

THIRD PARTY WORKS IMPACTS ON EGW WORKS

1. PURPOSE

This Standard Operating Procedure (SOP) describes the process that applies in relation to proposals by Third Parties for works or activities that have the potential to impact on East Gippsland Water (EGW) services and/or works (assets).

Note that;

- Where proposals for structures or filling to be placed on or within one metre laterally of any EGW works (assets), section 148 of the Water Act 1989, and EGW's SOP 125, Structures over Works, may apply.
- Proposals for schemes, in accordance with Part 13, Division 6, Owner Finance, of the Water Act 1989, are not covered by this SOP.

2. APPROVAL

Managing Director

3. DEFINITIONS

Activities – Activities are proposed by a third party and can include; inspection, testing, operations, maintenance, installation, construction, removal, demolition or other works, either temporary or permanent. Activities have the potential to impact on EGW's works or services which may therefore require modification or augmentation. Activities may create new assets that are gifted to EGW.

Examples of activities include; road construction or maintenance, earthworks, excavations, drainage works, service locations, fencing, construction or alteration of buildings, paving, driveways, pipes, cables, poles, stockpiling of earth fill, generation of electromagnetic fields, or any other works or activities that are located on, near or adjacent to EGW's assets or facilities such that they may interfere with EGW's works or services.

Third party activities can include extension of water and/or sewerage infrastructure by a property developer as may be required or agreed arising from a Planning Permit or related process (refer also to SOP 167, New Customer Contributions Procedures). Third party activities can also include owner-funded works and sundry debtor works.

Activities carried out in the vicinity of EGW works or assets, not necessarily be located directly above or adjacent, may still impact on EGW's works or services. For example, vibrating earthworks or pile-driving equipment may impact on EGW's underground pipelines that may be some distance away.

Benefit – A benefit to EGW, and therefore EGW's customers, may arise from activities proposed by a third party, which may be considered and approved or rejected by EGW at its absolute discretion. Examples of possible benefit that may be considered by EGW include; where an aged EGW asset is renewed as part of the activities where the third party meets all or some of the cost of the asset renewal as agreed. The extent and value



of any benefit to EGW will be assessed and determined by EGW at its own discretion including consideration of any proposed cost apportionment.

Contractors and/or **Consultants** are the duly qualified and experienced persons/entity engaged by and acting on behalf of the third party, where approved by EGW.

Emergency – includes reasonably unplanned actions required in response to an event that may reasonably be expected to result in a risk to personal or public safety or impact on the environment or material loss or damage to property, etc.

Gifted Assets – are water and/or sewerage assets that are constructed or modified by a third party as part of their activities, as approved by EGW, that will upon acceptance by EGW be handed-over to EGW (gifted) for on-going ownership, operations and maintenance in perpetuity (subject to any conditions of acceptance required by EGW and any warranties, defects liability periods, and the like).

Interfere - Section 288 of the Water Act 1989, requires (among other things) that a person must not, without the consent of EGW, destroy, damage, remove, alter or in any way interfere with any EGW works or other property. For the purposes of this SOP, interference includes any activities that adversely impact on EGW's works or services.

Renewal – where an existing EGW asset is replaced with a similar asset that provides a level of service and/or extends the service life of the asset (for example, replacement of, or relining a pipeline). Sometimes also called “replacement” of assets.

Note that alterations to EGW works, such as relocation or lowering of a section of a pipeline, usually involve renewal/replacement of that section of the pipeline.

Services – EGW provides services to its customers using its assets, and asset management systems which include personnel (staff and authorised consultants, contractors and/or other agents), management systems, intellectual property and other tools and resources. Our various operations and maintenance activities, as well as our assets, can be impacted by activities proposed by third parties – for example, our meter reading functions can be disrupted by private building works.

