



# *Long Term Financial Plan*

**2023/24 to 2032/33**

## ***Acknowledgement of Country***

The City of Victor Harbor acknowledges the Ramindjeri and Ngarrindjeri people as the Traditional Custodians of the land and surrounding waters where we live and work.

We acknowledge their deep connection to Country and pay our respects to Elders past, present and emerging.

This respect is extended to Aboriginal and Torres Strait Islander people across Australia.



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## Long Term Financial Plan Adoption

The Long Term Financial Plan 2023/24 to 2032/33 was adopted on Monday, 25 September 2023.



# Introduction

The Long Term Financial Plan is the City of Victor Harbor’s primary financial management tool. It assists council to manage community expectations, asset management needs and funding, while ensuring long term financial sustainability.

The Long Term Financial Plan is a key document within the City of Victor Harbor’s strategic management framework and links together the council’s strategic plan (Community Plan 2030), Asset Management Plans and the Annual Business Plan and Budget.

The Long Term Financial Plan is reviewed annually. The document is particularly important for Local Governments due to the high level of long-lasting assets relative to their income base. The Long Term Financial Plan guides council decisions on the mix and timing of operating activities and new assets, while supporting 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. To this end, 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.

The plan is prepared on the basis of a number of assumptions that are outlined within this document. It forecasts estimated financials over a 10 year period and estimates of the key financial ratios used to measure financial sustainability and performance. These ratios are described in the following table:

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

It is important to note that this plan is a high level strategic document. It does not include specific detail about individual works and services. This is addressed in the Annual Business Plan and Budget.



## Legislation

The *Local Government Act 1999* and *Local Government (Financial Management) Regulations 2011* require councils to develop and adopt a Long Term Financial Plan that forms parts the council's strategic management plans.

Chapter 8, Part 1, Section 122 (1a) of the *Local Government Act 1999* provides that a council must develop and adopt:

- (a) a Long Term Financial Plan that relates to a period of at least 10 years and includes a funding plan that-
  - i. outlines the council's approach to funding services and infrastructure of the council; and
  - ii. sets out the council's projected total revenue for the period to which the Long Term Financial Plan relates; and
  - iii. outlines the intended sources of that total revenue (such as revenue from rates, grants and other fees and charges)

Section 122 (4)(a)(i) requires council to review its Long Term Financial Plan on an annual basis. For the purposes of the review, council must take into account:

- (4a) (a) in relation to a review under subsection (4) (a)(i) – a report from the Chief Executive Officer on the sustainability of the council's long term financial performance and position taking into account the provisions of the annual business plan and strategic management plans; and

- (b) insofar as may be relevant – any other material prescribed by the regulations.

Part 2, Section 5 (1) and (2) of the *Local Government (Financial Management) Regulations 2011* provide that the Long Term Financial Plan must include:

- (c) a summary of proposed operating and capital investment activities presented in a manner consistent with the note in the Model Financial Statements entitled Uniform Presentation of Finances; and
- (d) estimates and target ranges adopted by the council for each year of the Long Term Financial Plan with respect to an operating surplus ratio, a net financial liabilities ratio and an asset renewal funding ratio presented consistent with the note in the Model Financial Statements entitled Financial Indicators.

The plan must also be accompanied by a statement which sets out –

- (a) the purpose of the Long Term Financial Plan; and
- (b) the basis, including key assumptions, on which it has been prepared; and
- (c) the key conclusions which may be drawn from the estimates, proposals and other information in the plan.

This Long Term Financial Plan meets the requirements of both the *Local Government Act 1999* and *Local Government (Financial Management) Regulations 2011*.

## Strategic Planning Framework

The council's strategic planning framework assists with strategic decision making, and outlines how our plans deliver on our vision for Victor Harbor.

The following diagram outlines the City of Victor Harbor's strategic planning framework.



## Strategic Context

The Community Plan 2030 centres around six broad aspirations that outline what we want Victor Harbor to be like in the future.

These aspirations include:



**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**

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.

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







## **CEO's Statement of Financial Sustainability**

The City of Victor Harbor is a dynamic and vibrant regional centre located on the Fleurieu Peninsula, around 80 kilometres south of the Adelaide central business district. Our area boasts a stunning landscape, where a rural vista and world-class coastline wraps around the urban township area.

The council area has experienced continual and relatively consistent population growth over recent decades, growing 10% between 2016 and 2021. This growth is expected to continue generally in line with past trends, above the medium growth scenario projected by the State Government for Greater Adelaide over the next 15 years, with the population projected to reach 18,774 by 2036 (currently 16,139). In addition to this, the City of Victor Harbor is a favoured, coastal holiday destination and in the peak summer months is required to support a population of 30,000+.

In order to manage this growth while ensuring the community receives the essential services and infrastructure to meet its needs now and into the future, principles of financial sustainability must be deeply embedded in our future planning.

