

# State Road Funds to Local Government Agreement

2018/19 to 2022/23



**mainroads**  
WESTERN AUSTRALIA



**WALGA**

## STATE ROAD FUNDS TO LOCAL GOVERNMENT AGREEMENT TO WESTERN AUSTRALIAN LOCAL GOVERNMENTS

This Agreement is the 5<sup>th</sup> Agreement between State and Local Government in Western Australia. The continuation of the Agreement demonstrates the strength of the relationship between the two spheres of Government and the value delivered by the Agreement.

For many years this arrangement has been of enormous significance to both State and Local Government in Western Australia. As with past Agreements, it provides certainty and a collaborative approach in the way both levels of Government meet the challenge of maintaining and improving the State and Local Government road networks.

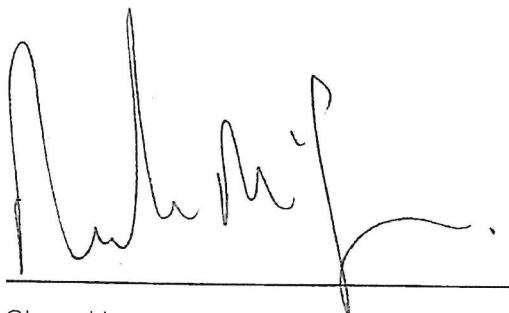
This Agreement is based on the equivalent of 20% of motor vehicle licence fee collections, being allocated to assist with the improvement and maintenance of the Local Government road network.

It is expected that the funding to Local Government roads under this Agreement will continue to grow in line with the growth in motor vehicle licence fee revenue.

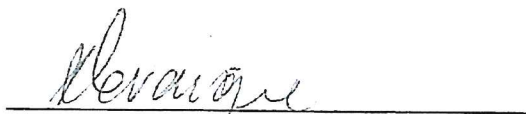
In addition to funding under this Agreement, the State Government is committed to funding \$260 million of other works on the Local Government road network during the period 2018/19 to 2021/22.

The continuing management role by the Regional Road Groups, with the support of Main Roads Western Australia and the Western Australian Local Government Association, is important to ensure that the funds under this Agreement are directed to roads which best meet regional needs. It ensures local involvement in the decision making process around the application of these funds.

The State Road Funds to Local Government Agreement will continue to deliver best outcomes for all Western Australians and we look forward to building on our past successes and working collaboratively to deliver a quality and safe road network.



Signed by  
Hon. Mark McGowan MLA  
PREMIER OF WESTERN AUSTRALIA



Signed by  
Cr Lynne Craigie  
PRESIDENT, WESTERN AUSTRALIAN  
LOCAL GOVERNMENT ASSOCIATION

## PREAMBLE

This Agreement builds upon previous funding and administrative arrangements negotiated between the State Government and Local Government in 1995, 2000, 2005 and 2011. The funding arrangements provide Local Government with greater surety in funding for the term of the Agreement. It also reinforces the strong working relationship between Local Government, the Western Australian Local Government Association (WALGA) and the State Government through Main Roads Western Australia.

There is a recognised need for co-operation and coordination between agencies with an interest in roads. This will ensure that the most efficient and effective use can be made of the limited funds available for roads and that the best possible outcomes are achieved.

The Agreement does not set out all of the matters in the relationship between the State and Local Government on roads, but focuses on the allocation of this Agreement's financial resources by the State Government to Local Government road infrastructure.

Although this Agreement sets out the broad parameters in relation to State funding for Local Government roads, it is intended that Main Roads Western Australia and WALGA, through the State Road Funds to Local Government Advisory Committee, will continually consider policy and make improvements that will take into account the needs of the State's total road network.

State Road Funds to Local Government Procedures have been developed to detail the requirements in relation to aspects of administering, distributing and accounting for the allocation and expenditure of funds for Local Government roads provided under this Agreement. These Procedures will be amended from time to time to improve the effectiveness and transparency of the funding distribution.

## 1. GUIDING PRINCIPLES

This Agreement is intended to ensure that the funds available from State Government sources for local roads, as outlined in Section 6 of this document, are allocated across the State of Western Australia, focusing on areas of strategic importance and areas that will provide maximum benefit. The needs of all road users and the Western Australian community will be considered during the distribution process.

In reaching this Agreement, the State Government, WALGA, and Main Roads Western Australia are committed to the principles of:

- Promoting and applying the Safe System approach to road safety and safe road infrastructure.
- Facilitating the efficient movement of freight and people.
- Autonomy by Local Government in the allocation of road funding based on locally and regionally identified priorities, and principles agreed by Main Roads Western Australia and WALGA.
- Sharing of revenue from vehicle registrations in proportions agreed between the State Government and WALGA.
- Greater funding certainty for Local Government for the term of the Agreement.
- Continuation of the successful partnership between State Government and Local Government to preserve and enhance the State's vital road network.
- Application of good asset management practice.

## 2. COMMITMENTS

The State Government, through Main Roads Western Australia and Local Government, through its peak body, WALGA, will give elected Local Government representatives an opportunity to participate with the State Government in determining the preservation and expansion needs of the Local Government road network, together with traffic management and road safety projects, from both a Regional and Statewide perspective.

Local and State Government affirm that within this Agreement it is important to consider:

- Providing opportunities for aboriginal employment.
- Facilitating local economic development through local employment.
- Encouraging more sustainable road construction practices through the use of recycled materials.

### 3. STATE ROAD FUNDS TO LOCAL GOVERNMENT ADVISORY COMMITTEE

The State Road Funds to Local Government Advisory Committee (SAC) will oversee, monitor and recommend to the Honourable Minister for Transport the distribution of State funds under this Agreement.

SAC will set in place and be responsible for the overarching policy and procedures covering the administration and functioning of this Agreement. Regional Road Groups are responsible for developing regional specific policies and procedures within the overarching framework to suit local circumstances.

SAC is to be made up of the Managing Director of Main Roads Western Australia as Chairperson, the Chief Executive Officer of WALGA or their nominee, four representatives as nominated by WALGA and four Main Roads Western Australia senior officers nominated by Main Roads Western Australia.

### 4. REGIONAL ROAD GROUPS

Membership of Regional Road Groups is to comprise elected Local Government representatives (Councillors and Commissioners as appointed under the Local Government Act from time to time) with all Local Governments being represented.

In some Regions it may be necessary for logistical reasons to form Sub-Groups. These Sub-Groups will also be made up of Local Government elected representatives (Councillors or Commissioners appointed from time to time under the Local Government Act) and will provide delegates to represent the Sub-Groups at the Regional Road Groups.

The Regional Road Groups will make recommendations to SAC in relation to the Annual Local Government Roads Program for their Region and any other relevant issues. This may include advice in relation to State Black Spot Programs, amendments to Roads 2030 Strategy or its updated equivalent document, the Functional Road Hierarchy and three (3) year works projections.