Third Party – A third party is any person or entity, other than EGW (or EGW's authorised staff, agents, consultants or contractors), that proposes to carry out works or activities that may impact on EGW's works or services. Third parties can include individuals, groups, companies, property owners and/or developers, consultants, contractors, volunteer organisations, clubs, government departments and agencies such as; Councils, VicRoads, electricity and telecommunications companies, 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 increase the capacity or service level of those altered 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 pipe, to cater for future demand, may be required by EGW (with a consequent benefit to EGW). EGW will determine, at its own discretion, whether upsizing any EGW asset associated with third party activities, together with any cost-sharing or apportionment as appropriate.

Refer also to EGW SOP 167, New Customer Contributions Procedures.



Works – Consistent with Section 3 of the Water Act 1989, 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 (often also referred to as infrastructure “assets”).

Works Agreement - is a formal written agreement between EGW and third parties acknowledging the activities, EGW’s requirements and allocation of tasks, responsibilities and costs. Where works on EGW assets are required by EGW in response to the activities, EGW will, on behalf of the third party, normally arrange the engineering design, project and contract management tasks required to complete the agreed works. Where EGW arranges works on behalf of the third party, EGW will be the contract Principal and will be fully responsible for the engagement and supervision of contractors including all Health, Safety and Environmental management.

4. PROCEDURE

Except in emergencies, where third parties propose activities that will or have the potential to impact on, or be impacted by, EGW works and/or services, EGW must be consulted prior to the activities commencing.

In emergency situations, EGW must be advised of such activities as soon as reasonably possible (EGW operates a 24/7 emergency response service for water and sewer faults, including after-hours response).

Unless otherwise agreed by EGW in writing, third party activities are proposed, owned, operated, maintained and paid for, and are the responsibility of, the third party.

Proposals by third parties must be submitted in writing to EGW for consideration before commencing works.

Proposals relating to property water and/or sewer connections, including trade waste and fire services and the like must be submitted with EGW’s application for Consent to Connect (EGW Form No F040).

Proposals associated with property development, land subdivisions and change of use will normally arise from the planning processes under the Planning and Environment Act 1987, the Subdivisions Act 1988, and related legislation (refer to the relevant planning authority/local council for details).

All other proposals must be submitted to EGW in writing, addressed to the Managing Director, and should include details of the proposed activities and the expected impacts on/by EGW works or services.

EGW will consider third party activity proposals and may refuse an application, or may approve the application with or without conditions. EGW will advise the third party in writing of its consideration and determination in relation to impacts on/by EGW works or services arising from any proposed activities.

Subject to prior written approval by EGW, third parties may wish to make their own arrangements for engineering consulting services and contractors for third party activities, or the Third Party may seek EGW to carry out works on its behalf, at EGW’s discretion. Approval by EGW to any Third Party works proposal will be assessed on a case-by-case basis and is be subject to EGW’s requirements including, but not necessarily limited to, the following;



