

STATE ROAD FUNDS TO LOCAL GOVERNMENT AGREEMENT 2011/12–2015/16







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

This Agreement is the 4th such Agreement put in place between State and Local Government in Western Australia.

It signals the strength of the relationship between our two spheres of Government.

For many years this arrangement has been the envy of other jurisdictions in that it provides certainty and a collaborative approach in the way both levels of Government in Western Australia meet the enormous challenge of maintaining and improving the 150,000 kilometres of State and Local Government roads.

The new Agreement maintains the Local Government share of funding at 27% of vehicle licence fee collections.

The Local Government share of vehicle licence fees will increase through growth of vehicles on register over the 5 years of the Agreement from an estimated \$145 million in 2011/12 to \$177 million in 2015/16. This represents a growth of about 22% percent over the 5 years of the agreement. The previous Agreement saw an increase from \$86 million to \$136 million over the 6 year life of the agreement.

The continuing management role that Regional Road Groups play, with the support of Main Roads and WALGA ensures funds are directed to roads which best meet regional needs. It ensures local involvement in the decision making 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.

Hon Colin Barnett MLA
PREMIER OF WESTERN AUSTRALIA

Mayor Troy Pickard
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, in 2000 and in 2005. The funding arrangements provide Local Government with surety in funding for the term of the Agreement. It also reinforces the strong working relationship between Local Government, through its peak body, the Western Australian Local Government Association and the State Government through Main Roads Western Australia.

The relevant legislation dealing with road management in Western Australia is as follows:

- The Managing Director of Main Roads has delegated responsibilities for roads in Western Australia as set out in the *Main Roads Act 1930* and the *Road Traffic Act 1974* (including the Road Traffic Code 2000).
- Local Governments have responsibilities for roads as defined in the *Local Government Act 1995*.

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.

This Agreement does not intend to set out all of the matters in the relationship between the State and Local Government on roads, but focuses on the allocation of 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 the Western Australian Local Government Association, 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. Principles

This Agreement is intended to ensure that the funds available from State Government sources for local roads, as outlined in Section 5.1 of this document, are allocated to the areas of greatest need where they will provide maximum benefit to all road users and the Western Australian community.

In reaching this Agreement, the Western Australian Local Government Association, the WA Government and Main Roads Western Australia are committed to the principles of:

- 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 the Western Australian Local Government Association,
- the sharing of revenue from vehicle registrations in proportions agreed between the State Government and the Western Australian Local Government Association,
- funding certainty for Local Government for the term of the Agreement,
- the continuation of the successful partnership between State Government and Local Government to preserve and enhance the State's vital road network,
- the application of good asset management practice,
- promoting and applying the Safe System approach to road safety and delivering safe road infrastructure.

2. Commitments

The State Government, through Main Roads Western Australia and Local Government, through its peak body, the Western Australian Local Government Association, 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 projects, from both a Regional and Statewide perspective.

3. State Road Funds to Local Government Advisory Committee

The State Road Funds to Local Government Advisory Committee will oversee, monitor and recommend to the Honourable Minister for Transport the distribution of State funds to Local Government roads.

The State Road Funds to Local Government Advisory Committee is to be made up of the Managing Director of Main Roads as Chairperson, the Chief Executive Officer of the Western Australian Local Government Association or their nominee, and four State Councillors as nominated by the Western Australian Local Government Association and four Main Roads Western Australia senior officers nominated by the Managing Director of Main Roads.

The Committee is to make recommendations to the Honourable Minister for Transport in relation to the annual Local Government Roads Program and other relevant issues.

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 the Regional Road Groups.

The Regional Road Groups will make recommendations to the State Road Funds to Local Government Advisory Committee 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 2025 Strategy or its updated equivalent document, the Functional Road Hierarchy and five (5) year works projections.

4.1 Future Direction of the Regional Road Groups

During the life of the Agreement an increased or expanded role for Regional Road groups may be considered. This could include taking a “whole of transport” approach, examining and planning for intermodal impacts, and an increased role in regional transport planning.

The impact of any change will be considered by the State Advisory Committee to ensure that delivery of an efficient and effective road network is not compromised, and that any resourcing impacts are understood and managed.

A two year timeline has been established for determining any change and the impacts with a milestone report to be prepared after 12 months for the State Advisory Committee.

