



**District Council of Coober Pedy**

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## **Draft Long Term Financial Plan to 30 June 2028**

The attached document sets out the current four scenarios that are being considered by the District Council of Coober Pedy for adoption as its Long Term Financial Plan to 30 June 2028. Items highlighted in yellow indicate those items that have been changed since the 1 May 2019 version that was shown in the agenda for the 7 May 2019 council meeting.

The Administrator at the 7 May 2019 council meeting expressed his preference for Scenario 4.

Public consultation on Scenario 4 commences on 9th May 2019. Written submissions are invited from interested persons from Thursday 9<sup>th</sup> May 2019 and should be directed to Colin Pitman, Acting Chief Executive Officer PO Box 425 Coober Pedy SA 5723 or email [cpittman@cpcouncil.sa.gov.au](mailto:cpittman@cpcouncil.sa.gov.au) to be received by close of business on Thursday 30th May 2019. There will be an opportunity for comment and discussion on Scenario 4 at the Town Hall meeting of 28<sup>th</sup> May 2019. A further opportunity to make a verbal submission will be available at the Council meeting to be held on 4<sup>th</sup> June 2019.

## Overview

Scenarios for the Long-Term Financial Plan have been updated using the latest budget review information and further changes that have been made to the 2018/19 budget after the second budget review.

Four scenarios have been prepared and a summary spreadsheet for each scenario is attached. These scenarios have been prepared using the following targets:

- CPI increases only from the 2020/21 or 2021/22 financial year.
- Operating surplus each year on a break-even basis or, alternatively, break-even over the life of the long-term financial plan.
- After an initial increase in borrowings, borrowings to be reduced to not exceed 50% of total revenue.
- Maintenance of a cash balance of approximately \$500,000 at the end of each financial year.
- Sewerage at full cost of service provision from 2019/20.
- Full cost recovery of Airport and Childcare from 2020/21.
- Water at SA Water prices along with subsidy from State Government.
- Transitioning out of the provision of Childcare Services by June 2023.
- Asset renewal at approximately 50% of depreciation expense.
- Capital new and upgrade to be funded by loans which, over the life of this plan, will be achieved by reducing repayment of loans.

Other issues being considered, but not included in any of the four scenarios:

- Earlier transition out of the provision of Childcare Services.
- Sale of surplus assets.
- The potential to find more efficient methods in every area of service delivery which will be the subject of future investigation. Efficiency gains can be utilised to either minimise rate increases or improve services.

**Summary Impacts of each Scenario**

<i><b>Factor</b></i>	<i><b>Scenario 1 – Rate Increase</b></i>	<i><b>Scenario 2 – Service Reduction</b></i>	<i><b>Scenario 3 – Rate Increase and Service Reduction</b></i>	<i><b>Scenario 4 – Sell Water and Electricity Businesses &amp; Rate Increase</b></i>
CPI increases only from the 2020/21 or 2021/22 financial year	Yes	Yes	Yes	Yes
Borrowings to be reduced to not exceed 50% of total revenue	Yes	No	Yes	Yes
Maintenance of a cash balance of at least \$500,000 at the end of each financial year in the range of \$5-600,000, except where cash surpluses need to be built for future capital expenditure	Yes	No	Yes	Yes
Sewerage at full cost recovery from 2019/20	Yes	Yes	Yes	No Sewerage Business from 2120/21
Full cost recovery of Airport and Childcare from 2020/21	Yes	Yes	Yes	Yes
Transitioning out of the provision of Childcare Services by June 2023	Yes	Yes	Yes	Yes

Water at SA Water prices along with subsidy from State Government	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>No Water Business from 2120/21</b>
(Reduction) in water rates and usage charges in 2019/20	<b>(\$422,000 – 27%)</b>	<b>(\$422,000 – 27%)</b>	<b>(\$422,000 – 27%)</b>	<b>(\$422,000 – 27%)</b>
General Rate increase in 2019/20	<b>\$691,000 - 44%</b>	<b>\$31,400 – 2%</b>	<b>\$565,000 - 36%</b>	<b>\$518,000 - 33%</b>
Debt reduction possible	<b>Yes</b>	<b>No</b>	<b>Yes</b>	<b>Yes</b>
Additional capital renewal possible	<b>Yes</b>	<b>No</b>	<b>Yes</b>	<b>Yes</b>
Sustainable financial position	<b>Yes</b>	<b>No</b>	<b>Yes</b>	<b>Yes</b>
Possible future scenario	<b>Yes</b>	<b>No</b>	<b>Yes</b>	<b>Yes</b>

