensitivity

The risk inherent in a Long Term Financial Plan is that assumptions may not be realistic for the term of the plan. The Long Term Financial Plan is updated annually, and assumptions are updated at that time. However only the first few years of any Long Term Financial Plan are realistic.

The assumptions that are most at risk are inflation and interest rates.

Inflation Risk

If Council continues to raise rates at the same overall rate of inflation as expenditure, then there is no inflation risk as income rises at the same rate as expenditure.

If Council raises rates below that of their expenditure inflation, then their Operating Result will decline.

Interest Rate Risk

Current fixed loans are at higher interest rates than forecast rates in the plan for new borrowings. Some of these fixed loans finish their term in the early years of the plan.

Council also receives additional rates from additional and developed properties which is known as growth. This is above the rate increases due to inflation.

These factors combine to put Council in a surplus position by Year 5 (2025/26). Increasing inflation and interest rates by a factor of 3% from Year 2 (2022/23) for a sensitivity analysis actually enhances the Council operating position slightly.

Ongoing Monitoring of Risk

All assumptions within the plan need to be reviewed annually to ensure that any emerging risks to assumptions are identified and managed.



Measuring Our Performance

Financial Indicators

Key Financial Indicators provide a robust ready assessment of financial performance and sustainability. They need to be interpreted in the context of a Council's operating environment and can provide trend data, both historic and projected, that may assist in decision making and reviewing financial performance.

The Local Government (Financial Management) Regulations 2011 require a Council to use three specific indicators and the Local Government Act 1999 requires a Council to state the measures that will be used to monitor and assess the performance of the Council.

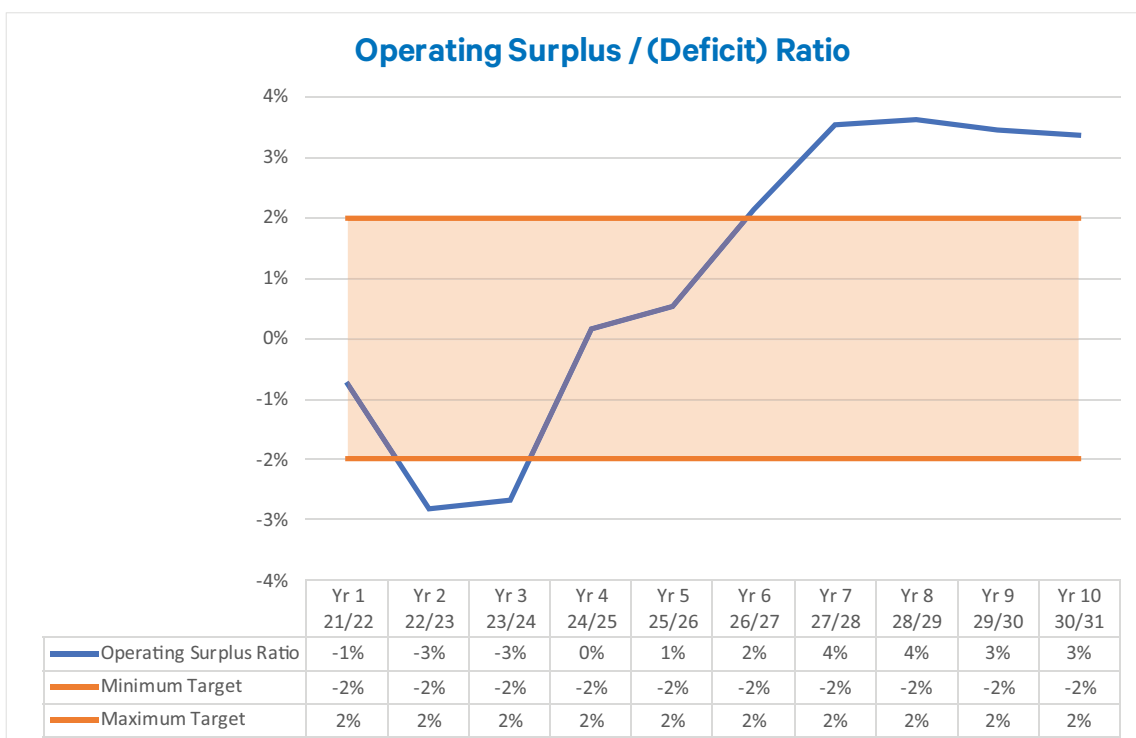
Operating Surplus Ratio

This ratio expresses the operating surplus (deficit) expressed as a percentage of operating income. A positive ratio indicates the percentage of total income available to fund capital expenditure over and above the level of depreciation, or the ability to reduce the level of net financial liabilities. It is calculated as:

$$\frac{\text{Operating Surplus/(Deficit)}}{\text{Total Operating Revenue}}$$

Council has set the target for the Operating Surplus Ratio as between -2% and 2% in any individual year with a rolling average over three years of 0%.

