

Regional Community, Sport and Recreation Precinct
Frequently Asked Questions

The Regional Community, Sport and Recreation Precinct is a significant, once-in-a-generation project for Victor Harbor and the southern Fleurieu region.

This Frequently Asked Questions (FAQ) sheet has been prepared to clearly explain the Regional Community, Sport and Recreation Precinct project. It outlines the proposal, explains why a public-private partnership model is being explored, and describes the steps Council is taking to ensure the best outcome for the community.

Q: What is the Regional Community, Sport and Recreation Precinct?

A: The Regional Community, Sport and Recreation Precinct (the Precinct) is a major community hub planned for the heart of Victor Harbor at Lot 202 Armstrong Road. It is designed to become the southern Fleurieu's premier destination for indoor sport, recreation and community activities, providing modern, fit forpurpose facilities for people of all ages.

The Precinct will deliver:

- A recreation facility with four multi-purpose courts, gymnastics and health club facilities and meeting spaces;
- Entertainment and large format retail spaces, including a hospitality offering;
- A childcare centre;
- Allied health spaces.

Q: Why is the Council delivering this project?

A: Victor Harbor and the surrounding region have seen steady population growth, with more residents expected in the coming years according to projections. However, the region currently faces a shortage of community facilities needed to support both existing and future residents. A comprehensive demand analysis has shown a clear need for new regional amenities. To address this gap, the Precinct is a strategic investment in community infrastructure, providing space and services that will meet the evolving needs of the region.

There are several key reasons driving Council's commitment to this project:

- Existing indoor sport facilities in Victor Harbor and the wider region are already operating at or above capacity, limiting opportunities for residents to participate in healthy, active lifestyles. Additional facilities are necessary to meet growing demand and support community wellbeing.
- There is an increasing need for flexible community meeting spaces, which can accommodate a range of activities and gatherings.
- The Precinct offers an opportunity to establish a vibrant community hub; a place where people of all ages can connect through sport, recreation, and social events.
- By enhancing community infrastructure, the Council aims to attract more families to the region, supporting ongoing growth and vitality.
- This investment aligns with the goals of the Greater Adelaide Regional Plan, ensuring that Victor Harbor is well-prepared for the future.



Ultimately, the Precinct will provide a versatile, purpose-built facility set within expansive community open spaces. It will feature a mix of areas designed for various uses, reflecting Council's commitment to creating a space that is shaped by, and serves, the entire community.

Why is Council pursuing a public-private partnership for delivery of the Precinct?

A: Council thoroughly explored a traditional 'Council build and operate' model between 2019 and 2023, including multiple design and cost scenarios.

Following extensive analysis, Council resolved to pursue a public-private partnership because it:

- Balances affordability and financial sustainability
- Reduces ongoing operational and maintenance risk to Council
- Enables delivery of a broader range of facilities than Council could fund alone
- Leverages private investment to deliver a regional scale outcome sooner

This approach allows Council to focus its investment on securing community access and affordability rather than bearing all construction and operating risks.

Q: Who is the private developer that Council is working with?

A: The Precinct is being progressed through a public-private partnership between the City of Victor Harbor and South Australian developer and fund manager, Accord Property. Established in Adelaide in 2015, Accord Property is well-equipped with a proven track record to assist Council to achieve its vision for the Precinct.

Q: What does the public-private partnership arrangement look like?

A: The following summarises the proposed financial and tenure arrangements:

- **Overall development value:** ~$41 million
  - Council contribution: $11.7 million
  - Grant funding (minimum): $4 million
  - Developer contribution: $25 million
- **Lease arrangement:** The developer requires a long-term lease to make the proposal viable. A 99 year lease, with two 25 year extension options is being negotiated.
- **Facility ownership:** Private, with an option for Council to buy-back of the recreation facility at various intervals during the agreement.
- **Facility management:** Private, with governance oversight by Council.
- **Land ownership:** Council remains the land owner.

To enable the long-term lease arrangement requested by the private consortium, Council is proposing to revoke the community land classification for approximately 30% of Lot 202 Armstrong Road. This change is necessary because a lease of this duration cannot be established on community land under current legislation. The remainder of the site will retain its community land status, with Council maintaining ownership. The community land revocation proposal is with the Minister for Local Government for consideration.

Q: Who is responsible if costs increase or the developer fails?

A: The commercial agreements that are currently being negotiated will include protections for Council, including staged investment, step in rights, and contractual safeguards.



Q: Can Council afford to deliver this project?