The Long Term Financial Plan demonstrates the Council's commitment to financial sustainability and is considered a fundamental instrument of accountability. It forecasts planned activities over the next ten years and provides an indication of the financial resources expected to be required to deliver them.

This plan also acts as a tool to model the impact that decisions made today may have on Council's sustainability into the future.



**Victoria MacKirdy**  
**Chief Executive Officer**

Our Long Term Financial Plan is underpinned by the following principles that support long term financial sustainability:

- Covering operating expenses, achieving a breakeven position or small surplus.
- Integrated strategic management planning, ensuring a continuous cycle of consultation and engagement with our community.
- Ensuring appropriate investment to maintain Council's \$362+ million asset portfolio
- Using borrowings as a tool to ensure inter-generational equity, and managing debt within agreed benchmarks
- A commitment to service reviews to improve efficiency of existing (and future) services without effecting service delivery.

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 and plan appropriately for the future.

# Influences and Challenges

## 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 affect future year's financial results:

- **Inflation** – In recent years, Australia has faced a period of relatively low inflation. Factors such as subdued wage growth, global economic conditions, and technological advancements have contributed to the muted inflationary pressures. This changed significantly in the 2022/23 year with Adelaide experiencing a 7.9% increase in CPI for the 12 months to March 2023. This increase has resulted in significant cost pressures on council's Operating budget. It is anticipated that, despite some level of moderation, a higher-than-normal level of CPI will continue for 2023/24.

It is then forecast that inflation will return to The Reserve Bank of Australia (RBA) target range of 2-3% over the medium term, aiming to maintain price stability and support sustainable economic growth.

- **The continuing impacts of COVID-19** on economic conditions are still being felt around the world. Materials and contractor availability continues to put upward pressure on construction prices and potential delays in project delivery.

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.

## 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%, being additional development, which contributes additional rating funds however increased population and ratepayers translate to the need for increased services and infrastructure.

## Cost Shifting and Additional Compliance

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, electricity and interest rates
- Legislative change and cost shifting, and
- Regulated fees and charges.

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

In addition, councils are now subject to the Local Government Rates Oversight Scheme which seeks to monitor and provide advice to councils particularly in regard to general rate increases, the quality and consistency of council information and longer term financial sustainability.

Amendments to the *Local Government Act 1999* include the requirement for Councils to provide, once in every prescribed period, information relating to its Long Term Financial Plan and Asset Management Plans to the Essential Services Commission of South Australia (ESCOSA).

In the relevant financial year, Section 122 (1e) of the Act requires:

- (1e) A council must, on or before 30 September in the relevant financial year for the council, provide to the designated authority all relevant information on the following matters (the relevant matters) in accordance with guidelines determined by the designated authority (if any):
- (a) Material amendments made or proposed to be made to the council's long term financial plan and infrastructure and asset management plan and the council's reasons for these amendments;
  - (b) Revenue sources outlined in the funding plan (1a)(a);
  - (c) Any other matter prescribed by the regulations.

Costs incurred by ESCOSA in the oversight scheme are charged to council.

## ***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. 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** – Borrowings are utilised in line with Councils Treasury Management Policy which endeavours to provide the best outcome for interest rate expenses with a mixture of fixed and variable loans. Whilst the CAD rate has been used within the Plan for all new borrowings, Council will assess whether fixed term loans provide a better result as part of its annual review of borrowings and investments.

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

## 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 rate increases.

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 each Long Term Financial Plan.

The Uniform Presentation of Finances highlights operating surplus/(deficit) as a key measure of a council's 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 30).

### Key Assumptions

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

- **Service Levels** – Current services and levels of service are maintained across the term of the plan. Changes to service due to major projects (Regional Community, Sport and Recreation Precinct) have been incorporated into the relevant years.
- **Indexation** – CPI increases have been included and applied to all relevant categories in line with RBA forecasts. Whilst higher in the first few years of the plan, CPI reduces to 2.5% from 2026/27 and is maintained at 2.5% across the remainder of the Plan as follows:

Year	CPI
Year 1 (23/24)	Base
Year 2 (24/25)	3.6%
Year 3 (25/26)	3.0%
Year 4 (26/27)	2.5%
Year 5 (27/28)	2.5%
Year 6 (28/29)	2.5%
Year 7 (29/30)	2.5%
Year 8 (30/31)	2.5%
Year 9 (31/32)	2.5%
Year 10 (32/33)	2.5%

- **Interest Expense** – Interest expenses on fixed term borrowings has been included based on repayment schedules with new borrowings calculated at the Cash Advance Debenture (CAD) rate of between 4.9% and 6% across the Plan at an average of 5.6%.
- **Interest Income** – Interest on cash deposits has been calculated at the CAD rate between 3.2% and 4.3% across the Plan at an average of 3.9%.

