



# ROYALTIES FOR REGIONS

## COUNTRY LOCAL GOVERNMENT FUND

### REGIONAL GROUPS OF 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 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.
- The nine Regional Development Commissions work with local governments in their region to facilitate the process of determining priorities with the groupings agreed by local governments.

### **CLGF for Regional Groups of 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 developing strategic infrastructure projects that demonstrate wide community benefits across a region and which are linked to comprehensive regional planning processes.

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

**It is anticipated that funding from other sources may be required to fund such projects.**

### **REGIONAL GROUPS OF COUNTRY LOCAL GOVERNMENTS**

Regional Group refers to any grouping of local governments that agrees to work together for the purpose of delivering a regionally significant infrastructure project. Examples include:

- Regional Collaborative Groups
- Regional Transitional Groups
- Local governments which have amalgamated or are undergoing amalgamation
- Regional organisations of councils
- Strategic alliances
- Regional local governments
- Informal groups that sign an agreement to undertake a specific CLGF Regional Group project

Priority projects should be developed by each Regional Group through a regional planning process, facilitated by their local Regional Development Commission (RDC). The RDCs will contact local governments in their region to discuss an appropriate planning process prior to its commencement.

The Group then needs to develop a business case for each project seeking CLGF funds.

The funds must be managed by a legal entity that 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.

## **Application Deadline**

Applications for CLGF Group project funding need to be submitted to RDL between **30 October 2011 and 30 May 2012** to ensure that projects meet the CLGF Guidelines.

Failure to submit by **30 May 2012** may result in that Group 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 infrastructure asset creation, preservation or renewal projects.

Project proposals and grant expenditure must meet the following criteria:

#### **Criterion 1. Strategic regional projects**

Projects must demonstrate regional significance, such as:

- benefit multiple communities across local government or regional boundaries
- address a substantial gap in infrastructure;
- link to a regional plan (eg RDC strategic or regional investment plan, Regional Planning Committee framework, Regional Development Australia Committee plan, Regional Local Government strategic plan etc)

Groups are encouraged to align their projects to wider regional policy frameworks such as the Regional Development Council's Action Agenda and the Royalties for Regions objectives.

Groups are also encouraged to explore opportunities to develop large scale projects and partner with other local, state and Australian government agencies, non government organisations, the community and industry to leverage funding or other types of support for these projects.

Where projects are of a strategic nature and/or relate to core agency business, for example Sport and Recreation or Culture and the Arts, Groups are to consult with relevant agencies.

#### **Criterion 2. Participation in a regional planning process, facilitated by the Regional Development Commissions (RDCs)**

Regional Group projects should be submitted and agreed to through a regional planning process, facilitated by their local RDC, to be eligible for funding.

Applicants should forward a copy of the Group's CLGF application to their local RDC(s) for their information.

Applicants should include a letter from their local RDC, specifically commenting on the strategic and regional relevance of the application.

#### **Criterion 3. All members of the agreed Regional Group (as per page 2), involved in the project, must support the project (including financial support) and expenditure of funds must be by mutual agreement of the Regional Group.**

All members of the Regional Group must be signatories to the application.

Funding is provided on the basis that it is combined for allocation by the Regional Group as a whole, rather than expended by each local government according to the amount notionally allocated through the CLGF funding formula.

Each local government in the Regional Group is therefore expected to contribute a reasonable proportion of their allocated CLGF Group funding to the project.

The project should be incorporated into each member's Forward Capital Works Plan, as appropriate.

**Criterion 4. Local government Regional Groups should be well advanced in their project planning.**

The Regional Group should provide appropriate documentation to demonstrate this, for example that they have:

- undertaken initial planning work through feasibility studies, business plans and risk assessments
- obtained realistic cost estimates for the project by appropriate independent professionals such as engineers, quantity surveyors and architects
- obtained all necessary approvals and licences or be well advanced in doing so
- identified additional or alternative funding sources

**Criterion 5. CLGF expenditure must be directly related to the delivery of capital works**

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 5:**

- **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.

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

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;
- There is a plan for the long-term future maintenance of the asset; and
- The project is included in each member's forward capital works plan.

