

ANNUAL REPORT

2019-20

ERA WATER



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GENERAL MANAGER'S REPORT

It has been a year of challenges and some progress at Eastern Region Alliance Water (ERAW).

The performance of the project was again constrained by very low rainfall in the winter of 2019. Following the dry 2018 winter, it made for difficult injection conditions. 179 ML was injected against a possible target of 437 ML. ERAW drilled two additional injection/extraction bores which have been tested as successful. They have not yet been connected to the system due to timing and cost issues.

The cost pressures upon ERAW have proved increasingly confronting. The cost of connecting the additional bores to the system has, in a matter of months, risen by some 85%. The operations and maintenance cost and the costs of engineering services have also risen sharply. In response, the Board has decided that only one of the additional bores will be connected to the system during 2021, which will unfortunately have the effect of limiting the increase in injection capacity to below the plated capacity of the project. It has also become clear that when the system is at plated capacity, there will be insufficient UV treatment capacity and a second unit will be required.

All of the Constituent Council's nominated irrigation points have been connected to the system and water deliveries occurred at a number of the reserves. It is pleasing to note that the Constituent Councils are indicating new reserves for irrigation expansion to occur to. New contracts with the Constituent Councils were executed. Deliveries were interrupted by the need to re-flush the system, particularly in the Burnside area. Some connections could not be completed early enough in the irrigation season to make a significant contribution to water sales.

It is expected that there will be water available, in addition to meeting the Constituent Council's requirements, for sale to third parties during the summer of 2020/2021. Sales contracts are being negotiated to dispose of the available water.

ERAW is therefore committed to doing all that is possible to contain capital and operating costs, connecting one of the two additional bores and making third party water sales as are required to dispose of surplus water.

Rainfall in the 2020 winter commenced well but is now reverting to well below average falls.

ERAW therefore faces a challenging environment with cost pressures extending the time period to the point where its finances are at breakeven.

ROBIN ENGLISH

ERA WATER GENERAL MANAGER

ABOUT ERA WATER

ERA Water Regional Subsidiary (ERA Water) is a regional subsidiary of the Constituent Councils established on 21 July 2015 under Section 43 of the *Local Government Act 1999*. Its Charter provides for the supply of recycled urban storm water on behalf of its Constituent Councils in the eastern suburbs of Adelaide, South Australia.

THE CONSTITUENT COUNCILS

The Constituent Councils of ERA Water are:

- The Corporation of the Town of Walkerville
- The City of Norwood, Payneham & St Peters
- The City of Burnside.

PURPOSE

ERA Water was established as a result of the Waterproofing Eastern Adelaide project (Project) and funded by the Constituent Councils which were supported through funding from the Australian Government's National Urban Water and Desalination Plan, and the Adelaide and Mount Lofty Ranges Natural Resources Management Board.

ERA Water's prime purpose, is to implement and manage a water recycling scheme which captures, treats and delivers stormwater for irrigation purposes to the Constituent Councils and other customers, which makes a significant contribution to the protection of Adelaide's environment and which reduces the reliance of Adelaide upon water from the Murray River. The scheme included the establishment of wetlands and biofilters, aquifer recharge and recovery infrastructure, pipeline installations and water storage facilities and utilises a process known as Aquifer Storage and Recovery (ASR) - a system of harvesting, treating and injecting the cleaned water into aquifers for later use.

The scheme comprises two treatment sites (which are capable of harvesting 600 ML of stormwater per annum and yielding for use 458 ML of water per annum) as well as 46km of distribution pipe network covering each of the three Constituent Council areas. The distribution network is designed to deliver water to Constituent Council reserves as well as to other potential customers in these areas and beyond (see page 11 showing a plan of the ERA Water network).

The ERA Water scheme was designed to ultimately sell 458 ML per annum of water of which 204.7 ML per annum is committed to the three Constituent Councils. An additional 253.3 ML per annum is forecast to be sold to other customers.

GOVERNANCE

BOARD OF MANAGEMENT

ERA Water is governed by a Board of Management composed of an Independent Chairperson and a representative from each Constituent Council as shown in the Table below. The Board held eight formal meetings during the 2019-20 financial year. The table below details Board Member attendance at each meeting.