### Scenario 1 – Rate Increase

This scenario includes the following:

- CPI (2%) increases applied to all expenditure items.
- CPI (2%) increases applied to Airport charges and Childcare Fees for 2019/20 and full cost recovery in 2020/21 followed by CPI (2%) in succeeding financial years.
- CPI (2%) increases applied to all other revenue items, excluding general rates.
- A general rate increase of 44% (\$691k) in 2019/20, with CPI (2%) increases applied in succeeding years.
- The adoption of SA Water charges in 2019/20, plus a RAES like subsidy for water operations of \$834k (operative from 2020/21), increasing by CPI (2%) in subsequent years resulting in a 27% reduction in water rates.
- Full cost recovery of Sewerage services in 2019/20 from an additional \$75k in sewerage service charges.
- Full cost recovery of Airport and Childcare services from 2020/21.
- Transitioning out of the provision of Childcare Services by June 2023.
- New borrowings of \$2 million to fund the payment of outstanding invoices for EDL.

The general rate increase of 44% in 2019/20 achieves, with all the other increases and adjustments, a break-even result over the financial years 2019/20 to 2027/28. There is an operating deficit in 2019/20 of \$875k as it is unlikely any water subsidy will be received in that financial year and there are still losses from Airport and Childcare in that year. This is a financially sustainable position.

However, from 2020/21 there are operating surpluses every year, except for 2025/26 (Cyclic expenditure on filters for RO plants).

Offsetting the increase of \$691k in 2019/20 in general rates would be a reduction in water rates of \$422k, leaving a net increase in general and water rates of \$269k, equivalent to a total increase of 18%.

Capital expenditure over the 10-year period is proposed at \$7.5 million for renewal/replacement of existing assets (509 of the \$12.85 million depreciation charges) and \$1.4 million provided for upgraded or new assets, a total of \$8.9 million.

This scenario provides \$4.4 million dollars that can be applied either to further capital expenditure or the reduction of debt. The scenario shows it all reducing debt, taking debt levels by 2027/28 well below 50% of total revenue.

District Council of Coober Pedy											
SUMMARY LTFP											
LTFP - Scenario 1 - as at 5 May 2019	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
<b>INCOME</b>											
Rates	2,273	3,020	3,080	3,142	3,205	3,269	3,334	3,401	3,469	3,538	
Statutory charges	25	26	26	27	27	28	28	29	29	30	
User charges	5,583	5,800	6,019	6,129	5,742	5,603	5,716	5,830	5,946	6,065	
Grants, subsidies and contributions	5,875	7,192	8,157	8,276	6,893	6,605	6,724	6,845	6,969	7,095	
Investment income	0	0	0	0	0	0	0	0	0	0	
Reimbursements	0	0	0	0	0	0	0	0	0	0	
Other income	166	169	173	176	180	183	187	191	194	198	
<b>Total Income</b>	<b>13,921</b>	<b>16,207</b>	<b>17,454</b>	<b>17,750</b>	<b>16,046</b>	<b>15,688</b>	<b>15,989</b>	<b>16,295</b>	<b>16,608</b>	<b>16,927</b>	
<b>EXPENSES</b>											
Employee costs	4,463	4,373	4,464	4,557	4,331	3,868	3,955	4,045	4,135	4,228	
Materials, contracts & other expenses	9,458	11,149	11,044	11,234	9,951	10,176	10,340	10,800	10,732	11,016	
Depreciation	1,108	1,178	1,178	1,284	1,293	1,299	1,317	1,321	1,436	1,436	
Finance costs	294	382	359	297	284	280	277	258	244	218	
<b>Total Expenses</b>	<b>15,323</b>	<b>17,082</b>	<b>17,045</b>	<b>17,372</b>	<b>15,859</b>	<b>15,623</b>	<b>15,889</b>	<b>16,425</b>	<b>16,546</b>	<b>16,898</b>	
<b>Operating Surplus/(Deficit)</b>	<b>-1,402</b>	<b>-875</b>	<b>409</b>	<b>378</b>	<b>187</b>	<b>66</b>	<b>100</b>	<b>-129</b>	<b>62</b>	<b>29</b>	

