



DISTRICT COUNCIL OF COOPER PEDY

“Opal Capital of the World”

PO BOX 425 COOPER PEDY
SOUTH AUSTRALIA 5723
PHONE: (08) 8672 4600
FAX: (08) 8672 5699
E-mail: dcpc@cpcouncil.sa.gov.au
www.cooperpedy.sa.gov.au

ADMINISTRATORS EIGHTH REPORT ON THE ADMINISTRATION OF THE AFFAIRS OF THE DISTRICT COUNCIL OF COOPER PEDY TO THE MINISTER FOR LOCAL GOVERNMENT 28 March 2025

The Administrators of the District Council of Cooper 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 eighth report of the current Administration team due by 31 March 2025 in accordance with the then Minister’s letter dated 12 April 2023.

Patrick Conlon has now been in the role of Principal Administrator for four months.

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

1. 2024-25 Financial Reporting

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

Key information presented is provided in the following table:

Forecast Full Year Position as at 28 February 2025

	FY25 Adopted Budget	BR1	Forecast FY25 as at 28 February 2025	Variance BR1 to Forecast
\$				
Income	19,248,892	19,465,766	19,723,220	257,454
Expenditure	19,692,204	20,068,337	20,010,017	(58,320)
Internal Charges	-	-	-	-
Operating Result	(443,312)	(602,571)	(286,797)	315,774
Underlying Operating Result	(259,079)	(418,336)	(386,417)	31,919
Cash Position at 30 June 2025	401,608	(174,629)	87,290	261,919
Capital Expenditure	474,056	806,954	860,809	53,855

Since the last report Council adopted Budget Review 2 for the 2024/25 Financial Year, which was an increase in the operating result of \$0.257M. The cash position to the 30 June 2025 has been revised by a positive \$0.262M impact due predominately to the reversal of an over accrual of FBT Liability.

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).

Coober Pedy is scheduled for its ESCOSA review in FY2026. Given the fact that there is a possibility of significant restructuring of the Council's responsibilities, there are difficulties with the effectiveness of the review process. We have had discussions with ESCOSA about this and it understands those difficulties.

Since the last report Council has now adopted the 2024-25 to 2033-34 Infrastructure, Asset Management Plan (IAMP) summary and 2024-25 to 2033-34 long-term financial plan (LTFP).

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.

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 are not able to invest in asset renewal at a time when aging assets are impacting on service delivery.

The current cash forecast is suggesting there will be a small cash balance in June 2025. Income and expenditure is being monitored closely to ensure that in the absence of an overdraft, cash remains available at these times. It is likely that a revised payment schedule will be required for some payments.

FBT Liability 2008-2018 (11 years) and amendments to the returns of 2019-2022.

Council has been working with a specialist FBT consulting firm to review and prepare the FBT returns for the 11 years from 2008 to 2018 and amendments to the returns of 2019-2022.

Council has now received notification from the ATO that they have processed the outstanding returns in its system. Council is still waiting on a reply to the request from the ATO for full remission of the outstanding liability, penalties and interest. Council has been informed that as the request made was for full remission, the case has had to be escalated internally prior to a decision being made.

As previously reported, Council had been provided an estimate of the FBT liability owing by Council to the ATO, which including estimates for the General Interest Charges (GIC), totaled \$811,000. The final amount owing including penalty interest was \$471,042 as at 3 February 2025.

There are no guarantees that there will be a remission of interest or that the payment plan will be approved. As such, the current position is that the outstanding amount would be due to be payable now. While the ATO are still deliberating any refunds owing to Council, BAS statements are now by default being applied to pay down the outstanding amount.

Outstanding Debtors

Council is still very concerned with the growing outstanding debtors, particularly the electricity debtors. As at 28 February 2025 there are now 57 electricity accounts with an outstanding balance totaling \$391k versus 46 accounts owing \$252k in October 2024; all of whom are experiencing hardship. In addition there were 21 accounts with an outstanding balance of \$140k who are scheduled to have their accounts disconnected. Under the essential services license Council is not authorized to cease provision of electricity whilst there is an active payment plan in place. The overall outstanding electricity balance as at 28 February 2025 is \$1,260k.

The outstanding debtors for water as at 28 February 2025 is \$905k. A long standing account with a value of \$298k belongs to one customer. This outstanding debt is being handled by the Chief Executive Officer and the State Government. This debtor represents 33% 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.

