



ROYALTIES FOR REGIONS COUNTRY LOCAL GOVERNMENT FUND INDIVIDUAL COUNTRY LOCAL GOVERNMENTS

2010-11 Guidelines

OBJECTIVES

Royalties for Regions is a plan for the whole of Western Australia, with a focus on building communities in regional areas through six policy objectives:

- building capacity in regional communities
- retaining benefits in regional communities
- improving services to regional communities
- attaining sustainability
- expanding opportunity
- growing prosperity.

The primary objective of the Royalties for Regions Country Local Government Fund (CLGF) is to address infrastructure backlogs across the country local government sector.

The Fund provides the country local government sector with additional money for the purpose of infrastructure provision and renewal. Funding in 2010-11 is provided to individual country local governments and regional groups of country local governments to promote strategic infrastructure development and asset preservation and renewal.

The Fund aims to:

- address infrastructure backlogs and support capacity building
- improve the financial sustainability of country local governments in WA through improved asset management
- provide financial assistance to country local governments which choose to amalgamate voluntarily
- assist groups of country local governments to fund larger scale infrastructure projects.

The Department of Regional Development and Lands (RDL) is administering the Fund.

The guidelines in this document relate to the provision of assistance to individual country local governments to address infrastructure backlogs.

WHAT CAN BE FUNDED

Expenditure of allocations must be on individual local government infrastructure asset renewal and/or infrastructure asset creation. The Fund is aimed at encouraging additional expenditure by the local government on planned infrastructure needs.

Projects must be identified in the forward capital works plans approved by RDL under the 2009-10 CLGF Guidelines.

It is expected that infrastructure projects funded through CLGF are construction ready. It is considered that for a construction ready project, local governments should have as a minimum completed initial planning through feasibility/business plans, have obtained realistic cost estimates for

the project by appropriate independent professionals such as engineers, quantity surveyors and architects, and be well advanced in obtaining all necessary approvals and licences.

CLGF monies must be used on the capital works component of the infrastructure project. Capital works are defined as building and engineering works that create an asset, as well as constructing or installing facilities and fixtures associated with, and forming an integral part of, those works (such as buildings, floor finishes, air conditioning and security systems, but excluding items such as furniture and office equipment). The definition encompasses the purchase of buildings. Headworks costs associated with an eligible capital works project are acceptable.

Country local governments on the SWIS grid meeting the cost of the Distribution Headworks Charge may also be eligible for a total subsidy from Western Power if located at remote or edge of grid locations. For further details contact Western Power on 13 10 87 or refer to the website <http://westernpower.com.au>. Country local governments should check the availability of this subsidy prior to costing headworks charges into a CLGF funded project.

Individual country local governments may expend CLGF funds on assets which are not under the direct care or control of a local government where all of the following must be met:

- the project and the supporting information is included in the local government's forward capital works plan
- it can be demonstrated that there is a clear commitment to the asset being accessible on a long term basis to the broader community
- there is a plan for the future maintenance of the asset
- the local government maintains appropriate control over ensuring that the asset is used for the benefit of the community (for example, through a formal written agreement with a third party).

Capital renewal is an acceptable expenditure. Capital renewal is expenditure on items which are deemed to extend the life of an asset and sustain the service of an asset at the same level on a like-for-like basis. Examples of renewal projects include major restorations, or renovations, such as repainting and major roof and floor repairs.

Other Infrastructure Related Costs

An amount not exceeding 15% of a local government's CLGF allocation for a particular project may be spent on project documentation activities (such as architectural, structural, mechanical and hydraulic engineering plans) and construction and project management fees.

While it is expected that local governments will contribute towards CLGF supported projects through areas such as staff, the cost of reasonable direct wages, where they are a component in the construction of an infrastructure asset may be included under CLGF expenditure. Please refer to Section 9, Pages 40-41, of the *Local Government Accounting Manual (Edition 1)* for the relevant treatment of employee benefits in relation to CLGF.

Local governments need to be aware that in determining Commonwealth Financial Assistance Grants, the Local Government Grants Commission is likely to take into account CLGF funds to the extent to which local governments spend them on road asset preservation and renewal. Where the funding to local governments is spent on bridges, buildings and infrastructure assets other than road asset preservation, this may not affect financial assistance allocations. Based on 2008-09 CLGF spending, however, it is likely that only minor impacts will occur on financial assistance allocations.

Please contact the Department of Local Government should you require information regarding the Commission's definition of road preservation.

WHAT CANNOT BE FUNDED

CLGF funds cannot be applied to expenditure on non-infrastructure items. The funds are not to be used for:

- projects not identified as priorities in the local government's approved forward capital works plan referred to above

- purchasing equipment (e.g. furniture, computers, vehicles and moveable plant)
- purchasing land
- retiring debt
- engaging consultants or staff outside or beyond the timeframe of a CLGF funded infrastructure project
- general maintenance*
- feasibility studies, cost-benefit analysis, impact studies, marketing plans, research projects, stand alone project designs or plans
- investment for the sole purpose of return (e.g. interest)
- retrospective funding, where projects have been completed or have commenced construction prior to receiving approval from RDL.