- 4.1 Third Party works must meet industry standards and EGW requirements. Engineering consultants and contractors proposed to manage and construct Third Party works must demonstrate that they are appropriate legal and financial entities with suitable insurances and have relevant management systems in place, including health safety and environmental management systems. Contractors and consultants must demonstrate that they have appropriate qualifications, knowledge and expertise, particularly relating to water and sewerage infrastructure engineering, design, project and contract management. EGW may seek comment from referees and/or from previous clients.
- 4.2 All engineering designs, plans and specifications for Third Party works must be submitted to EGW in writing before any works commence (except in genuine emergencies). EGW will review plans and specifications to ensure that they are compliant with relevant standards and required levels of service. EGW does not accept any liability for the accuracy or engineering efficacy of such designs, plans and specifications that it may approve.
- 4.3 Contractors proposed to be used in the supply of materials and construction of water and/or sewerage infrastructure must be approved in writing by EGW prior to any works commencing.
- 4.4 An assessment may be required of the ability of existing infrastructure to satisfactorily service any new development and the impacts on existing customers that may result from a new development. Such assessment will be at EGW's discretion and may include hydraulic modelling, site investigation, survey and other activities, all at the Third Party's cost.
- 4.5 EGW reserves the right to refuse Third Party development proposals and will provide justification for that decision.
- 4.6 Where approved by EGW, following completion of Third Party works, and successful commissioning of any relevant assets created, the ownership of certain specified assets are gifted to EGW (where upon EGW's formal acceptance of the gifted assets, those assets will be owned by EGW). The on-going operation, maintenance and replacement/upgrade of accepted gifted assets is then the responsibility of EGW.
- 4.7 Where arrangements for Third Party design and construction of water and sewerage infrastructure are approved by EGW, the contractual arrangements applying must be clearly identified (generally the Third Party (Developer) will be the Principal, with the Consultant acting as Project Manager and Superintendent for the Third Party). All contractors engaged by the Third Party are employees of the Third Party. EGW is not a party to these Third Party contractual arrangements.
- 4.8 The Third Party (or authorised representative) are fully responsible for the planning, obtaining any and all approvals, construction, testing, commissioning, completion, reinstatement and all other matters and costs relating to the Third Party works.
- 4.9 The Third Party (including any Principal, Project Manager, their agents and contractors), must comply with EGW directions for the works, including liaison with other EGW staff, contractors or relevant authorities / utilities.
- 4.10 EGW will arrange to carry out regular audits of the works in progress, to ensure compliance with previously agreed / approved EGW requirements.
- 4.11 All works must be designed and constructed in accordance with the relevant Water Services Association Australia (WSAA) Codes of Practice and Standards and EGW requirements as specified in Technical Bulletins. Approval for any departure from these Codes of Practice and Standards must be obtained from EGW in writing. Standards Association of Australia (SAA) standards may also apply and a recognised standard General Conditions of Contract may be used. All relevant EGW Policies, Standard Operating Procedures, Work Instructions and Technical Bulletins must be incorporated into the specifications and works where relevant. EGW may require



certain standard specified equipment to be incorporated into the works, at the Third Party's cost.

- 4.12 A suitable financial security to the estimated value of the proposed works (e.g. Bank Guarantee or monetary bond) may be required by EGW to be lodged by the Third Party prior to commencement of the works. Upon successful commissioning and formal acceptance by EGW of the completed works, the financial security will be returned to the Principal less any additional costs or bond for outstanding works (completion of works or rectification of identified defects) or Warranty Period (nominally 12 months and 5% of total project cost or minimum \$500).
- 4.13 Complete surveyed As-Constructed plans, asset creation information (with evidence of actual asset creation costs including consultant fees), plant risk assessments, operation and maintenance manuals and other information relevant to the safe, efficient and effective ownership, operation and maintenance of the completed works are required to be supplied to EGW before acceptance of the completed works can be provided. The required information must be supplied in hard-copy and / or suitable electronic format, for incorporation into EGW's management systems.
- 4.14 All design, plans, specifications and other documentation required for the full and complete construction and commissioning of the works are deemed to be vested with EGW. EGW may make other requirements as may be necessary, as specific proposals/designs are developed. EGW may also be prepared to arrange the works fully on behalf of the Developer, subject to receipt of a written request from the developer. This option would be subject to EGW's works program and availability of contractors. A Works Agreement and payment to EGW of the estimated value of the works would be required prior to any works commencing. EGW staff and/or our consultants can provide advice and assistance, including feasibility and cost estimates for any works required. A fee will be charged for this service, however, the fee will be credited towards any future fees / charges incurred as a result of works undertaken (either by Third Party or Works Agreement). Enquiries or proposals for Third Party works for the provision of water and/or sewerage infrastructure should be directed to EGW's Bairnsdale office as soon as possible.

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. REFERENCES

- 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
- EGW SOP 167 New Customer Contributions Procedures (DOC/12/28728)
- EGW Land Development Manual (DOC/11/8081)
- Others???

Other numbered subtitles may be used such as:

- **RESPONSIBILITIES**
- **TRAINING**
- **RECORDS**
- **REFERENCES (Legislation, Standards, Guidance material)**
- **RELATED DOCUMENTS**
- **APPENDICES (process background/supporting material, flowcharts)**

This revised SOP166 wil replace SOP 132 (will be rescinded) *****

REVIEW

This SOP will be reviewed every two years.