



District Council of Karoonda East Murray Strategic Management Plan

*'By the year 2040, we will be a thriving, prosperous,
innovative and connected community.'*

Adopted 29 August 2023

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1. Introduction

Located 150km from Adelaide and 110km from Loxton, Karoonda is referred to as “the Heart of the Mallee”. The Council covers an area of approximately 4,415 square kilometres and has an estimated population of 1,090. Located 150kms from Adelaide and 110km from Loxton, Karoonda is referred to as ‘the Heart of the Mallee’. The district has an extensive road network, with some 1,716km of roads, 100km of which are sealed.

Karoonda is the major town in the area with a population of 350. The town offers a range of services including access to aged care services, an area school, pre-school, child care, café, hospital, ambulance, police station, CFS, grocery store, post office, hotel, chemist and banking via agency and eftpos. Along with a range of businesses servicing the local and rural sector.

Origins of Our Community

The first occupiers of the area were the Ngarkat tribe, whose lands roughly extended north beyond Copeville, south towards Coonalpyn, east to near the border and west to a few miles from the river. There were no Ngarkat surviving tribally by the mid 1800’s.

The land was taken up for grazing sheep on huge pastoral leases from 1859, when Chucka Bend (Bowhill) Station included where Karoonda stands today. However, these leases were not successful and were abandoned by 1900.

The district was established in 1911 and its economic base is predominantly dry land agriculture, largely based on traditional broad acre grain and wool.

The district was unique in that the railways were established before close settlement began. Karoonda became a very important rail town, a hub serving sidings and towns in four directions at approximately 8km intervals. There were coaling and watering facilities and workshops and a barn for railcars stationed here.

With the introduction of the railways, settlers began taking up selections, clearing the dense scrub with horse drawn rollers. By 1930 about half the arable land was cleared.

Today’s farming practices have seen significant change from the traditional practices of generations past. More sustainable practices have resulted in increased land productivity whilst protecting and enhancing our fragile natural environment.

2. Suite of Strategic Management Plans

Council declares the following specific plans will constitute the suite of strategic management plans of the council:

- The District Council of Karoonda East Murray Community Vision 2040
- The District Council of Karoonda East Murray Strategic Management Plan
- The District Council of Karoonda East Murray Asset and Infrastructure Management Plan 2024-33
- The District Council of Karoonda East Murray Long Term Financial Plan 2024-33
- The District Council of Karoonda East Murray Annual Business Plan & Budget 2023-24

This suite of plans will be updated on an annual basis with revised Long Term Financial Plans that reflect the most recently adopted Annual Business Plan and Budget for each year.

This would also incorporate a review of the asset renewal and maintenance programs included in Councils infrastructure and asset management plans.

The District Council of Karoonda East Murray Strategic Management Plan requirements are mandated in S122 of the South Australian Local Government Act 1999.

The District Council of Karoonda East Murray Infrastructure & Asset Management Plan and Long Term Financial Plan are mandatory sub plans that cover a rolling 10 year perspective.

The Annual Business Plan & Budget includes activities that are consistent with the Strategic Management Plans and focus on a one year perspective.

These five plans are integrated with the plans covering the short, medium and long term with both a financial and community service focus.

Councils suite of Strategic Management Plans demonstrates the sustainability of the council's financial performance and position. The key financial indicators reported in the long term financial plan are within the target ranges set by Council. These target ranges are consistent with industry standards.

3. What Council stand for and our guiding principles

Councils' Vision for the community

By the year 2040, we will be a thriving, prosperous, innovative and connected community.

Councils' Mission

We will have developed our people and infrastructure, maximised opportunities and worked relentlessly to create a sustainable future for all our citizens.

Open spaces and the natural environment will have been enhanced to foster healthy lifestyles and recreational activities.