- **Rate Revenue** – Rate increases have been included in line with CPI plus a growth component for new properties. An additional rate rise in years 2024/25 to 2026/27 has also been included due to the Sport and Recreation Precinct as follows:

Year	Rate	Growth	Project*	Total
Year 1 23/24	Base	Base	Base	<b>Base</b>
Year 2 24/25	3.6%	1.0%	1.4%	<b>6.0%</b>
Year 3 25/26	3.0%	1.0%	1.5%	<b>5.5%</b>
Year 4 26/27	2.5%	1.0%	2.6%	<b>6.1%</b>
Year 5 27/28	2.5%	1.0%	–	<b>3.5%</b>
Year 6 28/29	2.5%	0.8%	–	<b>3.3%</b>
Year 7 29/30	2.5%	0.8%	–	<b>3.3%</b>
Year 8 30/31	2.5%	0.8%	–	<b>3.3%</b>
Year 9 31/32	2.5%	0.8%	–	<b>3.3%</b>
Year 10 32/33	2.5%	0.8%	–	<b>3.3%</b>

\*More information is provided within the Funding Plan on page 14.

- **Employee Costs** – Employee expenses have increased in line with council’s Enterprise Bargaining Agreement and CPI. An increase of 0.5% for statutory increases on the superannuation guarantee has also been included in 2024/25 and 2025/26 until the threshold of 12% is reached.
- **New Assets** – An increase has been included for new assets as a result of additional depreciation (average of 2%) and maintenance (average of 0.5%) in the year after completion.

- **Capital Expenditure** – Expenditure on assets (renewal and new) has been drawn from Asset Management Plans and Capital Works Plans. Indexation has been applied at a higher rate in the first few years of the plan reducing to 2.5% for the remainder of the Plan from 2026/27 onward as follows:

Year	Index
Year 1 (23/24)	Base
Year 2 (24/25)	10%
Year 3 (25/26)	6.5%
Year 4 (26/27)	2.5%
Year 5 (27/28)	2.5%
Year 6 (28/29)	2.5%
Year 7 (29/30)	2.5%
Year 8 (30/31)	2.5%
Year 9 (31/32)	2.5%
Year 10 (32/33)	2.5%

- **Asset Revaluations** – Increases in operating expenses due to asset revaluations have been factored into the plan in line with CPI for each class of asset in the relevant year.

## Conclusions

The Long Term Financial Plan demonstrates that council has the capacity to:

- continue to provide existing services to the community;
- maintain and replace current assets at optimal replacement cycles;
- maintain a modest operating surplus across the term of the Plan;
- undertake major projects in a planned and responsible manner;
- borrow for significant projects to ensure intergenerational equity principals; and
- operate within key financial indicator targets on average across the Plan.

## Funding Plan

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](http://www.victor.sa.gov.au) or can be viewed at the City of Victor Harbor Civic Centre (1 Bay Road, Victor Harbor).

### Significant Project Impact

The Plan includes an additional rate rise component for the construction of a Regional Community, Sport and Recreation Precinct (The Precinct). This is due to an increase in expenses for borrowings and maintenance on the new facility. The impact for this component is an overall increase in rates of 5.5% spread across three years in years two to four of the plan as follows:

Year	Project Rate Increase
Year 1 (23/24)	-
Year 2 (24/25)	1.4%
Year 3 (25/26)	1.5%
Year 4 (26/27)	2.6%
Year 5 (27/28) to Year 10 (32/33)	-

Council has undertaken significant investigations and analysis to support the progression of the The Precinct including wide-ranging community and stakeholder consultation, concept designs, needs analysis, economic analysis, financial modelling and preliminary costings for concept options.

The Precinct has been identified as the council's highest priority major infrastructure project by around 70% of community over two surveys conducted by market research firm, newfocus. The community surveys used methodology to collect a representative sample of our population based on responses from 488 people in 2022 and 533 in 2023.

In addition to this, the community was asked to consider the potential cost implications of developing the Precinct. Two scenarios were presented for feedback. They involved the council contributing \$10M or \$20M towards the project construction and the associated (potential) cost to ratepayers that would be required to facilitate this (\$45 per year for three years or \$60 per year for three years, respectively). It was also made clear that the project would be subject to Council achieving external funding of at least 50% towards the construction of the facility.