A: Council's Long Term Financial Plan incorporates the construction, contribution and ongoing operating costs as described in this FAQ and shows that the proposed level of borrowing to bring this project to life is affordable and manageable within Council's financial targets. Borrowings are used to spread the cost of major infrastructure across generations that will benefit from it.

The Long Term Financial Plan shows Council's borrowings peaking in 2027/28 at $23 million, outstanding borrowings forecast to be $3.4 million by the end of the plan (2035/36).

Council continues to actively pursue State and Federal grant funding to reduce its overall contribution.

Q: Is there an ongoing cost for Council to operate the recreation centre?

A: Council will provide an annual subsidy of approximately $846,000 to support the ongoing operations of the recreation facility. In addition, it is proposed that Council will contribute $180,000 to grant the Victor Harbor Gymnastics Club exclusive use of the gymnastics area, enabling the club to expand its programs and offerings for the community.

Like most sporting activities the full cost to undertake the sport is not borne by the participants. Some sporting clubs receive grants from government to establish their facilities and some clubs raise funds through sponsorships and fundraising. Most councils across Australia do not pass on the full cost of establishing, financing, and maintaining and upgrading playing fields and buildings.

The provision of the community, sports and recreation elements of the Precinct are no different, as Council has not been able to secure government funding for the entire $26 million cost of the recreation facility, an element of the financing costs is passed on to Council. Operational models were explored by Council and it was shown that outsourcing the management of the centre was more affordable than Council running the centre itself. To help offset some of the management costs associated with running a big building (electricity, maintenance, water) and providing staff to program and supervise the activities delivered, other income streams are incorporated including a fitness centre and kiosk.

There is still a shortfall in revenue so rather than significantly increasing the costs for participants, Council has decided to provide an ongoing subsidy with the aim of promoting affordable access to all the community.

Q: Why is Council subsidising the Victor Harbor Gymnastics Club?

A: Council is subsidising the Victor Harbor Gymnastics Club to enable exclusive use of the gymnastics area, which supports the club's growth and ability to expand its programs for the community. This addresses previous concerns around the local club's affiliation with State and National Sporting Bodies when sharing facilities with external providers. Clear guidelines will be established between the Council and Victor Harbor Gymnastics Club regarding exclusivity, including a transition phase and KPIs required for ongoing contributions, to ensure the facility is utilised to its fullest potential and provides benefit to the community.

Q: What will be the impact on Council rates for this project?

A: Council has been transparent about the need for a rate increase to support major community infrastructure.

An overall 5.2% increase spread over four years is required for this project, with:

- 2.2% already applied
- A further 1.5% in each of the next two years

This is less than the 5.5% Council consulted the community on in 2024.



Q: What investigations did Council undertake into how the recreation facility would operate?

A: Before making a decision on the preferred operating model for the recreation facility within the Precinct, Council commissioned and reviewed multiple independent studies and assessments, including:

- A full options study and economic impact assessment
- An independent peer review of that study
- A business case that tested Council operating the facility (referred to as Model 2)
- Independent financial modelling, risk analysis, and long-term financial planning
- A formal Prudential Report, as required under the Local Government Act 1999

Q: What operating models did Council consider for the recreation facility within the Precinct?

A: In response to community feedback, two main operating models were tested:

- **Model 1:** The facility is built and operated by a private partner.
- **Model 2:** The facility is built by a private partner but operated by Council.

After reviewing the financial modelling and risk assessments, Model 1 was identified as the preferred option because it:

- Places less operational and financial risk on Council and ratepayers;
- Returns Council's finances to its target position sooner than Model 2;
- Avoids Council taking on the day-to-day complexities of running a recreation centre;
- Aligns with independent advice recommending outsourced operation for facilities of this size and type.

Q: What will happen to the existing Recreation Centre on George Main Road?

A: Once the new facility is completed, Council will evaluate options for selling the current recreation centre. Depending on the decision, proceeds from the sale will be used to help reduce borrowing expenses associated with the project.

Q: What needs to happen for the Precinct project to proceed?

A: There are a number of things that must be resolved for the project to proceed including:

- Securing of a minimum of $4 million grant funding – noting that Council has already secured $831,000 towards the service connections to the site and is waiting on the outcome of an application to the Australian Government's Regional Precincts and Partnerships Program.
- Receiving Ministerial approval for the community land revocation proposal and finalising the revocation process.
- A Council decision to enter into an Agreement for Lease with the Developer

Q: Where is the best place to find out information about the project?

A: The central source for project information is Council's website, **www.victor.sa.gov.au/theprecinct**

Scan the code to view more about the Regional Community, Sport and Recreation Precinct project

city of Victor Harbor