

STATE ROAD FUNDS TO LOCAL GOVERNMENT ADVISORY COMMITTEE

MINUTES (Meeting 02/2021)

Held at WALGA on
Friday, 13th August 2021 9:30am

Committee Members Present:

Mr D Morgan	MRWA	(Chair)
Cr K Chappel	WALGA	
Cr J Brown	WALGA	
Cr C Pavlovich	WALGA	
Cr M Rich	WALGA	
Mr N Sloan	WALGA	
Mr D Snook	MRWA	
Mr M Cammack	MRWA	

Others in Attendance:

Mr I Duncan	WALGA	
Mr K Pethick	MRWA	
Mr O Gupta	IPWEA	
Mr G Eves	MRWA / WALGA	
Mr M Hoare	MRWA	(Secretariat)

Apologies:

Mr S Purdy	IPWEA
Mr J Erceg	MRWA
Mr L Marchant	MRWA

1. WELCOME AND APOLOGIES

The Chairman welcomed the Committee members noting the three apologies Shane Purdy, John Erceg and Les Marchant. The Chair noted Nick Sloan, Julie Brown and Des Snook would be arriving late.

2. CORRESPONDENCE

No items of correspondence were noted.

3. MINUTES OF PREVIOUS MEETINGS (01/2021)

The minutes of the Meeting number 01/2021, held on 16 April 2021, as attached to the Agenda were accepted as a true record of proceedings.

4. BUSINESS ARISING FROM PREVIOUS MEETINGS

4.1 Summary of Outstanding Actions

Reference Item No/Officer	Action Required / Taken
RAV networks information 01/2021-1 DS	<p>13/08/2021 Complete – Email with Link to MRWA website and RAV map information sent to Cr Rich</p> <p>16/04/2021 Provide Cr Rich with information on RAV networks from Albany Highway through to South Western Highway around the Jarrahdale area.</p>
RRG Report 03/2020-4 MH	<p>13/08/2021 Complete – Draft template sent to Ian Duncan</p> <p>16/04/2021 Ongoing – Draft Year-End summary reporting template to be discussed offline with Ian Duncan.</p> <p>01/12/20 A reporting template to be investigated for yearend summaries to highlight RRGs and Councils where delivery of the program fell short</p>
Other Business Raised 03/2020-7 MC	<p>13/08/2021 Complete – Fact Sheet distributed with meeting 01/2021 minutes as Appendix B.</p> <p>16/04/2021 Regional Road Safety Program Local Government Roads Fact Sheet produced in consultation with WALGA and distributed via email by Main Roads</p> <p>01/12/20 Develop and communicate a consistent message for regions regarding the Commonwealth Road Safety Improvement Program on how previous sections of Local Roads were chosen, the rationale used and what a low cost treatment means</p>
Review Road Funding Distribution Methodology 02/2020-2 ID / MC	<p>13/08/2021 Ongoing – The separate workshop for SAC to be held after 31 August 2021 to discuss the Assessment Framework deliverables under Items 6.1 and 6.2 from the paper included with the 01/2021 meeting's agenda has been reset to during September 2021.</p> <p>16/04/2021 Ongoing - Dependent on the progress of the consultant, a separate workshop for SAC will be held after 31 August 2021 to discuss the Assessment Framework deliverables under Items 6.1 and 6.2 from the paper included with the previous meeting's agenda.</p> <p>16/04/2021 Refer item 10.2 for a draft scope of work to a review the current Road Project Grant funding split between Metropolitan and Rural RRGs</p> <p>01/12/20 Maurice Cammack and Ian Duncan to update progress to report back to SAC at the next SAC meeting on 16 April 2021</p> <p>13/08/2020 Maurice Cammack and Ian Duncan to develop a potential scope of work for a review of the current Road Project Grant funding split between Metropolitan and Rural RRGs</p>

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Maurice spoke to the business arising and then he and Ian elaborated on the following item:

Review Road Funding Distribution Methodology

- A list of potential consultants for the SAC workshop to discuss the Assessment Framework deliverables i.e. present benefits of Option A compared Option B plusses and minuses has been identified.
- The end of August 2021 timeline to hold the workshop has now been reset to during September 2021.

