

State Road Funds to Local Government Agreement

2018/19 to 2022/23

JULY 2018



mainroads
WESTERN AUSTRALIA



WALGA

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

This Agreement is the 5th 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.

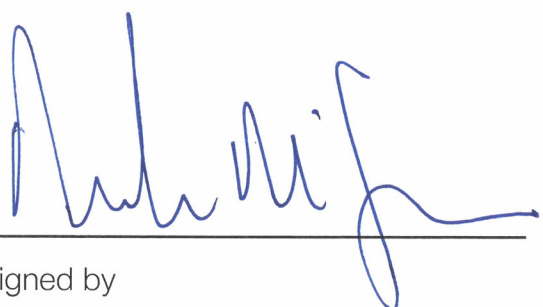
This Agreement is based on the equivalent of 20% of motor vehicle licence fee collections, being allocated to assist with the improvement and maintenance of the Local Government road network.

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.

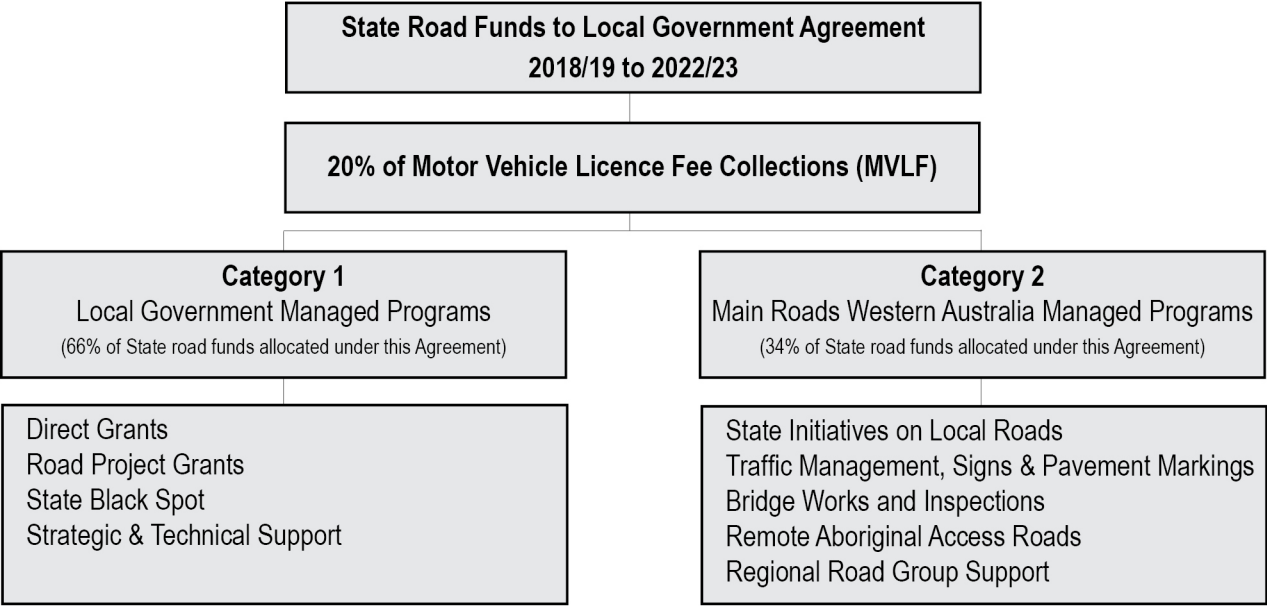
10. AGREEMENT REVIEW AND RESOLUTION OF FUNDING ISSUES

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.

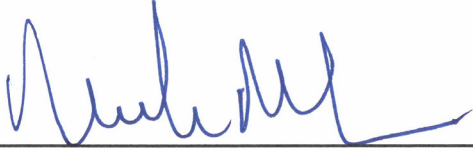
Local Governments should raise issues relating to funding under this Agreement with their respective Regional Road Group. If the issue(s) are unable to be resolved at this level, Regional Road Groups should refer them to SAC to address.

Figure 1 - STATE ROAD FUNDS TO LOCAL ROADS

Flow Chart for Calculating Funding Share for Local Government Roads



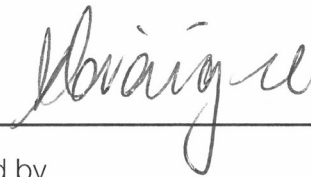
SIGNATORIES



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



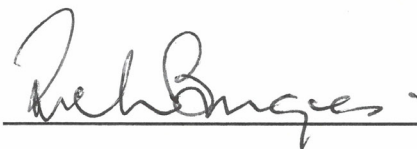
Signed by
Hon. Rita Saffioti MLA
**MINISTER FOR TRANSPORT;
PLANNING; LANDS**



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**



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