Changes to the Local Government groupings comprising the Regional Road Groups will only be considered by SAC where there are exceptional circumstances.

### 5. ROAD SAFETY

During the course of the Agreement, Main Roads Western Australia and WALGA, together with the Regional Road Groups shall work towards the establishment of a Road Safety Management System to suit the needs of Local Government. The system is proposed to be used by all Local Governments to assess Black Spot and Grant funded projects for their delivery of road safety criteria.

### 6. FUNDING

#### 6.1 Funding sources

On an annual basis, the share of State road funds to be allocated on Local Government roads will be equivalent to 20% of the State Budget estimated motor vehicle licence fees (MVLFF) for that year. In the event of a State Government revenue policy initiative to reduce vehicle licence fees and recover road user charges through alternative mechanisms, this percentage will be adjusted to ensure that the reduction to vehicle licence fees is revenue neutral to Local Government.

Recognising that road projects may extend over several years, the parties acknowledge that actual revenue and expenditure may not be equal on a yearly basis and there may be a carry over or advancement of funds between years.

The available funding is split into two categories: Local Government Managed Programs (Category 1) and Main Roads Western Australia Managed Programs (Category 2). This agreement is projected to produce annual allocations from State road funds to Local Government roads for the years 2018/19 to 2022/23 as per the following schedule:

• 2018/19	\$ 182.3 million
• 2019/20	\$ 188.9 million
• 2020/21	\$ 193.4 million
• 2021/22	\$ 198.4 million
• 2022/23	\$ 203.4 million

The allocations from 2018/19 to 2022/23 are based on the 2018/19 Budget and Forward Estimates of motor vehicle licence fees. They are indicative and are subject to adjustment as each budget year estimate is approved.

During the life of the Agreement, management of State Road Funds to Local Government Agreement funding will continue to be examined to manage annual carryover of funds. Any structural change to the way the funds are managed will require the agreement of both State and Local Government.

## 6.2 Funding Allocations

The revenue determined in section 6.1 is to be distributed to Local Government roads on the basis of:

### **Local Government Managed Programs (Category 1): 66%**

Direct Grants

Road Project Grants

State Black Spot

Strategic and Technical Support

### **Main Roads Western Australia Managed Programs (Category 2): 34%**

State Initiatives on Local Roads

Traffic Management, Signs and Pavement Markings

Bridgeworks and Inspections

Remote Aboriginal Access Roads

Regional Road Group Support

The allocation to the categories and sub categories will move in line with the total Agreement pool or as otherwise approved by SAC.

### **Local Government Managed Programs (Category 1):**

#### 6.2.1 Road Project Grants

Road Project Grants are to be used for specific projects that are assessed and prioritised by the Regional Road Groups in accordance with the State Road Funds to Local Government Procedures and the Roads 2030 (or later) Regional Strategies for Significant Local Government Roads.

Preservation work (periodic maintenance) may be considered for Road Project Grant Funding by Regional Road Groups.

After deducting funding for Commodity Routes and Road and Bridge Condition Data, the Road Project Grant pool is to be distributed on the basis of 36% to the Metropolitan Regional Road Group and 64% to Rural Regional Road Groups. The split shall be reviewed during the course of this Agreement.

The methodology for allocating funds to Rural Regional Road Groups for road projects is to be based on 75% of the Asset Preservation Model and 25% population factor.

Regional Road Group funds are to be distributed to projects on a priority basis using a process that is agreed to by the Regional Road Group and endorsed by SAC. These allocations are provided on a cost sharing basis of \$2 from Road Project Grant funds to \$1 from Local Government funds. SAC may consider variations in exceptional circumstances.

Regional Road Groups can allocate Road Project Grants for road related projects (e.g. street lighting) provided they are on roads of Regional significance, are prioritised against other road projects within the Region, and prior approval is obtained from SAC.

#### *Commodity Routes*

Commodity Routes are defined as routes where there is a significant high priority transport task associated with the transport of a commodity such as grain, timber, agricultural lime, iron ore, etc. The funding is intended for roads that require upgrading or maintenance to accommodate the commodity transport function. Periodic maintenance and rehabilitation type projects will be favoured in the prioritisation process.

Projects will be assessed according to the Commodity Routes Fund Application and Assessment Guidelines. Projects that are not eligible for Road Project Grant funding will receive priority in the assessment process. A Technical Review Group (TRG) comprising members from WALGA and Main Roads WA will call for

project proposals via the Regional Road Groups. The TRG will assess and prioritise the proposals and make recommendations to SAC. Allocations will be provided on a cost sharing basis of \$2 from the Commodity Route Fund and \$1 from Local Government funds. SAC may approve other special contributory arrangements on the recommendation of the Regional Road Group.

#### *Road and Bridge Condition Data Collection Fund*

An amount of \$500 000 will be set aside annually from the Road Project Grant allocation from 2018/19 to 2022/23, for the assessment of the condition of the regionally significant Local Government bituminous sealed roads as defined in the Roads 2030 (or later) strategy. The amount shall be used to conduct visual condition assessments of regional significance Local Government roads in accordance with the WALGA Visual Defects Assessment Manual or other agreed methodology. The Fund may also be used to assist Local Governments to perform Level 1 bridge inspections.

In consultation with Regional Road Groups, WALGA and Main Roads Western Australia will manage the program. The funds shall be allocated on the basis that every significant road is assessed a minimum of once every five years. The entire annual allocation may be granted to a grouping of regions each year to facilitate the most economically efficient data collection strategy. Excess funds may be used to conduct other types of road condition assessments. The data must be provided annually to Main Roads Western Australia in an agreed format and will be used to assess the condition of the road network at a Regional and State level.

#### **6.2.2 Direct Grants**

Direct Grants are allocated for routine maintenance on Local Government roads. Direct Grants are to be allocated to Local Governments on an annual basis using the Asset Preservation Model formula provided by the Western Australian Local Government Grants Commission.

To qualify for Direct Grant allocations, Local Governments must provide a Certificate of Completion to the Main Roads Western Australia Regional Office stating that the previous year's allocation has been expended on roads in their district.

Funding to Direct Grants will be base-lined at 13.2% of State road funds provided under this Agreement. Direct Grant allocations are subject to annual adjustment for gazetted road classification transfers (i.e. State Roads to Local Government Roads and vice versa). This adjustment will be based on the outputs of the Asset Preservation Model, which are agreed to by SAC and will be made in the following year.

#### **6.2.3 State Black Spot**

Funding provided under the State Black Spot Program on Local Government roads is to target improving the safety of roads with a proven crash history or high risk locations with the likelihood of crashes occurring. The program shall be managed in accordance with the Local Government Procedures and the State Black Spot Program Guidelines.

#### **6.2.4 Strategic & Technical Support**

SAC will determine the allocation for Strategic & Technical Support annually.

