A MAJOR CAPITAL INVESTMENT MANAGEMENT FRAMEWORK FOR LOCAL GOVERNMENT

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Abstract
In recent years the long term financial sustainability of the Australian local government sector has come under close scrutiny. The national response has been a reform agenda which, in the case of many state and territory governments, has included the introduction of legislation aimed at an improved understanding of local governments’ future financial requirements. The State Government of Western Australia has introduced integrated planning and reporting requirements for local governments aimed at linking community aspirations with long term strategy and financial resources. A key element is the preparation of a ten year rolling Long Term Financial Plan (LTFP) which aligns financial capacity with the priority needs of the community as provided for in the Strategic Community Plan. The LTFP must include major capital investments and take into account financial forecasting, risk, ‘whole of life’ costing and asset management plans. There are however no specific guidelines on how these plans are to be inter-related. Accordingly, the City of Mandurah has developed a supplementary framework that assists in selecting and managing major capital investment and in informing the LTFP. To meet the overarching principals of the legislation, the framework includes an assessment of major capital investment options against strategic objectives including financial and quadruple bottom line impacts. In doing so, the framework promotes the creation of ‘public value’ through the alignment of strategic priorities with quadruple bottom line accountability and long term sustainability.

Key Words: Integrated Planning, Major Capital Investment, Sound Financial Management, Quadruple Bottom Line Impacts, Sustainability, Public Value