



DISTRICT COUNCIL OF COOBER PEDY

“Opal Capital of the World ”

**PO BOX 425 COOBER PEDY
SOUTH AUSTRALIA 5723**

PHONE: (08) 8672 4600

FAX: (08) 8672 5699

E-mail: dccp@cpccouncil.sa.gov.au

www.cooberpedy.sa.gov.au

ADMINISTRATORS FOURTEENTH REPORT ON THE ADMINISTRATION OF THE AFFAIRS OF THE DISTRICT COUNCIL OF COOBER PEDY TO THE MINISTER FOR LOCAL GOVERNMENT 30 SEPTEMBER 2026

The Administrators of the District Council of Coober Pedy (the Council) are required to provide reports to you on the administration of affairs of the Council at intervals of not more than every three months, pursuant to section 273(13) of the Local Government Act 1999, with the fourteenth report of the current Administration team due by 30 September 2026 in accordance with the then Minister’s letter dated 12 April 2023.

Regarding the financial management of the Council and progress made on other key matters since the appointment of Administrators, we provide the following information which should be read in conjunction with the previous reports.

1. 2025-26 Financial Reporting

Regular monthly reports continue to be provided to the Council, presented at the monthly Ordinary Meeting of Council and these are prepared on an exception basis highlighting positive and negative variations, and overall trends.

Key information presented is provided in the following table:

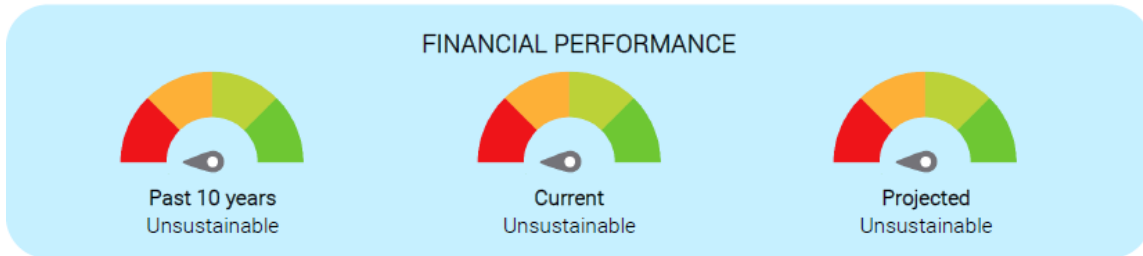
Forecast Full Year Position as at 31 August 2026

\$	Original Budget	Forecast	Variance Forecast to Current Budget	
Budget Adopted at the Council Meeting	Jun-26	Aug-26		
Operating Surplus / (Deficit)	(1,267,586)	(1,294,725)	(27,139)	x
Underlying Operating Surplus / (Deficit)	(1,211,968)	(1,239,107)	(27,139)	x
Capital Expenditure	165,000	165,000	-	✓
Adjusted Annual Net impact to Financing Activities (as per the Uniform Presentation of Finances)	(875,720)	(902,859)	(27,139)	x
Cash Balance	1,546,964	1,912,644	365,680	✓

Since the last report Council adopted the Budget for the 2026-27 Financial Year, which projected an operating result of (\$1.268M) and an underlying operating result of (\$0.1211M). The cash position to the 30 June 2026 was projected to be \$1.547M. As at 31 August, adjusting for actual opening balances on the balance sheet and an adjusting for a budgeting error in water and wastewater internal charges the forecast operating result is now (\$1.295M) and the underlying operating result is (\$1.239M).

All monthly financial reports and budget reviews have continued to be distributed to the Local Government Finance Authority (LGFA) and the Office of Local Government (OLG).

At the end of February ESCOSA released their report on the Financial Sustainability of Council. Unsurprisingly, ESCOSA found that Coober Pedy was unsustainable in all three time periods reviewed as set out below:



ESCOSA also identified four key risks impacting Council's financial sustainability:

RISKS IMPACTING SUSTAINABILITY

- ⚠ The Council's financial reports state that it cannot be considered to be a viable going concern. The Council has significant debt arrears with Energy Developments Pty Ltd. If Energy Developments Pty Ltd demands immediate payment, there is a service disruption/discontinuation risk. This is because the Council would be unable to comply without external support.
- ⚠ The town's water supply is at risk due to an ageing network with frequent leaks and failures. Critical parts are outdated, and there is insufficient documentation and maintenance planning.
- ⚠ The Council has raised concerns about its major plant and equipment, including motor vehicles. Over 70.0 percent of the 70 items listed in the plant register have exceeded their useful life and many of these have been marked as unsafe for use by staff.
- ⚠ The Council has entered into a 20-year Power Purchase Agreement, which is more expensive than the previous one, offering limited flexibility and with high exit costs.

