

Bringing existing infrastructure under formal management arrangements

Guidance Note 17.2

Introduction

This Guidance Note is intended to help Local Government Authorities (LGAs) lead the processes for determining whether or not existing flood mitigation infrastructure should be brought under formal management arrangements. It does this by:

- defining the challenges associated with the formal management of existing infrastructure
- reiterating the current policies surrounding the management of such infrastructure
- reiterating the government's investment criteria for restoring or upgrading such infrastructure
- outlining a process for satisfying the government investment criteria.

The challenges associated with the formal management of existing infrastructure

A commitment to bring existing flood mitigation infrastructure under formal management arrangements creates an obligation to maintain the infrastructure to contemporary standards. Changing the management arrangements will therefore have financial and non-financial resource implications, which need to be analysed to determine whether the social, environmental and economic benefits of the proposed new arrangements exceed the costs.

Current Policy

Under Accountability 17b of the Victorian Floodplain Management Strategy, LGAs (outside Melbourne Water's region) are accountable for:

- leading the processes to determine and implement, through flood studies and Water Management Schemes (where appropriate), the assessment of existing flood mitigation infrastructure necessary to meet the needs of their communities, taking into account economic, social, cultural and environmental issues
- the ongoing maintenance and management of existing infrastructure under formal management arrangements.

LGAs are not compelled to bring existing infrastructure into formal management arrangements, and they are not compelled to use Water Management Schemes as the vehicle for formal management. However, under Policy 17C of the Victorian Floodplain Management Strategy (which is reproduced in full in Attachment 1), the costs of restoring or upgrading existing flood mitigation infrastructure to bring it into formal management arrangements will, if it meets the government investment criteria, be shared equally between the Australian and Victorian Governments, and the relevant LGA.

Government investment criteria

As outlined in section 17.2 of the Victorian Floodplain Management Strategy, the Victorian Government is guided by the following principles when deciding whether or not to co-invest in large-scale flood mitigation infrastructure:

- Due process – communities will be consulted so that their concerns, their local knowledge and their ideas about flood mitigation options can be considered.
- Due diligence – decision-making processes will set clear objectives, be evidence-based and will examine all reasonable options to mitigate flood risks.
- Cost effectiveness – the three tiers of government will only invest in building or upgrading flood mitigation infrastructure if the benefits are greater than the total costs (including both capital and ongoing costs).
- Supporting analysis – this will include consideration of the economic value of flood mitigation infrastructure to local economies, including local industries and businesses.
- Community benefits – the three tiers of government will only invest in building or upgrading flood mitigation infrastructure where the primary benefits are the protection of:
 - human life and safety

- community safety, by ensuring major evacuation routes are maintained
- community welfare, by ensuring the continuity of social services, particularly those provided by public infrastructure
- existing dwellings, where it is only feasible to protect them through collective action.

Accountability for ongoing management – the three tiers of government will only invest in building or upgrading flood mitigation infrastructure if the accountability arrangements for ongoing management, maintenance and assurance are agreed and clearly documented. These arrangements should allow for measurable outcomes to be established, evaluated and reported.

While not ruling out the potential for rural levees to satisfy these criteria, in practice, it is easier to demonstrate a prima facie case for these community benefits for urban areas than it is for rural areas.

A process for satisfying the government investment criteria

The practical implications of the investment criteria can be distilled down into a series of principle-based steps that an LGA would need to lead, with the active support of the relevant catchment management authority (CMA) and VICSES, in order to be eligible for co-investment with the Victorian and Australian Governments. These are:

1. Engage early with the community affected by the flood mitigation infrastructure.
2. Conduct a detailed flood risk evaluation of options (flood study).
3. Evaluate mitigation options.
4. Demonstrate the community benefits of the preferred option.
5. Commit to an appropriate asset management system.

To the extent possible these steps should be done in parallel rather than in sequence. Each is explored in more detail below.

Engage early with the community affected by the flood mitigation infrastructure

Community members play an important role in influencing the design, construction and ongoing management of flood mitigation infrastructure. Without the involvement of local landholders, both those who

may be affected by the infrastructure and the wider community, the infrastructure may not meet the community's expectations.