*General maintenance is recurrent expenditure which is considered as the day-to-day servicing of an asset including small parts. Please refer to Section 9, Page 10, of the *Local Government Accounting Manual (Edition 1)* for the relevant definition.

HOW TO APPLY

Before receiving the first instalment of 2010-11 funds, recipients are required to fully acquit their 2008-09 allocation, complete a forward capital works plan to the satisfaction of RDL and enter into a Financial Assistance Agreement. Please refer to the 2009-10 CLGF guidelines for further details regarding the acquittal requirements.

The process for CLGF grant recipients will be:

1. Complete a forward capital works plan to the satisfaction of RDL.
2. Complete a proposal form outlining projects to be funded. Projects must be identified in the approved forward capital works plan submitted by a country local government and approved by RDL. The proposal must include a pro-forma budget for each project to be funded.
3. Upon approval of projects, RDL will forward applicants a Financial Assistance Agreement, which will outline the conditions of the funding. Applicants are to complete this document where required and to sign and return a hard copy to RDL.
4. The Agreement will then be signed by the Director General of RDL and the grant payment will be processed.

It is important to note that:

- Before receiving any 2010-11 funds local governments must acquit their initial allocation from 2008-09 and provide RDL with an acceptable forward capital works plan, which is being funded through the 2009-10 CLGF allocation.
- Payment of the 2010-11 funds is likely to be in one instalment.
- The 2010-11 funds will be spent in accordance with the RDL approved forward capital works plan prepared by each local government.
- The preference is for the funds to be spent in the year in which they are paid to a local government. However if there are delays in expenditure, and subject to reasonable progress being made to the satisfaction of RDL, local governments will be given up to two years from the date of payment of these funds to acquit them.
- Local governments will be expected to review their forward capital works plan each year. These revised plans must be approved by RDL. Subject to this approval and to reasonable progress being made with the expenditure of the 2010-11 CLGF grant to the satisfaction of RDL, payment of the 2011-12 funds is likely to occur early in the financial year in which it is due. Local governments will be given up to two years from the date of payment of these funds to spend and acquit them to the satisfaction of RDL.
- This process would then continue into the out years although it should be noted that the intention is to provide a greater percentage of CLGF funds to regional groups of country local governments over time.

CONDITIONS AND OBLIGATIONS

Local governments will be required to seek RDL's approval, in writing, should they wish to reallocate CLGF 2010-11 funding. Project changes requested must adhere to these guidelines and be granted approval by RDL before proceeding.

For all projects, or aspects of projects, that appear to fall outside the guidelines, country local governments should contact RDL to discuss these circumstances and how they may be managed.

Applicants need to be aware that RDL may consult with other agencies and relevant stakeholders in relation to proposed projects.

Recipients need to be aware that RDL may undertake sample audits to assess the application of the funds. Any monies not spent for the purpose for which they were provided must be refunded to RDL. The Office of the Auditor General may also undertake sample audits.

Local governments are reminded that, in addition to the accountability provisions stated above, they operate under an accountability regime prescribed by the *Local Government Act 1995*. Under this regime each local government is accountable to its community, reporting through annual budgets, financial statements and annual reports, and faces public scrutiny by the public, ratepayers and electors through open council meetings, annual electors' meetings and the ballot box at biennial elections.

All activities and expenditure undertaken by the local governments in relation to the CLGF project(s) must be in accordance with the *Local Government Act 1995* and the *Local Government (Functions & General) Regulations 1996*. The provision of the goods and services must be in accordance with the purchasing and regional price preference policies (*Part 4 of the Local Government (Functions & General) Regulations 1996*) of the relevant local government.

CLGF 2008-09 Acquittals

Completion of final acquittal reports for the 2008-09 CLGF monies is required to access the 2010-11 funding. CLGF Final Acquittal Report Forms are available from RDL's website: <http://www.royaltiesforregions.wa.gov.au>

Please refer to the 2008-09 guidelines for further details regarding the acquittal requirements.

CLGF 2009-10 Acquittals

Please refer to the 2009-10 guidelines for further details regarding the acquittal requirements.

2010-11 Reporting Requirements

All country local governments will be required to enter into a Financial Assistance Agreement with RDL before receiving payments in 2010-11.

Recipients are required to report to RDL on a quarterly basis, as outlined in the Financial Assistance Agreement. Annual audits will be required until the funding has been fully acquitted. Project progress updates may be requested by RDL at other times. The local government is required to respond with this information within the timeframe requested.

A Final Acquittal Report Form, including an audited Statement of Income and Expenditure for the 2010-11 allocation, is to be submitted to RDL upon expenditure of the *entire* allocation against the set guidelines. Recipients are to submit this report as described in their Financial Assistance Agreement. Further documentation regarding this final report will be made available through RDL's website <http://www.royaltiesforregions.wa.gov.au>.

Any income accrued on CLGF allocations from a reserve fund (or similar) must be declared in the Final Report referred to above and such income must be spent in accordance with these Guidelines.

