

## **Nation Building Program Roads to Recovery Program Conditions Variation 2010/1**

### **Explanatory Statement**

Part 8 of the *Nation Building Program (National Land Transport) Act 2009* provides for funding for the maintenance and construction of roads to be provided to local government and to state government agencies responsible for roads in the unincorporated areas of Australia.

Section 90 requires the Minister to determine in writing the conditions that apply to payments and with which funding recipients must comply in order to receive funding under Part 8 of the Act. The determination is a legislative instrument for the purposes of the *Legislative Instruments Act 2003*.

The conditions were determined on 9 September 2009. This variation is designed to implement a change recommended by the Australian National Audit Office and to correct an error.

The conditions require funding recipients to submit an annual report to acquit the funds received and to provide some related information. The report has five parts but only Part 1 of the report, the financial statement, requires an auditor's signature.

The conditions also detail the program's expenditure maintenance requirements which are designed to minimise cost shifting by requiring funding recipients to maintain their own source expenditure on roads (ie. the amount of money that they spend on roads which is generated from council revenues such as rates) at or above a specified level. At present, funding recipients must report their compliance with these requirements in Part 3 of their annual reports but this Part does not require an auditor's signature.

The variation amends clause 6.2 and Part 1 of Schedule 1 of the conditions to require the own source expenditure figure to be included in the scope of the audit certificate provided under Part 1 of the Annual Report.

Clause 6.2(a) specifies the information that has to be included in the financial statements which form Part 1 of the annual reports. The nature of the information required means that these statements should be prepared on a cash basis but the note at the end of clause 6.2(a) states that they can be prepared on a cash or accrual basis. The variation corrects this error.