There were 193 responses to the survey. In summary:

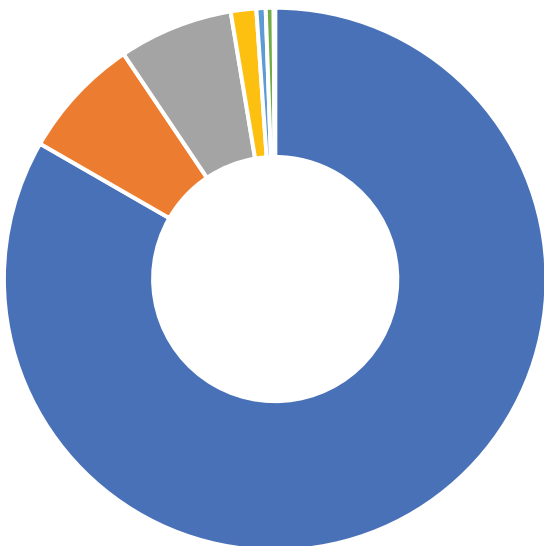
- Approximately 41% were supportive of the increase – some saw the increase as an investment in community, particularly noting the shortfall in current indoor facilities and the health and wellbeing benefits the project would provide to community (from youth right through to seniors);
- Around 27% indicated they did not support the rate increase presented. There were comments about the financial pressures on household budgets particularly given the current economic conditions; and
- 10% indicated they were unsure if they supported the increase, while 22% indicated they were not a City of Victor Harbor ratepayer but had an interest in the facility.

## Revenue

Councils main source of operating revenue comes from rates, with rates making up an average of 83% of total revenue across the term of the plan.

Grants and user charges make up the next significant portion at an average of 7.3% and 6.8% respectively of total revenue across the term of the plan.

### Graph: Sources of Revenue – Operating



- Rates – 83.3%
- Grants – 7.3%
- User Charges – 6.8%
- Statutory Charges – 1.5%
- Reimbursements – 0.6%
- Other Income – 0.4%
- Investment Income – 0.1%

Total operating revenue across the ten years is \$419,764,000 with individual years provided in the table below:

Year	Operating Revenue ('000)
Year 1 (23/24)	34,670
Year 2 (24/25)	36,515
Year 3 (25/26)	38,375
Year 4 (26/27)	40,828
Year 5 (27/28)	41,935
Year 6 (28/29)	43,074
Year 7 (29/30)	44,247
Year 8 (30/31)	45,453
Year 9 (31/32)	46,695
Year 10 (32/33)	47,972

The Long Term Financial Plan also includes capital revenue at a total of \$31,841,000 over the ten years as follows:

Year	Capital Revenue ('000)
Year 1 (23/24)	1,641
Year 2 (24/25)	5,000
Year 3 (25/26)	8,000
Year 4 (26/27)	1,000
Year 5 (27/28)	1,000
Year 6 (28/29)	1,000
Year 7 (29/30)	1,000
Year 8 (30/31)	1,200
Year 9 (31/32)	6,000
Year 10 (32/33)	6,000

Grant funding has been included to offset the costs of the delivery of the Regional Community, Sport and Recreation Precinct and the Arts and Culture Centre noting that these projects are subject to grant funding.

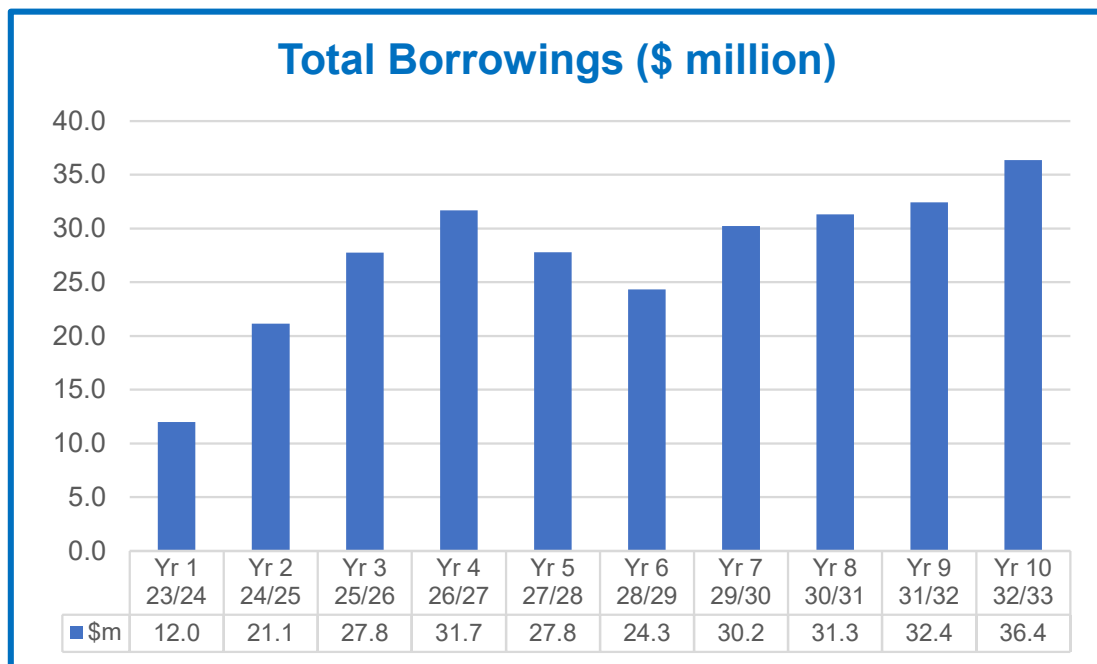
## Loan Borrowings

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 following graph shows the net borrowing level in each year indicated in the Long Term Financial Plan including both fixed term borrowings and variable loans (Cash Advance Debentures).