Finally, ESCOSA made nine Considerations for the Council to consider. Under the legislation Council is required to respond to the ESCOSA report in its Annual Business Plan (**ABP**) for 2026-27, which Council has done. Council will also be presenting a progress report to the Audit and Risk Committee throughout the financial year outlining its responses and the actions taken to date.

1. **Administrator and Minister to consider** the potential for removing from the Council the responsibility for management of the essential services, either temporarily or permanently, leaving the Council with responsibility only for municipal operations.
2. **Consider** the possibility of staff or similar/equivalent resources, where practicable, being based outside of Coober Pedy, to assist the Council to access required skills and expertise over the long term.
3. **Include** cost savings targets or productivity improvements of the municipal operations in its Long-Term Financial Plans and Annual Business Plans (as appropriate), to provide evidence of constraining cost growth and achieving efficiency across its operations and service delivery; and publish achievements against the planned improvements.
4. **Consider** how to best strategically manage the outstanding debts to the Local Government Finance Authority and Energy Developments Pty Ltd, including consultation with the Local Government Finance Authority and State Government.
5. **Consult** with the State Government on how best to mitigate the risk of critical asset failure for essential service provision, noting the existing funding constraints for urgent repairs and maintenance of the Council's asset base and skills gap regarding essential service operations.
6. **Consult** with the community on its preferences for delayed/reduced services, debt, or additional rate charges, once the essential services are stabilized.
7. **Undertake** formal valuations at least every four years and annual indexation of asset values between formal valuations, to maintain a more accurate understanding of current asset values and likely renewal and replacement costs.
8. **Prepare** separate asset management plans for each major asset group, informed by detailed engineering studies, of asset valuations, condition assessments and remaining useful lives, and include these expenditure forecasts in the annual budget and annual Long-Term Financial Plan update.
9. **Continue** prioritising asset renewal and replacement needs over expenditure on new and upgraded assets, to the extent possible, to ensure that the requirements of the Infrastructure and Asset Management Plan are delivered, and service standards maintained.

Cash Flow

The ongoing management of the cash flow of Council remains a difficult task, which continues to be challenged by extra cost pressures being uncovered. The lack of any overdraft facility adds to the challenge.

Council has included in its monthly cash flow report a reconciliation of the operating cash available at the end of each month. This view of Council's cash position highlights the ongoing risk and variability of the operating cash position of Council:

Operating Cash Available		\$
Closing Cash Balance as at 31 August 2026		1,392,906
Less: Internal Restrictions		
Electricity Deposits	181,710	181,710
Less: External Restrictions		
CAPS Grant Funding	100,808	
Child Care Grant Funding		
Breakaways Carried Forward Balances est.	665,632	766,440
Closing Cash available for Operations 31 August 2026		<u>444,756</u>

A revised cash flow forecast will continue to be reported each month (including to the OLG) based on updated information as it comes to hand.

Council is still not able to invest in asset renewals at a time when aging assets are impacting on service delivery. The inability to fund replacement assets is adding an additional cost burden due to the repairs or hire of replacement equipment to deliver key service functions e.g. hiring garbage trucks or excavators and loaders for the Landfill. The subsequent procurement of a replacement excavator was necessary to maintain service delivery, however, it has added further pressure to Council's cash flow and highlights the difficulties of replacing ageing assets when funding is limited.

Outstanding Debtors

Council is still very concerned with the growing outstanding debtors, particularly the electricity debtors. The overall outstanding electricity balance as at 31 August 2026 is \$1,325k. As at 31 August 2026 there are 38 electricity accounts with an outstanding balance of \$360k (up from 39 electricity accounts with an outstanding balance totalling \$326k in May 2026); all of whom are experiencing hardship. In addition, there were 9 accounts (down from 70 in May 2026) with an outstanding balance of \$14k (down from \$142k in May 2026) who are scheduled to have their accounts disconnected. Under the essential services licence Council is not authorised to cease provision of electricity whilst there is an active payment plan in place.