District Council of Coober Pedy											
SUMMARY LTFP											
LTFP - Scenario 1 - as at 5 May 2019		2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
		\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
	Capital Renewal/Replace-Planned	273	544	349	615	1,310	1,335	236	262	246	251
	Capital Renewal/Replace-Additional	0	0	80	0	0	0	514	488	504	499
	Capital Upgrade	0	0	102	125	128	22	23	23	23	24
	Capital New	157	0	0	240	83	108	186	20	50	73
	<b>Total Capital</b>	430	544	531	980	1,521	1,465	959	793	823	847
	<b>Total Expenses</b>	15,323	17,082	17,045	17,372	15,859	15,623	15,889	16,425	16,546	16,898
		15,753	17,626	17,576	18,352	17,380	17,088	16,848	17,217	17,370	17,745
	less: Depreciation	-1,108	-1,178	-1,178	-1,284	-1,293	-1,299	-1,317	-1,321	-1,436	-1,436
	New Borrowings	-2,000									
		12,645	16,448	16,398	17,068	16,087	15,789	15,531	15,896	15,934	16,309
	plus: Principal repayments on debenture loans	223	153	87	92	69	72	38			
	EDL Invoices	2,000									
	Repay CAD		400	1,550	250			500	400	700	600
	Electricity Debt Recovery		-400	-400							
	Other Debt Recovery		-215	-215							
		14,868	16,386	17,420	17,410	16,156	15,861	16,069	16,296	16,634	16,909
	<b>Total Income</b>	13,921	16,207	17,454	17,750	16,046	15,688	15,989	16,295	16,608	16,927
	<b>Cash Impact</b>	-947	-179	35	340	-110	-172	-80	-1	-26	18
	<b>Closing Cash</b>	1,691	744	565	599	939	830	657	577	550	567
	<b>CAD Balance</b>	-9,800	-9,400	-7,850	-7,600	-7,600	-7,600	-7,100	-6,700	-6,000	-5,400

	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>
Rate increases	1.44	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02
Water increase	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02
Sewerage increase	1.42	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02
Airport increase	1.02	1.52	1.02	1.02	1.02	1.02	1.02	1.02	1.02
Child Care increase	1.02	1.25	1.02	1.02	1.02	1.02	1.02	1.02	1.02
Employee costs	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02
Materials and contracts costs	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02



### Scenario 2 – Service Reductions

This scenario includes the following:

- CPI (2%) increases in each financial year applied to general rate revenue.
- CPI (2%) increases applied to Airport charges and Childcare Fees for 2019/20 and full cost recovery in 2020/21 followed by CPI (2%) in succeeding financial years.
- CPI (2%) increases applied to other revenue and expenditure items.
- Full cost recovery of Sewerage services in 2019/20 from an additional \$75k in sewerage service charges.
- Full cost recovery of Airport and Childcare services from 2020/21.
- The adoption of SA Water charges in 2019/20, plus a RAES like subsidy for water operations of \$851k (operative from 2020/21), increasing by CPI (2%) in subsequent years resulting in a 27% reduction in water rates.
- Transitioning out of the provision of Childcare Services by June 2023.
- Elimination of Library and Tourism services in 2020/21.
- Reduction of 4 staff (and consequential material costs) in the Works Department in 2020/21.
- An increase in contractual costs for road maintenance in 2022/23, after the completion of the Disaster Recovery works, starting at \$300,000 in that year and indexed by CPI (2%).

This scenario will not enable council to borrow \$2 million to pay the outstanding invoices for electricity and Council will default on approximately \$700k of the outstanding balance by the end of the 2020/21 financial year, as well as the repayment of its fixed rate interest debt in the same year. Council will be unable to reduce its \$7.8 million floating interest debt.

Over the 10-year period potential deficits totalling in excess of \$8 million would be generated.