5. LOCAL GOVERNMENT ROADS PROGRAM

5.1 Expenditure Profile - State Road Funds to Local Government Agreement program

The Committee noted the report on the Summary of State Funding on Local Roads for the period ending 30th June 2021.

	\$'000
2020/21 Budget	229,600 (including 28.6m funds carried forward from 2019/20)
YTD Expenditure	183,921
Overall Result	45,679

The 2020/21 overall result of \$45.7 under expenditure was disappointing representing around 20% of the total budget comprising \$23.5 million Category 1 underspend and an underspend of \$22 million for Category 2. This compared to \$28.6 million underspend for 2019/20 or around 13.4% of the total budget.

It was noted that this has been a difficult year with challenges around COVID-19 related issues and stimulus funding.

The stimulus funding provided this year had set deadlines impacting the delivery tasks already in place from the State Road Funds to Local Government Roads 2020/21 program. Over May and October 2020 Main Roads was provided with \$255 million in additional road safety funding to deliver by 30 June 2021 but it did come at a cost for some other Black Spot projects.

However, while there are a few mitigating factors it does not alter the fact that there was \$45.6 million under expenditure on a \$229.6 million budget allocated.

A question was asked if it was considered that the Minister will accept a \$45.6 million under spend even if there are mitigating circumstances? Doug Morgan responded that with mitigating factors, as noted above, there is probably no immediate risk, however, it becomes a discussion point when requesting additional funds in the future.

Maurice commented that there are always two parts to the conversation. One being the large need to meet our customer's (road users) expectations and secondly, the capacity of the industry to deliver.

Whilst some projects may have been completed on the ground all the paperwork may not have been finalised to produce the final claim. It was highlighted that the end of financial year accruals process can be used to adjust for completed work(s) not yet invoiced.

It was noted that the Metropolitan Regional Road Group undertook some process changes regarding the administration line marking on rehabilitation projects to 'separate it out' and asked if an evaluation has been undertaken of how effective those changes have been and after that assessment could it be extended to other parts of the program.

- **ACTION 02/2021-1:** Metropolitan Regional Road Group to provide a report back on the effectiveness of the new process for line marking administration trialled in 2020-21 and the potential to extend it to other programs.

State Initiatives on Local Roads recorded a significant \$19.2 million under expenditure that was not consistent with previous years. Due to several jointly funded projects, such as Abernethy Road \$7.3 million, being tied to Commonwealth funding schedules there was limited flexibility for reallocation. A review of the State Initiatives program has been carried out to help ensure a much-improved delivery outcome in 2021-22.

The Bridge Program was also \$3.7 million under spent where projects are two thirds FAGS funded and one third Local Government. It was noted that there has been a practice to expend the Commonwealth portion first. Also, that there is not the flexibility to move between Local Governments if there is under or over expenditure. The consequence is that when under expenditure occurs it does mean that the SRFLGA component suffers first.

5.2 **Expenditure Profile YTD 2021/22 - State Road Funds to Local Government Agreement program**

The Committee noted that the report on the Summary of State Funding on Local Roads for the end of July 2021 period.

The report reflected the 2021/22 allocation of \$213.929 million approved by the Minister and \$45.679 million carried over for a total budget of \$259.608 million to be delivered, collectively the largest ever.

5.3 **MINDER (Financial Report)**

The Committee noted the report included in the agenda.

Ian advised delegates that MINDER reported an operating deficit which has not occurred before. The driver for this was that WALGA decided to move from a financial year ending 30 May to a June 30 financial year. Consequently, this year was a thirteen-month reporting period with the grant calculated on the basis of 12 months expenditure.

