

strategic plan

This plan provides ERA Water with a framework for decisions surrounding infrastructure investment and creates a blueprint for the organisation's future.

2022-2025



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ERA Water acknowledges the Kaurna people as the traditional custodians of this land, and respects their spiritual relationship with their country.

In preparing this strategic plan, we recognise the many generations of stewardship the Kaurna people have provided to this land, and respect that their cultural heritage and beliefs are as important today as they were for their ancestors.

ABOUT ERA WATER

The Eastern Region Alliance Water Board (ERA Water) is a regional subsidiary formed under s43 of the Local Government Act 1999 by the Cities of Burnside and Norwood Payneham and St Peters and the Town of Walkerville in 2015. Its primary focus is to harvest stormwater, treat it to a standard suitable for irrigation of open spaces and streetscapes, store it (mostly in the aquifer), and then use it for irrigation purposes through a 42km pipe network to “maximise economic, environmental and social benefits to the community” while being financially self-sufficient “as far as possible”.

Environmental benefits include reducing demand on water from the River Murray, reducing discharge of pollutants that would otherwise be carried via the River Torrens to Gulf St Vincent, and provide irrigation water for the iconic parks, playing fields and streetscapes of the three Council areas. The scheme provides a greater degree of certainty to customers to continue to irrigate in times of potable water restrictions due to drought.

Social benefits include greater community wellbeing impacts through high quality green spaces in the suburbs of the Council areas.

Economic benefits include the potential of a greater degree of certainty of water supply for commercial customers and may lead to higher property values in areas adjacent to the network through the provision of green spaces and streetscapes.

ABOUT THIS PLAN

This Strategic Plan has been developed by ERA Water in accordance with the requirements of its Charter to guide its activities and communicate its strategic directions and priority actions for the period 2022 to 2025.

The Plan is structured as shown in the diagram below with a flow from **PURPOSE** to consideration of **KEY INFLUENCES** on ERA Water’s activities, to a **STRATEGIC DIRECTION** to be followed, to four **OBJECTIVES** which will be achieved through progressing our **PRIORITY ACTIONS**.



Measuring and monitoring performance against the Plan

Performance measures, set out under each objective, will assist in monitoring the Plan’s implementation. Progress against the Plan will be reported annually in the Board’s annual report.

Reviewing the Plan

The Plan will be reviewed annually at a Board workshop to refresh it as required.

OUR PURPOSE

ERA Water is a separate legal entity that operates in accordance with a Charter agreed by all three Constituent Councils. Our purpose is set out in clause 1.8 of the Charter:

The Subsidiary is established for the following objects and purposes:

- 1.8.1** *to implement, oversee and manage the Project;*
- 1.8.2** *to develop, implement, oversee and manage practical solutions to provide water supply diversity within and outside the Region;*
- 1.8.3** *to supply water to the Constituent Councils and other persons for irrigation purposes within and outside the Region except that priority shall be given to the supply of water for irrigation within the Region;*
- 1.8.4** *to manage and oversee the distribution of water captured as part of the Project;*
- 1.8.5** *to provide strategic direction for the Project;*
- 1.8.6** *to fund, lease or own physical infrastructure required to undertake the Project;*
- 1.8.7** *to meet all legislative requirements for the Subsidiary;*
- 1.8.8** *to be responsible for the ongoing maintenance , replacement and other capital requirements of all physical infrastructure owned by the Subsidiary;*
- 1.8.9** *to utilise proven water management planning principles and technologies;*
- 1.8.10** *to manage, operate and control the necessary infrastructure for the Project;*
- 1.8.11** *to maximise economic, environmental and social benefits to the community by developing and implementing innovative water management principles and techniques;*
- 1.8.12** *to identify, develop and implement water recycling and supply opportunities for the Constituent Councils;*
- 1.8.13** *to provide technical and other expert services and advice to the Constituent Councils in the area of water management and recycling including identifying emerging issues and opportunities;*
- 1.8.14** *to represent the Constituent Councils and liaise with State government regarding the implementation or alteration of legislation in relation to water and licensing;*
- 1.8.15** *to be financially self-sufficient as far as possible.*

The ERA Water scheme is still in its infancy with the first full year of operation being financial year 2020. Experiences with similar schemes elsewhere show that it can take five to 10 years before there is full knowledge and optimisation of their performance. Monitoring, observing, experimenting, and learning from others are all important considerations in relation to stormwater harvesting schemes, particularly in their early years.