Residents of Karoonda East Murray will have an enviable lifestyle and the district will be heralded as a place where people want to live, work, rest, visit and play

Councils' Key Themes

The following Key Themes form the cornerstone of Councils 2040 community vision:

- A **Prosperous** Community
- A **Liveable** Environment
- A **Connected** Community
- An **Opportunistic** Council
- An **Active** Community
- An **Eco-Friendly** Society

4. Strategic Objectives & Principal Activities

The following objectives and activities have been workshopped by staff and elected members on several occasions. They are consistent with the Community Vision 2040 which has significantly guided the compilation of this plan. The following commentary is seen to be concise but at the same time fully reflective of the wants and needs of the community.

These objectives and activities are elaborated upon in Councils Annual Business Plan that is prepared each year. The Annual Business Plan sets out how Council will specifically deliver on the strategic objectives and principal activities. The Annual Business Plan expands on the strategic objectives and principal activities from this plan by identifying specific activities that will be undertaken over the twelve month period that are consistent with this plan.

The specific activities included in the Annual Business Plan are funded by an Annual Budget that contains both financial and non-financial performance measures. These performance measures are reported on in Councils Annual Report as well as the following years Annual Business Plan.

Strategic Objective #1 - Build commercial maturity and capacity in the district to support diversification and employment

Assessment > A strong and capable local economic outlook consisting of agricultural, service and retail businesses

Activities:

1. Build and maintain relationships with federal and state governments, regional development boards and business advocates.
2. Create new and unique visitor experiences and facilities.
3. Enhance linkages between schools, educational institutions and local industry.
4. Embed the Economic Development and Tourism Strategy in business activities
5. Support local business associations.

Strategic Objective #2 - Improve Infrastructure management to support Resilience and Community Wellbeing

Assessment > Assets are maintained and replaced in a considered manner thereby supporting community requirements and activities

Activities:

1. Create master plans for townships.
2. Sustainably manage community infrastructure.
3. Review asset condition reports to inform asset management plans.
4. Advocating for continued and expanded service delivery with both Federal and State Governments.
5. Managing infrastructure and road networks to support agricultural operations and community movement.

Strategic Objective #3 - A Connected, Resilient and Thriving Community

Assessment > Our citizens will be connected through community events and activities

Activities:

1. Encourage and advocate for investment in technology infrastructure.
2. Support community events including sport, art and cultural activities.
3. Ensure that active community groups are well supported.
4. Advocate for expanded educational opportunities for our community.

Strategic Objective #4 – Pursue opportunities to maintain population levels

Assessment > Census population levels remain consistent between surveys.

Activities:

1. Review Development Plans and land use zoning.
2. Complete master planning processes for open spaces, reserves and facilities.
3. Design new and or improved community facilities.
4. Implement community leadership and capacity building programs.

Strategic Objective #5 – Promote Health Care Services and Community Wellbeing

Assessment > Reserves, playgrounds and community facilities utilisation levels. Accessibility and efficiency of medical, ancillary and emergency health services.

Activities:

1. Provide quality community sporting and recreation facilities and infrastructure.
2. Develop partnerships with peak bodies, sporting clubs, community groups and schools.
3. Create new opportunities for cultural development including historical interpretation, museums, visual and performing arts.
4. Develop robust open space and reserve management plans.
5. Seek Federal and State government support for medical, ancillary and emergency health services.

Strategic Objective #6 - Reduce impact on the Natural Environment & Resources

Assessment > Delivery of a reduced carbon footprint from Council and Community activities

Activities:

1. Develop an environmental leadership and awareness program.
2. Implement initiatives aimed at combatting the impacts of climate change.
3. Increasing the use of renewable energy.
4. Promote responsible and sustainable agricultural and land management practices.
5. Seek Federal and State government support for environmental initiatives.

5. Strategic Management Plan - Performance Measures

Councils strategy setting process has three levels with each level being more detailed than the last.

Strategy starts by identifying Councils' strategic objectives that are very concise and targeted and set the broad areas Council will target from a strategic perspective.

Principal activities are the next level of strategy setting and are more detailed and action orientated than the strategic objectives. Council have identified 4 or 5 principal activities for each objective. The accomplishment of these activities will deliver the outcome sought by the objectives.

