

INFRASTRUCTURE & SERVICE LEVEL INVESTMENT POLICY



Responsible Directorate: Corporate Services
Responsible Officer: Manager Financial Services

Objective

To be fiscally responsible with a strong focus on financial capacity and long term sustainability; utilising industry recognised and accepted methods to assess and review Council's investment in additional infrastructure or service level increases prior to commitment.

Policy

The effective management of capital expenditure is becoming more and more crucial for Local Government; budgetary pressures and ever increasing community expectations mean that Council must ensure that investment in new infrastructure and increases in service levels need to be properly and accurately scoped and assessed prior to any commitment.

Prior to committing to new infrastructure or increased service level investment; Council will utilise industry recognised and accepted methods to assess and review any proposed investment in additional infrastructure or increased service levels prior to formal commitment.

Alignment with Delivery Program

For any proposed investment to proceed there must be clear and identifiable alignment with Council's adopted Delivery Program.

Lifecycle/Lifetime Costs

A mandatory inclusion for any assessment and review of proposed investment will be an assessment of full lifecycle/lifetime costs. Such an assessment will include both upfront costs as well as consideration of ongoing/future costs.

Costing Model

A mandatory inclusion for any assessment and review of proposed investment will be a costing model. Such a model, as a minimum, will identify the sources of the required funding and any associated impacts due to the use of the identified sources.

Exclusions from Policy

Renewal of existing infrastructure is excluded from the scope of this Policy. Council's adopted *Fit for the Future Improvement Plan* necessitates a focus on and priority be given to asset renewal.

For example: Road work that does not increase service levels (capacity) is excluded from the scope and requirements of the Policy.

New infrastructure, funded by Council's General Fund, under \$50,000 is excluded from the scope of this Policy.

For example: New infrastructure associated with beautification (shade shelters, park benches), sporting infrastructure is excluded from the scope and requirements of the Policy; list is not definitive.

Infrastructure and services that are not funded by Council's General Fund are excluded from the scope and requirements of this Policy.

For example: Infrastructure and service level investment associated with Water, Sewer and Waste.

This Policy in no way restricts the General Manager's ability to implement operational or organisational changes; which may affect service levels; that are undertaken to achieve Council's objectives (alignment with Delivery Program) and are contained within the adopted Council budget.

Implementation of Policy

This Policy will apply to all infrastructure proposals that; at the time of adoption of this Policy; are yet to commence construction.

This Policy will apply to all proposals to increase current service levels that; at the time of adoption of this Policy; are yet to commence implementation.

Definitions

New Infrastructure: Expenditure which creates new infrastructure providing a new service or output that did not exist before.
- or -
Expenditure which enhances existing infrastructure to provide a higher level of service.

Infrastructure Renewal: Expenditure on existing infrastructure or on replacing existing infrastructure, which returns the service capability of the infrastructure up to that which it had originally. As it reinstates existing potential, it may reduce future operating and maintenance expenditure if completed at the optimum time. Examples include pavement rehabilitation, replacing a material section of a drainage network with pipes of the same capacity, replacing an air conditioner, etc.

Service Level Increase: Expenditure on a service that provides a new service and/or output that did not exist before.
- or -
Expenditure which enhances an existing service to provide a higher level of service.

References

- Fit for the Future – Improvement Plan: *An Agenda for Fiscal Responsibility*.

History

MINUTE NUMBER	MEETING DATE	DESCRIPTION OF CHANGE
216/2016	7 June, 2016	Adopted