The Operating Surplus Ratio does not meet the annual target of between -2% and 2% in Year 2 (2022/23) and Year 3 (2023/24) due to the replacement of the corporate software system. From Year 7 (2027/28) the ratio again moves outside the target but as a surplus amount, allowing for the repayment of debt and/or a capacity to fund additional services. The average ratio over the 10 years is 1%.

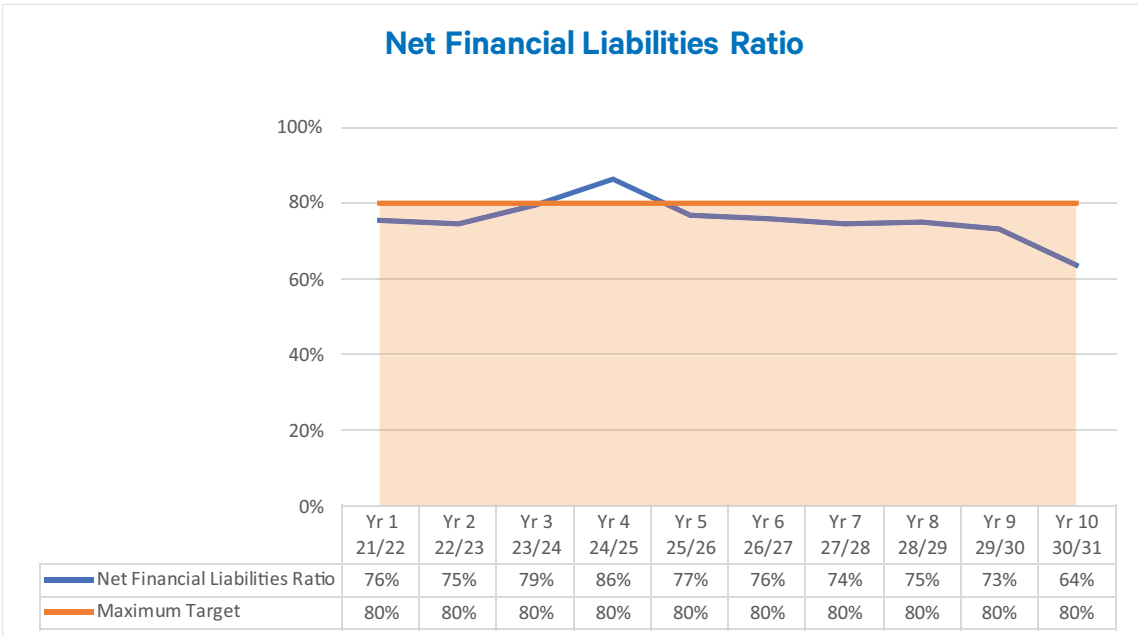


Net Financial Liabilities Ratio

This ratio represents the amount of money owed to others by Council less cash held or invested at a financial institution. The amounts owed include employee entitlements such as long service leave and other amounts payable. The ratio measures the net amount owed at the end of a financial year compared with income for the year.

$$\frac{\text{Net Financial Liabilities (NFL)}}{\text{Total Operating Revenue}}$$

The Net Financial Liabilities Ratio stays at or below the maximum target of 80% set by Council across the term of the plan, excluding Year 4 (2024/24) where a ratio of 86% is forecast. The average ratio over the 10 years is 76%. The Net Financial Liabilities Ratio reduces from the following year to a low of 64% in year 10 as borrowings are re-paid.



