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## **CAPITAL EXPENDITURE GUIDELINES**

The purpose of this circular is to advise councils of the release of the Capital Expenditure Guidelines (the Guidelines). The Guidelines will assist councils in the preparation and review of certain capital expenditure projects. These Guidelines replace Circular to Councils 97-55.

The overriding principles of the Guidelines are accountability and prudent financial management of council resources.

Councils are required to undertake a capital expenditure review for projects that are not exempt and cost in excess of 10% of council's annual ordinary rates revenue or \$1 million (GST exclusive), whichever is the greater. There are additional requirements for non exempt capital projects where the project costs are expected to exceed \$10 million (GST exclusive).

Councils are required to notify the Division of all capital projects that fall within the threshold.

The Guidelines have been issued pursuant to section 23A of the *Local Government Act 1993*. As such, councils must consider these Guidelines before committing to capital projects. It should be noted that councils are expected to undertake the processes outlined in the Guidelines, irrespective of the funding sources of projects.

Councils may consider it prudent to undertake capital expenditure reviews for projects under the threshold, but this will be at the council's discretion.



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