

Special Audit Committee Minutes

**Monday 4 September 2017 at 6.00 pm
City of Burnside Council Chamber
401 Greenhill Road, Tusmore**

Members Present: Mr David Powell - Chair
Mayor, David Parkin
Councillor Davis
Mr Roberto Bria
Mr Sean Tu

Staff Present: Martin Coper, General Manager Corporate Services

Mark Booth from BRM Holdich was present and provided information regarding ERA Water Risk Management Report.

Apologies

Nil

Leave of Absence

Nil

Report

Eastern Regional Alliance Water (Operational) (3.1)

Mayor Parkin moved:

- A4085
1. That the Report be received.
 2. That the Audit Committee endorses the recommendations in the BRM Holdich ERA Water Risk Management August 2017 Report as follows:
 - 2.1 The Constituent Councils should formally commit to take and pay for the volumes of water identified in the Financial Model assessed in the Prudential Report.
 - 2.2 To provide greater certainty to the City of Burnside regarding the potential for the sale of water, the ERA Water Board should seek to formalise the interests of potential high volume customers through

- 'Heads of Agreement' arrangements recognising that this will add a cost which is not presently budgeted.
- 2.3 ERA Water should develop a Water Pricing policy that complies with ESCOSA regulatory requirements.
 - 2.4 ERA Water should adopt a formal profit and dividend policy that is consistent with the principles on which the Financial Model assessed in the Prudential Report is based.
 - 2.5 The Constituent Councils should increase the Project maximum borrowing limitation of \$12 million to be consistent with the peak debt forecast in the Financial Model of \$12.624 million.
 - 2.6 The ERA Water Independent Chairperson and the Burnside ERA Water Board representative should be invited to brief Council on the progress of the Project at regular intervals.
 - 2.7 The ERA Water Board should be encouraged to engage the necessary expertise to manage the regional subsidiary into the Operations Phase of the Project.
3. That the Audit Committee recommends that Council endorse these recommendations and requests that Administration engage with the ERA Water Board to seek ERA Water acceptance and implementation of the recommendations or written explanation of reasons for not accepting the recommendations.
 4. That the Audit Committee recommends that Council requests that Administration engage with the ERA Water Board to clarify the role of Wallbridge Gilbert Aztec as Project Managers.
 5. That the Audit Committee recommends to Council that it approves the increase of the borrowing limitation on ERA Water from \$12 million to a maximum of \$13 million.
 6. That the Audit committee recommends to Council that this BRM Holdich ERA Water Risk Management August 2017 report be distributed to the other constituent Councils and encourage the other Councils to endorse its recommendations and in particular the recommendation to increase of the borrowing cap of ERA Water to \$13 million.
 7. That the risk framework including risk matrix, likelihood and consequence tables be provided with the risk report and for ERA Water Board to review and agree a risk framework going forward.
 8. That the progress of the ERA Water Project becomes a standing agenda item for future Audit Committee meetings.

Seconded by Sean Tu

CARRIED

Confidential Items

Nil

Other Business

Nil

Date of Next meeting:

16 October 2017 at 6pm

Closure

Meeting closed at 6.37 pm.