The principal activities are then further elaborated on and used to identify the specific activities, goals, objectives and services included in the Annual Business Plan and Annual Budget.

It is at the Annual Business Planning level where performance measures are succinctly articulated and measured. This is the plan that contains the doing and therefore the plan that outlines how the strategies are being specifically implemented.

The Annual Business Plan identifies specific performance measures from both a financial and non-financial perspective.

Financial Performance Measures - Financial Sustainability

Councils do not become bankrupt because of poor financial management, they become unsustainable as characterised by unplanned significant increases in rates and charges together with significant unplanned reductions in service range and level.

There are three key financial indicators that are used to assess the level of Councils' financial sustainability. The operating surplus ratio, net financial liabilities ratio and the asset renewal funding ratio.

The key financial indicators measure three distinct areas of Council being operating performance, the relative level of indebtedness (if any) and asset management performance in relation to the adequacy of asset replacements.

These three ratios are considered in conjunction with one and other to assess the financial sustainability of Council.

Targets are set for these ratios for both the Annual Budget (AB) as well as the LTFFP. The targets set in the Annual Budget are a specific number whereas as the targets set in the LTFFP are a range the Council intend to operate within over time.

The annual targets for these ratios are set in the annual budget and then reviewed and updated as required as part of the budget review process. The final actual ratios are reported in the notes of the Annual Financial Statements. Once the financial statements have been audited and certified a report on financial results is prepared that compares the actual ratio results with the ratio forecasts in the original budget with any significant variances explained.

It can be seen that there is a strong process in place to review financial performance on an ongoing basis.

The key financial indicators are also reviewed each year as part of the update of the LTFF. The review considers the actual results of the year just finished as well as the forecast results for the current and following years.

If at this stage any adverse financial trends are emerging, then Council would review its financial strategy and make the appropriate decisions to move Council away from any potentially unsustainable trends.

Non-Financial Performance Measures

The Annual Business Plan contains several sections that elaborate on the principal activities and identify how Council will measure their performance in delivering these activities.

A specific section of the ABP lists a range of specific activities and performance measures for each strategic objectives and associated principal activities of this plan. Further to this another section is included that assesses the level of achievement made by Council made in the specific performance measures included in the previous year's Annual Business Plan.

The Annual Report of Council is a separate document from the ones referred to so far in this plan. This too contains assessments in relation to how Council have performed in achieving the stated objectives and activities of the suite of strategic management plans.

6. Regional, State & Federal Strategies

This Strategic Management Plan has considered the regional, state & federal strategies, objectives and policy outlined in the following documents.

Murraylands & Riverlands Local Government Association

<https://www.lga.sa.gov.au/murraylands-and-riverland-lga>

Regional Development Australia – Murraylands & Riverlands South Australia

<https://rdamr.com.au/>

Government of South Australia Strategic Direction

https://www.dpc.sa.gov.au/_data/assets/pdf_file/0003/847623/dpc-strategic-direction-22-25.pdf

Australian Government – Department of Infrastructure, Transport, Regional Development, Communications and the Arts – Corporate Plan

<https://www.infrastructure.gov.au/sites/default/files/documents/ditrdca-corporate-plan-2022-23.pdf>

Department of Prime Minister & Cabinet – Areas of Focus

<https://www.pmc.gov.au/areas-of-focus>

State Planning Policies

https://plan.sa.gov.au/_data/assets/pdf_file/0005/552884/State_Planning_Policies_for_South_Australia_-_23_May_2019.pdf

Council will continue to be involved in the policy setting process of the above authorities to ensure Council policy is consistent with regional, state and federal government strategies, objectives and policy. This involvement is reflected in this plan as well as the various policies Council has adopted and continue to review and update.

Council has considered regional, state and national objectives and strategies which are relevant to the economic, social, physical and environmental development and management of its area. The strategic goals and principal activities included in this plan are consistent with the relevant regional, state and federal objectives.

Council intends to continue to co-ordinate with state and national governments in the planning and delivery of services in which there is a common interest. Again, the strategic goals and principal activities included in this plan are consistent with this.