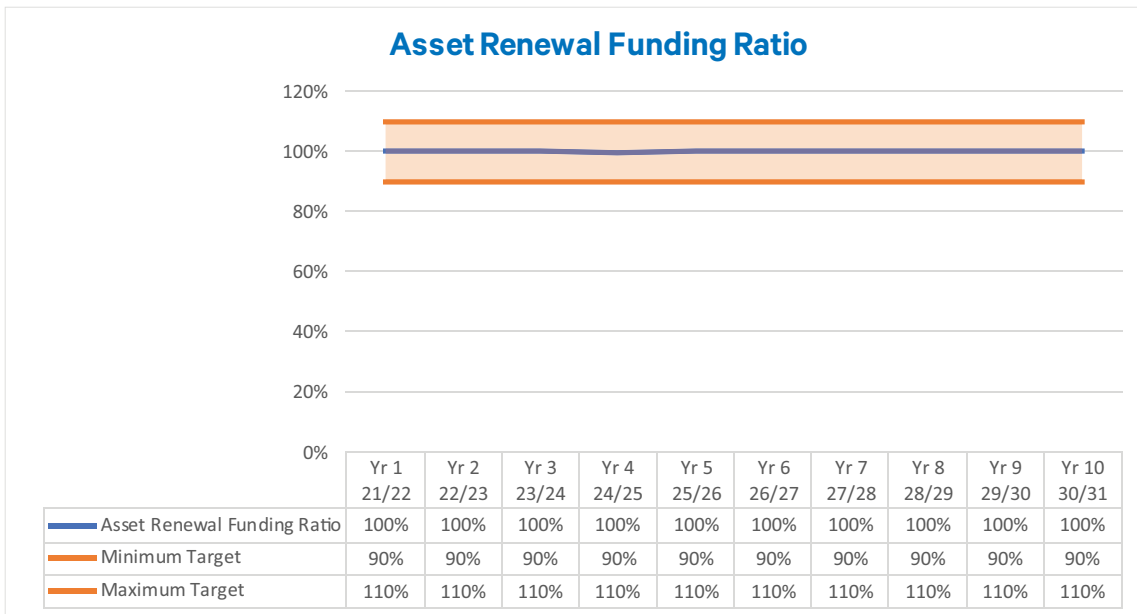
The result in Year 4 is due to the construction of Recreation and Sporting Facilities in the previous two years.

Asset Renewal Funding Ratio

The asset funding ratio is whether Council is renewing or replacing existing infrastructure assets at the level required of its Asset Management Plans to ensure that Council’s assets remain at their current condition level. It is calculated as:

$$\frac{\text{Net Asset Renewals}}{\text{Asset Management Plan required expenditure}}$$

Council intends to fully budget for works required in the Asset Management Plans, as such the target has been set at 90% to 110% with a rolling average of 100%.



Loan Borrowings

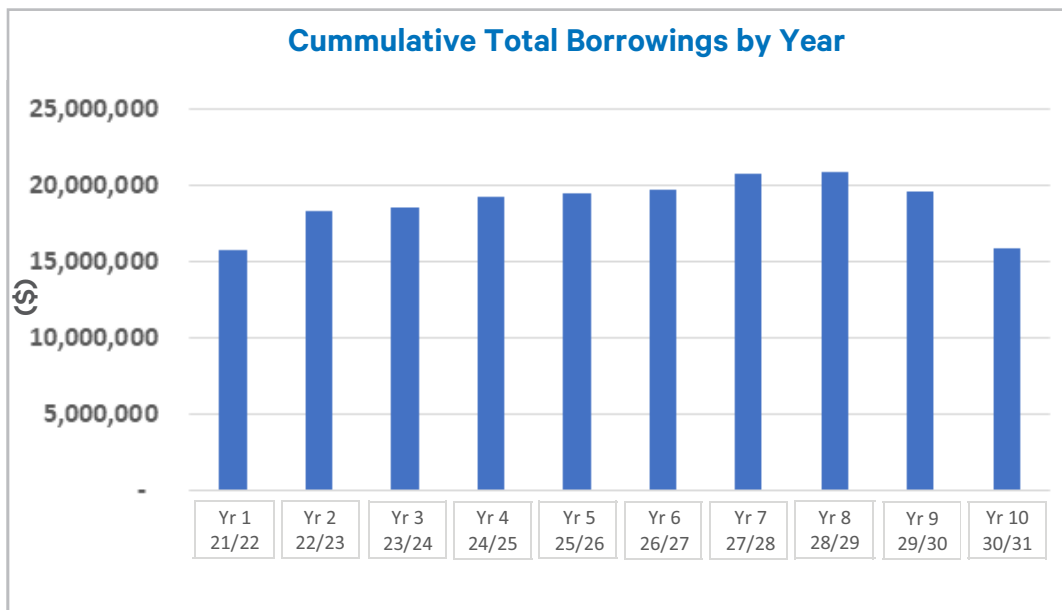
Council's Treasury Policy allows for a mix of fixed and variable borrowings in order to minimise net interest costs on average over the longer term and at the same time manage interest rate movement risks within acceptable limits. Council aims to have a variety of maturity dates on its fixed interest borrowings over the available maturity spectrum.

