

## 1. PURPOSE

This Standard Operating Procedure (SOP) describes the process that East Gippsland Water (EGW) will use to assess and respond to proposals by third parties for activities that have the potential to impact on EGW works.

Note that section 148 of the Water Act 1989 makes particular provision to prohibit any proposed structures or filling to be placed within one metre laterally of any EGW works without EGW's consent (generally referred to "build-over" applications). EGW's SOP 125, Structures over Works, applies in these particular instances.

This policy is implemented in accordance with Policy 046, Asset Management.

## 2. APPROVAL

Executive Manager Infrastructure.

## 3. DEFINITIONS

**Activities** – Activities may be proposed by a third party, and include inspection, testing, operation, maintenance, installation, construction, removal, demolition or other functions that may impact on EGW's works. Examples of third party activities include; road construction, earthworks, excavations, drainage works, service locations, fencing, construction or alteration of buildings, paving, driveways, pipes, cables, poles, or any other activities that are located near or adjacent to EGW's works such that they may interfere with EGW's works. Third party activities are proposed, owned, operated and paid for, and are the responsibility of, the third party.

**Benefit** – A benefit to EGW may arise from activities proposed by a third party, or from alterations required to EGW works as a consequence of the third party activities. Examples of possible benefit to EGW include; where an aged asset is renewed in response to a proposed third party activities, or if an augmentation of an existing asset is a logical inclusion in the activities. The extent and value of any benefit to EGW will be assessed and determined by EGW at its own discretion.

**Interfere** - Under section 288 of the Water Act 1989, a person must not, without the consent of EGW, destroy, damage, remove, alter or in any way interfere with any EGW works. The term "impact" is also used in this document to have the same meaning as "interfere".

Note that activities carried out in the vicinity of EGW works, not necessarily directly above or adjacent, may impact on EGW's works. For example, vibrating earthworks equipment or pile-driving, may impact on EGW's underground pipelines over a distance.

**Renewal** – Sometimes also called "replacement", this refers to construction activities that extend the remaining useful life of an EGW asset (for example, replacement or relining of a pipeline). Note that alterations to EGW works, such as relocation or lowering of a section of a pipeline, usually require replacement of that section of the pipeline.

**Third Party** – Is any person proposing to carry out works that may impact on EGW's works, and includes individuals, groups, and agencies such as; Councils, VicRoads, electricity and telecommunications companies, government departments, contractors, consultants, and their agents.

**Upsizing** – When an EGW asset is to be altered as a result of proposed third party activities, EGW may elect to upgrade the capacity or service level of those assets at the same time (sometimes also referred to as an "upgrade" or "augmentation" of an asset). For example, replacement of a section

of pipeline with a larger sized pipeline to cater for future needs may be required by EGW (with a consequent benefit to EGW). EGW will determine, at its own discretion, whether an upsizing of an EGW asset is appropriate associated with third party works.

**Works** – EGW's works include; reservoirs, dams, bores, channels, sewers, drains, pipes, conduits, fire plugs, machinery, equipment and apparatus, whether on, above or under land, fences and the like, that are owned, operated, maintained or otherwise controlled by EGW (usually also related to infrastructure "assets").

#### **4. PROCEDURE**

Persons (third parties) should use the "Dial before you dig" service to assess the potential impact that their proposed activities may have on EGW's works.

If in doubt, third parties should contact EGW about their proposed activities. If required, specific site investigation works could be undertaken in consultation with EGW Staff. EGW will consider the proposal and advise the third party of potential impacts on EGW works and that this SOP applies.

Any proposals for activities by third parties that EGW deems may potentially interfere with EGW's works must be submitted in writing to EGW for assessment.

From its assessment of the proposal, EGW will determine whether to consent to the proposed activities, and if so any conditions applying, or to not consent. EGW will advise the third party of its decision.

The third party proposing the activities is responsible for any and all costs associated with their activities and in managing impacts on EGW works as required by EGW arising from their proposal, including any costs incurred by EGW in assessing the proposal (regardless of whether consent is provided by EGW or not).

The third party must implement any conditions of consent required by EGW. If those conditions of consent are not fully implemented by the third party, EGW may direct that the third party's activities to cease or otherwise be removed or remedied, and EGW's works reinstated, to EGW's satisfaction at the third party's cost, or EGW may arrange to carry out additional activities it deems necessary at the third party's cost.

In submitting their proposal to EGW for consideration, the third party agrees to indemnify EGW against any claims or damage that may arise from EGW's consent to the proposal (if provided by EGW).

If after its assessment EGW consents to a proposal and determines that benefits to EGW arise, EGW may at its absolute discretion offer to contribute to the costs associated with managing impacts on EGW's works arising from the third party's proposed activities. The extent of any contributions by EGW will be determined by EGW.

Any consent by EGW does not replace any other approvals that may be required by other legislation or agencies for the third party's proposed activities.

EGW will not unreasonably withhold its consent to third party activity proposals.

Where EGW works are to be altered, as agreed by EGW, to manage impacts from the proposed third party activities, these alterations can be arranged by EGW on behalf of the third party, or the

third party may arrange for the alterations to be undertaken by EGW-approved contractors in accordance with EGW SOP 132, Third Party Works.

