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Western Australia.*

State Road Funds to Local Government Agreement

2023/24 to 2027/28

State Road Funds to Local Government Agreement to Western Australian Local Governments

This Agreement is the 6th 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.

Since the inaugural Agreement of this type in 1995-96 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 which supports both levels of Government to meet the challenge of maintaining and improving the State and Local Road Network.

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.

In addition to the direct funding under this Agreement, the State Government's commitment to fund other works on the local road network is acknowledged.

The continuing management role of Regional Road Groups, with the support of Main Roads Western Australia and the Western Australian Local Government Association, is important to ensure that funds under this Agreement are allocated to road works which best meet regional needs. Regional Road Groups help ensure local involvement in the decision-making process of how these funds are applied.

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

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Preamble

The 2023-24 to 2027-28 State Road Funds to Local Government Agreement builds upon previous funding and administrative arrangements negotiated between the State and Local Government dating back to 1995. This Agreement provides Local Government with greater surety in funding for the duration 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.

Local Governments in Western Australia manage 127,000 km of roads and 15,000 km of sealed paths on which 40% of travel occurs. This network connects with 18,000 km of State roads and principal shared paths, ports, airports, and public transport services. Cooperation and coordination between the State and Local Government is central to delivering liveable communities with equitable access to work, education, goods, and services as well as providing efficient supply chains for business.

There is a recognised need for co-operation and coordination between agencies with an interest in the road network. This helps to 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 the matters in the relationship between the State and Local Government regarding roads but focuses on the allocation of this Agreement's financial resources by the State Government to Local Government Road infrastructure and sets out the broad parameters in relation to the allocation of those financial resources.

Nevertheless, 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 consider the needs of WA's total road network.

State Road Funds to Local Government Procedures detail 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.

1. Guiding Principles

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 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 state-wide perspective.

The funds within this Agreement, as outlined in Section 5, are allocated across Western Australia, focusing on areas of strategic importance and areas that will help provide maximum benefit to communities. The needs of all road users and the Western Australian community will be considered during the allocation 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 for road safety to road infrastructure.
- Facilitating the efficient movement of freight and people.
- Autonomy of 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 revenue from vehicle registrations in proportions agreed between the State Government and WALGA.
- Recognition of the partnership required for delivering projects funded within this program.
- 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; and
- Good asset management practices.

As such it is expected that the outcomes from investments through this Agreement contribute to, and support, key State Government policy objectives, including:

- A 50 to 70% reduction in the number of people killed, severely or seriously injured in road crashes by 2030 (Driving Change Road Safety Strategy 2020-2030).
- Increasing opportunities and markets for aboriginal employees and businesses (Aboriginal Empowerment Strategy Western Australia 2012-2029).
- Continuing to move towards a more sustainable road industry including greater use of recycled materials.
- A reduction in Construction and Demolition waste generation per capita of 15% by 2025 and 30% by 2030 (Waste Avoidance and Resource Recovery Strategy 2030).
- Growing a stronger and more diverse economy (Diversify WA).
- Easy movement of people and freight across the sub-regions and beyond, a key to economic development and regional liveability (Perth and Peel @ 3.5 million).
- Net zero greenhouse gas emissions by 2050 through a multimodal transport system that promotes sustainable behaviour (WA Climate Change Policy; WA Bicycle Network Plan; Active Travel to Schools Roadmap 2021 - 2030).

2. Commitments

As part of this Agreement, Local and State Governments commit to:

- Increasing the application of the Safe System for road safety approach to the Local Road network.
- Providing opportunities for the employment of Aboriginal people.
- Increasing sustainable road construction practices through the greater use recycled materials.

2.1 Road Safety

The National Road Safety Strategy 2021-2030 is owned by Infrastructure and Transport Minister, representing all jurisdictions together with the Australian Local Government Association representing the local government sector. The Strategy articulates responsibilities for all levels of government and aims to demonstrate that zero deaths and serious injuries on our roads can be achieved. The National Strategy targets are that by 2030:

- The annual number of fatalities will be reduced by at least 50%, or approximately 55% of rate per capita
- The annual number of serious injuries will be reduced by at least 30%, or approximately 38% of rate per capita

Road safety improvements implemented during past decades did reduce trauma on WA roads; however, WA's trend for reductions in death and serious injury is starting to plateau. Notably, for the six-year period 2016-2021 just over 50% (461) of WA road fatalities occurred on local roads in WA. Therefore, the National and State targets will only be achieved with practical and tangible actions to improve road safety on the entire WA road network.

