



ROYALTIES FOR REGIONS

COUNTRY LOCAL GOVERNMENT FUND

INDIVIDUAL COUNTRY LOCAL GOVERNMENTS

2011-12 Guidelines

Background

The Western Australian Liberal National Government's Royalties for Regions is a commitment to put more back into the State's regions.

Through the *Royalties for Regions Act 2009*, the equivalent of 25 per cent of the State's mining and onshore petroleum royalties are being returned to the State's regional areas each year as an additional investment in projects, infrastructure and community services.

The object of this Act is to promote and facilitate economic, business and social development in regional Western Australia.

The expenditure of Royalties for Regions funds is for the following purposes:

- Provide infrastructure and services in regional Western Australia
- To develop and broaden the economic base of regional Western Australia
- To maximise job creation and improve career opportunities in regional Western Australia

Royalties for Regions has six policy objectives:

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

Royalties for Regions distributes benefits to regional communities through three supporting funds:

- The Country Local Government Fund
- The Regional Community Services Fund
- The Regional Infrastructure and Headworks Fund.

COUNTRY LOCAL GOVERNMENT FUND

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

CLGF overall aims are to:

- address infrastructure needs and support capacity building
- improve the financial sustainability of country local governments in Western Australia through improved asset management
- provide financial assistance to country local governments which choose to amalgamate voluntarily
- assist groups of country local governments to fund regionally significant infrastructure projects.

CLGF Overall Program Delivery

- The Department of Regional Development and Lands (RDL) administers and monitors CLGF expenditure.
- The Department of Local Government delivers capacity building programs to individual and groups of country local governments, funded through CLGF. This includes assistance towards the development of strategic plans, asset management plans, the costs of amalgamation; and scoping plans to cost the delivery of municipal services to Aboriginal communities.

CLGF for Individual Country Local Governments (2011-12)

CLGF provides the country local government sector with additional money for the purpose of infrastructure provision and renewal.

The focus of funding in 2011-12 is to continue the delivery of projects identified in each eligible country local government's forward capital works plan (FCWP).

For 2011-12 each eligible individual country local government allocation is 50 percent of the total allocated CLGF budget, as shown on the Royalties for Regions website. However, all allocations are subject to meeting the requirements specified in these guidelines.

Application Deadline

Individual local governments should revise their FCWP. The required documentation must be submitted **between 30 October and 30 December 2011** to RDL who will assess projects against the CLGF guidelines.

Failure to meet the **30 December 2011** deadline may result in a local government being excluded from 2011-12 funding and their 2011-12 notional allocation being re-distributed to other eligible recipients.

WHAT CAN BE FUNDED

Eligibility Criteria

Grant expenditure must be on individual local government infrastructure asset creation, preservation or renewal projects.

Project proposals and grant expenditure must meet the following criteria:

Criterion 1. Projects must be identified in a Council approved Forward Capital Works Plan (FCWP)

Local governments should review their 2010-11 FCWP, and update it for 2011-12 onwards, as necessary. Local governments should notify RDL in writing of changes as necessary.

Criterion 2. Local governments should be well advanced in their project planning.

Where required by RDL, local governments should provide written evidence that:

- Initial planning work through feasibility studies, business plans and risk assessments has been undertaken
- Realistic cost estimates for the project by appropriate independent professionals such as engineers, quantity surveyors and architects have been obtained
- Obtaining all necessary approvals and licences are well advanced
- Additional or alternative funding sources have been identified to address funding gaps
- Where projects are of a strategic nature and/or relate to core agency business, for example Sport and Recreation or Culture and the Arts, local governments have consulted with the relevant agencies.