Strategic & Technical Support funds are provided for the following:

- Municipal Infrastructure Needs, Development, Evaluation & Research (WALGA).
- The provision and analysis of crash statistics and road safety data for the Regional Road Groups.
- WALGA RoadWise Program.
- WA Local Government Grants Commission support.
- Nudge (formerly The Roads Foundation).
- Other activities as identified or agreed by SAC.

## Main Roads Western Australia Managed Programs (Category 2):

### 6.2.5 State Initiatives on Local Roads

State Initiatives on Local Roads accounts for works that are generally larger in nature and fall outside of the criteria for other funding groups under this Agreement, however still of strategic importance to the State.

A proportion of the program may be allocated towards normalising road access to State Serviced Remote Aboriginal Communities not currently recognised within Local Government asset inventories. Up to \$3 million per annum may be allocated to facilitate Local Governments:

- To manage these roads and include them on the Local Government asset inventory; and
- To access additional funds to undertake capital maintenance activities (e.g. resheeting) on these roads.

Main Roads Western Australia will develop the Program for submission to SAC for endorsement.

### 6.2.6 Traffic Management, Signs and Pavement Markings

Traffic Management includes rail crossings and traffic control signals. Traffic signs and pavement markings includes longitudinal road markings, regulatory signs and lines and pavement markings on the Local Government road network.

### 6.2.7 Bridge Works/Bridge Inspections

The Commonwealth provides Financial Assistance Grant funding to the Western Australian Local Government Grants Commission in the form of Untied Funds for Local Roads.

Of these funds (excluding Roads to Recovery funding), 7% is set aside for Special Projects and 2/3 of the 7% is provided for major maintenance and replacement of bridges on Local Government roads.

The State provides a matching contribution of \$1 for every \$2 provided under this arrangement.

The State also provides additional funding

for Detailed Visual inspections (Level 2), Specialist Inspections and Investigations (Level 3) and for specific bridge projects with no funding contribution required from Local Government.

Local Governments are required to fund and perform Routine Visual Inspections (Level 1) of all bridges annually and to submit the inspections to Main Roads Western Australia. In order to be eligible for Special Project funding, Local Governments must be able to show that Level 1 inspections have been performed and that adequate routine and preventative maintenance have been undertaken to prevent undue deterioration.

The parties agree to implement a framework during 2018/19 to monitor and support all Local Governments to fulfil the obligation of performing annual Level 1 bridge inspections.

### 6.2.8 Remote Aboriginal Community Access Roads

Of the Untied Commonwealth funds provided for Local Government roads and distributed by the Western Australian Local Government Grants Commission (excluding Roads to Recovery funding), 7% is set aside for Special Projects and 1/3 of 7% is provided for access roads serving Aboriginal Communities.

These funds are supplemented by a matching contribution of \$1 from the State for every \$2 provided under the Commonwealth Grant Scheme.

The State Government also provides additional funds towards the Program above its matching contribution for specific projects.

The Indigenous Roads Committee establishes funding criteria and makes funding recommendations.

### 6.2.9 Regional Road Group Support

SAC will determine the allocation for Regional Road Group Support annually.

Funds are provided for the following:

- Administrative support provided by Main Roads Western Australia to Regional Road Groups.
- Technical assistance provided by Main Roads Western Australia to support the operation of Regional Road Group activities.
- State Gravel Supply Strategy.
- Audit of grant recoups pursuant to Main Roads Western Australia requirements.

## 7. KEY PERFORMANCE INDICATORS (KPIs)

Key Performance Indicators (KPIs) will focus on Expenditure Performance, asset management and road safety. KPIs have been established for monitoring purposes and no financial incentives or penalties will apply on the basis of performance against KPIs. Main Roads Western Australia and WALGA will prepare an annual KPI report for SAC. The report will be provided to the Regional Road Groups.

## 8. AUDIT OF ACQUITTAL RECORDS

At the first SAC meeting following the end of each financial year, Main Roads Western Australia will provide WALGA with actual expenditure on Local Government roads, which can be reconciled against the approved annual budget for that year.

Any Local Government claiming funds under the terms of the State Road Funds to Local Government Agreement accepts these payments on the understanding that they are subject to audit by Main Roads Western Australia or its representative. Costs associated with these audits will be funded from the Regional Road Group support category.

## 9. COMMENCEMENT AND TERM

This Agreement commences from the 2018/2019 financial year and will remain in place for a five year period inclusive of the 2022/2023 financial year.

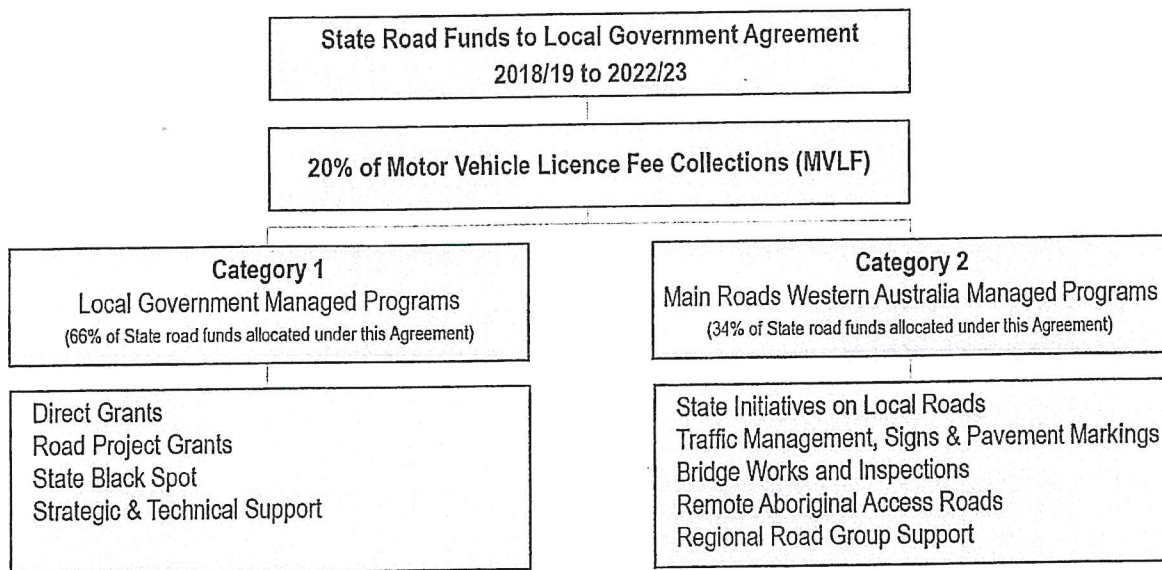
## 10. AGREEMENT REVIEW AND RESOLUTION OF FUNDING ISSUES

This Agreement will be reviewed within 2 years. The Agreement may be cancelled by the mutual agreement of the WALGA, State Council and the Honourable Minister for Transport.