For metropolitan Adelaide, the following quotes from the Department of Environment and Water set a broader context for stormwater harvesting:

Large scale stormwater harvesting began in the north of Adelaide in the early 1990s and has increased over the past 30 years. Today approximately 3% of water used in Adelaide comes from treated stormwater. Although a minor part of the total city water supply, stormwater is a valued source of water where it is able to be accessed. After a rapid growth period, harvested volumes have stabilised at approximately 5 GL per year (since 2015) except for 8.4 GL in the high rainfall year of 2016. The harvested volume of these schemes has not reached the originally estimated capacity, of the order of 20 GL per year for a range of reasons including source water quality variation, supply and demand alignment, lower than average rainfall, treatment wetland efficacy and aquifer performance.¹

It was previously estimated that Adelaide's total harvestable stormwater volume was 60 GL per year. This has recently been revised down to approximately 23.5 GL with the new estimate taking into account scheme performance, operational restrictions, rainfall reduction and the development of open space preventing the construction of treatment wetlands.²

There is a possibility of improving the increasing stormwater harvest volumes and reliability of supply through technological developments for efficient treatment and harvesting; integrating stormwater, wastewater and natural groundwater use in common networks; reducing aquifer pressures; and any creation of open space from urban consolidation that allows for treatment wetlands to be established.³

Other key influences on the business of ERA Water include:

- weather patterns
- climate change
- acceptance of, and demand for, alternative water supplies
- government policies, directions, regulation, funding
- expectations around performance – environmental, social, and financial.

A change in government policy that will impact on the business of ERA Water is the recently announced Adelaide Plains Water Allocation Plan to come into effect on 1 July 2022.

¹ Department of Environment and Water 2021, *Support Paper 1: Water supply for the future – All options on the table* as part of *Setting our future urban water directions*

² Ibid

³ Ibid

STRATEGIC DIRECTION

The harvesting, cleaning, storage, retrieval, and distribution of stormwater is generally seen as a scale business where fixed costs remain relatively static and financial performance improves when more water is sold. For that reason, increasing scale through ensuring adequate supply, effective treatment and storage, a fit for purpose distribution network, and increased sales are of great importance and are a particular focus for ERA Water. Optimising the performance of the scheme as it currently exists and making prudent decisions about future investments will support that ongoing direction.

We will identify, monitor, and act on potential opportunities and risks arising from implementation of the Adelaide Plains Water Allocation Plan. Although ERA Water was established to harvest, treat and use stormwater for irrigation, we will investigate whether other sources of water should be considered as well.

Close working relationships with the Constituent Councils, as both owners and customers of ERA Water, are also extremely important and the arrangements to further build those relationships will be strengthened. Other relationships and networks relevant to water management and stormwater harvesting in particular will also be pursued.

Building a clear picture of the value that ERA Water provides in environmental, social, and economic terms is also a direction to be pursued. Financially, ERA Water has an objective of achieving sufficient scale to produce annual cash operating surpluses and in turn starting to reduce its current level of borrowings.

OBJECTIVES

The Plan is arranged around four objectives for ERA Water, each with their own performance measures.

OBJECTIVE 1: MAXIMISE PERFORMANCE OF THE SCHEME

Performance measure:

- *Performance metrics are in place, reviewed at least annually, and being met.*

OBJECTIVE 2: ENSURE SUFFICIENT SUPPLY OF WATER

Performance measure:

- *There is a clear understanding of additional sources of water that is available and the cost and other implications of accessing should the need arise are known.*

OBJECTIVE 3: IMPROVE FINANCIAL SUSTAINABILITY

Performance measure:

- *Financial and sales targets in accordance with the Long Term Financial Plan are set annually and met.*

OBJECTIVE 4: FURTHER DEVELOP KEY RELATIONSHIPS

Performance measures:

- *Structured feedback from the Constituent Councils.*
- *Ongoing engagement with relevant government representatives, both elected and appointed.*
- *Ongoing, formalised monitoring of key relationships.*

PRIORITY ACTIONS

Our priority actions to achieve each objective are listed below.

OBJECTIVE 1: MAXIMISE PERFORMANCE OF THE SCHEME

Priority action 1.1 - Develop and implement a structured approach to reviewing and reporting on every aspect of the scheme on a regular basis.

Why: A structured approach to reviewing how well the scheme operates is more likely to be successful in ensuring optimum performance than ad-hoc approaches.

How: Develop formal performance targets and metrics with assistance from the proposed Technical Advisory Group (see Priority Action 4.2) and an associated schedule of reviewing the performance of the individual components of the scheme as well as the overall performance.

When: Year 1 of the Strategic Plan implementation.

Who: General Manager.

Priority action 1.2 - Work with the Constituent Councils and other customers to ensure that irrigation practices and the objective of maximising the performance of the scheme are aligned.

Why: Operations of the scheme and the irrigation practices of the ERA Water customers are part of an integrated system which will provide benefits to both.

How: A staged process is proposed including building ERA Water's understanding about each party's needs and aspirations, assessment of data, consideration of any regulatory or other constraints, and joint development of any required strategies.

When: Commence in Year 1 of the Strategic Plan implementation.

Who: General Manager.

Priority action 1.3 - Identify and prepare business cases (including potential funding sources) for any upgrades required for the scheme's infrastructure and equipment.

Why: As ERA Water has limited capacity to fund additional or upgraded infrastructure and equipment. It is essential that priority is given to investments that will provide the best returns.

How: Progress has already been made in this area through the development of a financial return on investment analysis spreadsheet. Further work will include broader objectives (environmental and social) and prioritization through multi-criteria analysis.

When: Year 1 of the Strategic Plan implementation.

Who: General Manager.