Funding payments for 2012-13 may not be processed until the 2010-11 reports have been received by the RDL and confirmed as satisfactory. Should recipients not adhere to these conditions they may be excluded from future years distributions of the Fund and their notional entitlement may be distributed to other recipients.

Acknowledgment of CLGF

Community awareness of the facilities funded by the CLGF will assist in the program's acceptance, success and longevity. It is therefore important that local governments acknowledge their Royalties for Region's CLGF allocation in all communication activities. Examples are provided below.

- Newsletter articles, advertising, speeches, presentations or other publications by displaying the Royalties for Regions logo and the State Government logo and acknowledging the funding assistance.
- Signage on the project site. Projects receiving over \$100 000 should display a sign/plaque acknowledging Royalties for Regions funding during work and after the project is completed. If the project is set in stages or across a number of locations, one sign should be placed at an appropriate site in an area of high visibility. Signage for projects funded for less than \$100 000 is optional. The 2010-11 CLGF allocation may be used to purchase and install the sign/plaque.
- Public announcements (media statements), official launches and/or openings. To ensure consistency of messages delivered across government agencies and departments, local governments should work with and seek RDL approval on all public announcements.

Advice on acknowledging your Royalties for Regions CLGF allocation can be obtained by contacting the RDL Major Regional Projects communications team on (08) 9217 1400.

The Royalties for Regions Style Guide and advice on purchasing signage can be downloaded from the RDL website at www.RoyaltiesforRegions.wa.gov.au

TAX INFORMATION

The Department of Regional Development and Lands is registered for GST and has been issued with Australian Business Number (ABN) 28 807 221 246. RDL regards financial assistance under the CLGF as payment for a supply. GST-registered financial assistance recipients will therefore be liable for GST in connection with the financial assistance.

For GST-registered financial assistance recipients, RDL will increase the financial assistance by the amount of GST payable. GST-registered financial assistance recipients must provide the Office of Shared Services (OSS) with a tax invoice for the GST inclusive value of the financial assistance unless RDL and the recipient have agreed in writing to the issue of a Recipient Created Tax Invoice.

Payment will not be made until the recipient is registered as a supplier with OSS and OSS receive a tax invoice or an agreement to issue a Recipient Created Tax Invoice. The recipient acknowledges that the financial assistance provided is consideration for a supply to RDL and that the GST component will be included in the applicant's next Business Activity Statement lodged with the Australian Taxation Office.

For applicants not registered for GST, RDL will *not* include GST. Nor will it reimburse an unregistered financial assistance recipient for GST paid or payable to a third party. Unregistered financial assistance recipients must provide OSS with an invoice for the amount of the grant.

FREEDOM OF INFORMATION ACT

Recipients are informed that RDL is subject to the *WA Freedom of Information Act*, which provides a general right of access to records held by State Government agencies and local government authorities.

Recipients should also be aware that information pertaining to the receipt of State Government financial assistance will be tabled in the Western Australian Parliament. This information could include

the names of local governments, the amount of the assistance, the name of the project/activity and, possibly, a brief description thereof. This could result in requests for more detail to be released publicly.

Should you require any further information in relation to this issue, please contact RDL's Freedom of Information Coordinator on (08) 9217 1400.

PAYMENT DETAILS

Allocations are expected to be provided in one instalment. All payments are contingent upon receipt of required reporting and audit actions as outlined under **Conditions and Obligations**, above.

Method of Payment

The Department of Regional Development and Lands is responsible for the administration of this Fund. Please be aware that RDL operates under a Whole of Government shared corporate services environment. Through this arrangement, payments will be undertaken by OSS, a business unit of the Department of Treasury and Finance.

Upon receipt of the required documentation, RDL will raise a requisition and will issue recipients with a purchase order. Tax invoices for these funds will then need to be submitted directly to OSS, quoting the purchase order number and GST, if registered. The payment of this grant will be made direct to you from OSS, and not from RDL, within 30 days of receipt of invoice.

For further information regarding these payment arrangements please visit the OSS website <http://www.oss.wa.gov.au> and review information about how the arrangements will affect the local government by clicking on the Suppliers Corner.

Should the organisation not be registered as a supplier with OSS please complete the Supplier Creation Form found on the OSS website. Should you need to contact OSS, details are as follows:

Mason Bird Building
303 Sevenoaks Street
PO Box 591
CANNINGTON WA 6987
Customer Service Centre: 1300 345 677
Fax: (08) 9258 0303
Email: business@oss.wa.gov.au

Supplier Creation Forms can also be obtained by contacting RDL on the details below. Please note that an organisation will not be able to receive funding until they are registered with OSS.

Please refer to RDL's website <http://www.royaltiesforregions.wa.gov.au> for any further information on this grant.

CONTACT DETAILS

Please contact RDL on telephone (08) 9217 1400 or freecall 1800 620 511 or email clgf@rdl.wa.gov.au, should there be any further queries regarding these guidelines or the payment of this grant under the CLGF.