Noted that the Visual Condition Surveys for regionally significant roads are progressing around the State. Contractors have completed work in the Great Southern and started in Goldfields Esperance that will include access roads to aboriginal communities. Positive feedback has been received from Local Government regarding the work done and how it relates to their own asset management. The Wheatbelt Regions will next on the list.

Regarding Road Project Grants work on the pilot project has been completed with the South West Regional Road Group to change the multi criteria analysis of projects to better align them with a road safety management system. The SWRRG will now vote on these changes.

WALGA is working with South West councils to help them deliver the additional works that have been funded under the Regional Road Safety Program.

5.4 **2019/20 Report on Local Government Road Assets and Expenditures**

The Committee noted the report included in the agenda.

Highlighted points from the report circulated last period included:

Largely driven by flood restoration work total expenditure by Local Governments on the local road network has fallen over the last 2 years i.e. expenditure over the last couple of years has been constant if flood damage is excluded.

Federal Government funding has increased slightly, and State Government funding is slightly reduced.

In the summary of the access for Restricted Access Vehicles (RAV) across the network it was noted that there is an increase in the extent of network open to RAV4 and RAV7 vehicles, particularly RAV4.

Also growing substantially is the length of pedestrian and cycle paths sealed network.

A discussion followed around RAV access and managing access for extraordinary freight tasks where the roads are shared by more than one major user. The policies and regulations to support a requirement for industries to contribute to extraordinary maintenance costs remain of concern for some Local Governments.

5.5 Local Roads Program Manager (LRPM) 2020/21 Annual Report

The Committee noted the report included in the agenda.

Geoff spoke to the report and commented from a Metropolitan Region perspective that over the last period “at risk projects” had been a focus where Local Authorities may have been having some difficulties e.g. dealing with the impacts of stimulus monies. Planning and scheduling have been emphasised again particularly where it is known new funding streams are coming online to keep industry going.

It appears delivery of Black Spot Program projects are being delayed by issues in design and third-party approvals. Street lighting projects are being impacted by delays in the delivery of overseas goods with lead times for some parts being three to six months and new plant up to nine months.

Another ongoing issue is high staff turnover that makes following up of issues with directors and managers more difficult.

Feedback from Local Governments on the 2016 to 2020 review included a suggestion that rehabilitation rates were not reflective of the market, in particular additional costs for nightworks. However, analysis of 134 rehabilitation projects identified only 9 with over-budget expenditure. 91 were completed on budget and 34 completed under budget. Further investigation of the 9 projects over budget, only 2 had over expenditure greater than 10%. Main Roads has delegation to approve over expenditure within that 10% range i.e. 7 of the 9 projects met that criteria. Based on this end result it was recommended that Local Authorities document their evidence supporting over expenditure and rate variation for examination by the review panel.

Another investigation from the review was the large number of projects approved for funding but subsequently withdrawn. The 27 projects withdrawn were comprised of 2 improvement projects, 19 State Black Spot projects, and 6 Australian Government Black Spot projects. Over half the projects failed as a result of being unable to complete a suitable design meeting the BCR. This highlights the need to have an advanced design program so there is a suitable project design in place before submission. Changes in project scope are also impacting the BCR.

It was identified that the 4 programs analysed all had different issues. This will be identified, and mitigation strategies included into Guidance Notes Packages for Local Authorities. A paper is to be presented at the local IPWEA professional development week later in November, essentially to examine those raised from Guidance Notes and inform new people to the organisation unfamiliar with the Metropolitan Regional Road Group Program and governance then look at improvements to the process and what can be put into the operational system.

- **ACTION 02/2021-2:** Ian to investigate opportunities to communicate the processes and requirements for State Government road grant funding to Local Government officers.

6. STATE BLACK SPOT PROGRAM

6.1 Summary and Financial Reports

The Committee noted the Summary and Financial Reports for the period – 2020/21 (as at 30/06/21).

