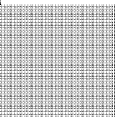
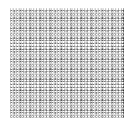
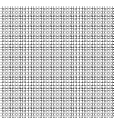




Transport
Roads & Maritime
Services

FINANCIAL ARRANGEMENTS WITH COUNCIL FOR ROAD MANAGEMENT

AUGUST 2014



HOW ARE FINANCIAL CONTRIBUTIONS MADE TO COUNCILS?

When is Council advised of Assistance?

RMS Programs for assistance to councils commence at the beginning of the financial year on 1 July. RMS will give councils preliminary advice of allocations for annual programs and for new projects and ongoing allocations for continuing projects as soon as possible in the new financial year. Allocation will be confirmed after the NSW Government hands down the State Budget.

State Roads – All Works

For those State Roads cared for by Councils by agreement with RMS, RMS will determine the works to be carried out by Councils and allocate the required funds under Road Maintenance Councils Contacts (RMCC). Councils may make submissions for works it recommends to be carried out.

Regional Roads – Block Grants

Block Grants are made available to Councils as a contribution towards the cost of regular maintenance of Regional Roads, under the terms of the Block Grant Agreement. Block Grants may be spent on maintenance, rehabilitation and development works, including traffic facilities on Regional Roads, as well as on traffic facilities on Local Roads to the extent provided for in the Agreement. Councils do not have to apply for a Block Grant.

Regional Roads – Rehabilitation and Development Projects

REPAIR Program

Councils may apply for additional funding for rehabilitation and development works on Regional Roads under the REPAIR (Repair and Improvement of Regional Roads) Program.

Request for rehabilitation or development projects are to be completed on the REPAIR Program application forms.

Prioritisation of projects within each RMS Region is via a Councils' consultative committee process facilitated by RMS.

Special Maintenance (Declared Natural Disasters)

Additional funds may be available under this sub program for assistance to Councils for emergency and restoration works on Regional and Local Roads. In such cases, RMS will assess the extent of the eligible damage and Councils will be advised of the allocation of funds as soon as practicable.

Other Councils Grants

Specific Project Grants

RMS may provide Councils with grants under the Road Safety and Traffic Programs for works which reduce accidents, and promote traffic efficiency and safety. While these grants are generally for works on Local Roads, they may also apply to monitor works on Regional and State Roads.

Annual Formula Based Grants

RMS also provides annual formula - based payments under the legislation and/or under special agreement, to assist Councils in the following:

- Maintenance of Regional and Local Roads in the greater metropolitan area that are used as bus routes under the Bus Tax Distribution Scheme.
- Subsidy towards the cost of street lighting on important traffic routes under the traffic Route Lighting Subsidy Scheme.
- Contribution towards the operation of Councils Weight of Loads Groups to enforce vehicle weight compliance on RMS and Councils roads.

RMS also contributes to the employment of Road Safety Officers by Councils where Councils have elected to join the Road Safety Officer Scheme.

One off payments are made during the course of the year under these programs. Payments are usually made on Councils tax invoices/claim for payment.

ACCOUNTING SYSTEM FOR RMS ALLOCATION

RMS allocations may not be used for any purpose other than that for which they are made available. Councils must account accurately for allocations received from RMS. Systems of accounting are to be such that invoices to RMS and Final Certificates of Expenditure can be verified and expenditure details can be extracted as and when required for auditing.

Details of the accounting for all allocations received from RMS must be made available on request to an authorised RMS Regional Manager. RMS may undertake audits and detailed inspections of councils' financial systems and engineering processes as they affect RMS funded projects.

Please refer to the summary of the "key financial and administrative obligations of Councils" responsibilities that RMS expects Councils to adhere to in respect to allocations provided to Councils.

HOW ARE RMS PAYMENTS MADE TO COUNCILS

There are three general forms of payment by RMS to Councils:

1. payment on Recipient Created Tax Invoice (RCTI);
2. payment on specified dates as provided for in the Regional Road Block Grant Agreement; or
3. other formula based payments.

The following is applicable to Tax Invoices/Claims for payments:

When does Councils invoice RMS?

Councils are required to invoice RMS each month for expenditure under any of RMS programs.

What form does the tax invoice/claim for payment take?

The tax invoice/claim for payment may be in an RMS supplied form or a print-out from Council's accounting system, but it must contain the following information:

- state the accrued expenditure for the
- state the approved allocation, total expenditure to date and total reimbursement to date for the specific project,
- state the projected cash flow of the program/project,
- state the current due date of completion for projects, where applicable,
- state the percentage complete of the program/project.

This tax invoice/claim for payment is to be certified by Council's authorised delegates (both finance and engineering delegates) that:

- the expenditure shown on the tax invoice/claim for payment has been actually incurred and only relates to the project/program described,
- the work has been executed in accordance with appropriate prevailing standards and conforms to sound engineering practice and applicable legislation.

To whom is the tax invoice/claim for payment sent?

The tax invoice/claim for payment is to be sent to the RMS Regional Manager.

Will Councils be paid without a tax invoice / claim for payment?

Councils will not be paid without a tax invoice/claim for payment.

How soon will Councils be paid after invoicing?

RMS will undertake to pay Councils within 15 working days of receiving its tax invoice/claim for payment, provided that RMS has no queries on the invoice.

If the value of a tax invoice/claim for payment exceeds Council's agreed proposed cash flow for a particular month RMS reserves the right to limit payment for that month to the value of the agreed cash flow and to pay the residue in succeeding months.

Can overhead costs be charged to the grant?

Only overhead costs for supervision and wages on-costs are allowable charges against the grants.

GST Treatment

GST is NOT applicable to transactions between government related entities if the payment is covered by an appropriation under an Australian law, and the payment is based on the anticipated / actual cost of making the supplies (e.g. road maintenance), pursuant to Section 9-17(3) of GST Act.

HOW ARE PROJECTS/PROGRAMS FINALISED

General

When a program/project is completed the accounting records of RMS need to be finalised. To enable these Councils needs to finalise all claims and provide required accounting documentation certifications in an expeditious manner.

Restoration and Enhancement Projects

Allocations for specific projects on State and Regional Roads will be issued on the basis of an agreed estimate and time period for completion of the project. Therefore, payments in each financial year will be established on the basis of the scheduled progress of the work.

Over Expenditure

As a general principle, over expenditure will not be recognised. However, during the course of the work RMS may give consideration to accepting variations which will increase RMS's share of the project/program cost.

Under Expenditure

As a general principle, unexpended portions of allocations for annual programs will lapse at 30 June and cannot be carried over to the next financial year. However, depending on the circumstances involved and the availability of the funds, the RMS Regional Manager may give consideration to providing an allocation for the carry-over work in the next financial year. If Councils wishes to apply for an allocation for the carry-over work, details of the amount proposed for carry-over and the reasons for under expenditure are to be supplied to the RMS Regional Manager for consideration.

Final Certificate of Expenditure

The accounting records that RMS requires for reconciliation are to be presented in a Final Certificate of Expenditure three months after the work is completed.

The Final Certificate of Expenditure is to show the total expenditure on the work including a copy of Council's ledger, and compare it with the estimated cost. If there is a significant difference between the two amounts an explanation or, alternatively, reconciliation is to be included with the certificate.