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 cover due to hardship provisions.

The outstanding debt for non-payment of Council rates is \$451k as at 28 February 2025. The third and fourth instalments are due on the 3 March and 3 June respectively, and there is \$725k due for these. There is currently \$59k identified as qualifying for consideration for auction (under section 184 of the *Local Government Act 1999*) and another \$228k that is being managed by the debt collection agency, with a further \$99k that is overdue. The total owing for the current (\$507K) and fourth instalments (\$219k) is \$725,415, the due dates for those instalments are 3 March 2025 and 3 June 2025 respectively.

Infrastructure

In the last 3 months Council has had a review on the municipal services

Council has continued to face the need for urgent maintenance of assets, due to failure of infrastructure and equipment.

As mentioned in the previous report, On December 5th an electrical storm caused the whole town to lose power for approximately 2 hours (a few properties nearly 24 hours). This event caused Council to deplete its backup (stock) resources of transformers. Council approved the procurement of 2 master Transformers and 2 Standard Transformers at an estimated cost of \$78,950 (GST Exclusive) to improve Council's redundancy capabilities in times of equipment failure.

Repairs on Council's main waste collection Truck has been completed and both are now performing well. Total repair cost was \$19,400.

Scheduled works have continued maintenance on the sealed road network, continued maintenance and repair of the unsealed road network and LRCI phases 2 and 4. The Parks and Gardens team continue to maintain the parks, reserves and orchard in the town.

In December infrastructure breakdowns in the CWMS created shortages of treated effluent to the Triangle precinct and resulted in an increase of potable water usage. By January supply of treated effluent to the Triangle precinct was resumed. The CWMS transfer station is currently online and operational.

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

RECOMMENDATION No.1 – Completed see 6th report

RECOMMENDATION No.2 - Completed see 6th report

RECOMMENDATION No.3:

That Council develop an explicit policy that clearly details the rationale as to whether the revenue raised through the levying of a cost of capital charge in determining water, sewer and electricity charges be applied to offset the cost of municipal services.

Status - In Progress

Linked with Recommendation No.2 (above) the cost of capital rationale has now been adopted and staff will now draft the Policy.

RECOMMENDATION No.4:

That when reporting proposed, actual and projected financial performance in its Annual Business Plan, budget reviews, long-term financial plan and end of year financial statements (in the case of the financial statements as supporting notes) DCCP separately report on each of water, sewer and electricity and then disclose all of the remainder separately as municipal.

Status – In Progress

This recommendation has now been adopted both in the Annual Business Plan (**ABP**) and in the monthly reporting structure.

Further enhancements to this were reached with the completion of Recommendation No.2 (above), which adopted the opening balance sheet balances to be used in the Annual Budget and the LTFP (now in draft).

The next enhancement to this recommendation is to review the potential to include further details in the audited financial statements as supporting notes.

RECOMMENDATION No.5:

That Council review the financial indicators that it uses to report performance and the targets it sets for desired achievement and ensure through its revenue and expenditure decisions, that these targets are achieved (at least on average every 3 years) on an ongoing underlying basis. These targets also to be separately set and monitored for municipal and each of water, sewer and electricity activities.

Status – Complete

The Treasury Management Policy and Financial Sustainability Policies were considered and adopted by Council at its 22 January 2025 Council meeting.

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)).

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. Council has ensured that the repayment of the EDL liability continues to be priority through the LTFP process, however Council and the A&RC do not see the repayment occurring earlier without further significant increases in Council rates which is not sustainable for the community, significant decreases in municipal service levels or by the sale of some Council assets or a combination of all or some of these options.

As at 14 March 2025 the outstanding amount owing to EDL is \$1.822m, for the December 2024 to February 2025 invoices. The March invoice has been received but is not yet due. Council is now making partial invoice payments as the cash received is not sufficient in a month to cover an entire invoice.

RECOMMENDATION No.8:

That DCCP's asset management plan and long-term financial plan be revised to ensure that proposed asset renewal expenditure in both documents is identical and up-to-date and reasonably reliable based on best estimates.

Status – InProgress

The draft LTFP FY24-25 and IAMP summary FY24-25 adopted by Council on 26 February 2025 was based on asset replacement affordability and not asset condition.