4.2 Local Government Reform

The creation of Regional Transition Groups and/or the amalgamation of Local Governments may require a commensurate reallocation of resources between RRGs. A formal process for determining the extent of re-allocation will be developed within 6 months of the signing of the new Agreement for consideration by the State Advisory Committee.

5. Funding

5.1 Funding sources

On an annual basis, the share of State Road Funds to be allocated on Local Government roads will be 27% of estimated vehicle licence fees for that year. In the event of a State Government initiative to reduce vehicle licence fees, this percentage will be adjusted to ensure that the reduction to vehicle licence fees is revenue neutral to Local Government.

In the event where Vehicle Licence Fee collections were to exceed the estimate on which the annual allocations identified in the Agreement were based, an adjustment would be made in the following year to provide for the additional funding entitlement. This funding adjustment will require the State to provide Main Roads Western Australia with the additional funds.

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 need to carry over funds between years.

This agreement is projected to produce annual allocations from State road funds to Local Government Roads for the years 2011/12 to 2015/16 as per the following schedule:

- 2011/12 \$ 145.0 million
- 2012/13 \$ 152.7 million
- 2013/14 \$ 161.4 million
- 2014/15 \$ 167.9 million
- 2015/16 \$ 177.4 million



The allocations from 2011/12 to 2015/16 are based on the 2010/11 Budget and Forward Estimates. They are indicative and are subject to further review as they become incorporated into Main Roads Budget and Forward Estimates.

The allocations listed above however, are subject to adjustments resulting from road reclassifications. (ref: section 5.2.1).

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 to the agreement of both State and Local Government.

5.2 Funding Allocations

The revenue determined in section 5.1 will be referred to as Local Government State Road Funds and are to be distributed to Local Government Roads on the basis of:

61% of above allocation (Category 1)
Direct Grants
Road Project Grants
Commodity Routes
Strategic & Technical Support
25% of above allocation (Category 2)
Traffic Management and Road Safety
Bridge Works/Bridge Inspections
Remote Aboriginal Community Access Roads
14% of above allocation (Category 3)
State Initiatives on Local Roads

The standard category allocations are subject to variation if agreed to by the State Road Funds to Local Government Advisory Committee.

5.2.1 Direct Grants (Category 1)

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.

This amount is to be adjusted annually (positive only) by calculating the movement in the Consumer Price Index (CPI) from January 1 to December 31 in the year prior to the budget year to determine the annual total Direct Grant allocation or by the percentage increase of VLF, whichever is greatest.

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.

Direct Grants are not to be used towards projects funded under the Road Project Grants Category or for flood damage works, except as provided in Section 9.8.2 of the State Road Funds to Local Government Procedures.

Direct Grant allocations are subject to annual adjustment for gazetted road classification transfers (ie: State Roads to Local Government Roads and vice versa) and any net adjustment will be reflected in the total annual funding provided under this Agreement for Local Government roads. This adjustment will be based on the outputs of the Asset Preservation Model, which are agreed to by the State Road Funds to Local Government Advisory Committee and will be made in the following year.

5.2.2 Road Project Grants (Category 1)

The total amount allocated to Road Project Grants is the balance of funds determined by subtracting the Strategic and Technical Support allocation, the Commodity Route allocation and the Direct Grant allocation from the Local Government State Road Funds provided under Category 1.

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.

However, in 2011/12, \$2.5 million from the Rural Road Project Grant allocation will be set aside to fund roads servicing the Timber Industry (TIRES), Aglime routes and for Grain roads. This funding allocation will cease from the end of 2011/12 and be replaced by the Commodity Route Sub-category (see 5.2.3 below).

From the funding allocation to Rural Regional Road Groups, a Supplementary Fund is to be established to assist non-metropolitan Councils in repairing roads affected by abnormal rainfall. The State Road Funds to Local Government Advisory Committee will ensure that the Supplementary Fund commences each financial year of the Agreement with a minimum balance of \$4 million. Top up of the Supplementary Fund to this level will be provided from the Rural Regional Road Groups' Road Project Grant pool.

Where the balance in the Supplementary Fund is in excess of the \$4 million minimum allocation, the State Road Funds to Local Government Advisory Committee may reallocate excess funds to meet the overall strategic requirements of the Local Road Network.