Capital expenditure over the 10-year period has been kept to a reasonable minimum, with \$6.4 million being provided for renewal/replacement of existing assets (50% of the \$12.85 million depreciation charges) and \$1.4 million provided for upgraded or new assets, a total of \$7.8 million.

Council will be unable to pay its creditors from 2021/22 and will be effectively bankrupt.

**This scenario cannot be contemplated.**

District Council of Coober Pedy											
SUMMARY LTFP											
LTFP - Scenario 2 - as at 5 May 2019	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
<b>INCOME</b>											
Rates	2,273	2,361	2,408	2,456	2,505	2,555	2,606	2,658	2,711	2,766	
Statutory charges	25	26	26	27	27	28	28	29	29	30	
User charges	5,583	5,800	6,009	6,119	5,731	5,593	5,705	5,819	5,935	6,054	
Grants, subsidies and contributions	5,875	7,192	8,146	8,265	6,881	6,594	6,712	6,833	6,957	7,082	
Investment income	0	0	0	0	0	0	0	0	0	0	
Reimbursements	0	0	0	0	0	0	0	0	0	0	
Other income	166	169	173	176	180	183	187	191	194	198	
<b>Total Income</b>	<b>13,921</b>	<b>15,548</b>	<b>16,761</b>	<b>17,043</b>	<b>15,324</b>	<b>14,952</b>	<b>15,238</b>	<b>15,530</b>	<b>15,827</b>	<b>16,130</b>	
<b>EXPENSES</b>											
Employee costs	4,463	4,373	4,159	4,249	4,319	3,845	3,923	4,002	4,082	4,164	
Materials, contracts & other expenses	9,458	11,149	11,008	11,198	10,160	10,389	10,558	11,022	10,958	11,248	
Depreciation	1,108	1,178	1,178	1,284	1,287	1,293	1,311	1,315	1,429	1,429	
Finance costs	294	308	300	295	291	287	284	284	284	284	
<b>Total Expenses</b>	<b>15,323</b>	<b>17,008</b>	<b>16,645</b>	<b>17,026</b>	<b>16,057</b>	<b>15,815</b>	<b>16,076</b>	<b>16,623</b>	<b>16,754</b>	<b>17,125</b>	
<b>Operating Surplus/(Deficit)</b>	<b>-1,402</b>	<b>-1,460</b>	<b>116</b>	<b>17</b>	<b>-733</b>	<b>-862</b>	<b>-838</b>	<b>-1,093</b>	<b>-927</b>	<b>-995</b>	

District Council of Coober Pedy											
SUMMARY LTFP											
LTFP - Scenario 2 - as at 5 May 2019		2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
		\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
	Capital Renewal/Replace - Planned	273	544	349	615	1,310	1,335	236	262	246	251
	Capital Renewal/Replace - Additional	0	0	80	0	0	0	260	240	214	210
	Capital Upgrade	0	0	102	125	128	22	23	23	23	24
	Capital New	157	0	0	240	83	108	186	20	50	73
	<b>Total Capital</b>	430	544	531	980	1,521	1,465	705	545	533	558
	<b>Total Expenses</b>	15,323	17,008	16,645	17,026	16,057	15,815	16,076	16,623	16,754	17,125
		15,753	17,552	17,176	18,006	17,578	17,280	16,781	17,168	17,287	17,683
	less: Depreciation	-1,108	-1,178	-1,178	-1,284	-1,287	-1,293	-1,311	-1,315	-1,429	-1,429
	New Borrowings										
		14,645	16,374	15,998	16,722	16,291	15,987	15,470	15,852	15,858	16,253
	plus: Principal repayments on debenture loans	223	153	87	92	69	72	38			
	EDL Invoices			1,150	150						
	Repay CAD										
	Electricity Debt Recovery		-400	-400							
	Other Debt Recovery		-215	-215							
		14,868	15,912	16,620	16,964	16,360	16,059	15,508	15,852	15,858	16,253
	<b>Total Income</b>	13,921	15,548	16,761	17,043	15,324	14,952	15,238	15,530	15,827	16,130
	<b>Cash Impact</b>	-947	-364	141	79	-1,036	-1,107	-270	-323	-31	-123
	<b>Closing Cash</b>	1,691	744	379	520	599	-437	-1,814	-2,136	-2,167	-2,290
	<b>CAD Balance</b>	-7,800	-7,800	-7,800	-7,800	-7,800	-7,800	-7,800	-7,800	-7,800	-7,800