Overall

- Final expenditure was \$15.23M (42% of the full year budget that included a \$14.99M carryover)

State

- Final expenditure was \$6.69M (37.2% of budget)

Local

- Final year expenditure was \$8.54M (47.3% of budget)

Main Roads was able to deliver 37% of the \$18 million 2020/21 State Black Spot Program (State Roads) Program. Delivery of this program was impacted by the focus on the Regional Road Safety Program that had delivery milestones to be met to receive payment. As a result, this program only had 5% completion with only 2 of 34 projects completed and 62% of projects yet to commence to be carried over into 2021/22.

The 2020/21 State Black Spot Program (Local Roads) acquitted 54% of budget in rural regions and 41% in the Metropolitan Region that means over half of this program will be carried over into 2021/22.

The end result is that with carry over the 2021/22 program to be delivered will double the initial allocation and that indicates that there is a fundamental issue with State Black Spot that is not getting in front of but getting behind. The review of Black Spot delivery is progressing with feedback from each Regional Road Group to be compiled in the report. The next area of focus will move into expenditure and the delivery process and how the guidelines are structured e.g. harder milestones. The review will explore all options and the findings when delivered will be reported to SAC.

- **ACTION 02/2021-3:** SAC Secretariat to write to Regional Road Group Chairpersons asking if they can confirm out of session with the Regional Road Group that the 2021/22 State Black Spot program can be delivered in conjunction with the carry over projects from 2020/21 this financial year.

7. AUSTRALIAN GOVERNMENT BLACK SPOT PROGRAM

7.1 Summary and Financial Reports

The Committee noted the Summary and Financial Reports for the period – 2020/21 (as at 30/06/21).

Overall

- Final expenditure was \$13.06 million (68%) of the 2020/21 budget which included a \$19.31 million carryover

National & State

- Final expenditure was \$4.62 million (56%) of the 2020/21 budget which included \$3.97 million carryover)

Local

- Total expenditure was \$8.44 million (55%) of the full year budget which included \$3.45 million carryover

This is a similar story to the State Black Spot Program with Main Roads 56% of the program delivered and 46% of projects yet to be started that will be carried over to 2021/22.

From a Local Roads project perspective, Metropolitan 55% of the overall program has been expended and Rural was 55% also with works too start around 40%.

The 2021/22 program has been approved and Main Roads will start collecting data for 2022/23. and a Consultative Panel meeting will be scheduled in January 2022 that includes WALGA representation. An option for consideration is to re-examine the traditional over-programming of the Australian Government Black Spot Program. It may be helpful to re-examine this approach in light of the current situation and capacity to deliver to allow the program to catch up. This will depend on project nominations received.

8. REGIONAL ROAD GROUP ATTENDANCE

The Committee noted the report attached to the Agenda.

Seven out of the ten Regional Road Groups met during the period and like this SAC meeting a key topic of conversation was project delivery, completion and acquittal.

Regional Road Group Chairs have a tentative meeting date for later this year in September.

9. ROAD CLASSIFICATION REVIEW

9.1 Classifications & Proclamations

The Committee noted the attached table of classifications and proclamation actions.

Ocean Reef / Gnangarra, Road (Marmion Av to Tonkin Hwy), Curtin Avenue, Marmion Avenue (Ocean Reef Rd to Yanchep Beach Rd) and Broome Cape Leveque Rd (0 – 205 SLK) have all been reclassified as State Roads with handover complete.

Thomas Road (Tonkin Hwy to SWH) is under review with Treasury and this should be a straightforward process.

9.2 Future State Roads Project

The Urban / Metropolitan is complete with 1 late road added being Loftus St-Thomas Road.

The rural section of the Future Roads project is progressing with 18 roads identified to be examined in detail.

9.3 Local Government Roads of Strategic Importance

Taken as read. The Roads Hierarchy Review is out for consultation now and significant discussion is taking place with some concerns raised.

