

# State Road Funds to Local Government Agreement

2005/2006 to 2009/2010



## **TO ALL ELECTED LOCAL GOVERNMENT REPRESENTATIVES**

This Agreement, which has been reached between the State Government and Local Government, ensures the future management and development of the State's road system for the benefit of all road users. It reinforces the partnership between the State Government and Local Government and sets an appropriate level of funding that makes a substantial contribution towards meeting the needs of the Local Government road network.

The Agreement provides Local Government with an allocation of funds based on a percentage of the vehicle licence fee revenue incorporated in annual funding appropriations by the State Government to Main Roads Western Australia. It guarantees a level of funding that Local Government can use to plan for the future, determine project priorities so that funds made available are allocated to projects and works of the highest priority, resulting in funding provided being used in the most effective and efficient manner possible.

Local involvement through the State's network of Regional Road Groups provide the opportunity for all Local Governments to be directly involved in decision making through the allocation of road funds to projects that affect their region. Furthermore, they provide an avenue for local and regional issues to be considered when these decisions are being made.

It is pleasing to reflect upon the achievements that have been made in cooperation between the State Government and Local Governments over the last ten years and to look forward to this cooperation continuing into the future for the benefit of all Western Australians.

This Agreement continues arrangements between the State and Local Government for local road funding.

Hon. Dr Geoff Gallop MLA  
**PREMIER OF WESTERN AUSTRALIA**

**WESTERN AUSTRALIA**

**State Road Funds to Local Government Agreement  
2005/2006 to 2009/2010**

***Preamble***

This Agreement builds upon previous funding and administrative arrangements negotiated between the State Government and Local Government in 1995 and again in 2000. 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 Commissioner of Main Roads has 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 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.

## **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 Planning and Infrastructure 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 Commissioner 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 Commissioner of Main Roads.

The Committee is to make recommendations to the Honourable Minister for Planning and Infrastructure 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 2020 Strategy or its updated equivalent document, the Functional Road Hierarchy and five (5) 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 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.

This agreement is projected to produce annual allocations from State road funds to Local Government Roads for the years 2005/06 to 2009/10 as per the following schedule:

2005/06	\$ 84.968 million
2006/07	\$ 87.781 million
2007/08	\$ 91.456 million
2008/09	\$ 96.533 million
2009/10	\$ 98.740 million

The allocations from 2005/06 to 2008/09 are based on the 2005/06 Budget and Forward Estimates. The allocation for 2009/10 is an estimate based on estimated licence fee revenue growth.

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

## 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:

### **60% of above allocation (Category 1)**

- Direct Grants
- Road Project Grants
- Strategic & Technical Support

### **15 % of above allocation (Category 3)**

- State Initiatives on Local Roads

### **25% of above allocation (Category 2)**

- Traffic Management and Road Safety
  - State Black Spot Program
- Bridge Works/Inspections
- Remote Access Roads to Aboriginal Communities
- National Parks, CALM, Rottnest Island and Kings Park

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.

The allocation for 2005/06 will be \$12 223 000, a 3% increase on the 2004/05 level.

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.

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 and the Direct Grant allocation from the 60 percent share of 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 2006/07, \$2 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 Logistics. This funding allocation will then be reviewed, as part of the overall review of the distribution methodology for allocating Road Project Grant funding to Rural Regional Road Groups.

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. A minimum allocation of \$1 000 000 (for 2005/06 and 2006/07) is to be granted to each Rural Regional Road Group.

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 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 Roads Forum).
- Municipal Infrastructure Needs, Development, Evaluation & Research (MINDER).
- ROMAN.
- RoadWise Regional Road Safety Officers.
- WA Local Government Grants Commission support.
- State Gravel Supply Strategy.
- 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.

### 5.2.4 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:

- Roadmarking & 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.

#### 5.2.5 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.

#### 5.2.6 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.

#### 5.2.7 National Parks/CALM/Rottnest Island/Kings Park (Category 2)

CALM in consultation with Main Roads and Local Government will develop the Program for submission to the State Road Funds to Local Government Advisory Committee for endorsement.

Funding is to be provided for the National Parks, CALM roads, Rottnest Island and King's Park at an amount agreed by the State Road Funds to Local Government Advisory Committee on an annual basis.

#### 5.2.8 State Initiatives on Local Roads (Category 3)

An allocation of 15 percent of the Local Government State Road Funds is 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 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.

### 5.4 Commencement and Term

This Agreement commences from the 2005/2006 financial year and will remain in place for a five year period inclusive of the 2009/2010 financial year.

## 5.5 Agreement Review and Resolution of Funding Issues

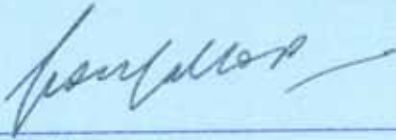
This Agreement is to reviewed (after 2 years), subject to determination by the State Road Funds to Local Government Advisory Committee.

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

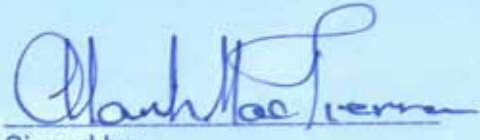
Local Governments should raise issues relating to State funding on local roads with their respective Regional Road Group. If the issue(s) are unable to be resolved at this level, Regional Road Groups should refer them to the State Road Funds to Local Government Advisory Committee to address.



## SIGNATORIES



Signed by  
Hon Dr Geoff Gallop, MLA  
PREMIER, FOR AND ON BEHALF OF  
THE STATE OF WESTERN AUSTRALIA



Signed by  
Hon Alannah MacTiernan MLA  
MINISTER FOR PLANNING AND  
INFRASTRUCTURE



Signed by  
Cr W (Bill) Mitchell  
PRESIDENT OF THE WESTERN AUSTRALIAN  
LOCAL GOVERNMENT ASSOCIATION  
FOR AND BEHALF OF WESTERN AUSTRALIAN LOCAL GOVERNMENTS



Signed by  
Menno Henneveld  
COMMISSIONER OF MAIN ROADS



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

Dated 23<sup>rd</sup> day of November 2005

# STATE ROAD FUNDS TO LOCAL ROADS

## Flow Chart for Calculating Funding Share for Local Government Roads