	<i>2019/20</i>	<i>2020/21</i>	<i>2021/22</i>	<i>2022/23</i>	<i>2023/24</i>	<i>2024/25</i>	<i>2025/26</i>	<i>2026/27</i>	<i>2027/28</i>
Rate increases	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02
Water increase	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02
Sewerage increase	1.42	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02
Airport increase	1.02	1.52	1.02	1.02	1.02	1.02	1.02	1.02	1.02
Child Care increase	1.02	1.25	1.02	1.02	1.02	1.02	1.02	1.02	1.02
Employee costs	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02
Materials and contracts costs	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02

### Scenario 3 – Service Reductions & Rate Increase

This scenario is a combination of Scenarios 1 and 2, excluding the reduction of Works staff who will be needed to carry out the additional capital renewal program. The rate increase in Scenario 1 of 44% in 2019/20 is reduced in this scenario to 36% (\$565k). The general rate increase of 36% in 2019/20 achieves a break-even result over the financial years 2019/20 to 2027/28, breaking even (or better) in every year except for 2019/20 and 2025/26 (Cyclic expenditure on filters for RO plants). This is a financially sustainable position.

The adoption of SA Water charges in 2019/20, plus a RAES like subsidy for water operations of \$851k (operative from 2020/21), increasing by CPI (2%) in subsequent years resulting in a 27% reduction in water rates.

This will result in an offsetting of the \$565k increase in 2019/20 in general rates through a reduction in water rates of \$422k, a net increase in general and water rates of \$143k (10%).

Capital expenditure over the 10-year period provides \$7.5 million for renewal/replacement of existing assets (59% of the \$12.85 million depreciation charges) and \$1.4 million for upgraded or new assets, a total of \$8.9 million.

This scenario provides \$4.05 million dollars that can be applied either to capital renewal or the reduction of debt. The scenario shows it all reducing debt, with debt levels by 2027/28 well below 50% of total revenue.

District Council of Coober Pedy											
SUMMARY LTFP											
LTFP - Scenario 3 - as at 5 May 2019	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
<b>INCOME</b>											
Rates	2,273	2,894	2,952	3,011	3,071	3,133	3,195	3,259	3,324	3,391	
Statutory charges	25	26	26	27	27	28	28	29	29	30	
User charges	5,583	5,800	6,009	6,119	5,731	5,593	5,705	5,819	5,935	6,054	
Grants, subsidies and contributions	5,875	7,192	8,146	8,265	6,881	6,594	6,712	6,833	6,957	7,082	
Investment income	0	0	0	0	0	0	0	0	0	0	
Reimbursements	0	0	0	0	0	0	0	0	0	0	
Other income	166	169	173	176	180	183	187	191	194	198	
<b>Total Income</b>	<b>13,921</b>	<b>16,081</b>	<b>17,305</b>	<b>17,598</b>	<b>15,890</b>	<b>15,530</b>	<b>15,827</b>	<b>16,131</b>	<b>16,440</b>	<b>16,756</b>	
<b>EXPENSES</b>											
Employee costs	4,463	4,373	4,339	4,429	4,201	3,735	3,820	3,907	3,995	4,085	
Materials, contracts & other expenses	9,458	11,149	11,018	11,208	9,924	10,148	10,312	10,772	10,702	10,987	
Depreciation	1,108	1,178	1,178	1,284	1,287	1,293	1,311	1,315	1,429	1,429	
Finance costs	294	382	363	301	297	293	282	268	255	231	
<b>Total Expenses</b>	<b>15,323</b>	<b>17,082</b>	<b>16,898</b>	<b>17,221</b>	<b>15,709</b>	<b>15,469</b>	<b>15,725</b>	<b>16,261</b>	<b>16,381</b>	<b>16,731</b>	
<b>Operating Surplus/(Deficit)</b>	<b>-1,402</b>	<b>-1,001</b>	<b>407</b>	<b>376</b>	<b>181</b>	<b>61</b>	<b>102</b>	<b>-131</b>	<b>59</b>	<b>24</b>	