Criterion 3. CLGF expenditure must be directly related to the delivery of capital works projects

Capital works is defined as building and engineering works that:

- **Create a fixed infrastructure asset, for example:**
 - Materials and labour associated with constructing a building, road or bridge.
 - Installing facilities and fixtures that form an integral part of those works, such as floor finishes, air conditioning and security systems.
 - Purchase of buildings.
 - Earthworks, landscaping and headworks costs associated with an eligible CLGF project.
- **Renew or preserve a fixed infrastructure asset. This could include a major restoration or renovation project, such as:**
 - Repainting a building
 - Rewiring a building
 - Replacement of a bridge, road, roof, ceiling, floor or air-conditioning system.

Notes to Criterion 3:

- **Assets owned or managed by third parties**

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 are demonstrated in writing through a formal agreement between the parties:

- There is a clear commitment from the owner to the asset being accessible on a long term basis to the broader community;
- The local government maintains appropriate control over ensuring that the asset is used for the benefit of the community; and
- There is a plan for the long-term future maintenance of the asset..

Long term is expected to be a minimum of five years.

- **Purchasing vacant land for the purposes of development**

The purchase of the land must clearly relate to the establishment of:

- a fixed community and local government infrastructure asset; or
- residential, commercial or industrial subdivision.

CLGF should not be used for the sole purpose of purchasing and selling land in its vacant state. Development of the land needs to commence within 2 years of signing the Financial Assistance Agreement (FAA).

Using CLGF funds to purchase vacant land may be considered where no other funds can be secured for this purpose.

Please direct enquiries to RDL who can provide advice on a case by case basis.

- **Related Costs**

Up to 15% of the total project cost can be allocated from CLGF towards project management fees and project documentation activities (such as architectural fees and the development of structural, mechanical and hydraulic engineering plans) on eligible CLGF projects.

For example, if the total project cost of a project identified in a FCWP was valued at \$1,000,000, a local government could spend up to a total of \$150,000 from CLGF on related costs to that project.

- **Local government staff wages**

The cost of limited but 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 2)* for the relevant treatment of employee benefits in relation to CLGF.

WHAT CANNOT BE FUNDED

CLGF funds are **not** to be used for:

- projects not identified in the local government's FCWP
- purchasing equipment (e.g. furniture, computers, vehicles or moveable plant)
- retiring debt
- engaging consultants or staff outside or beyond the timeframe of an approved CLGF funded infrastructure project
- general maintenance (such 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 2)* for the relevant definition)
- feasibility studies, cost-benefit analysis, impact studies, marketing plans or research projects
- the sole purpose of return on investment (e.g. interest)
- retrospective funding, where projects have been completed or have commenced construction prior to receiving approval from RDL.

HOW TO APPLY

Local Governments are to review their FCWP. Local Governments are not required to submit FCWP but ensure that they are kept up to date.

Local Governments must submit to RDL:

- A Financial Assistance Agreement (FAA) which outlines the conditions of funding and work schedule for the 2011-12 funds
- Relevant supporting documentation for example letters of support, relating plans or strategies

C. Notification in writing of any changes to the projects relating to CLGF activity in the FCWP.

Note: Where projects are of a strategic nature and/or relate to core agency business, for example Sport and Recreation or Culture and the Arts, local governments are to demonstrate that consultation has been undertaken with relevant agencies.

ASSESSMENT and PAYMENT PROCESS

The process for CLGF grant applicants will be:

1. Submission of draft FAA and where required, supporting documentation and a letter notifying RDL of changes to the FCWP.
2. RDL or its nominee will then assess the documentation against the CLGF guidelines.
3. Upon acceptance by both RDL and the local government, two copies of the FAA will need to be signed by the local government and forwarded to RDL.
4. The FAA will then be signed by a nominated representative of RDL and the grant payment will be processed.

RDL may contact applicants should further information be required. All information provided needs to be to the satisfaction of RDL.

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

CONDITIONS AND OBLIGATIONS

It is important to note the following:

Management and Expenditure of Funds

- Local governments will be expected to review their FCWP each year and identify their priorities for the 2011-12 year.
- If project priorities have changed the local governments will need to provide written notification to RDL of changes to projects relating to CLGF in the FCWP.
- 2011-12 CLGF funds must be held in a separate account or cost centre within the local government's financial system.
- The 2011-12 funds must be spent in accordance with the signed FAA.
- The preference is for the funds to be spent in the year in which they are paid. However, local governments may take up to two years from the signing of the FAA to acquit the funds to the satisfaction of RDL and as detailed in the FAA.