The outstanding debtors for water as at 31 August 2026 is \$1,136k. A long standing account with a value of \$177k belongs to one customer. This outstanding debt is being handled by the Chief Executive Officer and the State Government. This debtor represents 23% (previously 17%) of the total outstanding balance owed to Council which is significant. Should these funds not be received, this has the impact of delaying the repayment of funds to EDL and the LGFA and impact Council's overall cash position. Both classes of debtors continue to severely impact Council's ability

to manage cashflow. In some cases, the customers consumption is higher than their repayments can cover due to hardship situations.

The outstanding debt for non-payment of Council rates is \$2.33Mk as at 31 August 2026. There is currently \$50k, down from \$64k in the last report, identified as qualifying for consideration for auction (under section 184 of the Local Government Act 1999) and another \$278k that is being managed by the debt collection agency, with a further \$328k that is overdue.

Budget Adoption etc

At the Council meeting held on 24 June 2026 Council adopted the 2026-27 Annual Business Plan which included setting the rates and the many other resolutions relating to this area.

We also adopted a reviewed and updated 2026-27 to 2035-36 Long-Term Financial Plan and the reviewed and updated 2026-27 to 2035-36 Infrastructure and Asset Management Plan Summary at this meeting.

2. Infrastructure

To retain funding under the Local Roads Community Infrastructure (LRCI) Programs Council renegotiated projects and requested extensions for LRCI 2,3 and 4. These projects have now all been completed and final reports submitted and accepted by the funding body.

3. Progress on John Comrie Report March 2022 Recommendations Including Addendum of March 2023 – Updated June 2024.

In 2022 the Office of Local Government commissioned an independent report on the financial and governance affairs of the District Council of Coober Pedy. This work was completed by Mr John Comrie and in 2023 he further updated his report with 12 Recommendations. The Minister, then Hon. Mr Geoff Brock, requested that we provide quarterly updates on the progress of the Council addressing the 12 recommendations. The following is our latest update on those recommendations.

RECOMMENDATION No.1 – Completed see 6th report

RECOMMENDATION No.2 – Completed see 6th report

RECOMMENDATION No.3 – Completed see 10th report

RECOMMENDATION No.4 – Complete see 10th report

RECOMMENDATION No.5 – Completed see 8th report

RECOMMENDATION No.6:

DCCP manage its water, sewer and electricity activities as separate ‘business units’ (as far as practically feasible) including giving consideration to formally establishing one or more subsidiaries for their oversight.

Status – On Hold

Given the implications and resource investment required to establish subsidiaries this recommendation is on hold.

In the interim changes were made to the management reporting structure in FY23 & beyond, which is enabling a more individual view of each of these business units (see also Recommendation No.4 (above)). Council staff are currently engaging with SA Water to transition Coober Pedy Water Supply to SA Water in 2026. Further updates are provided under next section.

RECOMMENDATION No. 7:

That DCCP, LGA of SA, LGFA and State Government representatives meet with a view to agreeing arrangements for DCCP to fully repay its arrears to EDL as soon as possible.

Status – Ongoing

Cash Flow projections are produced every month and discussions are ongoing with the various parties regarding the Council’s Cash Flow situation.

As at 31 August 2026 the outstanding amount owing to EDL is \$2.356m, for the May 2026 to July 2026 invoices.

RECOMMENDATION No.8 – Complete see 10th report

RECOMMENDATION No.9:

That DCCP develop a risk register, and it be regularly updated as warranted and be monitored and reviewed at least annually by its audit committee.

Status – In Progress

Council staff continue to work on the development a risk register. The initial workshop with Council staff was held on 9 June 2023 and Council staff have identified its tolerance for risk for each risk category. It is now in the process of developing the detailed strategy and risk register.

Council also presented an update of the risk register progress to the A&RC at the February 2024 and the December 2025 meetings. In December 2025, the

Strategic Risks identified were presented to the A&RC. The Management team are continuing to work on the Operational and Financial Risks for this register.

Council adopted a revised Risk Management Policy in April 2026 and have engaged specialist support from Local Government Association strategic risk team to facilitate the development of an updated Risk Management Framework, review risk appetite statements, improve knowledge on project risk assessment and compile its Risk Register.

RECOMMENDATION No. 10 – Complete and Ongoing see 10th Report

RECOMMENDATION No.11 – Completed see 6th report

RECOMMENDATION No.12 – Completed see 6th report

4. Other Matters Addressed or Arisen since our last report

Municipal services review

Council's Services and Asset Management Review led by the Office of Local Government and undertaken by Egis Oceania was completed in mid-2025. The municipal services review actively engaged with the Coober Pedy community to determine the community priorities and gain a clear understanding of services the Council can sustainably provide within the revenue generated from council rates. Information provided will support an updated infrastructure and asset management plan. The report is with the Office of Local Government and has been used to inform the Coober Pedy Task Force.