Within the first two years of this Agreement Main Roads, WALGA and RRGs will collaborate to establish a system(s) / process(s) for monitoring, reporting, and advancing Safe System treatments and a Safe Systems approach focusing, but not limited to, LGA works funded within this Agreement.

Based on the above work the parties will work to determine and, where practical, implement the next steps to further advance Road Safety.

2.2 Aboriginal Employment

Low employment rates for Indigenous Australians contributes to economic and social disadvantage and hardship. Meaningful employment provides financial and economic security, improves outcomes for health, social and emotional wellbeing and living standards. Meaningful employment provides economic independence that can enable Indigenous Australians to explore their own aspirations and achieve self-determination.

Consistent with the Partnership Agreement on Closing the Gap established between the Commonwealth Government, State and Territory Governments and the Australian Local Government Association, WA has a commitment to the Closing the Gap targets.

The WA Closing the Gap Jurisdictional Implementation Plan highlights that local government is integral to achieving Closing the Gap objectives and that it is vital that State agencies and local governments work together.

This Agreement will provide funding support to the Nudge Foundation. Nudge have demonstrated excellence in sourcing and supporting, aboriginal trainees and apprentices in civil construction and other industries. This provides the individuals with sustainable employment and the industry access to skilled employees.

Within the first two years of this Agreement Main Roads, WALGA and RRGs will collaborate to establish a system(s) / process(s) for monitoring and reporting Aboriginal Employment focusing, but not limited to, LGA works funded within this Agreement.

Based on the above work the parties will work to determine and, where practical, implement the next steps to further advance Aboriginal Employment.

2.3 Recycled Materials

WA's Waste Avoidance and Resource Recovery Strategy 2030 sets targets of increasing material recovery to 70% by 2025 and to 75% by 2030. The strategy notes that construction and demolition waste make up approximately 50% of WA's waste and represents a significant opportunity for material recovery. Demolition waste can be diverted to become products such as crushed concrete.

When considering the use of recycled materials within works there will be a focus on the State Government's initiative of Road to Reuse materials.

It is acknowledged that in WA the industry is still developing. Therefore, this Agreement will have an initial focus on crushed recycled concrete and crumbed rubber products.

Within the first two years of this Agreement Main Roads Western Australia, WALGA and RRGs will collaborate to establish a system(s) / process(s) for monitoring, reporting, and advancing the use of recycled materials focusing, but not limited to, LGA works funded within this Agreement.

Based on the above work the parties will work to determine and, where practical, implement the next steps to further advance 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 endorse to the Honourable Minister for Transport, via the Managing Director Main Roads, the allocation 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 the Agreement. Regional Road Groups (RRGs) are responsible for developing regional specific policies and procedures within the overarching framework to suit local circumstances.

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

4. Regional Road Groups

Membership of Regional Road Groups is to comprise elected Local Government representatives (Councillors and/or Commissioners as appointed under the Local Government Act 1995 from time to time) with all Local Governments being represented.

RRGs may establish Sub-Groups and/or Technical Advisory Groups to suit regional conditions. The Sub-Groups will comprise of Local Government elected representatives (Councillors and/or Commissioners as appointed under the Local Government Act 1995 from time to time) and will provide delegates to represent the Sub-Group at the RRGs.

RRGs will make recommendations to the SAC in relation to the Annual Local Roads Program and other issues. This may include advice relating to State Black Spot Programs, amendments to the Roads 2040 Strategy or its updated equivalent document, the Functional Road Hierarchy and three (3) year works projections.

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 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.

Funding under the Agreement 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 2023/24 to 2027/28 as per the following schedule:

2023/24	\$253 million
2024/25	\$264 million
2025/26	\$275 million
2026/27	\$288 million and
2027/28	\$300 million

The above allocations are based on the 2022/23 State Budget and Forward Estimates of motor vehicle licence fees. They are indicative and are subject to adjustment as each State 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 the State Advisory Committee (SAC).

5.2 Funding Allocation Categories

The revenue determined in section 5.1 is to be distributed to Local Government roads based on:

Local Government Managed Programs (Category 1): 67%

- Strategic and Technical Support
- Direct Grants
- Road Project Grants
- State Black Spot
- Remote Aboriginal Access Roads

Main Roads western Australia Managed Programs (Category 2): 33%

- Traffic Management, Signs and Pavement Markings
- Bridgeworks
- Bridge Inspections
- State Initiatives on Local Roads
- Regional Road Group Support

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

Local Government Managed Programs (Category 1):

5.2.1 Strategic and Technical Support

Strategic and Technical Support funds are provided for the following:

- Municipal infrastructure needs, development, evaluation & research.
- Provision and analysis of crash statistics and road safety data for RRGs.
- WALGA RoadWise program.
- WA Local Government Grants Commission support.
- Nudge; and
- Other activities as identified or agreed by SAC.

