



ROYALTIES FOR REGIONS COUNTRY LOCAL GOVERNMENT FUND REGIONAL GROUPS OF 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 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) administers the Fund.

The guidelines in this document relate to the provision of assistance to groups of country local governments.

REGIONAL GROUPS OF LOCAL GOVERNMENTS

The intention of the regional groupings component is to provide financial assistance to local governments to fund larger scale infrastructure projects which clearly demonstrate wider community benefits across a region. **It is anticipated that funding from other sources may be required to fund such projects.**

In recognition of the importance of local decision making about investment priorities, regional groups of local governments, through a process facilitated by Regional Development Commissions (RDCs), will identify the most significant infrastructure projects for their groups. Groups are encouraged to consider projects that include road, rail, communications, ports and energy related initiatives. Groups are also encouraged to explore opportunities to partner with other organisations, including Western Australian Government agencies and the Australian Government, to leverage funding for these projects.

Regional Groups may include Regional Collaborative Groups, Regional Transitional Groups, those local governments that have agreed to amalgamate, regional organisations of councils, strategic alliances or any other grouping of local governments that wishes to work together for the purpose of delivering a regionally significant infrastructure project.

The nine RDCs are playing an active role in working with regional groups of local governments to identify and scope regional priority infrastructure projects. Each of the RDCs was allocated up to \$100 000 from the CLGF in 2009-10 to contribute directly to the cost of planning activity and business case preparation.

Regional groups are expected to have participated in a facilitation process led by the RDCs involving all local governments in each region. Priority projects must be identified by each group and business cases for the priority projects are required to be submitted to RDL for approval by 31 December 2010.

Expenditure of funds must be by mutual agreement of the Group.

Regional groups should be aware that RDL may consult with other agencies and relevant stakeholders in relation to proposed projects.

The funds must be managed by a legal entity which is registered for GST. Such an entity will apply for and receive the Group's funding and be responsible for submitting reports required by RDL and for the Group's acquittal of funds.

WHAT CAN BE FUNDED

Expenditure of allocations must be on regionally significant infrastructure renewal and/or new infrastructure projects identified through the facilitated planning process with RDCs undertaken through the 2009-10 CLGF program. Funds must be spent on capital works elements of eligible projects. 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 (for example, 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 projects are acceptable.

Groups of 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>. Groups of country local governments should check the availability of this subsidy prior to costing headworks charges into a CLGF funded project.

The funding is to be pooled for the Group as a whole, rather than expended by each local government according to the amount notionally allocated through the CLGF funding formula.

Groups 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:

- 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 regional group'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.

Funds provided to regional groups of country local governments from the 2010-11 CLGF allocation must be spent and acquitted satisfactorily before the 2012-13 funding allocation is provided. Any interest accrued must be spent in accordance with these Guidelines.

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

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

- projects not identified as priorities for a Group in the facilitation process led by the RDCs
- 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 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 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

Groups are required to provide RDL with a completed CLGF 2010-11 Regional Groups Application Form and attach a completed Business Case for each project for which CLGF funding is requested

prior to entering into a Financial Assistance Agreement with RDL. The business case must include a proforma budget for each project.

Groups are to nominate in their Application Form the arrangements proposed for managing their CLGF funding and the final date of expenditure for their CLGF 2010-11 allocation. The Form will request the following information:

- who is responsible for the management of the project
- the arrangements regarding ownership of assets involved in the priority projects and asset register arrangements
- who will have responsibility for the maintenance of the assets
- proposed timelines for project implementation
- arrangements for managing CLGF funding and the final date of expenditure for their CLGF 2010-11 allocation.

The Final Report is to be received no later than twelve (12) weeks after the nominated final expenditure date.

Should a Group anticipate that their projects will not be completed by this date RDL must be advised at least 8 weeks before.

A Business Case template will be provided by RDL.

CONDITIONS AND OBLIGATIONS

Formation of Groups and Timing of Payments and Reporting

Regional Groups must be formed as a result of a facilitation process led by the RDCs involving all local governments in each region. Priority projects must be identified by each group and business cases for the priority projects are required to be submitted to RDL for approval by 31 December 2010. Expenditure of funds must be by mutual agreement of the Group.

Payment of the 2010-11 funds will be to the nominated local government or other legal entity according to an agreed schedule in the Financial Assistance Agreement.

As a general principle RDL expects that the 2010-11 funds will be spent in accordance with the payments schedule for each project's business case. The preference is for the funds to be spent in the year in which they are paid to a Group. However if there are delays in expenditure, and subject to reasonable progress being made to the satisfaction of RDL, Groups will be given up to two years from the date of payment of these funds to acquit them.

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.

Subject to reasonable progress being made with the expenditure of the 2010-11 CLGF grant, payment of the total group allocation of 2011-12 funds is likely to occur early in the financial year in which it is due. Groups will be given up to two years from the date of payment of these funds to acquit them. Documentation such as copies of acceptance of tenders, Requests for Quote and contracts will be required to demonstrate the commitment of funds.

Quarterly Reports

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 full allocation has been satisfactorily audited, acquitted and submitted to RDL. Project progress updates may be requested by RDL at other times. The Group is required to respond with this information within the timeframe requested.

Final Acquittal

A Final Acquittal Form, including an audited Statement of Income and Expenditure for the CLGF 2010-11 allocation, must be submitted to RDL upon expenditure of the *entire* Group allocation.

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 above Final Report and such income must be spent in accordance with these Guidelines.

As a condition of funding, all Groups are required to have CLGF expenditure audited by a qualified independent auditor. Documentation of this audit is to be forwarded to RDL with the Final Acquittal Report Form.

If an annual report is produced by the Group, the Fund allocations must be reported. If not, a description of the projects and their cost should be included in either the Chief Executive Officer's report or the President/Mayor's report of each member local government's Annual Report.

Sample Audits

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.

Should recipients not adhere to these conditions they may be excluded from future 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 regional groups acknowledge their Royalties for Region's CLGF allocation during all communication activities such as:

- Newsletter articles, advertising, speeches, presentations, or other literary works by displaying the Royalties for Regions logo and the State Government logo and acknowledge 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 can 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, regional groups 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.

Local Government Act 1995

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 Group and/or members 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.

TAX INFORMATION

RDL 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 name 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 to be provided according to an agreed schedule in the Financial Assistance Agreement. All payments are contingent upon receipt of required reporting and audit actions as outlined under **Conditions and Obligations, above**.

Method of Payment

RDL is responsible for the administration of this Fund. Please be aware 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.