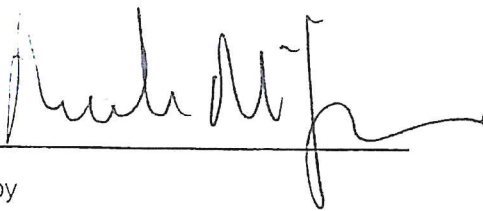
Local Governments should raise issues relating to funding under this Agreement with their respective Regional Road Group. If the issue(s) are unable to be resolved at this level, Regional Road Groups should refer them to SAC to address.

Figure 1 - STATE ROAD FUNDS TO LOCAL ROADS

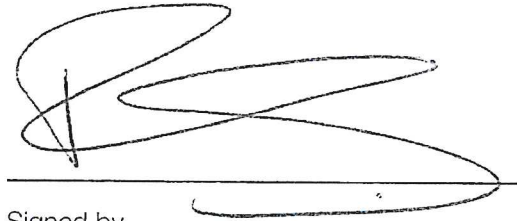
Flow Chart for Calculating Funding Share for Local Government Roads



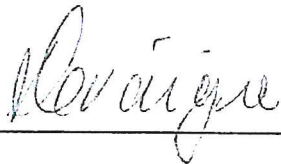
## SIGNATORIES



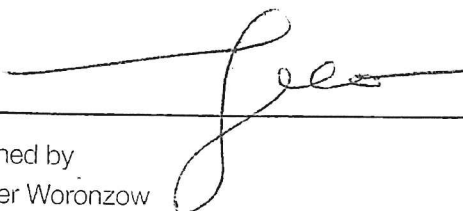
Signed by  
Hon. Mark McGowan MLA  
**PREMIER OF WESTERN AUSTRALIA**  
FOR AND ON BEHALF OF  
THE STATE OF WESTERN AUSTRALIA



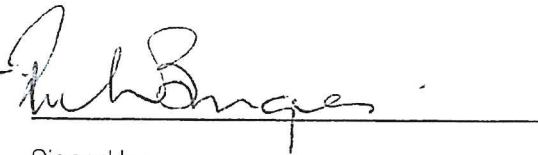
Signed by  
Hon. Rita Saffioti MLA  
**MINISTER FOR TRANSPORT;  
PLANNING; LANDS**



Signed by  
Cr Lynne Craigie  
**PRESIDENT OF THE WESTERN AUSTRALIAN  
LOCAL GOVERNMENT ASSOCIATION**  
FOR AND ON BEHALF OF WESTERN  
AUSTRALIAN LOCAL GOVERNMENTS



Signed by  
Peter Woronzow  
**ACTING MANAGING DIRECTOR  
MAIN ROADS WESTERN AUSTRALIA**



Signed by  
Ricky Burges  
**CHIEF EXECUTIVE OFFICER  
WESTERN AUSTRALIAN LOCAL  
GOVERNMENT ASSOCIATION**



mainroads  
WESTERN AUSTRALIA



WALGA

State Road Funds to Local Government Agreement

2018/19 to 2022/23

# **METROPOLITAN REGIONAL ROAD GROUP**

## **POLICIES AND PRACTICES**

**The MRRG Policies and Practices, are to be read in conjunction with the State Road Funds to Local Government Agreement and Procedures, the State Black Spot Program Development and Management Guidelines and the Australian Government - Notes on Administration**

Rev. No.	Rev. Date	Description of Key Changes
28	16/07/2018	Amend wording section 4.2 – Row 2 of table, replace “project estimate” with “approved funding”, to align with SRFLGA Procedures.
27	18/04/2019	Revision of Document to bring it in line with current MRRG practices following the acceptance of the MRRG Expenditure Action Plan. Revision endorsed by the MRRG Elected Members on 18/04/2019.
25-26	18/05/2017	Amend clause 5.2.1 (d), replace “one year extension” with “6 month extension” and add “in the approval year”. Amend section 3.1, add “Late submissions for all Programs will not be accepted. However, if time does not permit full Council approval prior to the deadlines advised annually, submissions with the notation “not yet endorsed by Council” will be accepted.”
3-24	22/01/2016	Revision of Document that included – <ul style="list-style-type: none"> <li>• Correction of grammatical errors</li> <li>• Section 5.2.1 – add no partial funding of projects allowable; allow LGs to request changes to draft program to maximise funding subject to project scores meeting annual cut-off score; maximum 1 yr extension of time may be considered if request submitted prior to 31 December.</li> <li>• Section 5.2.2 increase cap for Improvement Projects to \$13.5M and annual individual LG cap to \$4M; add 1<sup>st</sup> year funding to a maximum of 40% of project’s total allocation: projects to be withdrawn if 80% funding is not claimed within 2 yrs; maximum 1 yr extension of time may be considered if request submitted prior to 31 December.</li> <li>• Section 5.3 Staging of projects with Traffic Signals and/or are complex; Submissions with Traffic signal require an Approval in Principle (AIP) from the MRWA traffic services manager. Requests for additional funding require project to be resubmitted and BCR adjusted to determine if it still ranks sufficiently to be given funding ahead of other Reserve Projects if funding.</li> </ul>
2	06/06/2014	Amend section 5.2.2 (B) to increase the current \$2m State contribution cap per year over three years to \$3m per year over three years. Amend section 5.2.2 (C) Funding to individual Local Governments is capped at \$3m per year
1	18/10/2013	Document revised from a timeline based format to subject based.

## 1 OVERVIEW

This document sets out the Policies and Practices adopted by the Metropolitan Regional Road Group developed under the guiding principles of past and current State Roads Funds to Local Government (SRFLG) Agreements and Procedures of the State Road Funds to Local Government Advisory Committee (SAC).

The Metropolitan Regional Road Group (MRRG) manages and administers State allocated funding for Road Projects and Black Spot Programs on the local road network of the Metropolitan Region.

## 2 BACKGROUND

The State Road Funds to Local Government Agreement, Procedures and Road Project Evaluation Guidelines was formally launched by the Hon Minister for Transport on March 14, 1996. This has since been superseded by several funding agreements with the most current being State Road Funds to Local Government Agreement 2018-19 to 2022-2023, supported by the State Road Funds to Local Government Procedure.

Black Spot funding is allocated and determined under the requirements of the State Black Spot Program Development and Management Guidelines and the Australian Government - Notes on Administration.

The general administration and co-ordination of the Programs is undertaken by Main Roads WA (MRWA) Metropolitan Region, in the role of Secretariat to the MRRG.

## 3 STRUCTURE

### 3.1 Sub Groups

The Metropolitan Local Governments are divided into 6 Sub Groups -

North West	West	Central
City of Joondalup City of Stirling City of Wanneroo	Town of Cambridge Town of Claremont Town of Cottesloe Town of Mosman Park City of Nedlands Shire of Peppermint Grove	City of Perth City of Subiaco City of Vincent
East Group	South East	South West
Town of Bassendean City of Bayswater Shire of Kalamunda Shire of Mundaring City of Swan	City of Armadale City of Belmont City of Canning City of Gosnells Shire of Serpentine- Jarrahdale City of South Perth Town of Victoria Park	City of Cockburn Town of East Fremantle City of Fremantle City of Kwinana City of Melville City of Rockingham

Sub Groups shall consist of an Elected Member and Technical Officer Representative from each attending Local Government.