The CEO is currently working with a working group comprised of representatives from the Office of Local Government, DTF, Council's Administrators, Council's finance consultants and an independent finance consultant appointed by the Office of Local Government to assist in developing some options for restructuring of Council in the future, pending the outcomes of any change in service levels mainly occurring by one or more of the essential services being transferred to third parties.

CEO Performance Review Committee

The next CEO Performance Review is tentatively booked for 18 November 2026 where the CEO will present an end of year report on his performance against the KPI's set by the Committee and the KPI's for 2026-2027 will be adopted.

Audit and Risk Committee

Since our last report the Audit and Risk Committee has held 1 meeting in July. Council's Year 1 revaluations, the ARC Annual report and Draft Accounting Policies were reviewed at this meeting.

Council's Asset Revaluations for Year 1 is now complete. Year 2 inspections are scheduled to commence in October 2026.

Policies and other Key Corporate Document Reviews

The following policies as have been reviewed and adopted by Council since our last report along with some other critical areas of Governance as part of our continued Good Governance approach and improved Internal Controls:

- Accounting for Assets Policy
- Delegations Register update
- Temporary Road Closure for Events on Council Roads Policy, Procedure and Application Form
- Water Leakage Policy
- Confidential Orders Reviewed

Transition of Coober Pedy Water Supply to SA Water

On 17 February 2026, the Minister for Local Government and the Minister for Housing Infrastructure announced that the Water infrastructure in Coober Pedy would be transferred to SA Water by the end of 2026. Council and SA Water continue to work together, with Council providing information in response to SA Water requests for information and requests for action.

The Principal Administrator, Supporting Administrators and Chief Executive Officer have held several meetings during the quarter with the Minister and the Office of Local Government, SA Water, the Local Government Finance Authority and other parties to address matters associated with the transition. The Minister was provided with a copy of the first draft Asset Transfer Agreement provided to Council from SA Water.

Regular update reports have been presented to Council to keep the community and affected customers informed of progress.

Child Care Centre – Mini Gems

Council is currently operating the Mini Gems Children's Centre at a financial loss due to unsuccessful grant applications, enrolment levels remaining below those required for the service to operate on a financially sustainable basis and operating costs exceeding the revenue generated from childcare fees.

During the quarter, Council was advised that an application under the Department's Community Child Care Fund (CCCF) Round 5 Program was unsuccessful. Council officers then prepared and submitted another application under the CCCF Special Circumstances funding stream at the end of September 2026.

A report on the urgent situation facing the Mini Gems Children's Centre was presented to Council at the Ordinary Meeting of Council held on 23 September 2026. At the meeting, Council resolved a resolution that it was of the firm opinion that, unless funding can be obtained through the current Special Circumstances Grant funding round and/or fees are increased and/or operating costs are reduced to ensure Council does not operate the Child Care Centre at a loss, Council must commence the necessary processes to close the Child Care Centre.

The future viability of the Child Care Centre remains dependent on the successful outcome of funding applications to support the operation of the service. Council officers are preparing a detailed report on the implications of closing the Child Care Centre, together with a further review of service delivery arrangements, enrolments, fees and operating costs, and consideration of funding and service delivery sustainability options. Council are aware that possible future closure of the centre could negatively impact a significant number of essential services in Coober Pedy including several SA Government services.

A statement regarding the current position of the Mini Gems Children's Centre has been provided directly to parents and carers of enrolled children. A separate statement for the broader community is included in the Chief Executive Officer's Quarterly Update for September 2026.

Council will continue to keep families and the community informed as further information becomes available regarding funding outcomes and the future operation of the service.

5. Conclusion

Council's financial sustainability remains challenged by the ongoing risk and variability of its operating cash position, growing outstanding debtors and inability to invest in asset renewals. Council has completed the LRCI projects and continues to progress the transition of the Coober Pedy Water Supply to SA Water, the Risk Management Framework and Risk Register, asset revaluations, and its continued Good Governance approach and improved Internal Controls.

Please do not hesitate to contact me if you have any questions or requirements of us.

Yours Sincerely



Mr Patrick Conlon
Principal Administrator