For example, if local governments can demonstrate, to the satisfaction of RDL, that reasonable progress is being made with the expenditure of the 2010-11 CLGF grant, payment of the 2011-12 allocation is likely to occur in the financial year in which it is due. Likewise, if reasonable progress is demonstrated with expenditure of the 2011-12 CLGF grant, payment of the 2012-13 funds is likely to occur in the financial year in which it is due.

However, payment of 2012-13 CLGF funds will not be made until the 2010-11 CLGF allocation has been fully acquitted and accepted by RDL.

Approval for Project Variations

- After signing the FAA if local governments wish to change projects, they will be required to seek RDL's approval, in writing, to reallocate CLGF funding to alternative projects.

- Project changes requested must adhere to these guidelines and be formally acknowledged through a variation of the FAA, signed by both parties.
- **Local governments are welcome to contact RDL to discuss all projects, or aspects of projects, that appear to fall outside the guidelines.**

Reporting, Acquittal and Audit Requirements

These requirements will be detailed in the FAA, including obligations to provide Progress Reports, Audits, the Final Acquittal and any other information.

Should recipients not adhere to the FAA, they may be excluded from future CLGF allocations.

Provisions for Councils Facing Exceptional Circumstances

Councils experiencing exceptional circumstances such as the effects of flooding, drought, bushfire or other emergency situations, are encouraged to contact RDL as soon as possible to discuss their options.

Amalgamating Local Governments

In line with the policy adopted by the Western Australia Local Government Grants Commission (LGGC), where two or more local government bodies are amalgamated into a single body, the CLGF grant provided to the new body following amalgamation will be the total of the amounts that would have been provided to the former bodies if they had remained separate entities. Although the LGGC policy has adopted a timeframe of five years, the CLGF policy will only be in effect until the end of 2012-13, after which CLGF funding is no longer provided to any individual local governments. However, some provision for newly amalgamated bodies is made in the Funding Guidelines for CLGF Regional Groups of Country Local Governments 2011-12, where such a body will be recognised as an eligible group if they have a CLGF project that meets those guidelines.

CLGF Expenditure on Roads and Impact on Commonwealth Financial Assistance Grants

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 expenditure on road asset preservation and renewal.

CLGF expenditure on bridges, buildings and infrastructure assets other than road asset preservation and renewal, may not affect financial assistance allocations.

Please ensure you contact the Department of Local Government by telephone on (08) 6552 1500 should you require information regarding the Commission's definition of road asset preservation and renewal.

Local Content

Local governments agree to endeavour to use local or regional products and services where possible for undertaking funded projects. The level of local content in projects will be required to be reported as part of the reporting process.

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 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 acknowledging the funding assistance.
- Signage on project sites and plaques on completed projects.

- 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 Regional Investment communications team on (08) 6552 4400.

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

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 need to 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 *Western Australia 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) 6552 4400.

PAYMENT DETAILS

All payments are contingent upon receipt of required reporting and audit actions as outlined under **Conditions and Obligations** in these guidelines and detailed in the FAA.

Method of Payment

RDL 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 OSS 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 after receipt of invoice. However, recipients should ensure that RDL is kept informed when invoices are submitted so that payment can be tracked.

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 Western Australia 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. Please note that an organisation will not be able to receive funding until they are registered with OSS.

RDL CONTACT DETAILS

Please contact RDL should there be any further queries regarding these guidelines or the payment of this grant under the CLGF:

Telephone (08) 6552 4400 or freecall 1800 735 784.

Website: <http://www.royaltiesforregions.wa.gov.au>

Email: clgf@rdl.wa.gov.au.

Post: PO Box 1143 West Perth WA 6872