Each Sub Group shall appoint an Elected Member and Technical Officer to represent the Sub Group at the MRRG Elected Members and Technical Group Meetings. It is recommended that Sub Groups also appoint a deputy for each of these delegates.

Sub Groups are coordinated by a Local Government Representative nominated from the attending Local Governments, this is generally the nominated Technical Group representative.

The Sub Groups shall meet regularly and at least twice yearly. The Agenda should include an item to review all current funded projects. Quarterly Expenditure Reports are distributed by MRWA to each Local Government and the respective Sub Group Technical Representatives to assist with this review. Local Governments shall provide an update on projects and report any projects that are at risk.

It is requested that invitations are extended to MRWA representatives to attend the Sub Group meetings.

### **3.2 Technical Group**

The Technical Group is made up of nominated Local Government Technical Officers appointed by each of the Metropolitan Sub Groups.

The role of the Technical Group is to review the annual rate of expenditure; assist in the development and review of future year Programs prior to endorsement by the Elected Members; review the MRRG Policies and Practices document and the Improvement and Rehabilitation Road Project Submission Guidelines; and provide advice to Sub Group members on MRRG matters.

The Group shall meet prior to the Elected Members' meetings.

The Chair and Deputy Chair are elected for a two year term in line with Local Government Elections.

Coordination of Technical Group Meetings and Minute taking is undertaken by MRWA nominated personnel. Minutes are to be prepared for presentation at the next Elected Members meeting.

### **3.3 Elected Members**

This is the decision making body for the MRRG. Elected Member representatives are appointed by each of the Sub Groups to attend the Elected Members meeting.

The MRRG Elected Members shall meet at least twice yearly, with Technical Representatives also attending. Only the Elected Members have voting rights.

The Chair and Deputy Chair are elected for a two year term in line with Local Government Elections.

Coordination of Elected Members' meetings and recording of minutes is undertaken by MRWA nominated personnel.

### **3.4 Main Roads Representatives**

Main Roads Representatives are appointed by MRWA Metropolitan Region and provide Secretariat, Programming and Technical Support to the MRRG. Their role is to develop the

initial Annual Local Government Road Programs, and administer and monitor rates of expenditure for approved programs.

The current nominated MRWA representatives for the Metropolitan Region are:

- Manager Asset Management and Road Programs;
- Program Coordinator; and
- Program Support Officer.

Consultancies may periodically be engaged to provide additional Technical Support, as approved by SAC.

### 3.5 Meetings

The Technical Committee and Elected Members meetings shall meet at least twice yearly, generally in March/April and October/November.

Sub Group meetings are held prior to the Technical and Elected Members Meetings with Minutes forwarded to MRWA ([MRRG@mainroads.wa.gov.au](mailto:MRRG@mainroads.wa.gov.au)) for inclusion in the Agenda Papers for the Technical and Elected Members meetings.

For further information please refer to “Roles and Responsibilities of Regional Road Group Members” and “Metropolitan Regional Road Group Reference information for Elected Members on a Regional Road Group” located on the [WALGA](#) website.

## 4 GENERAL ADMINISTRATION OF STATE ROAD FUNDS TO LOCAL GOVERNMENT FOR METROPOLITAN REGION

### 4.1 Submissions

Submissions for SRFLG Grant funding, are to be submitted in accordance with the SRFLG Procedures; the MRRG established Guidelines for the Submission for Road Improvement and Road Rehabilitation Projects; and the respective Black Spot Program Guidelines.

The timetable for submissions is advised annually and late submissions for all Programs will not be accepted. However, if time does not permit full Council approval prior to the deadlines, submissions with the notation “not yet endorsed by Council” will be accepted.

MRRG Road Project Submission Guidelines have been developed for submissions to MRRG Road Improvement and Road Rehabilitation Programs and are available on the Main Roads website. The MRRG Road Project Submission Guidelines are periodically reviewed and updated by the Technical Group in consultation with MRWA personnel to meet current practices. The MRRG Submission Summary Table and Checklist are to be completed for all Road Project Submissions and the Summary placed at the front of the submissions.

Australian Government Black Spot (AGBS) and State Black Spot (SBSP) nominations must meet the minimum criteria as set out in the respective Black Spot Program Guidelines. Nomination forms and Guidelines are available on the Main Roads website.

Milestone and Complexity Form outlining the proposed delivery timeline and possible risks (ie clearances required) must be included with all submissions/nominations.

All submissions will be subject to an audit process to determine the prioritised ranking of projects.

## 4.2 Payment of Claims

All Local Governments in the Metropolitan Region must have in place agreements with MRWA for Recipient Created Tax Invoices (RCTI).

In accordance with the State Road Funds to Local Government Procedure, Local Governments must submit a Progress Payment Certificate or a Certificate of Completion to [MRRG@mainroads.wa.gov.au](mailto:MRRG@mainroads.wa.gov.au) to claim grant funding. Main Roads will raise an RCTI for processing of payment and a copy of the RCTI will be forwarded to the Local Government for their records.

The MRRG has adopted the following method of recouping funds for approved projects, in line with the SRFLGA Procedures

Claim	When made.
40% of Project Estimate	Advance when advised that the project has been approved
40% of Project Estimate	Incurred expenditure on the project has exceeded 40% of the approved funding. Includes a Road Safety Audit for Improvement Projects.
20% of Project Estimate	Upon certification of satisfactory project completion of work in accordance with the project proposal.

## 4.3 Variations

Variations to scope, cost and time will be considered on a case by case basis. A MRRG Request for Variation must be completed and submitted along with supporting documentation to [MRRG@mainroads.wa.gov.au](mailto:MRRG@mainroads.wa.gov.au).

Early advice of variations is a requirement and works should not proceed until approval has been granted.

All requests for variations will be assessed by MRWA in the first instance to ensure the request complies with the relevant Guidelines and meets the criteria for the year of approval.

Depending on the complexity of the variation the following will apply.

- Requests of a complex nature (ie significant cost increase and/or change of scope), following assessment by MRWA, will be reviewed by the Technical Committee with a recommendation to the MRRG Elected Members for consideration.
- Requests for extension of time and/or of a non-complex nature may be approved by the Chairman of the MRRG Elected Members after assessment by MRWA and review by Chair of the Technical Committee. Should any issues be identified then the request will be referred to the MRRG Elected Members for consideration.
- Rehabilitation Program only - MRRG has given authority for MRWA nominated officers to approve cost variations up to 10% of the allocated funding, if surplus funds are available. Approval must be obtained prior to the final claim being submitted.

- Australian Government Black Spot Program – following assessment by MRWA requests that still meet the minimum requirements will be forwarded to the Department of Infrastructure, Regional Development and Cities for approval.