10 STATE ROAD FUNDS TO LOCAL GOVERNMENT AGREEMENT

10.1 Commitments List from The Agreement

Maurice provided an update on active items (2) from the Agreement.

- 1) Local Government Road Safety Project
WALGA and Main Roads are working towards the establishment of a Road Safety Management System to suit the needs of Local Government (refer also Item 5.3 Minder). Pilot group in the South West has completed work to revise the multi criteria analysis model used to prioritise Road Project Grants with a greater emphasis on road safety.
- 2) Review Road Funding Distribution Methodology
Work is ongoing (refer 4.1 Business Arising from Previous Meetings).

Process for a new Agreement

The current Agreement expires at the end of 2022/23.

Main Roads will seek to confirm with the Minister that Government wishes to continue with an Agreement. If so, are they comfortable with Main Roads commencing conversations with WALGA.

- **ACTION 02/2021-4:** Prepare SAC paper for 10 December 2021 meeting agenda outlining the timetable and milestones needed to be in place to achieve a signed Agreement before 2023/24 subject to Government and both parties willing to continue this process.

11 GENERAL BUSINESS

11.1 Over Size, Over Mass Unit, National Heavy Vehicle Regulator and Harvest Management Scheme

The Committee noted the report included in the agenda

Heavy Vehicle Services (HVS) Restricted Access Vehicle (RAV) originally had over 200 outstanding RAV assessments for roads within the Wheatbelt Region when this program started over 3 years ago and now the average assessment is around 20 roads per month.

CA07 - Main Roads collected a lot of information and is working on an alternative approach to this issue that has not been found yet. However, currently self-management is being undertaken around this issue and advice from the Main Roads Ministerial Heavy Vehicle Advisory Panel is that they are not picking up a lot of concerns from industry covering.

The Heavy Vehicle Community Education Campaign has finished the #BiggerThanYou campaign video that appeared on television and Social media addressing sharing the roads with awesome loads and won the WA Rural Media Award for Best Campaign. The next campaign will centre around Traffic Management at Roadworks. The next #BiggerThanYou campaign will start filming very soon with the intention to launch by the end of September in time for the upcoming school holidays and harvest.

11.2 Local Roads Program Manager Metropolitan (LRPM) – Contract Review

This matter will be undertaken out of session.

- **ACTION 02/2021-5:** Provide SAC with a paper out of session before 10 December 2021 meeting presenting options for the Local Roads Program Manager Metropolitan role going forward for discussion.

11.3 Roundtable (other business)

Doug Morgan raised some current matters for the Committee's information

There is an expectation from Government regarding the level of investment that is being made in various sectors that a 'Social Dividend' will also be delivered as part of our overall program. Items that could fall into the "Social Dividend" category include.

Road Safety Management System - There is an expectation that road safety priorities continue to be given greater priority when undertaking funding decisions.

Other items that may be more formalised for 'Social Dividend' are Aboriginal Employment / Engagement, Reuse / Recycling and Local Content with the Government expecting all sectors to help deliver these outcomes going forward.

Another issue that has arisen is appropriate signage as it relates to jointly funded works. It was noted that when Main Roads sends out future grants letters to Local Authorities it has started to include wording along the lines of "if you choose to put up signs then the State Government must also be acknowledged on a proportional basis."

- **ACTION 02/2021-6:** Following a conversation with WALGA the Agreement Procedures will be amended to reflect joint attribution funding signs between Main Roads and Local Government and brought back to SAC out of session for endorsement.

Commonwealth Regional Road Safety Program

\$258 million funding was allocated for projects and \$280 million worth of work was delivered. Importantly Tranche 2 has been approved for the first 6 months of this financial year with delivery for July 1 to December 31st. There were 17 Local Government projects approved worth \$10 million unfortunately 3 projects have been withdrawn leaving 14 projects worth \$7 million.

