



# **Strategic Management Plan 2021-25**

**Adopted by Council on 10<sup>th</sup> June 2020**

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## **1. Town & District History**

The Kimba area was first opened up for agricultural purposes in 1876, with the township of Kimba being proclaimed in 1915. The township became the centre of the 3,500 square kilometre District Council of Kimba.

The population of the district has been gradually declining over recent decades, with the district population currently around 1,211 people. Approximately 650 people reside within the township.

Pastoral leases were held over the area from 1872 until Pioneer farmers grew the first crops in 1908. The Kimba District is now one of the major wheat producing areas in South Australia.

## **2. Strategic Decision Making Principals and Process**

The Community determine who will represent them, engage with Council activities and provide feedback to elected members when necessary.

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.

History shows that local government operates at its optimum level when these three groups work together in a collaborative and thoughtful manner.

It is important to have a strategic direction to have 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.

## **3. Strategic Planning – Short, Medium and Long Term**

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

- The District Council of Kimba Strategic Management Plan [**'SMP'**] 2021-25
- The District Council of Kimba Infrastructure and Asset Management Plan [**'IAMP'**] 2021-30
- The District Council of Kimba Long Term Financial Plan [**'LTFP'**] 2021-30
- The District Council of Kimba Annual Business Plan & Annual Budget [**'ABP/AB'**] 2020-21

These four plans are integrated and cover the short, medium and long term from both a financial and community service focus.

The SMP is an overarching document that establishes high level strategic objectives and identifies the principal activities that will be undertaken to achieve these objectives.

The SMP is required to be updated within two years of a general election and cover at least a four year period.

The actual delivery of the SMP occurs on a year by year basis with more specific goals, objectives, activities and projects being identified in the ABP/AB. The annual update of the LTFFP and asset renewal programs occurs as part of the ABP/AB setting process. This approach ensures that year one of the LTFFP is always consistent with the current years ABP/AB.

#### **4. Vision & Mission Statements**

##### **Councils' Vision for the community**

Driving innovative and accountable leadership for a vibrant, sustainable Kimba.

##### **Councils' Mission**

The District Council of Kimba is committed to bettering the lives of residents and ratepayers through leadership, advocacy and the high-quality delivery of services and programs that improve the social and economic standing of our community.

#### **5. Strategic Objectives & Principal Activities**

Council and staff have met on a number of occasions to identify the following goals and activities that best represent the needs and wants of the community.

These goals and activities will ensure that a consistent approach is taken from year to year and across all of its planning documents. This will ensure that Council delivers the highest quality and range of both operating and asset services it can, given the available financial resources at its disposal.

The Annual Business Plan quantifies these objectives and activities and outlines specific financial and non-financial performance measures.

**Strategic Objective # 1: Provide relevant and sustainable community services**

**Principal Activities:**

1. Improve the quality and range of community sporting facilities
2. Identify community group uses of Council buildings, upgrade the facilities accordingly
3. Identify community needs, maintain and upgrade existing open & recreation spaces as required
4. Identify and coordinate appropriate community health, fitness & social activities
5. Identify and coordinate appropriate volunteer activities

**Strategic Objective # 2: Provide relevant and sustainable asset services**

**Principal Activities:**

1. Identify and improve the existing range and level of asset services
2. Demonstrate that Councils' asset management plans are financially sustainable
3. Collaborate with neighbouring Councils in relation to asset sharing and procurement
4. Negotiate with EPLGA for Special Local Road funding directed at roads with regional significance
5. Lobby other levels of government to improve quality of state and federal roads

**Strategic Objective # 3: Build local business capacity**

**Principal Activities:**

1. Target NRWMF & other appropriate grant funding to support the development of business and employment
2. Create a 'business development role' to maximise business and employment opportunities
3. Develop and implement a local business development strategy
4. Develop and implement a tourism strategy
5. Target funding to develop and implement a future workforce plan

**Strategic Objective # 4: Be transparent, accountable & financially sustainable**

**Principal Activities:**

1. Deliver the strategic financial reporting cycle to Council on an annual basis
2. Deliver the Audit Committee work program items on an annual basis
3. Update Councils' ten year asset renewal programs and long term financial plan on an annual basis
4. Strive for continuous improvement by identifying and facilitating appropriate training programs for staff and elected members
5. Identify and pursue opportunities for operational shared services and joint procurements
6. Deliver the key objectives of Councils Corporate Communications Strategy

**Strategic Objective # 5: Strive to increase population levels**

**Principal Activities:**

1. Collaborate with state and federal agencies and other entities to maintain or improve existing health and education services
2. Collaborate with State and Federal Governments and other entities to improve internet and telecommunications services
3. Develop and implement a youth retention strategy
4. Identify and attract events that will entertain both locals and tourists
5. Support to assist residents to access government age care services and entitlements

**Strategic Objective # 6: Develop and support sustainable environmental strategies**

**Principal Activities:**

1. Investigate opportunities to develop long-term sustainable energy solutions
2. Investigate opportunities to develop long-term sustainable waste solutions to reduce landfill
3. Upgrade and implement existing township fire prevention strategies
4. Extend & develop walking & cycling trails
5. Liaise with EPNRM to undertake initiatives to maintain and preserve our natural resources