## 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.

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

The following pages outline each of the Key Financial Indicators and the estimates over the life of this plan.

### Operating Surplus Ratio

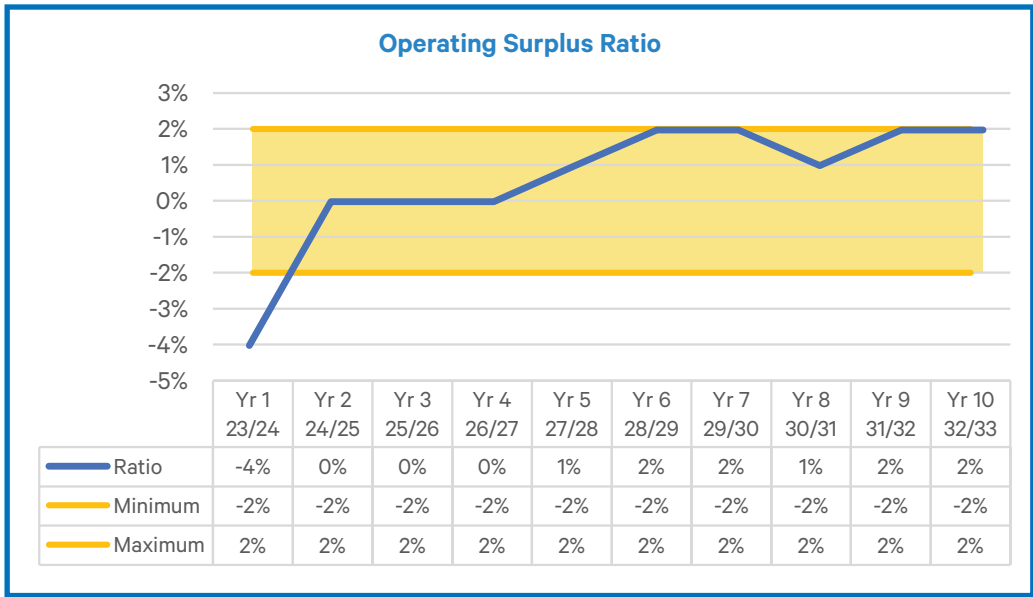
This ratio expresses the operating surplus (deficit) expressed as a percentage of operating income. A positive ratio indicates the percentage of total income available to fund capital expenditure over and above the level of depreciation, or the ability to reduce the level of net financial liabilities. 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 meets the annual target in all but the first year due to the replacement of Corporate Software System.

The graph below shows the ratio result in each year as well as the minimum and maximum targets.



The Operating Surplus Ratio as an average across the term of the plan 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.

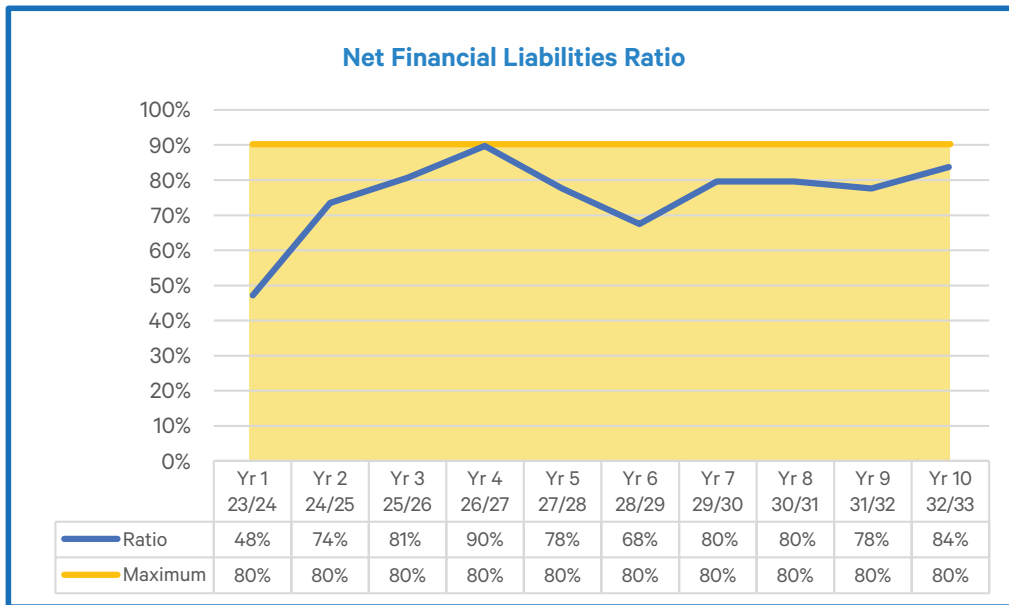
$$\frac{\text{Net Financial Liabilities (NFL)}}{\text{Total Operating Revenue}}$$

Council has set the target for the Net Financial Liabilities Ratio at a maximum of 90%.