As these projects have been withdrawn early it has been possible to include them in Tranche 3 noting that Tranche 3 has not been approved yet

Doug reminded that under this program's 'use it or lose it' approach from the Commonwealth, that technically under the Guidelines if Local Governments have awarded contracts before approval the Commonwealth can 'put a line' through the project. Maurice advised that he has a telephone hook up with the Commonwealth to try and work through this issue about the design of the program, practical project procurement and delivery by industry in a 6-month window.

Regional Roads Signage Review (RRSR) and Harvest Mass Management Scheme (HMMS)

Chris informed the meeting that negative feedback had been received regarding full blown traffic management requirements even on potholes on low volume minor roads.

Chris enquired whether any changes are proposed for the Harvest Mass Management Scheme (HMMS) in 2021/22

Des advised that the HMMS will continue unchanged this year and is well managed through registered grain receipt points such as CBH taking measurements. In relation to the Regional Road works Signage Review that included WALGA representation there has been a lot of information received and the report is being compiled now and final report should be completed next month for presentation to the Minister. Ian commented that there are thresholds in terms of traffic volumes that determine the traffic management requirements at worksites.

12 NEXT MEETING

To be held at Main Roads at 10am on Friday, 10 December 2021.

13 MEETING CLOSE

There being no further business the meeting closed at 11:50am.

APPENDIX A

Action List

Reference Item No/Officer	Action Required / Taken
MRRG new line marking process 02/2021-1 MRRG Sec	13/08/2021 Metropolitan Regional Road Group Secretariat to provide a report back on the effectiveness of the new process for line marking administration trialled in 2020-21 and the potential to extend it to other programs
RRG Programs 02/2021-2 ID	13/08/2021 Investigate opportunities to communicate the processes and requirements for State Government road grant funding to Local Government officers
2020-21 SBS Carry overs 01/2021-3 MH	13/08/21 SAC Secretariat to write to Regional Road Group Chairpersons asking if they can confirm out of session with the Regional Road Group that the 2021/22 State Black Spot program can be delivered in conjunction with the carry over projects from 2020/21 this financial year.
New Agreement Timeline 01/2021-4 MC	13/08/2021 Prepare SAC paper for 10 December 2021 meeting agenda outlining the timetable and milestones needed to be in place to achieve a signed Agreement before 2023/24 subject to Government and both parties willing to continue this process.
LRPM(M) Contract Review 01/2021-5 KP	13/08/2021 Provide SAC with a paper out of session before 10 December 2021 meeting presenting options for the Local Roads Program Manager Metropolitan role going forward for discussion.
Funding Signs 01/2021-5 MC	13/08/2021 Following a conversation with WALGA the Agreement Procedures will be amended to reflect joint attribution funding signs between Main Roads and Local Government and brought back to SAC out of session for endorsement
Review Road Funding Distribution Methodology 02/2020-2 ID / MC	<p>13/08/2021 Ongoing – The separate workshop for SAC to be held after 31 August 2021 to discuss the Assessment Framework deliverables under Items 6.1 and 6.2 from the paper included with the 01/2021 meeting's agenda has been reset to during September 2021.</p> <p>16/04/2021 Dependent on the progress of the consultant, a separate workshop for SAC will be held after 31 August 2021 to discuss the Assessment Framework deliverables under Items 6.1 and 6.2 from the paper included with the previous meeting's agenda.</p> <p>16/04/2021 Refer item 10.2 for a draft scope of work to a review the current Road Project Grant funding split between Metropolitan and Rural RRGs</p> <p>01/12/20 Maurice Cammack and Ian Duncan to update progress to report back to SAC at the next SAC meeting on 16 April 2021</p> <p>13/08/2020 Maurice Cammack and Ian Duncan to develop a potential scope of work for a review of the current Road Project Grant funding split between Metropolitan and Rural RRGs</p>