District Council of Coober Pedy											
SUMMARY LTFP											
LTFP - Scenario 3 - as at 5 May 2019		2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
		\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
	Capital Renewal/Replace - Planned	273	544	349	615	1,310	1,335	236	262	246	251
	Capital Renewal/Replace - Additional	0	0	80	0	0	0	514	488	504	499
	Capital Upgrade	0	0	102	125	128	22	23	23	23	24
	Capital New	157	0	0	240	83	108	186	20	50	73
	<b>Total Capital</b>	430	544	531	980	1,521	1,465	959	793	823	847
	<b>Total Expenses</b>	15,323	17,082	16,898	17,221	15,709	15,469	15,725	16,261	16,381	16,731
		15,753	17,626	17,429	18,202	17,229	16,935	16,684	17,054	17,204	17,578
	less: Depreciation	-1,108	-1,178	-1,178	-1,284	-1,287	-1,293	-1,311	-1,315	-1,429	-1,429
	New Borrowings	-2,000									
		12,645	16,448	16,251	16,918	15,942	15,642	15,374	15,739	15,775	16,149
	plus: Principal repayments on debenture loans	223	153	87	92	69	72	38			
	EDL Invoices	2,000									
	Repay CAD		300	1,550			200	400	350	650	600
	Electricity Debt Recovery		-400	-400							
	Other Debt Recovery		-215	-215							
		14,868	16,286	17,273	17,010	16,011	15,914	15,812	16,089	16,425	16,749
	<b>Total Income</b>	13,921	16,081	17,305	17,598	15,890	15,530	15,827	16,131	16,440	16,756
	<b>Cash Impact</b>	-947	-205	33	588	-121	-384	16	42	15	7
	<b>Closing Cash</b>	1,691	744	539	572	1,160	1,039	655	671	713	727
	<b>CAD Balance</b>	-9,800	-9,500	-7,950	-7,950	-7,950	-7,750	-7,350	-7,000	-6,350	-5,750

	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>
Rate increases	1.36	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02
Water increase	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02
Sewerage increase	1.42	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02
Airport increase	1.02	1.52	1.02	1.02	1.02	1.02	1.02	1.02	1.02
Child Care increase	1.02	1.25	1.02	1.02	1.02	1.02	1.02	1.02	1.02
Employee costs	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02
Materials and contracts costs	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02



#### Scenario 4 – Sale of Water, Sewerage and Electricity businesses & Rate Increase

This scenario includes the sale of the Water, Sewerage and Electricity businesses and a rate increase.

This scenario includes the following:

- CPI (2%) increases applied to all expenditure items.
- CPI (2%) increases applied to Airport charges and Childcare Fees for 2019/20 and full cost recovery in succeeding financial years.
- From 2020/21 the sale of Water, Sewerage and Electricity with revenue of \$13.8 million, equating to the book value of the assets, of which \$7.8 million will be immediately applied to Council's debt.
- CPI (2%) increases applied to all other revenue items, excluding general rates.
- A general rate increase of 33% in 2019/20, with CPI (2%) increases applied in succeeding years.
- Transitioning out of the provision of Childcare Services by June 2023.

The scenario provides for a reduction in administration costs as a result of the sale of the Water, Sewerage and Electricity businesses but no allowance has been made for the sale of surplus plant and equipment or for other efficiencies that might occur from the sale.

The general rate increase of 33% (\$518k) in 2019/20 achieves, with all the other increases and adjustments, a break-even result over the financial years 2019/20 to 2027/28. This is a financially sustainable position.

The adoption of SA Water charges in 2019/20, results in a 27% reduction in water rates in 2019/20.

This will provide an offsetting of the \$518k increase in 2019/20 in general rates by a reduction in water rates of \$422k, a net increase in general and water rates of \$96k (6%).

Capital expenditure over the 10-year period is expected to be \$6.5 million for renewal/replacement of existing assets (as against depreciation charges of \$7.5 million) and \$1.0 million provided for upgraded or new assets, a total of \$7.5 million.

There will be a significant surplus from the sale of the water, sewerage and electricity businesses that can be applied to capital renewal or upgrade.