## **6. Regional, State & Federal Strategies**

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

*Eyre Peninsula Local Government Association*

<http://eplga.com.au/publications-2/plans/>

*Regional Development Australia – Whyalla & Eyre Peninsula*

<https://www.rdawep.org.au/about-us/regional-priorities/>

*Government of South Australia Strategic Plan*

[https://www.dpc.sa.gov.au/\\_data/assets/pdf\\_file/0007/109375/DPC-Strategic-Plan-2019-20.pdf](https://www.dpc.sa.gov.au/_data/assets/pdf_file/0007/109375/DPC-Strategic-Plan-2019-20.pdf)

*Federal Government of Australia – Infrastructure Corporate Plan*

<https://www.infrastructureaustralia.gov.au/sites/default/files/2019-07/Infrastructure-Australia-Corporate-Plan-2018-19.pdf>

*Department of Prime Minister & Cabinet – Areas of Focus*

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

Council 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 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. 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. Measuring Councils Strategic Management Plan Performance**

The strategic objectives and principal activities are by nature talked about at a high level in somewhat broader language than that used in the Annual Business Plan and Annual Budget. Accordingly, it in the Annual Business Plan and Annual Budget that the specific performance measures are set and reported on.

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

### *Key Financial Indicators*

Council aims to operate within its means. Another way of putting this is Council wants to operate in a financially sustainable manner accordingly its strategic direction and plans need to be consistent with this ideal.

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.

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 operating surplus ratio [**'OSR'**] expresses the operating surplus / (deficit) as a percentage of operating income. The OSR is used to confirm that Council can cover its operating expenditure and depreciation charge from its operating revenue. A negative result indicates that Council is not doing so.

Net financial liabilities [**'NFL'**] is a comprehensive measure of the indebtedness of the Council as it includes items such as employee long-service leave entitlements and other amounts payable as well as taking account of the level of Council's available cash and investments. The Net financial liabilities ratio answers the question - Does Council have a manageable level of debt and other liabilities when considering its available revenue and other cash reserves? It is calculated by dividing NFL by operating income.

The Asset renewal funding ratio indicates the extent to which existing non-financial assets are being renewed and replaced, compared with what is needed to cost-effectively maintain service levels. It is calculated by measuring capital expenditure on renewal or replacement of assets, relative to the optimal level of such expenditure determined by Councils asset management data.

The three ratios need to be assessed in conjunction with one and other in order to determine if Council is operating in a financially sustainable manner.

Targets are set for these ratios in both the Annual Budget (AB) as well as the LTFP. The targets set in the Annual Budget are a specific number whereas as the targets set in the LTFP 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.



### *Other Performance Measures*

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

A specific section of the Annual Business Plan lists a range of specific activities and performance measures for the strategic objectives and associated principal activities included in this plan. Further to this another section is included that assess 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 to the ones referred to so far in this plan. This too contains assessments in relation to Council performance in relation to the level of achievement of its stated objectives and principal activities.

Council's suite of Strategic Management Plans demonstrate 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.

## **8. Asset Management – Capital construction and asset maintenance strategies**

The underlying strategic objective of an IAMP is to ensure that Councils extensive range of infrastructure property and equipment assets are maintained and replaced in a timely manner so as to be able to provide the services expected by the community.

Examples of asset services include:

- Roads to drive on. Used by ratepayers, tourist, 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 playground provide areas for the community to enjoy themselves in
- Community building provide places for people to meet and allow for community activities

Council maintains an extensive data base of asset information that includes both financial and non-financial components. This data is used to determine which assets need replacing when and how much it is likely to cost

It should be understood that forecast level of capital expenditure over the next ten years has by far the biggest impact on Councils' key financial indicators. Depreciation and asset maintenance expenditure are significant expenses that impact on the operating result and therefore the operating surplus ratio. Whereas capital renewal programs are used in the calculation of the asset renewal funding ratio, the long term level of capital expenditure also has a material impact on Councils level of net financial liabilities.

The amount spent on capital expenditure is directly proportional to the range and level of asset services provided. Service levels need to be set at a level that is compatible with Councils long-run revenue raising capacity i.e. at a level that is financially sustainable.

## **9. Long Term Financial Plan– Financial Strategy**

The LTFP is used to demonstrate that Council can provide the level of asset services and operating services that are outlined in the suite of strategic management plans in a financially sustainable manner.

A LTFP also allows Council to identify future cash surpluses or shortages, this facilitates another underlying financial strategy, the ability to make investing and funding decisions independently of one another.

Investing decisions are decisions that determine what services Council will spend its money on whereas funding decisions are decisions made on how best to invest any cash surplus to needs or fund in cash shortages that are identified in the LTFP.

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 investing and lending rates offered by banks. Any cash surpluses that are identified should be applied against debt for the same reason. Councils treasury management policy needs to allow the flexibility in borrowings to enable this offset to occur.

A long term financial plan needs to be underpinned by a clear financial strategy with measurable financial targets. A well thought out financial strategy is critical for those Councils that are in the situation where the 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 should be reviewed on an annual basis as part of the statutorily required update of the LTFP.

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.