

INFRASTRUCTURE AND SERVICE LEVEL INVESTMENT POLICY

Responsible Department: Financial Services
Responsible Section: Financial Services
Responsible Officer: Chief Financial Officer

Objective

The objective of this Policy is to:

- Be fiscally responsible with a strong focus on long term financial sustainability, and
- Utilise best practice principles to assess and review Council’s investment in expanding or increasing the level of service prior to commitment.
- Reinforce that asset renewal be prioritised over the creation of new assets as outlined as a necessity in Council’s adopted Fit for the Future Improvement Plan and current adopted Resourcing Strategy.

Introduction

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.

Policy

1. Definitions

Term	Meaning
New Infrastructure:	Includes both: <ul style="list-style-type: none"> • Expenditure which creates new infrastructure providing a new service or output that did not exist before; and • 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, and the like.

Term	Meaning
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.

2. Alignment with Integrated Planning and Reporting Framework

- 2.1. For any proposed investment to proceed there must be clear and identifiable alignment with Council's current endorsed Community Strategic Plan and Council's current adopted Delivery Program.

3. Costings (Cost of Full Lifecycle of the Project)

- 3.1. A mandatory inclusion for any assessment and review of proposed investment will be an assessment of the full costing of the entire lifecycle of the project.
- 3.2. Such an assessment will include:
 - (a) Construction costs (including all costs associated with design and investigation of the infrastructure);
 - (b) Operational costs (including Environmental Costs);
 - (c) Maintenance costs; and
 - (d) Disposal (end of life) costs.

4. Costing Model

- 4.1. A full costing model (that includes costs for the full lifecycle of the project as outlined in clause 3 of this Policy) must be included with any request for new infrastructure.
- 4.2. The costing model must include:
 - (a) The source of the funding for the infrastructure; and
 - (b) An opportunity cost analysis for the funding source.

5. Exclusions

- 5.1. Renewal of existing infrastructure is excluded from the scope of this Policy.
 - (a) Work that does not increase service levels (capacity) is excluded from the scope and requirements of this Policy.
- 5.2. New infrastructure, funded by Council's General Fund, under \$50,000 is excluded from the scope of this Policy.
 - (a) New infrastructure associated with an upgrade of an area (such as beautification) that does not increase service levels is excluded from the scope and requirements of this Policy.
- 5.3. Infrastructure and services that are not funded by Council's General Fund are excluded from the scope and requirements of this Policy.
 - (a) Infrastructure and service level investment associated with expenditure from the Water Fund, and Sewer Fund.

6. Transitional Provision

- 6.1. This Policy will apply to all infrastructure proposals that are, at the time of adoption of this Policy, yet to commence construction.
- 6.2. This Policy will apply to all proposals to increase current service levels that are, at the time of adoption of this Policy, yet to commence implementation.

References

- *Local Government Act 1993 (NSW) ch 3.*
- *Fit for the Future – Improvement Plan: An Agenda for Fiscal Responsibility.*
- Council's current adopted Delivery Program.
- Council's current endorsed Community Strategic Plan.

History

Minute Number	Meeting Date	Description of Change
216/2016	June 7, 2016	Adopted
164/2017	August 15, 2017	Reviewed
	September 1, 2021	Rebranded
336/2022	October 18, 2022	Adopted