

1. Purpose

The purpose of the policy is to ensure that Council's limited funds available for capital expenditure are utilised as effectively as possible and are allocated in accordance with the principles of best practice asset management.

2. Objective

This policy aims to ensure Council's long-term financial sustainability and improve asset management practices by imposing best practice asset management guidelines on Council's capital expenditure decisions.

3. Scope

This policy applies to all capital projects greater than \$200k carried out by Council.

4. Associated legislation and documents

ASSOCIATED POLICIES	NA
ASSOCIATED LEGISLATION	NA
ASSOCIATED DOCUMENTS	<ul style="list-style-type: none"> • Warrumbungle Shire Council Asset Management Plan • Warrumbungle Shire Council Operational Plan and Delivery Program

5. Definitions

Term	Definition
Approved Community Funded	This refers to monies provided to Council for partially community funded projects. These projects must have first been approved by Council before they are approved.
Capital Expansion	Capital works that involve the construction of a new asset.
Capital Grant	A grant provided from another entity that is tied to the construction of a particular capital item. For the purpose of this policy Capital Grants do not include FAGs grants or R2R monies.

6. Background

Council maintains an extensive network of assets including:

- 2,600 km of local and regional roads;
- Over 100 bridges and bridge size culverts;
- Water infrastructure across 6 towns and 3 villages;
- Sewer infrastructure in 4 towns;
- An extensive network of culverts and other drainage assets;
- Curbs and gutters, and footpaths;
- Over 350 Buildings and 270 other structures including 6 swimming pools; and
- 3 aerodromes .

Council generally puts forward a capital program of approximately \$15m per annum to renew and expand these assets, and in recent years has spent significant amounts of funding (including subsidised loan funding) to replace the remaining timber bridges within the local government area. Due to funding reductions in recent years Council must now work harder to ensure that limited monies available for capital expenditure are allocated to the capital projects that will most reduce Council's long-term renewal and maintenance costs.

Best practice asset management requires that Council focuses expenditure on maintaining/renewing the assets it currently has to meet current service levels before it spends monies on new assets that will increase Council's long-term asset maintenance requirements. The best way to achieve this objective is to impose a clear rule that excludes wish-list discretionary items from the capital program unless they are grant funded, or reduce Council's long-term costs, or they are deliverables as part of a Special Rates Variation (SRV) application.

7. Policy Statement

Capital expansion projects in General Fund that are over \$200k will not be included in Council's capital program unless at least one of the following criteria is met:

- The project is a 50% or greater capital grant (or approved community) funded project; or
- The project will reduce Council's long-term costs and there is a detailed cost benefit analysis showing why the capital works would reduce Council's cost base; or
- The projects are detailed as a specific deliverable as part of a Special Rates Variation application.

8. Responsibilities

The Chief Financial Officer and Director Corporate and Community Services will be responsible for the implementation of this policy.

9. Getting Help

The staff member/s who can assist with this policy are:

Position: Chief Financial Officer; Director Corporate and Community Services

Department: Corporate and Community Services

10. Version Control

Review Date: September 2024

Staff Member Responsible for Review: Chief Financial Officer

Policy Name	Action	Resolution No.	Date
Capital Funds Allocation Policy	Endorsed	337/1415	21 May 2015
Capital Funds Allocation Policy	Endorsed	108/1718	21 September 2017
Capital Funds Allocation Policy	Adopted	184/2223	8 December 2022