The Net Financial Liabilities Ratio stays below the maximum target set by Council across all years in the plan.

The spike in year 4 (26/27) is due to new loans required for the construction of the Regional Community, Sport and Recreation Precinct with a further spike in year 10 (32/33) for the construction of the Arts and Culture Precinct.

The graph below shows the ratio result in each year as well as the maximum target.



The Net Financial Liabilities Ratio as an average across the term of the plan is 76%.

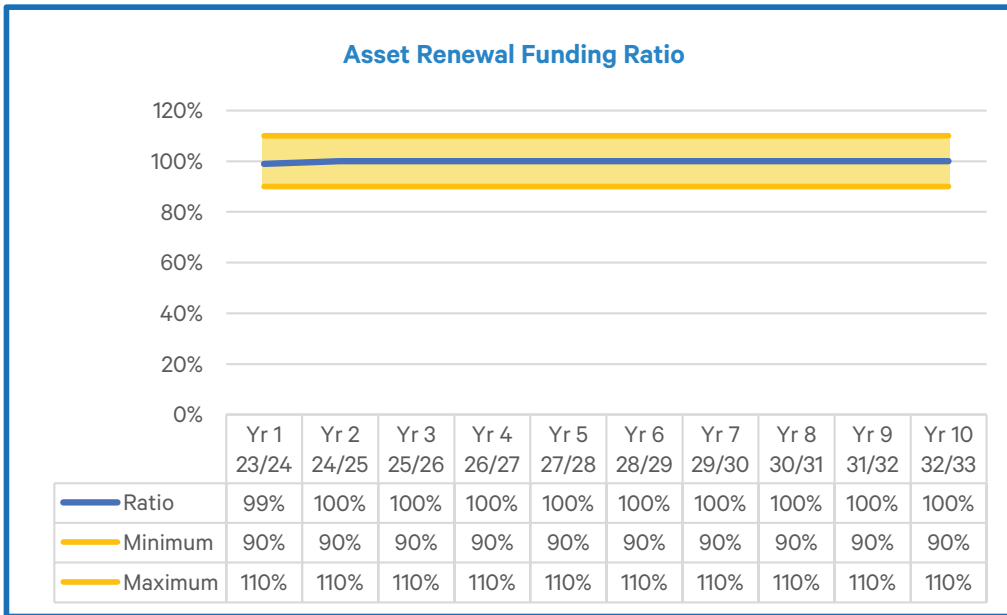
### Asset Renewal Funding Ratio

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 has set the target for the Asset Renewal Funding Ratio between 90% to 110% in any individual year with a rolling average over three years of 100%.

Council intends to fully budget for works required in the Asset Management Plans, as such the ratio achieves the target set by council.



The Asset Renewal Funding Ratio as an average across the term of the plan is 100%.



# 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 (AMP) 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
	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)	2031/32 (000's)	2032/33 (000's)
Roads	855	2,933	1,624	1,404	1,224	1,176	1,776	876	876	876
Land	-	-	-	-	-	-	-	-	-	-
Buildings	1,251	602	146	120	67	-	932	600	3,000	3,000
Open Space	542	264	402	444	414	852	2,826	2,766	366	366
Footpaths	140	222	378	564	264	444	384	384	384	384
Car Park and Traffic Controls	138	156	168	180	168	168	168	168	168	168
Stormwater	110	214	660	1,620	600	600	2,190	894	132	-
Kerbing	252	252	252	252	252	252	252	252	252	252
Bridges	-	268	48	939	72	166	24	150	150	150
Other	1,692	987	857	1,096	768	951	941	952	763	1,612
<b>AMP Total</b>	<b>4,980</b>	<b>5,898</b>	<b>4,535</b>	<b>6,619</b>	<b>3,829</b>	<b>4,609</b>	<b>9,493</b>	<b>7,042</b>	<b>6,091</b>	<b>6,808</b>
<b>Indexation</b>	<b>-</b>	<b>590</b>	<b>778</b>	<b>1,329</b>	<b>883</b>	<b>1,205</b>	<b>2,783</b>	<b>2,292</b>	<b>2,185</b>	<b>2,673</b>
<b>LTFP Total</b>	<b>4,980</b>	<b>6,488</b>	<b>5,313</b>	<b>7,948</b>	<b>4,712</b>	<b>5,814</b>	<b>12,276</b>	<b>9,334</b>	<b>8,276</b>	<b>9,481</b>

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.