Priority action 1.4 - Measure the economic, environmental, and social benefits of the scheme to the community.

Why: ERA Water's Charter includes maximising the economic, environmental, and social benefits of the scheme to the community as one of its purposes. Documenting and quantifying those benefits and how they can be enhanced will assist in achieving that requirement.

How: Benefit Cost analysis tool are available for this type of project. An example is one developed for the Cooperative Research Centres (CRC) for Water Sensitive Cities.

When: Year 1 of the Strategic Plan implementation.

Who: Board to identify suitable arrangements to undertake the analysis, with a preference for partnering with a relevant body.

OBJECTIVE 2: ENSURE SUFFICIENT SUPPLY OF WATER

Priority action 2.1 - Identify and pursue options to reduce the impacts of variable weather conditions on our ability to provide a regular supply of water to customers.

Why: Variable weather conditions from year to year present specific challenges for a stormwater harvesting scheme. One such challenge is ensuring that there is sufficient water to provide to customers to meet their needs.

How: Some preliminary investigations have already taken place into sources (such as the Glenelg to Adelaide Pipe (GAP) scheme recycled wastewater) of water in addition to flows in Third and Fourth Creeks, as well as changes introduced through the Adelaide Plains Water Allocation Plan to come into effect on 1 July 2022. Further work to identify, quantify, and cost potential additional sources will continue during the life of this Plan.

When: Commence in year 1 of the Strategic Plan implementation.

Who: General Manager to initiate.

OBJECTIVE 3: IMPROVE FINANCIAL SUSTAINABILITY

Priority action 3.1 - Recapitalise ERA Water to provide scope to increase sales to build financial sustainability.

Why: As a scale business, ERA Water requires an ability to fund improvements in sourcing stormwater for harvesting, its treatment and storage, and distribution to allow it to increase sales. Consistent with the Charter object and purpose 1.8.15 "*to be financially self-sufficient as far as possible*", the goal is to achieve at least a break even operating financial position and reduce debt over the term of the Long Term Financial Plan.

How: Work with the Constituent Councils to develop and implement an agreed model of recapitalisation.

When: Year 1 of the Strategic Plan implementation.

Who: Chair and General Manager to initiate.

Priority action 3.2 - Update information held regarding the anticipated demand for water for key sites in the Constituent Council areas and develop and implement a planned approach to market the availability of ERA Water to those sites.

Why: Additional scale will require improvements to the distribution network.

How: Identify sites that can be connected to either the existing network or an expanded network and put proposals to property owners to explain benefits of connecting to ERA Water.

When: Year 1 of the Strategic Plan implementation.

Who: General Manager.

Priority action 3.2 - Report at least quarterly on water sales and potential new customers, including likely lead times for their connection to the scheme.

Why: Regular, scheduled reporting will ensure the Board is kept fully informed on water sales.

How: Introduce a new report for Board meeting agendas.

When: Year 1 of the Strategic Plan implementation.

Who: General Manager.

OBJECTIVE 4: FURTHER DEVELOP KEY RELATIONSHIPS

Priority action 4.1 - In conjunction with the Constituent Councils, schedule regular briefings with their representatives.

Why: The relationships with the Constituent Councils are important as both owners and customers of ERA Water. A structured arrangement of scheduled briefings will assist in maintaining a positive working relationship.

How: Engage with the Mayor and CEO of each Constituent Council to determine a schedule of briefings.

When: Year 1 of the Strategic Plan implementation.

Who: Chair and General Manager.

Priority action 4.2 - Form a Technical Advisory Group of engineering and environmental staff representatives from each Council to advise the General Manager and Principal Operator (in addition to a Water User Group of parks and gardens staff from each Council which is already operating).

Why: Significant benefits have come from regular meetings of the Water User Group and establishing a similar arrangement with a Technical Advisory Group to build understanding of how the scheme operates and create opportunities for advice on how it might be improved.

How: Work with the Constituent Councils' representatives to put the arrangement in place for the Group, including an annual schedule of meetings.

When: Year 1 of the Strategic Plan implementation.

Who: General Manager.

Priority action 4.3 - Include relationships monitoring as a standing item on the agenda for regular Board meetings.

Why: A formalised approach, such as a standing item on the agenda, ensures attention is paid to relationships at Board meetings.

How: Item to be added to the agenda.

When: Year 1 of the Strategic Plan implementation.

Who: Chair and General Manager.

Priority action 4.4 - Work with the Constituent Councils to publicise the use of ERA Water for parks and reserves and, if viable, streetscapes.

Why: Other aspects of the Councils' environmental initiatives, such as Resilient East, are publicised through active (such as media releases, inclusion on website articles) and passive means (such as signage on parks). Publicising the use of harvested and treated stormwater can help to build communities' understanding of the broader benefits of ERA Water.

How: Working with the environmental and communications staff of the Constituent Councils to develop and implement plans for communication.

Develop a functioning ERA Water website to act as a landing page for community members who are interested in finding out more about ERA Water.

When: Year 1 of the Strategic Plan implementation.

Who: Chair and General Manager.