Council's target is to allow for not less than 30% of its gross debt in the form of fixed interest rate borrowings and that no more than 25% of these borrowings mature in any one year.

All loans are held with the Local Government Finance Authority (LGFA).

The borrowings within the Long Term Financial Plan have been allocated to Fixed Loans where required in the Treasury Policy to reach a minimum of 30% Fixed.

The following graph shows the maximum borrowing requirements indicated in the Long Term Financial Plan including both fixed term borrowings and variable loans (Cash Advance Debentures).



The amounts above provide a net borrowing result with principal repayments of close to \$11.6 million over the term of the plan.



Capital Works Program

Asset Management Plans

Asset Management Plans play an important part in planning for the renewal and replacement of existing assets. The Asset Management Plans provide information in regards to the value, useful life, age and condition of existing assets.

The aim of the Asset Management Plans is to provide the optimal replacement time for each asset thus minimising maintenance expenditure and disruption of service delivery.

Renewal or Replacement of Existing Assets

Renewal and replacement of existing assets has been fully funded in the Long Term Financial Plan in line with Asset Management Plan projections as below:

Asset Category	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
	2021/22 (000's)	2022/23 (000's)	2023/24 (000's)	2024/25 (000's)	2025/26 (000's)	2026/27 (000's)	2027/28 (000's)	2028/29 (000's)	2029/30 (000's)	2030/31 (000's)	
Bridges	630	115	55	40	40	40	60	138	20	-	1,138
Buildings	956	187	420	61	122	100	2,700	2,700	735	500	8,481
Car Parks and Traffic Controls	-	100	180	130	140	150	140	140	140	140	1,260
Footpaths	210	113	112	185	315	370	220	370	320	320	2,535
Kerb and Channel	65	130	210	210	210	210	210	210	210	210	1,875
Open Space	598	140	195	220	295	355	345	710	2,355	2,305	7,518
Other Assets	2,014	1,974	2,518	885	812	1,041	725	906	919	837	12,631
Roads	2,312	2,770	1,240	1,024	2,070	1,170	1,020	980	1,480	730	14,796
Stormwater	-	200	25	265	320	1,350	500	500	1,825	745	5,730
TOTAL	6,785	5,729	4,955	3,020	4,324	4,786	5,920	6,654	8,004	5,787	55,964

Expenditure on renewal and replacement assets will be generally funded through a combination of revenues as follows:

- Proceeds from sale of replaced or surplus assets
- Grant funding from other levels of Government or industry bodies
- Borrowings.

New or Upgraded Assets

Asset Management Plans include new and upgrade projects that have been identified by Council, Community or Administration. These projects represent opportunities for activation of public spaces, increases in infrastructure capacity due to growth, new initiatives and investment attraction activities. The Asset Management Plans detail the preferred timing for delivery of each project.

New and upgraded assets have been fully funded in the Long Term Financial Plan in line with the Asset Management Plan projections as detailed below:

Plan	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
	2021/22 (000's)	2022/23 (000's)	2023/24 (000's)	2024/25 (000's)	2025/26 (000's)	2026/27 (000's)	2027/28 (000's)	2028/29 (000's)	2029/30 (000's)	2030/31 (000's)	
Bridges	-	7	80	75	-	-	-	-	-	-	162
Buildings	1,642	1,710	8,040	11,684	98	-	6,300	6,300	-	-	35,774
Car Parks and Traffic Controls	2,000	580	335	-	-	205	40	125	-	-	3,285
Footpaths	312	94	298	15	490	2,250	370	535	270	320	4,954
Kerb and Channel	-	-	-	-	-	-	-	-	-	-	-
Land	2,400	-	-	-	1,000	-	-	500	-	-	3,900
Open Space	72	420	410	390	885	1,300	925	515	1,425	915	7,257
Other Assets	37	68	80	15	83	33	153	13	42	12	537
Roads	1,745	2,772	576	682	685	697	415	425	750	-	8,747
Stormwater	-	630	25	535	200	1,960	880	880	1,372	2,020	8,502
Total	8,208	6,282	9,844	13,396	3,441	6,445	9,083	9,293	3,859	3,267	73,118