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

- **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 was valued at \$1,000,000, a Regional Group could spend up to a total of \$150,000 from CLGF on costs related 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 as priorities in the relevant local government's 2011-12 Forward Capital Works Plan, as formally accepted by RDL
- 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
- non-CLGF approved project designs or plans
- for 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

Regional Groups need to submit an application for **each** CLGF Group project to RDL and provide a copy to their local RDC(s).

The application should include:

- A. CLGF 2011-12 Regional Groups Application Form, signed by the Chief Executive Officer and President of **each** local government in the Group.
- B. Business Case for the proposed CLGF project, including an itemised cash and in-kind budget for the CLGF project. The proposal should identify sources and allocations from other sources of funding.
- C. Relevant supporting documentation.

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, Groups must demonstrate they have consulted with relevant agencies.

Please see attached Application Form and Business Case Template.

## ASSESSMENT

The process for CLGF grant applicants will be:

1. Submission of the appropriate documentation to the satisfaction of RDL, with a copy provided to the local RDC.
2. Once the required documentation is submitted, RDL will assess the projects against CLGF guidelines.
3. RDCs will be asked to comment on each CLGF Group application relevant to their region and indicate their level of support for the project.
4. Projects will be compiled and project summaries forwarded to the Royalties for Regions Directors General (DG) group for advice.
5. Projects summaries will then be submitted to Cabinet for approval.
6. Upon approval by Cabinet RDL will forward applicants a Financial Assistance Agreement (FAA) for signing, which will outline the conditions of the funding, including the approved project(s) and budget(s).
7. The FAA will then be signed by a nominated representative of RDL and the grant payment will be processed.

RDL will contact applicants should further information be required.

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

Please note that recommended projects will be forwarded in batches to the Minister for Regional Development and State Cabinet for approval dependent on when the projects are submitted by local governments and assessed to the satisfaction of RDL.

Projects will be submitted to Cabinet on a quarterly basis against the following timeframe.

- The first submission closes 30 November 2011
- The second submission closes 28 February 2012
- The third submission in closes 30 May 2012.

## CONDITIONS AND OBLIGATIONS

The signed FAA between RDL and the CLGF recipient will detail the terms and conditions of funding. However, it is important to note the following:

### Management and Expenditure of Funds

Grant recipients must establish a separate account or cost centre within their financial system for each project for the 2011-12 CLGF Regional Group funds.

- The 2011-12 CLGF 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 to a Group. However, CLGF recipients may take up to two years from the signing of the FAA to acquit them 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 the 2012-13 CLGF funds will not be paid until 2010-11 allocation has been fully acquitted by the Group and reports accepted by RDL in accordance with the FAA.

### Approval for Project Variations

- Groups need to seek RDL's approval, in writing, should they wish to reallocate CLGF funding to alternative projects.
- Projects will need to go through the Assessment process prior to approval.
- Project changes requested must adhere to these guidelines and be formally acknowledged through a variation of the FAA, signed by both parties.
- **Groups are welcome to contact RDL to discuss all projects, or aspects of projects that fall outside the guidelines.**

### Provisions for Councils Facing Exceptional Circumstances

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

### 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.**

### Amalgamating Local Governments

In line with the policy adopted by the Western Australian 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 these Funding Guidelines, where such a body will be recognised as an eligible Group if they have a CLGF project that meets the criteria in these 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 LGGC 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 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 Regional Groups acknowledge their Royalties for Regions 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 project site 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, 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 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](http://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 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) 6552 4400.

## **PAYMENT DETAILS**

Allocations are to be provided according to an agreed schedule in the FAA. All payments are contingent upon receipt of required reporting and audit actions as outlined under **Conditions and Obligations in these guidelines and as detailed in the FAA.**

### **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 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 WA 6987  
Customer Service Centre: 1300 345 677  
Fax: (08) 9258 0303  
Email: [business@oss.wa.gov.au](mailto: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.

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

## **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 735784

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

Email: [clgf@rdl.wa.gov.au](mailto:clgf@rdl.wa.gov.au).

Post: PO Box 1143 West Perth WA 6872