Where a LG is asked to provide further information to clarify / verify a variation request the response is to be provided within 4 weeks to expedite the process.

#### **4.4 MRRG Expenditure Action Plan – (refer Attachment 1)**

At the request of SAC, the MRRG Expenditure Action Plan was developed to address issues that identified Local Government's need to improve accountability for acquittal and governance of project funding.

A phased approach for the implementation of the Plan was adopted by the MRRG, recognising that a number of the Plan's process improvements had already been adopted as current practice by the Group.

The most significant change to process is the introduction of penalties to future funding based on prior years performance. This will initially only impact the Rehabilitation Program - refer clause 5.2.1 (f).

The MRRG performance will be reviewed annually to assess the impact of implemented process improvements on the overall rate of expenditure, and the need to implement further penalties.

## **5 FUNDING PROGRAMS**

### **5.1 Direct Grants**

Direct Grants are provided annually to Local Governments for routine maintenance on Local Roads. Direct Grant funding will be available after 1 July each year, on approval of the annual program. On receipt of a Certificate of Completion from Local Governments, certifying the previous year's allocation has been fully expended on roads, MRWA will arrange payment.

### **5.2 Road Project Grants**

The SRFLG Agreement 2018/19-2022/23 currently distributes 36% of the State's Road Project funding to the Metropolitan Region. In accordance with the SRFLG Procedures the funding is provided on a cost sharing basis of LGs contributing \$1 for every \$2 from the Road Project Grant funds.

The MRRG Road Project Funding is split between two Programs – Rehabilitation and Improvement on a 50:50 basis. Should excess funds occur in either program in a given year the MRRG may consider a transfer of funds between the two Programs.

Improvement Projects that are anticipated to be delivered over more than 1 year shall be funded in stages in line with proposed delivery plans.

Submission Summary Forms must be included at the front of all Road Project Grant submissions for the Rehabilitation and Improvement Programs.

In addition the following Practices have been adopted by the MRRG for each of the Programs -

### 5.2.1 Rehabilitation Program -

- a) Yearly submissions will be audited and ranked in accordance with the MRRG Road Project Submission Guidelines. A list of prioritised projects will be developed based on the audited ranking, and where possible maximising the eligible funding to each LG, with projects listed in Reserve.
- b) Partial funding of projects is not permitted.
- c) An annual maximum State Contribution allocation cap of \$750,000 per Local Government is applied to the Program. Should funds not be fully allocated the cap may be increased in increments of \$50,000 until fully allocated. This is reviewed on a year by year basis by the MRRG Technical Group for recommendation to the Elected Members.
- d) The prioritised Submission Listing will be distributed to all LGs for review. LGs may request changes to meet the LGs needs if projects still meet the advised funding cut-off score for that year. Change requests must be submitted to MRWA prior to the Technical Group making a recommendation.
- e) A draft program will be developed by MRWA and the Technical Group following the review by LGs. The draft will subsequently be presented to the Elected Members for endorsement prior to seeking Ministerial approval.
- f) The eligible funding to LGs may be subject to penalties for unclaimed funds in the prior year (Refer attachment 1 – Metro MRRG Expenditure Plan. If more than 10% of the LGs total Rehabilitation funding remain unclaimed by 30 June in the prior year (Yr1), then the LGs eligible funding in the following year (Yr3) will be reduced by the percentage over and above the 10% unclaimed.

For example, if a LG had underspent by 15% in Yr 1 then the eligible funding allocation to the LG in Yr 3 would be reduced by 5%).

- g) LGs must submit the first 40% claim for grant funding by 31 December in the year of approval. MRRG has given authority for MRWA to withdraw projects and return funds to the Pool at the beginning of the 3rd quarter for any projects that do not meet this deadline. Reminders will be issued by MRWA one month in advance of the deadline.
- h) The SRFLG Procedures require projects to be completed within the allocated year. However MRRG will allow LGs to submit a MRRG Request for Variation for extension of time to a maximum of 6 months for unforeseen delays. Requests must be received by 31 December in the approval year. It should be noted that the above mentioned penalties will apply if approvals are not in place by 30 June of that year.
- i) If a LG is not able to deliver a project, the project is to be withdrawn and surplus funds returned to the Pool and any overpayments refunded to MRWA for reallocation. Early advice of withdrawals is required.
- j) Where a Local Government completes a project under budget the surplus funds will be returned to the 'Pool' for reallocation and the Local Government is to refund any overpayments to MRWA. Funds may not be retained by the LG to cover shortfalls on other projects. The SRFLGA does allow LGs to fully claim the approved funding if the under spend is within \$1000 of the approved allocation.

- k) Over expenditures on projects is the responsibility of the Local Government. If monies are available in the "Pool", Local Governments may apply for additional funding. The MRRG has given MRWA authority to approve over spends of up to 10% of the State Contribution, if funding is available.
- l) Reserve projects, in priority order, may be funded during the 2nd quarter if funding becomes available from the Pool funds. Funding offers for Reserve Projects will be made on the condition the grant is able to be fully acquitted by 30 June in the financial year the offer is made. If funding is accepted the LG must submit the 1st 40% claim within one month of acceptance. Reserve Projects not fully acquitted within the approval year will be subject to the above mentioned penalties.
- m) The use of grant funding for the application of trial treatments is not permissible.

### 5.2.2 Improvement Program

- a) Yearly submissions will be audited and ranked in accordance with the MRRG Road Project Submission Guidelines for that year. A list of prioritised Projects will be developed based on the audited ranking with Projects listed in Reserve.
- b) MRRG allocations to individual Projects will be capped at \$3m State Contribution per year to a maximum contribution of \$9m (i.e. total project cost \$13.5m).
- c) The State Contribution funding to individual Local Governments is capped at \$4m per year.
- d) Improvement Submissions will be subject to review by the Technical Group. To assist in the determination of funding allocations, LGs with new submissions and current projects will be required to attend a special meeting of the Technical Group in September of each year to present the current status of each project. The following criteria will be used to determine the funding allocated to successful projects.
  - Submissions with detailed designs, costings and third party approvals in place (shovel ready) will be allocated a minimum of 40% of the total project allocation in the first year with funding committed for future years in line with the proposed delivery plan, provided it is still within their funding cap.
  - Submissions based on concept plans and preliminary costs will be allocated funding for detailed design phase only. Funding for these projects will not be committed and LGs will be required to resubmit projects on completion of detailed design for consideration of future funding.
- e) If the Project is deemed committed Local Governments may claim 40% of the total committed project allocation in the 1<sup>st</sup> year, provided funds are available.
- f) Committed Improvement Projects are to be withdrawn and surplus funds returned if a Local Government has not claimed 80% of the total allocation for committed projects within 2 years of the latest approved funding allocation.
 

i.e – For a project granted the full allocation in 2018/19, the 80% must be claimed by 30 June 2020. For a 2018/19 approved staged project where the latest allocation approved was in 2019/20 the 80% must be claimed by 30 June 2021.
- g) A maximum one year extension may be approved by the MRRG, for committed projects, where a written request is received by 31 December in the year the latest funding allocation was approved.