Expenditure on new and upgraded assets will be generally funded through a combination of revenues as follows:

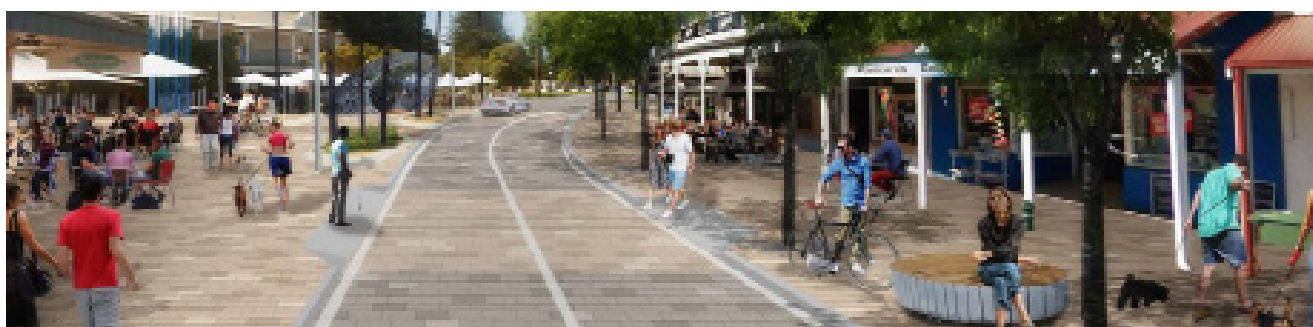
- Grant funding from other levels of Government or industry bodies
- Borrowings
- Private investment / partnership.



Significant Projects

The following information provides details on the significant projects included in the Long Term Financial Plan:

Mainstreet Precinct Master Plan



The Victor Harbor Mainstreet Precinct Master Plan continues to be implemented. The Plan is to revitalise the Precinct to create a visually inviting and safe place with an emphasis on water sensitive urban design, accessibility and integrated public spaces. Stages 4, 5 and 6 are included within the Council's Asset Management Plans with construction a combination of new and renewal. The table below shows the planned timing of the projects, subject to grant funding and the Annual Business Plan process:

Project	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
	2021/22 (000's)	2022/23 (000's)	2023/24 (000's)	2024/25 (000's)	2025/26 (000's)	2026/27 (000's)	2027/28 (000's)	2028/29 (000's)	2029/30 (000's)	2030/31 (000's)	
Stage 4	2,905	4,013	-	-	-	-	-	-	-	-	6,918
Stage 5	-	-	-	-	-	-	-	500	1,500	-	2,000
Stage 6	-	-	-	500	1,500	-	-	-	-	-	2,000
Total	2,905	4,013	-	500	1,500	-	-	500	1,500	-	10,918

Sport and Recreation Facilities

Sports participation in Victor Harbor is strong particularly in football, basketball and lawn bowls. There is also demand for hockey, soccer, cricket, tennis, netball, gymnastics, little athletics, croquet, yachting, equestrian activities and other various sports. The Council's Recreation and Open Space Strategy identifies a need to provide additional indoor sports facilities to support the growing participation in sport and recreation activities. This project is included within the Council's Asset Management Plans with construction considered as a new asset – however, Council is still investigating alternative options and locations which may influence the final allocation. Finalisation of design is included in Year 1 (2021/22) with construction anticipated to be spread across two financial years. The table below shows the planned timing of construction, subject to grant funding and the Annual Business Plan process:

Project	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
	2021/22 (000's)	2022/23 (000's)	2023/24 (000's)	2024/25 (000's)	2025/26 (000's)	2026/27 (000's)	2027/28 (000's)	2028/29 (000's)	2029/30 (000's)	2030/31 (000's)	
Design	50	900	-	-	-	-	-	-	-	-	950
Construction	-	-	7,000	11,000	-	-	-	-	-	-	18,000
Total	50	900	7,000	11,000	-	-	-	-	-	-	18,950