Costs to third parties to alter EGW assets will be subject to final adjustment based on actual costs. Initial cost estimates undertaken at the assessment stage are preliminary estimates only and are subject to change.

After its assessment, EGW will notify the third party of its decision in writing whether EGW consents to the proposal, and any conditions that EGW requires. EGW will notify the third party if the proposal is refused, however in the interim if EGW's consent in writing is not given, the proposal is deemed to be refused.

#### Assessment of third party works proposals by EGW:

EGW undertakes to work cooperatively and in good faith with third parties to adequately define their proposal and to determine the potential risks of interference to EGW works.

Sufficient information must be provided by the third party to enable EGW to adequately assess the proposal. EGW may require the third party to provide additional information that EGW deems necessary to adequately assess the proposal. EGW's assessment of any proposal will be made on a case-by-case basis and will consider matters that EGW considers to be relevant, including;

- The scope, extent, location, complexity, timing and risk to EGW's works associated with the third party's proposal;
- Adequacy of any plans, specifications and other information describing the proposal;
- Materials involved, work/construction methods, on-going operation and maintenance activities involved;
- What EGW works are potentially impacted by the proposal;
- Any risks to EGW customers, staff, contractors and works, and the services provided by EGW;
- Any technical, financial, budgetary, economic, legal, service and/or environmental impacts arising;
- Whether the proposal has the potential to interfere with any EGW works;
- What remedies may be available to adequately manage risk of interference to EGW works arising from the proposal;
- The age, condition, performance history, risk rating, and other asset information associated with any EGW works potentially impacted;
- EGW's work program and budget provisions; and,
- Any other matters deemed by EGW to be relevant.

Where EGW works need to be altered, as agreed by EGW, to manage impacts arising from the proposed third party works, EGW will consider the asset history, EGW's asset management system and its ten-year work program.

Where the affected EGW assets have less than ten (10) years remaining useful life and in consideration of the asset's performance history, and are included on EGW's planned ten-year works program for renewal or augmentation (ie. are planned works), EGW may offer to contribute to the

cost of the alteration of those EGW assets a proportion based on remaining useful life compared to design life.

Where affected EGW assets have more than ten (10) years remaining useful life, and are not included in EGW's ten year work program (ie. unplanned works) the third party will pay the full cost of altering the affected EGW assets as required by EGW to accommodate the proposed works.

Determining any contribution by EGW will consider asset performance / service history and whether asset renewal or augmentation is reasonably likely to be needed within the next 10 years.

Where up-sizing of an existing EGW asset is determined by EGW to be a logical and appropriate part of a required alteration to an EGW asset, or where a benefit to EGW arises, EGW will also consider contributing the incremental cost of that up-sizing or benefit. EGW's consideration of benefit and any proposed contribution is at EGW's sole discretion.

EGW may at its own discretion deduct a "bring-forward" cost component to any contribution to the required alterations to EGW works. A bring-forward cost considers the financing and other administrative costs of bringing forward a particular planned project ahead of time.

Any contribution of cost by EGW will be determined on a fair and reasonable basis.

Any contribution by EGW will be constrained by EGW's planned works budgets for any given year, and will be applied on a "first come, first served" basis. EGW's renewals budget is required for the replacement of EGW assets and is based on a prioritised risk-management approach to ensure EGW's service standards continue to be met. Where renewal of EGW assets is brought forward to accommodate third party works, the risk of delaying identified priority asset renewals will also be considered by EGW. In any given year no more than 50% of EGW's renewals budget will be diverted to "bring-forward works" to accommodate third party works proposals, and in any case EGW reserves the right to not divert any funds from its planned priority works to unplanned or brought-forward contributions to any third party works.

Any alterations to EGW works that may result from third party activities will need to be accommodated in EGW's planned works program. EGW will give priority to its committed planned works projects and EGW can give no guarantees about the timing of unplanned alterations to its works. EGW will make reasonable efforts to accommodate unplanned alterations to its works in a timely manner where possible.

## **5. TRAINING**

Relevant EGW staff will be trained in the application of these procedures.

## **6. SAFETY**

Workplace health and safety-related aspects of the works are fully the responsibility of the third party as part of the principal-contractor arrangement. EGW is not a party to a third party's proposed activities and, except where EGW makes its own arrangements for alterations to its works arising from the third party's works, any contractual arrangements entered into by a third party are purely the responsibility of the third party. The third party's agents and representatives, including contractors and consultants are not "employees" of EGW.

EGW is responsible for workplace health and safety-related aspects that relate to its own activities. To this end, EGW's Safety Management Systems apply to EGW's activities and any works on EGW assets.

## **7. REFERENCES**

- EGW SOP 132 Third Party Works
- EGW Policy No. 6, Owner-Financed Works Policy.
- EGW SOP 126, Asset Management Procedures, and EGW Project Management Manual.
- EGW SOP 141 Asset Creation
- EGW SOP 139 Supply of Design Data for GIS Data Entry
- EGW Tendering Manual

## **8. REFERENCED FORMS**

- EGW Form F074, Project Initiation Form
- EGW Form F075, Project Completion Form
- EGW Form F096, Asset Creation

## **9. RISK MANAGEMENT**

This SOP forms an integral part of East Gippsland Water's Risk Management Program.

Appendix 1: SOP 166 Flow chart