- h) Where a Local Government completes a project under budget the surplus funds shall be returned to the 'Pool' for reallocation and the Local Government shall refund any overpayments to MRWA. Funds may not be retained by the LG to cover shortfalls on other projects.
- i) If a Local Government is unable to proceed with a project, the project is to be withdrawn from the Program. LGs may claim the 2/3 State Contribution for costs incurred to date, subject to an itemised breakdown of costs being provided and the LG contributing 1/3 of incurred costs. The balance of funding will be returned to the 'Pool', with the Local Government refunding any excess payment.
- j) Over expenditures are the responsibility of the Local Government. To receive any further Road Project Grant funding over the approved amount a LG will need to resubmit the project for auditing and lodge a Request for Variation, for consideration by the MRRG. Provision of additional funding is dependent on the availability of surplus monies held in the 'Pool'.
- k) Reserve projects, in priority order, may be funded during the 2<sup>nd</sup> quarter to a maximum of 40% of the State Contribution if funding becomes available from the Pool. If Reserve funding is accepted the LG must submit the 1<sup>st</sup> 40% claim within one month of acceptance.

### 5.3 Black Spot Programs

Funding is provided under the Australian Government Black Spot Program (AGBS) and State Black Spot Programs (SBSP) for Road Safety Improvement Projects within the Metropolitan Region. Australian Government Black Spot - Administration and State Black Spot Program Development and Management Guidelines are available on the MRWA and WA Local Government Association (WALGA) websites

- a) The MRRG receives 50% of the total State Black Spot funds for Local Government Roads, currently \$5M annually, and allocates up to 20% of this to Road Safety Audit projects.
- b) AGBS funding pool for WA is determined on an annual basis by the Department of Infrastructure, Regional Development and Cities, for statewide distribution.
- c) The Black Spot nominations will be ranked by Benefit Cost Ratio (BCR) based on current CARS data or Risk Reduction Cost Ratio (RRCR) based on Road Safety Audit.
- d) Where the BCR and/or RRCR funding cut off scores fall on projects of equal scoring, the project from the Local Government with the least amount of proposed funding will be given priority, with consideration given to safety benefit.
- e) Staging of projects is a requirement for State Black Spot nominations that involve Traffic Control Signals (TCS); utilities; third party approvals; and/or are of a complex nature. Staged projects shall be treated as priority projects for funding in the following financial years.
- f) Nominations that include installation of or modifications to Traffic Control Signals will not be considered unless endorsed by MRWA Network Operations. A copy of the endorsement must be included with the nomination. To ensure nominations are valid LGs need to liaise with the Main Roads Traffic Services representative for their area well in advance of making a submission. Please refer to MRWA's Traffic Signals Approval Policy for further information.

- g) To ensure independent status the MRRG has deemed the lead auditor for Road Safety Audits in support of nominations must be from outside the submitting Council. Other members of the audit team may be accredited officers from within the Council.
- h) Variations to scope and/or cost will be assessed in accordance with the relevant Guidelines for eligibility of funding. The BCR score based on the revised total project cost must remain above the minimum requirement.
- i) Following the funding cut off point all remaining projects are considered to be "Reserve Projects" and will be funded as per the BCR/RRCR priority if funding becomes available in the current financial year. Reserve Projects not funded in the current financial year must be resubmitted for consideration in the next years round of submissions.

## **6 OTHER GENERAL MATTERS**

### **6.1 All Submissions involving a Highway or Main Road**

Applications for Local Road Funding in the Metropolitan Region involving a Highway or Main Road shall only occur where the LG initiates the application and is prepared to contribute in accordance with the relevant Procedures / Guidelines.

Endorsement must be obtained from the Director of Metropolitan Operations prior to LGs submitting projects involving works on Highways or Main Roads. Approved projects will be subject to detail design approval in accordance with MRWA's "Conducting Works on Roads" process.

Refer: Conducting Works on Roads

### **6.2 MRWA Electrical Services Handover**

Where a project involves the installation and/or modifications to Traffic Control Signals the final claim must include evidence the handover process for MRWA Electrical Services has been completed.

Refer: Commissioning, Decommissioning and Handover-Electrical-Assets

### **6.3 Completion of a Network Link**

Where the final stage of a project to complete a critical network link fails to score sufficiently to merit an allocation, the MRRG has the authority to authorise in special circumstances, funding for completion of the project.

### **6.4 Other funding sources.**

If a LG has successfully obtained alternative funding for an approved project, it is deemed the MRRG project should be withdrawn from the relevant Program and funds returned to the Pool for redistribution. This is considered in the spirit of the agreement and in line with past practice.

## RELATED DOCUMENTS

[State Road Funds to Local Government Agreement 2018-19 to 2022-2023](#)

[State Road Funds to Local Government Procedure](#)

[State Black Spot Program Development and Management Guidelines](#)

[Australian Government - Notes on Administration](#)

[MRRG Road Project Submission Guidelines](#)

[Progress Payment Certificate](#)

[Certificate of Completion](#)

[MRRG Request for Variation](#)

[Conducting Works On Roads](#)

[Traffic Signals Approval Policy](#)

[Commissioning-Handover-Electrical-Assets](#)

To note: The above documents are all available from the Main Roads website

## ATTACHMENT 1

### MRRG EXPENDITURE ACTION PLAN

#### 1. Road Improvement

Successful submissions with detailed designs, costings and third party approvals in place (shovel ready project) will be allocated full project funding to match the timing of progress claims.

Successful submissions based on concept plans and preliminary costings are only to be allocated funding for the detailed design phase. Once detailed plans are completed the project needs to be resubmitted again. A funding allocation for the detailed design phase will be given but payment will only be for internal design costs (to be detailed and then verified by MRWA program support officer with help from Technical officers group as required) and actual costs incurred for engagement of required external parties (eg geotechnical consultants, underground utility documentation, utility application fees, surveyors, etc). Details of design costs must be documented with recoup claim.

#### 2. Road Rehabilitation

Assign 80% of each total project allocation in the approval year with a final 20% to be allocated in following year.

Projects completed in the approval year should have final claims lodged and if surplus funds are available in the Program these will be paid in that year otherwise the final 20% will be paid in the following year.

The second 40% is to be claimed by 31 March. Prior to claiming the second 40% actual expenditure to date must exceed 40% of the State contribution allocation (as per current SAC guidelines). The total of second 40% claims not made by this date will result in the following year's Road Rehabilitation program allocation being reduced by that same total amount resulting in one or more projects being lost. This total includes 40% of withdrawn projects if not advised prior to 31 December.

#### 3. Blackspot

Any submissions not fully designed with all third party approvals will automatically be staged and be allocated 40% only in the first year.

Complex projects (eg traffic signals) fully designed with all third party approvals are also to be automatically staged and be allocated 40% only in the first year.