7. Setting Strategic Direction

Roles & Responsibilities

It is important for the roles and responsibilities of the Council employees; the elected member body and the community are understood. Each of these groups have an important role to play in the strategy setting process and each group has a different role to play, however the three roles have clear areas of overlap.

The community's role is to elect the Council members to represent them in the first instance and then provide ongoing feedback and buy in to the various community and corporate matters that the elected member body undertake on their behalf.

The elected members' role is to decide policy, approve strategy, monitor progress and report on progress to the community.

Council management and staff role includes providing advice on policy, preparing strategy for approval and implementing policy & strategy.

All three groups need to work collaboratively to ensure an appropriate range and level of services is provided to the community to maximise the return on ratepayer funds.

Why Strategic Direction is important

It is important to have a strategic direction in order to have a clear purpose as well as understanding and articulating the community's needs for both now and into the future.

A clear and well defined strategic direction provides a good framework for consistent decision making that is of benefit to all.

Strategic direction is included in each of the plans that make up Councils' suite of strategic management plans.

The sections that follow will elaborate on the strategy setting purpose of each of these plans.

The purpose of the Infrastructure and Asset Management Plan

The objectives of an Infrastructure & Asset Management Plan are to identify Councils' asset maintenance, rehabilitation and replacement requirements. This requires asset data to be collected and maintained to estimate the value of new and replacement assets for the next ten years.

The costs inherent in an Infrastructure & Asset Management Plan need to be reflected in the Council's long-term financial plan. Funding the ten year renewal program is usually the starting point when developing a long term financial plan. The cash flows in providing asset services are the most material across all of Councils activities.

The following are example of services provided by assets:

- Roads to drive on. Used by ratepayers, tourists, visitors, commercial operations and primary producers.
- Community Wastewater Management Systems (CMWS) to dispose of the community's effluent in a hygienic manner.
- Stormwater drainage and structure divert excess water from storms thus preventing damage to property.

- Various parks & gardens structures such as shelters, bbq areas and playgrounds provide areas for the community to enjoy themselves in
- Community building provide places for people to meet and allow for community activities

Infrastructure and Asset management plans identify the range of (number of) services as well as the level of service (amount of service being provided), these are referred to as service standards.

The level and range of services directly affect the size of the operating and capital budgets and hence have a material impact on Councils Key Financial Indicators.

Service levels need to be set at a level that is compatible with Councils long-run revenue raising capacity.

The purpose of the Long Term Financial Plan (LTFP)

The long-term financial plan expresses, in financial terms, the activities that the Council proposes to undertake over the medium to longer term to achieve its stated objectives as outlined in its Strategic Management Plan. It demonstrates how asset construction will be funded as well as identifying revenue streams to repay any debt that may be required.

Without a soundly based LTFP an organisation with significant asset management responsibilities is unlikely to have sufficient data to determine sustainable service levels and affordable asset stockholding strategies, appropriate revenue targets or optimal treasury management policies.

LTFP decision making falls into two independent areas being investing decisions and financing decisions.

Each of these decisions should be undertaken independently of each other.

Investing decisions are made with reference to achieving Council strategic goals and principal activities including the cost of services provided to the community.

When comparing the operating and capital expenditure with the available operating and capital revenue for any given year there is either a shortfall or excess of funds. The financing decision identifies either the lowest cost funding option available to finance a shortfall or alternatively if there is a surplus it identifies the best return on investing these surplus funds.

In most instances it will always be more cost effective to fund a cash shortfall from cash reserves (if available) rather than from debt due to the gap between the investment and lending rates offered by banks.

Financial Strategy

A long term financial plan needs to be underpinned by a clear financial strategy with measurable financial targets. A well thought out and achievable financial strategy is critical for those Councils that are in the situation where their base line position shows that Council is unsustainable over time.