	Member	
Independent Chairperson	Bryan Jenkins	8
City of Burnside	Cr Sarah Hughes	7
City of Norwood Payneham and St Peters	Cr John Minney	8
Corporation of the Town of Walkerville	Kiki Cristol	6
Corporation of the Town of Walkerville	Cr MaryLou Bishop (Proxy)	1

Meetings were held on the following dates:

14 August, 2019

30 August, 2019

1 November, 2019

13 December, 2019

31 January, 2020

24 February, 2020

27 March, 2020

27 May, 2020

CONFIDENTIALITY

During the 2019-20 financial year, the Board considered reports of a confidential nature at one meeting where it was necessary to exclude the public from discussion. The table below identifies the grounds on which the Board made this determination

Local Government Act 1999 times used	Description	Number
90(3)(d) 90(3)(k)	Information relating to commercial information of a confidential nature (not being a trade secret)	1

FREEDOM OF INFORMATION

No requests were received under the *Freedom of Information Act 1991* during the 2019-20 financial year

STAFFING STRUCTURE

The Board employs a General Manager. No additional staff were employed during the year.

SUPPORT FROM CONSTITUENT COUNCILS

The Town of Walkerville continued to provide ERA Water with Board secretarial support functions and services throughout the 2019-20 financial year.

The City of Burnside contributed to accounting and IT support during the year.

The City of Norwood Payneham & St Peters provided office accommodation and support for the General Manager.

FINANCIAL MATTERS

FY2020 BUDGET and LONG TERM FINANCIAL PLAN

The Budget FY2019-20 and Long Term Financial Plan (LTFP) for ERA Water were adopted by the Constituent Councils.

CHARTER

The Charter for ERA Water was approved by the Minister for Local Government on 21 July 2015. The Charter sets out the responsibilities of ERA Water including its governance, financials and its responsibilities to the Constituent Councils. The Charter required a review commencing on 21 July 2019. As no unanimous agreement upon changes to the Charter was reached, any variations to the Charter were deferred to a later date.

FINANCE AUDIT COMMITTEE

The ERA Water Audit Committee held four meetings in the 2019-20 financial year. The work of the Committee over the past financial year has included reviewing ERA Water's audited Financial Statements, reviewing the draft Budget and Long Term Financial Plan and the required budget reviews, providing recommendations on financial and accounting policy matters, and considering external audit matters.

The Audit Committee Members in 2019-20 were:	Meetings Attended
• Corinne Garrett (Chairperson) term completed 7 May 2020	3
• Roberto Bria (resigned 26 August 2019)	1
• Bryan Jenkins	4
• Brigid O'Neill (appointed 7 November 2019)	2
• Cr Grant Piggott (appointed 7 November 2019)	3

Meetings were held on the following dates:

23 August, 2019

23 January, 2020

12 March, 2020

7 May, 2020

FINANCIAL STATEMENTS

The Audited Financial Statements for the year ending the 30 June 2020 are provided in the annual report below and show an Operating Deficit of \$ 1,389,265 and Total Council Equity of \$6,533,983.

PROJECT

CONSTRUCTION

Construction and commissioning of the Project is complete and water sales at Constituent Councils were made during the year.

All connections to Constituent Councils have been constructed and as water sales are made to third parties, connections will be constructed.

OPERATIONS AND MAINTENANCE




Engineering management of the Project has been performed by Walbridge Gilbert Aztec (WGA), the Project's designers, for a number of years, including 2020, Operations by Guidera O'Connor and Landscaping by LCS Landscaping. The term contract of WGA has been renewed.

The performance of the Project continues to improve. At the end of the financial year 257.85 ML of water had been harvested at the Project's two intakes, 237.9 ML had been treated to the required standard and injected into the aquifer and 83.6 ML had been provided to the Constituent Councils for irrigation. The current winter harvest season is being constrained by the irregularity of rainfall and high turbidity of initial streamflows.

RAINFALL DATA

In view of the dependence of the project upon rainfall, average rainfall for Adelaide, and actual rainfall in the thirty months to 30th June 2020, has been provided below.

The following rainfall figures have been taken from the Bureau of Meteorology's weather station at Kent Town.

Rainfall Adelaide														
2018	Jan	Feb	Mar	April	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	
Mean rainfall (mm)	20.1	15.5	26.4	38.2	61.5	78.1	76.6	68.1	58.7	41.4	29.9	28.9	551.4	40
														1977 2018 
2018	7.2	5.8	5.8	22.2	67.8	54.8	67.8	82.6	23.2	21.8	48.6	19.8	427.4	
2019	Jan	Feb	Mar	April	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	
Mean rainfall (mm)	20.1	15.5	26.4	38.2	61.5	78.1	76.6	68.1	58.7	41.4	29.9	28.9	551.4	1977 2018 
2019	0.0	9.0	8.2	5.4	87.4	82.6	39.2	50.6	48.2	18.6	15.4	9.4	374.0	
2020	Jan	Feb	Mar	April	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	
Mean rainfall (mm)	20.1	15.5	26.4	38.2	61.5	78.1	76.6	68.1	58.7	41.4	29.9	28.9	551.4	
2020	22.2	44.4	4.6	94.2	52.6	71.0								