Over the ten years, total capital expenditure on renewal or replacement of assets is \$74.6 million.

## 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:

Asset Category	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	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)	2031/32 (000's)	2032/33 (000's)
Roads	652	1,969	726	836	498	510	972	360	-	-
Land	832	-	-	1,000	-	500	-	-	-	500
Buildings	1,314	9,957	12,118	-	101	-	-	-	7,000	7,000
Open Space	1,327	2,348	534	1,512	1,110	618	2,610	1,170	498	2,070
Footpaths	59	593	498	2,268	322	396	324	444	444	324
Car Park and Traffic Controls	575	294	-	246	48	150	150	150	150	150
Stormwater	366	1,673	474	2,352	1,056	1,056	1,646	2,424	276	444
Kerbing	-	-	-	-	-	-	-	-	-	-
Bridges	-	56	115	-	90	-	-	-	-	-
Other	267	15	83	33	152	13	43	3	23	23
<b>AMP Total</b>	<b>5,392</b>	<b>16,905</b>	<b>14,548</b>	<b>8,247</b>	<b>3,377</b>	<b>3,243</b>	<b>5,745</b>	<b>4,551</b>	<b>8,391</b>	<b>10,511</b>
<b>Indexation</b>	<b>-</b>	<b>1,691</b>	<b>2,495</b>	<b>1,656</b>	<b>780</b>	<b>848</b>	<b>1,684</b>	<b>1,480</b>	<b>3,008</b>	<b>4,125</b>
<b>LTFP Total</b>	<b>5,392</b>	<b>18,596</b>	<b>17,043</b>	<b>9,903</b>	<b>4,157</b>	<b>4,091</b>	<b>7,429</b>	<b>6,031</b>	<b>11,399</b>	<b>14,636</b>

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.

Over the ten years, total capital expenditure on new or upgraded assets is \$98.7 million.





## Significant Projects

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

### Regional Community, Sport and Recreation Precinct

The Victor Harbor Regional Community, Sport and Recreation Precinct (The Precinct) aims to provide a place for people of all ages to connect through sport, recreation or social activities. Located at Lot 202 Armstrong Road, Victor Harbor and neighbouring the Encounter Bay Recreation Grounds, the project will see the delivery of a multi-purpose built facility that sits within a broad landscape of community open spaces. The cornerstone of the project is a multi-purpose built facility that caters for growing indoor sport and recreation activities. 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 of \$10 million, indexation and the Annual Business Plan process:

Year	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	
Cost ('000)	1,070	8,000	12,000	-	-	-	-	-	-	-	21,070

### Whalers Road Upgrade

Whalers Road, Encounter Bay from Franklin Parade to White Crescent is a major collector road with steep vertical grades. The existing pavement has localised fatigue cracking and deformation in both lanes and has reached the end of its useful life. Detailed design undertaken in 2021 includes pavement reconstruction, new kerbing and footpath, stormwater upgrades and supplementary street lighting. The Plan includes a \$3.6 million allocation to undertake the construction work, subject to indexation and the Annual Business Plan process:

Year	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	
Cost ('000)	-	3,600	-	-	-	-	-	-	-	-	3,600

### Victor Harbor 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. Stage 5 is included within the Council's Asset Management Plans with construction a combination of new and renewal. Stage 6 has been deferred to outside of the ten year plan. The table below shows the planned timing of the project, subject to indexation and the Annual Business Plan process:

Year	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	
Cost ('000)	-	-	-	-	-	600	1,800	-	-	-	2,400

## 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 for detailed design in Year 1 (2023/24) and Year 2 (2024/25) with construction commencing in Year 9 (2031/32). The table below shows the planned timing of the design project, subject to grant funding of \$10 million, indexation and the Annual Business Plan process:

Year	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	
Cost ('000)	400	868	-	-	-	-	-	-	10,000	10,000	21,268

## 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 grant funding of \$1.2 million, indexation and the Annual Business Plan process:

Year	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	
Cost ('000)	-	-	-	-	-	480	3,000	3,000	-	-	6,480

## Coastal Protection

Victor Harbor's stunning coastline is highly valued by our community and a significant feature of our landscape. Council acknowledges the importance of protecting and preserving our natural and built assets along our coast. To this end, funds have been allocated for coastal protection works over the course of this plan (as outlined within our Asset Management Plans). Works will be guided by findings of the 2022 Victor Harbor Coastal Adaptation Study and Strategy and a detailed implementation plan is currently being prepared to prioritise future actions. Priority projects being implemented in 2023/24 include a coastal monitoring program and protection works along Franklin Parade. The table below outlines where funds are planned to be spent, subject to indexation and the Annual Business Plan process:

Year	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	
Cost ('000)	842	2,000	-	840	600	-	1,500	-	-	1,500	7,282