In simple terms a financial strategy will identify either additional or increased revenue streams or a reduction in expenditure or a combination of both. The revised income and expenditure forecasts of such a strategy are applied to the initial unsustainable base line financial model with the effect of amending the model to now reflect a sustainable forecast.

This then forms a key consideration when preparing the Annual Business Plan as it is in this plan that the financial strategy will be implemented.

The financial strategy will be reviewed on an annual basis as part of the statutorily required update of the LTFFP.

The following are examples of potential strategies to increase income:

- Increase rates.
- Introduction of a special rate.
- Increase user charges.
- Ensure service charges are recovering all costs of service.
- Obtain non-traditional revenue streams with a profit component – e.g. out of district works undertaken on behalf of state government.

The following are examples of potential strategies to decrease expenditure:

- Review the accuracy of asset data to ensure depreciation and capital works programs are reliably calculated.
- Identify more cost effective ways of delivering services.
- Identify opportunities for shared services.
- Identify possible service level reductions.
- Identify services to be discontinued or delayed for a period of time (last resort).

The financial strategy usually contains a combination of approaches to achieve the end objective of being financially sustainable whilst minimising any inconvenience or hardship on the community.

8. Extract of Relevant Legislation

The suite of Strategic Plans as identified in section 2 of this document, satisfies the following section (as well as other sections) of the Local Government Act 1999.

Chapter 8—Administrative and financial accountability

Part 1—Strategic management plans

122—Strategic management plans

- (1) A council must develop and adopt plans (which may take various forms) for the management of its area, to be called collectively the *strategic management plans*, which—
 - (a) identify the council's objectives for the area over a period of at least 4 years (the *relevant period*), and provide a clear indication of—
 - (i) the extent to which the council has participated with other councils, and with State and national governments, in setting public policy objectives, and the extent to which the council's objectives are related to regional, State and national objectives; and

- (ii) the extent to which the council has given consideration to regional, State and national objectives and strategies which are relevant to the economic, social, physical and environmental development and management of its area; and
 - (iii) the extent to which the council intends to co-ordinate with State and national governments and councils or other regional bodies in the planning and delivery of services in which there is a common interest; and
 - (ab) provide assessments that relate to the following matters (with particular reference to the relevant period):
 - (i) the sustainability of the council's financial performance and position; and
 - (ii) the extent or levels of services that will be required to be provided by the council to achieve its objectives; and
 - (iii) the extent to which any infrastructure will need to be maintained, replaced or developed by the council; and
 - (iv) anticipated changes in its area with respect to—
 - (A) real property development; and
 - (B) demographic characteristics of its community to the extent that is reasonable taking into account the availability of appropriate and accurate data; and
 - (v) the council's proposals with respect to debt levels; and
 - (vi) any anticipated or predicted changes in any factors that make a significant contribution to the costs of the council's activities or operations; and
 - (b) identify the principal activities that the council intends to undertake to achieve its objectives; and
 - (d) state the measures (financial and non-financial) that are to be used to monitor and assess the performance of the council against its objectives over the relevant period; and
 - (e) identify the means by which its activities are to be carried out and its objectives achieved; and
 - (g) address issues associated with arranging its affairs so as to separate its regulatory activities from its other activities, so far as this is reasonable to do so; and
 - (h) make provision for the regular review of the charters, activities and plans of any subsidiary of the council.
- (1a) A council must, in conjunction with the plans required under subsection (1), develop and adopt—
- (a) a long-term financial plan for a period of at least 10 years; and
 - (b) an infrastructure and asset management plan, relating to the management and development of infrastructure and major assets by the council for a period of at least 10 years,

(and these plans will also be taken to form part of the council's strategic management plans).

- (1b) The financial projections in a long-term financial plan adopted by a council must be consistent with those in the infrastructure and asset management plan adopted by the council.
- (2) Strategic management plans—
 - (a) should—
 - (i) address the strategic planning issues within the area of the council, with particular reference to (and in a manner consistent with) any relevant state planning policy or regional plan under the *Planning, Development and Infrastructure Act 2016*; and
 - (ii) set out the council's priorities for the implementation of planning policies;