The community should be consulted about the need, purpose, location and aesthetics of the infrastructure from the flood study to construction. Engaging with the affected community enhances their understanding and therefore their support for the infrastructure.

Conduct a detailed flood risk evaluation (flood study)

As outlined in section 11 of the Victorian Floodplain Management Strategy, detailed risk evaluations, in the form of flood studies, can fill gaps in knowledge and help communities consider flood management options. Their usefulness depends on their technical rigour. High standards apply for complex flood situations with high – and potentially increasing – risk exposure. Less detailed assessments are used in areas of lower population density and where average annual damages are low. Flood studies are not just an assessment of flood behaviour, they also analyse risk treatment options.

Evaluate mitigation options

If the flood study reveals a need to restore or upgrade the existing floodplain mitigation infrastructure, there are several steps involved in moving from the flood study to on-ground action. In practice, the challenge is to determine how much of this work can and should be done in parallel rather than in sequence. This varies with the degree of difficulty involved in securing:

- viable risk management options
- consistency with legislation and with the policies of the partners involved
- integration with statutory and strategic planning
- community support
- priority in capital funding programs
- ongoing funding for management and maintenance
- inter-agency commitment to seeing the action plan implemented.

As a general rule, the process should be condensed as much as practicable. It is important to capitalise on community receptiveness to flood mitigation options (including planning controls) – especially if the planning is being done soon after a flood. If the process drags out too long, the risk is that essential community support will diminish.

Demonstrate the community benefits of the preferred option

The government investment criteria make it clear that the three tiers of government will only invest in building or upgrading flood mitigation infrastructure where the primary benefits are the protection of:

- human life and safety
- community safety, by ensuring major evacuation routes are maintained
- community welfare, by ensuring the continuity of social services, particularly those provided by public infrastructure
- existing dwellings, where it is only feasible to protect them through collective action.

The business case to implement the preferred option for restoring or upgrading existing flood mitigation must therefore be able to demonstrate some or all of these sorts of benefits.

Commit to an appropriate asset management system.

The Victorian Floodplain Management Strategy expresses the government's preference for Water Management Schemes, where appropriate. However, it leaves it open to individual LGAs to determine for themselves the best arrangements for formal management of the infrastructure.

The government does, however, require assurance about the LGA's accountability for ongoing management. The investment criteria make it plain that the three tiers of government will only invest in building or upgrading flood mitigation infrastructure if the accountability arrangements for the LGA's ongoing management, maintenance and assurance are agreed and clearly documented. These arrangements should allow for measurable outcomes to be established, evaluated and reported in an appropriate asset management system that includes provision for auditing.

Guidance on how to provide such assurance, through an appropriate asset management system, is set out in the *Better Practice Guide on Local Government Asset Management*, which was released by Local Government Victoria (LGV) in 2016¹. In the pursuit of better practice, LGV sought to align its guidance with the Institute of Public Works Engineering Australasia (IPWEA) *National Asset Management Strategy* (NAMS). The IPWEA NAMS Framework is aligned with the International Standards Organisation (ISO) 55000 series of asset management standards and has been adopted by many local governments across Australia.

¹ <https://www.localgovernment.vic.gov.au/council-innovation-and-performance/financial-and-asset-management> (Accessed 20 May 2021).

Attachment 1: Policy 17C of the Victorian Floodplain Management Strategy

Flood mitigation infrastructure outside Melbourne Water's region that is not currently subject to formal management arrangements will remain that way unless the relevant LGA (through a Regional Floodplain Management Strategy or local assessment) determines that the infrastructure should be brought into formal management arrangements through a Water Management Scheme or other appropriate arrangements.

The costs of restoring or upgrading existing flood mitigation infrastructure to bring it into formal management arrangements will, if it meets the government investment criteria (Section 17.2), be shared equally between the Australian and Victorian Governments, and the relevant LGAs.

The maintenance and management of existing flood mitigation infrastructure under formal arrangements will be funded by beneficiaries (through relevant LGAs) and will be subject to third-party auditing arrangements to ensure it continues to be maintained.

Where there is flood mitigation infrastructure that is not being formally managed:

- the relevant Municipal Planning Scheme must not assume that the infrastructure will provide flood protection
- the relevant Municipal Flood Emergency Plan must provide for the potential for sudden and complete failure of that infrastructure.