District Council of Coober Pedy											
SUMMARY LTFP											
LTFP - Scenario 4 - as at 6 May 2019	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
<b>INCOME</b>											
Rates	2,273	2,847	2,231	2,275	2,321	2,367	2,415	2,463	2,512	2,562	
Statutory charges	25	26	26	27	27	28	28	29	29	30	
User charges	5,583	5,800	1,220	1,235	749	511	522	532	543	554	
Grants, subsidies and contributions	5,875	7,192	3,457	3,496	2,030	1,659	1,692	1,726	1,760	1,795	
Investment income	0	0	0	0	0	0	0	0	0	0	
Reimbursements	0	0	0	0	0	0	0	0	0	0	
Other income	166	169	124	126	129	131	134	137	139	142	
<b>Total Income</b>	<b>13,921</b>	<b>16,034</b>	<b>7,058</b>	<b>7,159</b>	<b>5,256</b>	<b>4,696</b>	<b>4,790</b>	<b>4,886</b>	<b>4,984</b>	<b>5,084</b>	
<b>EXPENSES</b>											
Employee costs	4,463	4,373	2,610	2,666	2,403	1,901	1,949	1,998	2,048	2,099	
Materials, contracts & other expenses	9,458	11,149	3,462	3,479	2,062	2,063	2,133	2,206	2,193	2,235	
Depreciation	1,108	1,178	590	637	640	641	654	658	707	707	
Finance costs	294	308	18	13	9	5	2	2	2	2	
<b>Total Expenses</b>	<b>15,323</b>	<b>17,008</b>	<b>6,681</b>	<b>6,796</b>	<b>5,115</b>	<b>4,611</b>	<b>4,739</b>	<b>4,865</b>	<b>4,950</b>	<b>5,044</b>	
<b>Operating Surplus/(Deficit)</b>	<b>-1,402</b>	<b>-974</b>	<b>378</b>	<b>363</b>	<b>141</b>	<b>86</b>	<b>52</b>	<b>21</b>	<b>34</b>	<b>40</b>	

District Council of Coober Pedy											
SUMMARY LTFP											
LTFP - Scenario 4 - as at 6 May 2019		2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
		\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Capital Renewal/Replace		273	544	104	286	1,082	1,103	0	0	0	0
Capital Renewal/Replace - Additional		0	0	80	0	0	0	750	750	750	750
Capital Upgrade		0	0	102	104	106	0	0	0	0	0
Capital New		157	0	0	115	30	54	186	20	50	73
<b>Total Capital</b>		430	544	286	505	1,219	1,157	936	770	800	823
<b>Total Expenses</b>		15,323	17,008	6,681	6,796	5,115	4,611	4,739	4,865	4,950	5,044
		15,753	17,552	6,967	7,301	6,334	5,768	5,675	5,635	5,750	5,867
less: Depreciation		-1,108	-1,178	-590	-637	-640	-641	-654	-658	-707	-707
New Borrowings											
		14,645	16,374	6,377	6,664	5,693	5,127	5,021	4,977	5,044	5,160
plus: Principal repayments on debenture loans		223	153	87	92	69	72	38			
EDL Invoices			300	1,700							
Repay CAD				7,800							
Sale of Water Business				-8,035							
Sale of Electricity Business				-4,450							
Sale of Sewerage Business				-1,350							
Electricity Debt Recovery			-400	-400							
Other Debt Recovery			-215	-215							
		14,868	16,212	1,514	6,756	5,762	5,199	5,059	4,977	5,044	5,160
<b>Total Income</b>		13,921	16,034	7,058	7,159	5,256	4,696	4,790	4,886	4,984	5,084
<b>Cash Impact</b>		-947	-178	5,545	403	-506	-503	-268	-90	-60	-76
<b>Closing Cash</b>		1,691	744	6,110	6,514	6,008	5,505	5,237	5,147	5,087	5,011
<b>CAD Balance</b>		-7,800	-7,800	0	0	0	0	0	0	0	0

	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>
Rate increases	1.33	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02
Water increase	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02
Sewerage increase	1.42	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02
Airport increase	1.02	1.52	1.02	1.02	1.02	1.02	1.02	1.02	1.02
Child Care increase	1.02	1.25	1.02	1.02	1.02	1.02	1.02	1.02	1.02
Employee costs	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02
Materials and contracts costs	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02