Arts and Culture Centre

Recognising the cultural and economic value of arts and cultural activity, the Council have been working on plans for the development of an Arts and Culture Centre incorporating the Victor Harbor Town Hall, Coral Street Art Space and Victa Cinema. The Council consider an Arts and Culture Centre to be an integral part of its aspiration to cultivate arts and cultural activity, and position Victor Harbor as a regional arts and cultural destination. It is working towards delivering a centre that incorporates all art forms providing local artists, groups and the broader community with a place to meet, work, exhibit, collaborate and learn. This project is included with the Council's Asset Management Plans with construction a combination of new and renewal. Finalisation of design is included in Year 1 (2021/22) with construction anticipated to be spread across two financial years. The table below shows the planned timing of the project, subject to the receipt of grant funding and the Annual Business Plan process:

Project	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
	2021/22 (000's)	2022/23 (000's)	2023/24 (000's)	2024/25 (000's)	2025/26 (000's)	2026/27 (000's)	2027/28 (000's)	2028/29 (000's)	2029/30 (000's)	2030/31 (000's)	
Design	47	-	600	600	-	-	-	-	-	-	1,247
Construction	-	-	-	-	-	-	9,000	9,000	-	-	18,000
Total	47	-	600	600	-	-	9,000	9,000	-	-	19,247

Foreshore Upgrades



As identified in the 2006 Town Centre Master Plan, Victor Harbor's greatest asset is the foreshore environment and the link to Granite Island. However, connections between these key elements have been lost due to competing features, blocked vistas and a lack of "place" identity. The new causeway to Granite Island will require works where it joins with the mainland and provides an opportunity to develop a master plan for this iconic area before undertaking construction works to enhance this highly valued space. This project is included within the Council's Asset Management Plans with construction a combination of new and renewal. The table below shows the planned timing of the project subject to the Annual Business Plan process:

Project	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
	2021/22 (000's)	2022/23 (000's)	2023/24 (000's)	2024/25 (000's)	2025/26 (000's)	2026/27 (000's)	2027/28 (000's)	2028/29 (000's)	2029/30 (000's)	2030/31 (000's)	
Design	-	-	-	-	-	-	-	400	-	-	400
Construction	-	-	-	-	-	-	-	-	2,500	2,500	5,000
Total	-	-	-	-	-	-	-	400	2,500	2,500	5,400

Other Projects



Library Mezzanine

This project was brought forward in response to community feedback during the library survey. Construction of the project will be broken across two years with detailed design and commencement in 2020/21 and completion in Year 1 (2021/22). The project will provide a mezzanine floor with additional community spaces and multi-functional spaces to address noise and accessibility issues. The plan includes funding of just over \$1.6 million offset by grant funding of \$643,686.



Victor Harbor Horse Tram

Council continues to support and fund our iconic Victor Harbor Horse Tram operations as well as provide capital for improved facilities. The plan includes the replacement of the tram rails and the terminal station on Granite Island, as well as the refurbishment of the office and stables area at the entrance to the Causeway in Year 1 (2021/22) at a cost of \$490,000.



Encounter Bikeway Improvements

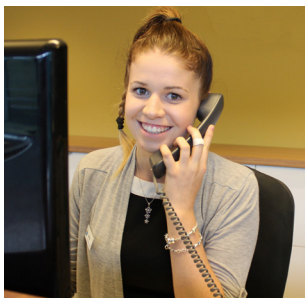
The Encounter Bikeway is multi-purpose path that follows the spectacular coastline between Victor Harbor and Goolwa. The Council continues to enhance and improve sections of the Encounter Bikeway. A review of the existing on-road sections of the Encounter Bikeway from Bridge Terrace through to the Council boundary in Hayborough will be undertaken. The plan includes an allowance for updates to design in Year 1 (2021/22) of \$30,000 and construction costs in Year 6 (2026/27) of \$1 million.

Council commenced an upgrade to the pathway along Franklin Parade in 2020/21 commencing at Kent Reserve. The plan includes allowances to continue the upgrade to The Bluff end of the bikeway in Year 1 (2021/22), Year 5 (2025/26) and Year 6 (2026/27) to a total of \$900,000.



McKinlay Street Car Park

The plan includes a \$2.5 million allowance to assist in further progressing the development of a multi-storey car park in McKinlay Street. Council is committed to delivery of the project and will continue to work with developers and other interested parties.



Business Systems Upgrade

Council has embarked on a significant project that will see the overhaul of its business systems to future proof the organisation. The current corporate software system has been in use for 20 years and no longer meets the needs of our growing organisation. Allowances for the implementation and transition to a new system have been included in Year 1 (2021/22), Year 2 (2022/23) and Year 3 (2023/24).