5.2.2 Direct Grants

Direct Grants are allocated for routine maintenance of 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 (Regional Road Group Secretariate) certifying that the previous year's allocation has been expended for routine maintenance on roads in their district.

Funding of Direct Grants is 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 (State Roads to Local Government Roads and vice versa). Adjustments 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.

5.2.3 Road Project Grants

After deducting funding for Commodity Routes, and Road and Bridge Condition Data, the Road Project Grant pool is to be distributed based on 36% to the Metropolitan Regional Road Group and 64% to Rural Regional Road Groups.

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.

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

Road project grants 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.

5.2.3.1 Commodity Routes

Commodity Routes are defined as routes where there is a significantly high priority transport task associated with the transport of a commodity such as, but not limited to, grain, timber, agricultural lime, or iron ore. The funding is intended for roads that require upgrading or maintenance to accommodate the commodity transport function. Periodic maintenance and rehabilitation 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 will call for project proposals via the RRGs. The TRG will assess and prioritise the proposals and make recommendations to SAC for approval. 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 RRG.

5.2.3.2 Road and Bridge Condition Data Collection Fund

An amount of up to \$500 000 will be set aside annually from the Road Project Grant allocation primarily for the assessment of the condition of the regionally significant Local bituminous sealed roads as defined in the Roads 2040 (or later) strategy.

The amount shall be used to conduct visual condition assessments of the regionally significant Local Road roads in accordance with the WALGA Visual Defects Assessment Manual or other agreed methodology. The Fund may also be used 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. The data must be made available to Main Roads in an agreed format and may be used to assess the condition of the road network at a Regional and State level.

5.2.4 State Blackspot

Funding provided under the State Blackspot Program on Local Roads is to target reducing road trauma on the road network. Funding decisions within the program will continue be informed by crash history or likelihood risk of crashes occurring. The program shall be managed in accordance with the Local Government Procedures and the State Blackspot Program Guidelines and may include the funding of systems/procedures or other works which assist in the process of reducing road trauma.

5.2.5 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 minimum matching contribution of \$1 from the State for every \$2 provided under the Commonwealth Grant Scheme.

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

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

Main Roads Western Australia managed programs (Category 2):

5.2.6 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 markers on the Local Government Road network.

5.2.7 Bridge Works/Bridge Inspections

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 major maintenance and replacement of bridges on Local Roads.

The State provides a minimum 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. 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.

5.2.8 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 are still of strategic importance to the State.

5.2.8.1 Active transport

Active Transport supports safe, well-designed, and connected networks for people of all ages and abilities to ride bikes, scooters or walk to get around. Within this Agreement, over \$5 million will be set aside annually for Active Transport programs/projects to be administered by the Transport Portfolio.

5.2.9 Regional Road Group Support

Regional Road Group Support funds are provided for the following:

- Administrative support provided by Main Roads Western Australia for activities under this Agreement.

- Administrative and Technical assistance provided by Main Roads Western Australia to support the operation of RRG activities.
- Administrative support provided by Main Roads Western Australia to SAC and for the oversight of this Agreement.
- Audit of grant recoups pursuant to Main Roads Western Australia requirements.
- Other activities as identified or agreed.

6. Dispute Resolution

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 for review.

7. Key Performance Indicators

Key performance Indicators (KPIs) will focus on Expenditure Performance, asset management and road safety. KPIs have been established for monitoring purposes. 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.

