

Title:	Infrastructure Asset Renewal
Type:	Council
Adopted:	22 June 2016
File No:	16/15803
Attachments:	

1. Purpose

To set out Council's commitment to undertake asset renewal in a manner that provides a Level of Service (LoS) appropriate to individual communities.

2. Rationale

Council faces a unique set of circumstances arising from the gifting of \$33million of new or enhanced assets following the 2009 Bushfires. The ongoing cost to renew these assets is significant. In many cases these assets are in excess of those normally required and funded for communities of the sizes in which these assets are located. As a result the future renewal obligation is in excess of what should reasonably be expected from the community.

Council's adopted policy principle is to reduce the commitment to funding renewal to an appropriate level rather than the 100% currently projecting in Council's Asset Management Plans. This will assist markedly in reducing the financial pressure currently faced.

3. Scope

This policy applies to infrastructure assets owned by Council where Council has the responsibility for renewal.

4. Definitions

LEVEL OF SERVICE

The defined service quality for a particular activity or service area against which service performance may be measured. Service levels usually relate to quality, quantity, reliability, responsiveness, environmental acceptability and cost.

SERVICE PLAN

A document that provides an outline of the services that Council provides. A service plan should aim to meet the current and future needs of the community, and provide a framework that will guide service development, facility and asset planning.

SERVICE POTENTIAL

The output or service capacity of an asset. Decline in service potential is usually a function of usage or time.

RENEWAL

Expenditure to replace existing assets or facilities with assets or facilities of equivalent capacity or performance capacity.

LIFECYCLE COST

The total cost of an asset throughout its life including planning, design, construction, acquisition, maintenance, operation, and rehabilitation and disposal costs.

5. Policy

GUIDING PRINCIPLES

- Assets will provide services to the community in alignment with the goals and objectives of the Council Plan.
- Council will engage with the community when determining the LoS
- Council will determine appropriate LoS
- Renewal expenditure for assets providing a LoS determined by Council to be higher than required will be reduced to the appropriate level.
- Assets that do not provide, or are not required to provide, a minimum LoS or are beyond Council's financial capacity to maintain will not be renewed.
- Asset will be renewed in a cost effective manner to maintain the service they are required to provide.
- The determined LoS will be provided at the lowest long term cost to the community within the limit of any fiscal restraints that may be imposed by Council.

LEVEL OF SERVICE

The Council exists principally to supply services that meet the needs of the community. Which services are provided, and how they are provided is influenced by the LoS desired by the community and their willingness to pay for that service.

The International Infrastructure Management Manual – 2015, describes the first of the key elements of infrastructure asset management as '*providing a defined level of service and monitoring performance*'.

A Service Plan (SP) will determine the extent to which assets are required and subsequently the level to which they are renewed.

SP will be prepared by the General Manager or Manager requiring the asset for the delivery of the service and will aim to meet the current and future service needs of the community.

Service plans should consider:

- the priorities determined by Council having regard for available funding, capital works evaluation systems and other factors as Council see fit
- community engagement and expectations
- service potential
- lifecycle costs
- current and anticipated use of the asset over the planning timeframe
- the requirement to attract and cater for tourist /visitors to the area
- attracting or supporting business
- the location of the asset and possible alternatives that can provide the required service

- legislation and statutory requirements
- design standards and codes of practice
- use of non-asset solutions to meet service demands.

Where it is determined in a SP that the level of service currently being provided by an asset is beyond that required, Council officers will:

- determine the appropriate renewal profile to match the required service level where the renewal profile does not increase lifecycle costs and results in reduced renewal expenditure
- ensure that the renewal profile does not incur unacceptable risk to Council
- determine if alternatives are available for the service delivery
- decommission the asset if the asset is no longer required
- if appropriate, dispose of the asset in accordance with Council's Asset Disposal Policy.

In a number of cases assets providing a LoS higher than that determined to be appropriate by the SP may be fully renewed because the asset is subject to:

- a preservation order,
- a planning historic precinct overlay
- specific statutory requirements
- being part of the cultural history and identity of the Shire,

or for any other reason as determined by Council

Assets may also be renewed following natural disasters. Grant funding may be provided in such cases, however the requirement for replacement, upgrade or expansion is to be considered along with Lifecycle Costs in these instances.

6. Supporting Documents

This policy may link to various other Council and external documents. Specifically, this policy is to be read in conjunction with the following documents:

- *Local Government Act 1989*
- *Road Management Act 2004*
- Asset Management Policy
- Asset Disposal Policy
- Asset Management Strategy Asset Management Plans
- Road Management Plan
- Long Term Financial Plan
- Strategic Resource Plan

7. Council Plan

The strategic objective in the Council Plan 2013-2017 for Financial Sustainability is that “we will administer sound financial management practices” and “we will apply a whole of life approach to the management and maintenance of Council's assets”

There is an annual action under Goals – “Our Environment” to manage and renew our existing infrastructure assets in a responsible manner

8. Management and Review

This Policy will be implemented by the Manager of Infrastructure Assets and monitored by the General Manager of Infrastructure Services and Development

The Policy will be reviewed by the Manager Infrastructure Assets May 2019

9. Consultation

Consultation on this policy has included discussion with Executive and Senior Management

10. Human Rights Charter

This policy has been developed with consideration of the requirements under the Charter of Human Rights and Responsibilities.