Eligibility for funding from this source is provided in the State Road Funds to Local Government Procedures. Local Governments may also apply for funding assistance for local roads damaged by bushfires.

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.

This distribution methodology is subject to review after two years.

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

Direct Grants are not to be used towards projects funded under the Road Project Grants Category or for flood damage works.

Regional Road Groups can allocate Road Project Grants for road related (ie: street lighting) projects provided they are of Regional significance, are prioritised against other road projects within the Region and prior approval is obtained from the State Road Funds to Local Government Advisory Committee.

5.2.3 Commodity Routes (Effective from 2012/13) (Category 1)

\$2.5 million per year will be set aside from the total Road Project Grant allocation for a Commodity Route Supplementary Fund from 2012/13.

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.

Proposals will be sought by the State Road Funds to Local Government Advisory Committee from the Regional Road Groups. Regional Road Groups will assess the merits of a business case supporting an application to the Commodity Route Supplementary Fund and make a recommendation to the State Advisory Committee.

An annual application, which can include projects staged over more than one year, will be made to the State Road Funds to Local Government Advisory Committee.

Allocations will be provided on a cost sharing basis of \$2 from the Commodity Route Supplementary Fund and \$1 from Local Government funds. The State Road Funds to Local Government Advisory Committee may approve other special contributory arrangements on the recommendation of the Regional Road Group.

The Commodity Route Supplementary Fund will be applied to projects not eligible or not prioritised for Road Project Grant funding. The State Advisory Committee will review all applications for Commodity Route funding and select successful projects for funding.

Unallocated Commodity Route Supplementary Funds may be reallocated by the State Road Funds to Local Government Advisory Committee across all Regional Road Groups.

5.2.4 Strategic & Technical Support (Category 1)

The State Road Funds to Local Government Advisory Committee will determine the allocation for Strategic & Technical Support annually.



Strategic & Technical Support 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 Road Funds to Local Government Advisory Committee support to Regional Road Groups (ie: Annual Transport and Roads Forum, Annual meeting of the RRG Chairs)
- Municipal Infrastructure Needs, Development, Evaluation & Research (WALGA)
- The provision and analysis of crash statistics and road safety data for the Regional Road Groups
- ROMAN
- RoadWise Program (WALGA)
- WA Local Government Grants Commission support.
- The Roads Foundation
- State Gravel Supply Strategy
- Funding contribution to a Pavement Research Centre: research on local road needs
- Audit of grant recoups pursuant to Main Roads Western Australia requirements
- Other activities as identified or agreed by the State Road Funds to Local Government Advisory Committee

5.2.5 Traffic Management and Road Safety (Category 2)

The State Road Funds to Local Government Advisory Committee will determine annually, the allocation for the Traffic Management and Road Safety component.

Funds are provided for:

- Road marking & Pavement Markers
- Signing
- Traffic Signals
- Railway Crossings
- Safety and Traffic Improvement Projects
- State Black Spot Program – A summary of the guidelines relating to the administration of the State Black Spot Program are included in the State Road Funds to Local Government Procedures.

5.2.6 Bridge Works/Bridge Inspections (Category 2)

The Commonwealth provides Financial Assistance Grant funding to the Western Australian 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 the improvement, maintenance and periodic inspection of bridges on Local Roads.

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

The State also provides additional funding for structural bridge inspections and for specific bridge projects with no funding contribution required from Local Government.

Emergency Bridge Fund (Category 2)

Funding is provided from this category for emergency bridge repair work within the Bridge Program with the State Government contributing \$2 to \$1 Local Government.

Eligibility for funding from this source is provided in the State Road Funds to Local Government procedures.

5.2.7 Remote Aboriginal Community Access Roads (Category 2)

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.

5.2.8 State Initiatives on Local Roads (Category 3)

An allocation of 14 percent of the Local Government State Road Funds are to be provided for State Initiatives on Local Roads.

Main Roads Western Australia will develop the Program for submission to the State Road Funds to Local Government Advisory Committee for endorsement.

5.3 Key Performance Indicators (KPIs)

Main Roads and WALGA will work together to produce draft KPIs within 18 months of the signing of this agreement. Six Monthly reports on progress will be made to the State Advisory Committee.

Key Performance Indicators will be established for monitoring purposes and no financial incentives or penalties will apply on the basis of performance against KPIs.

