COUNCIL WATCH FLEURIEU INC

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Accountability with Integrity

BUDGET PASSED

Click the image to watch the video or the link: https://youtu.be/8MeVV4tSrmo

BUT HAS COUNCIL FINALLY BEGUN ASKING THE RIGHT QUESTIONS?

The City of Victor Harbor has adopted its **2026/27 Annual Business Plan, Budget and Rates**, but Monday night's Special Council Meeting may ultimately be remembered for something more significant than the final vote.

For perhaps the first time during this Council term, debate moved beyond individual projects and centred squarely on whether Council's long-term financial direction is sustainable and affordable for ratepayers.

While the budget was adopted, questions raised by Councillors **Stewart Burns and David Kemp** reflected many of the concerns repeatedly expressed by the community throughout the budget consultation process.

A changing conversation

For several years Council Watch has argued that discussion surrounding Council finances should extend beyond individual projects and focus on the organisation's long-term financial capacity. Monday night's debate suggests that conversation may finally be occurring inside the Council Chamber.

Rather than opposing investment in community infrastructure, **Councillors Burns and Kemp** drew an important distinction between capital investment and day-to-day operating expenditure. Both councillors supported investment in community assets where justified. Their concern centred on the size of the operating budget, the continuing operating deficit and the impact these decisions will have on future rate increases.

That distinction is important.

Borrowing to construct infrastructure that will serve future generations is fundamentally different from increasing ongoing operating expenditure that must be funded each year by today's ratepayers.

Burns: More work can still be done

Councillor Stewart Burns acknowledged the work undertaken by administration but said he could not support the budget in its current form. He pointed to the fact that administration had identified additional improvements following public consultation, reducing the forecast operating deficit.

His question was straightforward:

If further improvements were identified after public consultation, are there still additional efficiencies that could be achieved before asking ratepayers to fund another increase?

Administration responded that the improved operating position largely reflected revised accounting allocations associated with the Encounter Centre and corporate overheads rather than reductions in services.

Kemp: Financial sustainability begins with realistic planning

Councillor David Kemp approached the issue from another direction.

He questioned whether Council possesses the organisational capacity to deliver every initiative contained within the Annual Business Plan.

His observation was simple but significant:

An Annual Business Plan should not merely contain worthwhile projects; it must also be realistic, achievable and based on Council's demonstrated ability to deliver.

Later in the meeting he distinguished between capital investment, which creates community assets, and operating expenditure, which directly contributes to future rate increases. He also questioned the ongoing operating deficit and expressed concern about the continuing Financial Sustainability Index.

Community safety receives bipartisan support

Despite opposing the operating budget, Councillors Burns and Kemp demonstrated they were prepared to support additional capital investment where community safety was concerned.

Council supported an amendment adding funding for:

1. Victor Harbor Oval entrance design.
2. Tabernacle Road/Mill Road footpath.

The amendment illustrates that the debate was not about opposing expenditure but about ensuring spending priorities reflect genuine community needs.

Retirement village debate continues

Councillor Brayden Mann again expressed opposition to retirement villages receiving differential rating treatment. Council Watch believes this issue deserves wider discussion. Victor Harbor has one of South Australia's oldest demographic profiles, with retirees representing a significant proportion of the municipality's permanent residents and ratepayer base. Many residents have invested their working lives in building the Victor Harbor community before choosing to retire locally. Any future rating policy should therefore carefully balance Council's financial responsibilities with the capacity of older residents living on fixed incomes to absorb continuing rate increases.

Council Watch Observation

One document received very little attention during the budget debate despite underpinning almost every financial decision made by Council.

That document is the **Long Term Financial Plan**.

The Long Term Financial Plan establishes Council's financial assumptions over the coming decade, including future debt levels, borrowing capacity, operating results, infrastructure funding and the affordability of major capital projects.

While councillors debated operating deficits, future rate increases and financial sustainability, there was little public discussion about the **financial assumptions** upon which those forecasts are based.

As Council Watch continues examining the financial framework supporting the Regional Community, Sport and Recreation Precinct, the Long Term Financial Plan will become an important focus of our ongoing investigation.

Council Watch Comment

Monday night's meeting marked a noticeable change in the nature of Council debate.

Twelve months ago, much of the public discussion centred on whether individual projects should proceed.

This debate was different.

Increasingly, elected members are asking a broader question:

Can Council's long-term financial strategy be sustained without placing an unacceptable burden on future ratepayers?

Regardless of differing views on the budget itself, Council Watch welcomes robust financial scrutiny. Strong local government depends upon elected members being prepared to test financial assumptions, challenge recommendations where appropriate and openly debate the long-term consequences of major decisions.

Those are precisely the questions the community expects its elected representatives to ask.

Council Watch will now be following

As part of our ongoing public-interest oversight, Council Watch will continue monitoring:

- Delivery of the 2026/27 Budget.
- Progress toward reducing the operating deficit.
- Future borrowings and debt levels.
- The Financial Sustainability Index and future rate impacts.
- The financial assumptions underpinning the Long Term Financial Plan.
- The Sporting Precinct financial commitments and associated prudential planning.
- Delivery of approved capital projects against budget and timetable.

We will continue reporting these matters as further information becomes available.

We believe Victor Harbor is becoming consultation in form rather than consultation in substance?

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