Council requested quotes for the provision of revaluation services in January 2024. The request for quote resulted in five respondents providing serious submissions. Council is unable to fund this work without impacting the

repayment of the EDL arrears, the repayment of LGFA borrowings or asset replacements to fund this work and the subsequent Asset Management Plan.

As noted previously however (page.5), the State Government has allocated \$250k in the FY25 State Budget, to undertake a services level review. The review of the council municipal services has now been completed, and Council is awaiting the outcome of the report. At this stage there has been no changes incorporated into the FY26 budget. If changes are required these will be incorporated in future budget adjustments.

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 have commenced work on developing 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 February 2025 meetings, where the committee requested further detail to be provided at a later date.

RECOMMENDATION No. 10:

That DCCP's audit committee develop a work program that addresses all legislatively supported and other warranted as appropriate responsibilities and that it monitors this program at each of its meetings. This work program should be included in each audit committee meeting agenda and the meeting minutes record the outcome of the committee's review of same.

Status - Ongoing

The ARC work plan has been developed and tabled at each meeting.

The ARC is continuing to review and make recommendations each meeting.

RECOMMENDATION No.11: Completed see 6th report

RECOMMENDATION No.12: Completed see 6th report

3. Other Matters Addressed or Arisen since our last report

Drive-In Screen

Replacement of the drive-in screen has been procured and completed in mid February 2025

Local Government Finance Authority Loan

Council received advice on 17 February 2025 that settlement of the rollover extension to the Loan had been processed. The new loan due date is 15 July 2025.

Regional Public Health Plan

The Chief Executive Officer has engaged with BHP to undertake the preparation of a draft Regional Public Health Plan for Council that is to be fully funded by BHP.

Municipal services review

Council is actively involved in a Services and Asset Management Review led by the Office of Local Government and undertaken by Egis Oceania. The municipal services review has 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. Outcomes of the review will include a service level policy that outlines how the Council can operate in a financially sustainable manner, as well as an updated infrastructure and asset management plan. Egis has recently made an interim report to the state government task force on Coober Pedy.

CEO Review Committee

The CEO Review Committee met on the 12 March 2025 and approved KPI's and reporting requirements for the current CEO.

Audit and Risk Committee

The Audit and Risk Committee held their 1st meeting of the calendar year on the 12 February 2025. We are still in the process of replacing the third independent member following the resignation of one of the three independent members (Mr Colin Davies) in late 2024.

Policies and other Key Corporate Document Reviews

- The following policies as have been reviewed and adopted by Council since our last report as part of our continued Good Governance approach and improved Internal Controls:
 - Corporate Credit Card Policy
 - Draft Budget Preparation Policy
 - Financial Sustainability Policy
 - Order Making Policy

- Child Care Payment of Fees Policy
- Australia Day Policy
- Public Interest Disclosure Policy
- Council adopted the 10 year Long-Term Financial Plan and the draft 10 year Infrastructure, Asset Management Plan post public consultation. Both Plans cover the period of 2024/25 – 2033/2034.
- Council adopted the Community Land Management Plan post public consultation

Other Key Council Decisions

Other key decisions of Council since our September report include;

- A Deed of Variation between the District Council of Coober Pedy and the Local Government Finance Authority for the LGFA Loan Extension was signed and approved
- Council approved the procurement of 2 master Transformers and 2 Standard Transformers at an estimated cost of \$78,950 (GST Exclusive) to improve Council's redundancy capabilities in times of equipment failure.
- That Council noted the Chief Executive Officer proposes to undertake a review of the current Organisation Structure of Council and present a subsequent report with a recommended new Organisation Structure to Council on completion.
- Council authorised the Principal Administrator to make a submission to the Remuneration Tribunal on behalf of Council regarding the Tribunal's Draft Report and Draft Determination received in January 2025 rather than participate in a joint submission.
- Council has considered a Draft Agreement for a School Community Library with the Coober Pedy Area School and will be providing some concerns back to the State Library Board. The School Community Library is an on going arrangement but like many of these throughout regional SA, there has been no formal agreement in place.

Conclusion

The Quarterly report shows Council still faces number of challenges but is taking all the steps it can in its current circumstances.

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

Yours Sincerely



Mr Patrick Conlon
Principal Administrator