Key Performance Indicators will focus on Expenditure Performance, asset management and road safety, and will be reported to Regional Road Groups.

5.4 Audit of Acquittal Records

At the first State Road Funds to Local Government Advisory Committee meeting following the end of each financial year, Main Roads Western Australia will provide the Western Australian Local Government Association with actual expenditure on Local 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 Strategic and Technical Support category.

5.5 Commencement and Term

This Agreement commences from the 2011/2012 financial year and will remain in place for a five year period inclusive of the 2011/2012 financial year.

5.6 Agreement Review and Resolution of Funding Issues

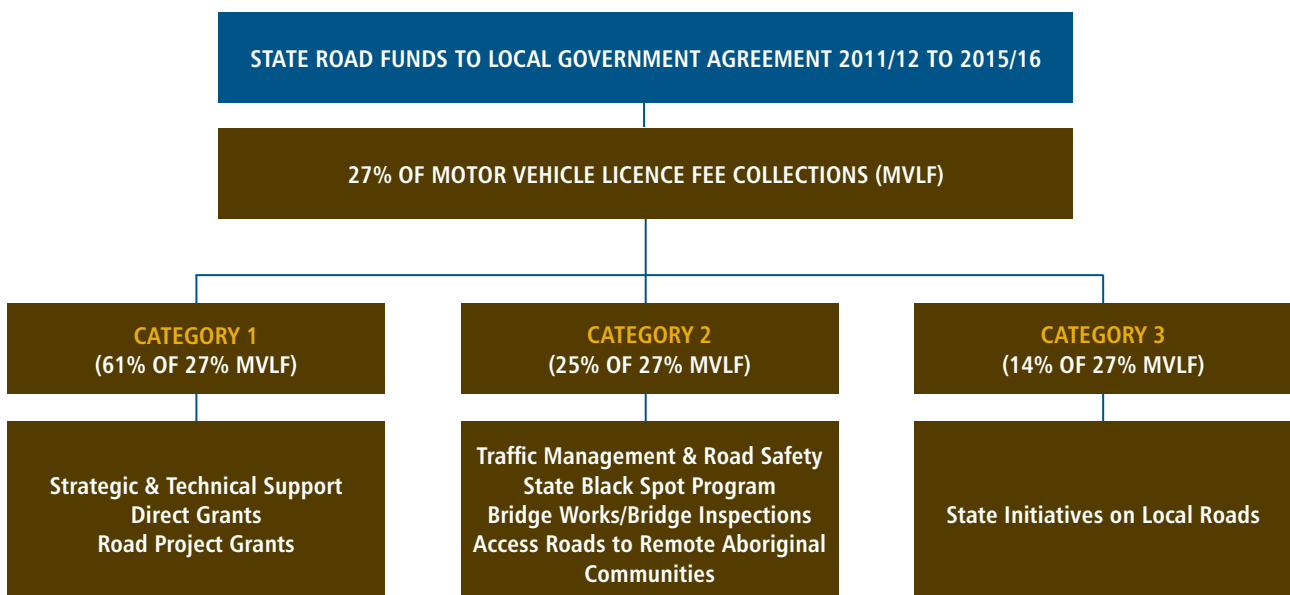
This Agreement may be reviewed (after 2 years), subject to determination by the State Road Funds to Local Government Advisory Committee.

The Agreement may be cancelled by the mutual agreement of the Western Australian Local Government Association State Council and the Honourable Minister for Transport.

Local Governments should raise issues relating to State funding on local roads 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 the State Road Funds to Local Government Advisory Committee to address.

Figure 1 – STATE ROAD FUNDS TO LOCAL ROADS

Flow Chart for Calculating Funding Share for Local Government Roads



SIGNATORIES



Signed by
Hon Colin Barnett MLA
PREMIER
FOR AND ON BEHALF OF
THE STATE OF WESTERN AUSTRALIA

Signed by
Hon Troy Buswell, MLA
MINISTER FOR TRANSPORT

Signed by
Mayor Troy Pickard
PRESIDENT OF THE WESTERN AUSTRALIAN
LOCAL GOVERNMENT ASSOCIATION
FOR AND ON BEHALF OF WESTERN AUSTRALIAN LOCAL GOVERNMENTS

Signed by
Menno Henneveld
MANAGING DIRECTOR
MAIN ROADS WESTERN AUSTRALIA

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