Other Projects

Council is investigating and/or developing master plans for a number of projects that are either not yet included or subject to amendment in the Asset Management Plans and Long Term Financial Plan. These projects may still need feasibility studies and business cases to assess viability.

Subject to Council approval, these projects will be included in the Asset Management Plans and Long Term Financial Plan annual reviews as information becomes available:

- Community / Youth Centre
- Stormwater Master Plan actions
- Coastal Management Study actions
- Level 2 Bridge Assessments





APPENDIX 1

**UNIFORM
PRESENTATION
OF FINANCES**

CITY OF VICTOR HARBOR **10 YEAR FINANCIAL PLAN FOR THE YEARS ENDING 30 JUNE 2031**

UNIFORM PRESENTATION OF FINANCES										
	Year 1 2021/22 \$'000	Year 2 2022/23 \$'000	Year 3 2023/24 \$'000	Year 4 2024/25 \$'000	Year 5 2025/26 \$'000	Year 6 2026/27 \$'000	Year 7 2027/28 \$'000	Year 8 2028/29 \$'000	Year 9 2029/30 \$'000	Year 10 2030/31 \$'000
OPERATING ACTIVITIES										
Income	30,336,341	30,960,547	31,697,121	32,656,472	33,645,923	34,666,438	35,719,014	36,804,678	37,924,493	39,079,555
less: Expenses	(30,569,251)	(31,834,448)	(32,548,665)	(32,607,521)	(33,462,278)	(33,928,343)	(34,454,910)	(35,470,895)	(36,610,755)	(37,760,094)
Operating Surplus / (Deficit)	(232,910)	(873,902)	(851,544)	48,951	183,644	738,095	1,264,103	1,333,783	1,313,739	1,319,461
CAPITAL ACTIVITIES										
<i>less (Net Outlays) on Existing Assets</i>										
Capital Expenditure on Renewal and Replacement of Existing Assets	(6,785,000)	(5,728,500)	(4,955,500)	(3,019,500)	(4,324,500)	(4,786,000)	(5,920,000)	(6,653,500)	(8,004,500)	(5,786,500)
add back Depreciation, Amortisation and Impairment	7,725,000	7,974,631	8,071,250	8,202,467	8,439,018	8,459,607	8,489,896	8,619,138	8,783,108	8,870,561
add back Proceeds from Sale of Replaced Assets	247,000	173,000	219,000	195,000	147,000	149,000	165,000	125,000	148,000	148,000
(Net Outlays) on Existing Assets	1,187,000	2,419,131	3,334,750	5,377,967	4,261,518	3,822,607	2,734,896	2,090,638	926,608	3,232,061
<i>less (Net Outlays) on New and Upgraded Assets</i>										
Capital Expenditure on New and Upgraded Assets	(8,207,700)	(6,282,500)	(9,843,500)	(13,396,000)	(3,441,500)	(6,444,500)	(9,082,500)	(9,292,500)	(3,859,500)	(3,267,500)
add back Amounts Received Specifically for New and Upgraded Assets	1,526,100	4,200,000	5,000,000	4,500,000	1,000,000	1,000,000	4,500,000	4,500,000	1,000,000	1,200,000
(Net Outlays) on New and Upgraded Assets	(6,681,600)	(2,082,500)	(4,843,500)	(8,896,000)	(2,441,500)	(5,444,500)	(4,582,500)	(4,792,500)	(2,859,500)	(2,067,500)
Net Lending / (Borrowing) for Financial Year	(5,727,510)	(537,271)	(2,360,294)	(3,469,082)	2,003,662	(883,799)	(583,501)	(1,368,079)	(619,154)	2,484,022

FINANCIAL RATIOS										
	Year 1 2021/22	Year 2 2022/23	Year 3 2023/24	Year 4 2024/25	Year 5 2025/26	Year 6 2026/27	Year 7 2027/28	Year 8 2028/29	Year 9 2029/30	Year 10 2030/31
Operating Surplus Ratio	-1%	-3%	-3%	0%	1%	2%	4%	4%	3%	3%
Net Financial Liabilities Ratio	76%	75%	79%	86%	77%	76%	74%	75%	73%	64%
Asset Renewal Funding Ratio	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

city of
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