#### 4. Other Actions

A checkbox is to be added to the Milestones and Complexity submission form advising if project is fully designed, costed with all third party approvals received.

The first 40% of all projects are to be claimed by 31 December or project is forfeited (in place now).

Should more than 10% of a Local Government's (LGs) total road funds (Improvement, Rehabilitation and Blackspot – State remain unclaimed by 30 June the allocation to that LGs Road Rehabilitation list for the following year is to be reduced by the same percentage unclaimed. Should the total of second 40% claims in Road Rehabilitation projects not claimed by 31 March be greater than this percentage then whichever is the greater will apply in reduction to the following year's road rehabilitation allocation. Any funding reduction will result in at least one project lost from the nominated allocation for the following year. No projects will be part funded.

Any funds recovered will be allocated to reserve projects for those LGs not incurring any funding reduction. Should the funding cap be exhausted projects will then be offered to LGs (for those LGs not incurring any funding reduction) commencing from the highest remaining point scored projects. Those LGs offered additional projects will need to confirm acceptance as soon as possible and no later than 31 October.

It is open to LGs to request and seek alterations to timing of claims so long as these are done expeditiously and before MRRG meetings in November. Such approved changes will not be included in the calculations of totals unclaimed.

The Local Roads Program Manager, MRWA Manager Metropolitan Road program, MRWA Program Co-ordinator and WALGA Policy Manager Transport and Roads are to be invited to attend subgroup meetings. The Local Roads Program Manager will also visit individual LGs as necessary. The status of projects is to be covered at these meetings. The Local Roads Program Manager will review information from these meetings and visits together with the quarterly progress reports and make recommendations to the MRRG for project reallocation changes where issues in delivery are being encountered to ensure program funding is maximised.

Example of funding reduction.

Local Government	Total of Road Rehab claims not made by 31 March	Percentage of Unclaimed funds on all Projects as at 30 June	Amount reduced off following years Road Rehab allocation
City of XX1	\$180,000	8%	Loss of \$180,000
Town of YYY	\$60,000	25%	Loss of \$60,000 or 25% of allocation whichever is greater
Shire of ZZZ	\$40,000	15%	Loss of \$40,000 or 15% of allocation whichever is greater
City of XX2	\$0	9.5%	Nil
City of XX3	\$250,000	0%	Loss of \$250,000

# MRRG Expenditure Action Plan – Implementation Plan

## 1. Process Improvements

### 1.1 Road Improvement Projects –

Successful submissions with detail designs, costings and third party approvals in place (shovel ready projects) will be allocated full project funding to match the timing of progress claims.

Successful submissions based on concept plans and preliminary costing are only to be allocated funding for the detailed design phase. Once detailed plans are completed the project needs to be resubmitted again. A funding allocation for the detailed design phase will be given but payment will only be for *local government* design costs (to be detailed and then verified by with help from Technical officers group as required) and actual costs incurred for engagement of required external parties (eg design, geotechnical consultants, underground utility documentation, utility application fees, surveyors, etc). Details of design costs must be documented with recoup claim.

*Comment –*

- *Current practice – this has been adopted consistently for the 2017/18 and 2018/19 programs.*

*Action –*

- *Update Policies and Practices Documents to reflect current practice*

### 1.2 Blackspot Projects –

Any submissions not fully designed with all third party approvals will automatically be staged and be allocated 40% only in the first year.

Complex projects (eg Traffic signals) fully designed with all third party approvals are also to be automatically staged and be allocated 40% only in the first year.

*Comment –*

- *This is current practice for State Black Spot.*
- *Australian Government Black Spot - current guidelines do not allow for staging of project funding and approved projects receive the full allocation of funds in the approval year. There is also no time limit imposed on the delivery of projects. It would therefore be unfair to penalise Councils for carrying over funds at the end of financial year and these Projects would need to be excluded from the penalty calculation.*

### 1.3 Submissions

A checkbox is to be added to the Milestones and Complexity submission form advising if project is fully designed, costed with all third party approvals received.

*Comment –*

- *Current practice – implemented for 2019/20 program submissions.*

*Action –*

- *Update Policies and Practices Documents to reflect current practice*

### 1.4 Claims

The first 40% of all projects are to be claimed by 31 December or project is forfeited (in place now).

*Comment –*

- *Current practice and in the policies and practices doc.*
- *Currently a “soft” approach is taken. Consider MRRG gives authority to MRWA to automatically withdraw projects after this date without seeking further approval from the MRRG.*

*Action –*

- *Update Policies and Practices Documents to enforce MRWA authority to automatically withdraw funding.*

## 2. Penalty Implementation

### 2.1 Road Rehabilitation Projects - >10% underspend

Should more than 10% of a Local Government's (LGs) total Rehabilitation funds remain unclaimed by 30 June, the allocation to that LGs Road Rehabilitation list for the following year is to be reduced by the percentage over and above the 10% unclaimed.

*Action –*

- *2018/19 performance to be measured and results used to apply penalties to the 2020/21 Rehabilitation Program.*
- *Review in 12 months after applying penalties with potential to increase penalty if not having any effect on the carry over.*

### 2.2 Road Rehabilitation Project - Staging

Assign 80% of each total project allocation in the approval year with a final 20% to be allocated in following year.

Projects completed in the approval year should have final claims lodged and if surplus funds are available in the Program these will be paid in that year otherwise the final 20% will be paid in the following year.

*Comment –*

- *Potential to penalise those Councils who do consistently claim within the required timeframe.*
- *Historically 120 to 130 projects are annually approved for funding under the MRRG Rehabilitation Program. Applying mandatory staging to projects in this Program will see the number of projects double per year (Yr1 80% funding + Yr2 20% funding). This alone will create an extra workload/complexity in the management of the Program.*
- *The staging of Rehabilitation projects over a two year period could possibly also have a negative effect on rate of expenditure with Councils taking licence to delay works and/or claims.*

*Action –*

- *Defer implementation until impact of 2.1 has been assessed and 2.3 if implemented.*

### 2.3 Road Rehabilitation Projects – 2nd 40% Claims

The total of *local authority* second 40% claims not made by 30 June in approval year will result in the following year's Road Rehabilitation *local authority* allocation being reduced by the same total amount resulting in one or more projects being lost.

*Action –*

- *Defer until impact of 2.1 has been assessed and the outcome of SAC Action item (review of wording on the 2<sup>nd</sup> Progress Payment Certificate) is known (next SAC meeting 17/8/18).*

### 3. Exemptions

Will only be considered if timely (as soon as reasonably possible) communication of delays is received from LGs.

Circumstances where exemptions may possibly be granted include -

- Late program approval – post 31/7/18.
- Unexpected Service provider delays – external third party control.
- Reserve projects (rehabilitation program) may be excluded from assessment of penalties.

**NOTE :** The Expenditure Action Plan covers current and forward year programs effective from 2018/19. Legacy projects are to be largely dealt with outside of this Plan.