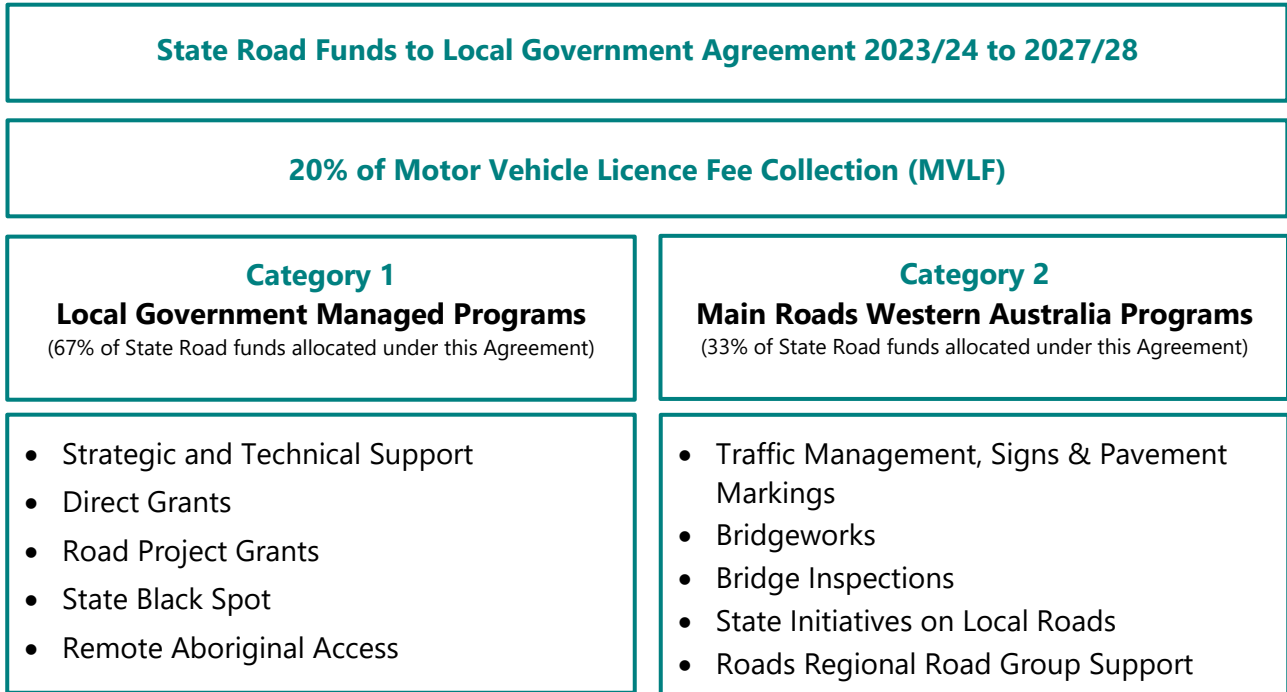
Any Local Government claiming funds under the Agreement accepts these payments on the understanding that they are subject to audit by Main Roads Western Australia or its representative. Costs associated with these audits will be funded from the Regional Road Group support category.

9. Commencement and Term

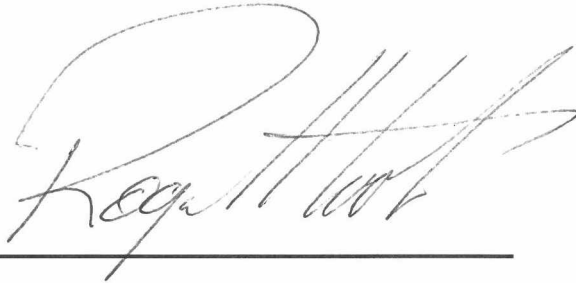
This Agreement commences from the 2023/24 financial year and will remain in place for a five-year period inclusive of the 2027/2028 financial year.

The Agreement may be cancelled by the mutual agreement of the WALGA, State Council and the Honourable Minister for Transport.

Figure 1 - STATE ROAD FUNDS TO LOCAL ROADS
Flow Chart for Calculating Funding Share for Local Government Roads



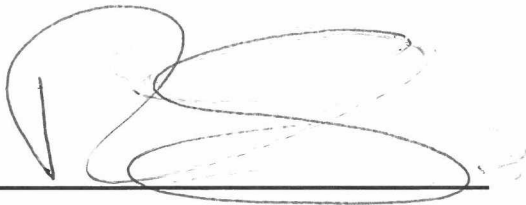
Signatories



Signed by

Hon. Roger Cook MLA

Premier of Western Australia



Signed by

Hon. Rita Saffioti MLA

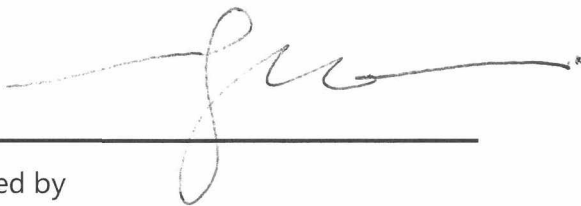
**Deputy Premier; Treasurer
Minister for Transport; Tourism**



Signed by

Cr Karen Chappel AM

**President, Western Australian
Local Government Association**



Signed by

Peter Woronzow

Commissioner of Main Roads



Signed by

Nick Sloan

**Chief Executive Officer of Western
Australian Local Government
Association**