Image: Heidi Who Photography

## 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 table below shows the planned timing of the project subject to indexation and the Annual Business Plan process:

Year	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	
Cost ('000)	-	-	-	1,200	-	-	-	-	-	-	1,200

## Stormwater Projects

Council is responsible for the care and maintenance of the local public stormwater network, while property owners are responsible for all infrastructure related to the drainage of private property. Guided by the recommendation of the Victor Harbor Watercourses Floodplain Mapping Study and Urban Stormwater Masterplan, a number of stormwater upgrades will be undertaken over the next 10 years including on Giles Street, Seaview Road, Beachfront Caravan Park (owned by Council), Acramen Street, Tabernacle Road and Bacchus Road. The investment in this essential infrastructure equates to \$16.9 million spread over the life of the plan, as identified below, and subject to indexation and the Annual Business Plan process:

Year	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	
Cost ('000)	400	1,200	120	3,120	912	1,512	3,602	3,602	2,484	-	16,952



## ***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 may be included in the Asset Management Plans and Long Term Financial Plan annual reviews as information becomes available:

- Library redevelopment
- Multi-purpose boating facilities
- Community / Youth Centre
- Stormwater Master Plan actions
- Coastal Management Study actions
- Level 2 Bridge Assessments
- McKinlay St Car Park
- Mainstreet Stage 6

Appendix 1

# *Uniform Presentation of Finances*

## UNIFORM PRESENTATION OF FINANCES

10 Year Financial Plan for 2023/24 to 2032/33

	Year 1 2023/24	Year 2 2024/25	Year 3 2025/26	Year 4 2026/27	Year 5 2027/28	Year 6 2028/29	Year 7 2029/30	Year 8 2030/31	Year 9 2031/32	Year 10 2032/33
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Operating Activities</b>										
Income	34,670	36,515	38,375	40,828	42,128	43,404	44,720	46,079	47,482	48,930
less Expenses	(36,171)	(36,494)	(38,366)	(40,819)	(41,915)	(42,622)	(43,682)	(45,576)	(46,767)	(47,985)
<b>Operating Surplus / (Deficit)</b>	<b>(1,502)</b>	<b>21</b>	<b>9</b>	<b>9</b>	<b>213</b>	<b>782</b>	<b>1,038</b>	<b>503</b>	<b>715</b>	<b>944</b>
<b>Capital Activities</b>										
<b>less (Net Outlays) on Existing Assets</b>										
Capital Expenditure on Renewal and Replacement of Existing Assets	(4,980)	(6,487)	(5,313)	(7,948)	(4,712)	(5,814)	(12,276)	(9,334)	(8,276)	(9,481)
add back Depreciation, Amortisation and Impairment	8,851	9,341	9,817	10,639	10,975	11,069	11,211	12,072	12,397	12,661
add back Proceeds from Sale of Replaced Assets	206	195	147	149	165	125	148	148	148	148
<b>(Net Outlays) on Existing Assets</b>	<b>4,076</b>	<b>3,049</b>	<b>4,651</b>	<b>2,839</b>	<b>6,428</b>	<b>5,380</b>	<b>(917)</b>	<b>2,886</b>	<b>4,269</b>	<b>3,328</b>
<b>less (Net Outlays) on New and Upgraded Assets</b>										
Capital Expenditure on New and Upgraded Assets (including Investment Property & Real Estate Developments)	(5,392)	(18,596)	(17,043)	(9,903)	(4,157)	(4,091)	(7,429)	(6,031)	(11,399)	(14,636)
add back Amounts Received Specifically for New and Upgraded Assets	1,641	5,000	8,000	1,000	1,000	1,000	1,000	1,200	6,000	6,000
add back Proceeds from Sale of Surplus Assets (including Investment Property & Real Estate Developments)	-	-	-	-	-	-	-	-	-	-
<b>(Net Outlays) on New and Upgraded Assets</b>	<b>(3,751)</b>	<b>(13,596)</b>	<b>(9,043)</b>	<b>(8,903)</b>	<b>(3,157)</b>	<b>(3,091)</b>	<b>(6,429)</b>	<b>(4,831)</b>	<b>(5,399)</b>	<b>(8,636)</b>
<b>Net Lending / (Borrowing) for Financial Year</b>	<b>(1,176)</b>	<b>(10,526)</b>	<b>(4,384)</b>	<b>(6,054)</b>	<b>3,484</b>	<b>3,071</b>	<b>(6,308)</b>	<b>(1,442)</b>	<b>(415)</b>	<b>(4,364)</b>
<b>Key Financial Indicators</b>										
Operating Surplus Ratio	-4%	0%	0%	0%	1%	2%	2%	1%	2%	2%
Net Financial Liabilities Ratio	48%	74%	81%	90%	78%	68%	80%	80%	78%	84%
Asset Renewal Funding Ratio	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

city of  
*Victor Harbor*



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