

**METROPOLITAN REGIONAL ROAD GROUP**

**POLICIES AND PRACTICES**

**The MRRG Policies and Practices, are to be read in conjunction with the State Road Funds to Local Government Agreement and Procedures, the State Black Spot Program Development and Management Guidelines and the Australian Government - Notes on Administration**

<b>Rev. No.</b>	<b>Rev. Date</b>	<b>Description of Key Changes</b>
29	18/03/2020	Inclusion of date in the MRRG Expenditure Action Plan.
28	16/07/2019	Amend wording section 4.2 – Row 2 of table, replace “project estimate” with “approved funding” and “actual” with “incurred”, to align with SRFLGA Procedures.
27	18/04/2019	Revision of Document to bring it in line with current MRRG practices following the acceptance of the MRRG Expenditure Action Plan. Revision endorsed by the MRRG Elected Members on 18/04/2019.
25-26	18/05/2017	Amend clause 5.2.1 (d), replace “one year extension” with “6 month extension” and add “in the approval year”. Amend section 3.1, add “Late submissions for all Programs will not be accepted. However, if time does not permit full Council approval prior to the deadlines advised annually, submissions with the notation “not yet endorsed by Council” will be accepted.”
3-24	22/01/2016	Revision of Document that included – <ul style="list-style-type: none"> <li>• Correction of grammatical errors</li> <li>• Section 5.2.1 – add no partial funding of projects allowable; allow LGs to request changes to draft program to maximise funding subject to project scores meeting annual cut-off score; maximum 1 yr extension of time may be considered if request submitted prior to 31 December.</li> <li>• Section 5.2.2 increase cap for Improvement Projects to \$13.5M and annual individual LG cap to \$4M; add 1<sup>st</sup> year funding to a maximum of 40% of project’s total allocation: projects to be withdrawn if 80% funding is not claimed within 2 yrs; maximum 1 yr extension of time may be considered if request submitted prior to 31 December.</li> <li>• Section 5.3 Staging of projects with Traffic Signals and/or are complex; Submisisions with Traffic signal require an Approval in Principal (AIP) from the MRWA traffic services manager. Requests for additional funding require project to be resubmitted and BCR adjusted to determine if it still ranks sufficiently to be given funding ahead of other Reserve Projects if funding.</li> </ul>
2	06/06/2014	Amend section 5.2.2 (B) to increase the current \$2m State contribution cap per year over three years to \$3m per year over three years. Amend section 5.2.2 (C) Funding to individual Local Governments is capped at \$3m per year
1	18/10/2013	Document revised from a timeline based format to subject based.

## 1 OVERVIEW

This document sets out the Policies and Practices adopted by the Metropolitan Regional Road Group developed under the guiding principles of past and current State Roads Funds to Local Government (SRFLG) Agreements and Procedures of the State Road Funds to Local Government Advisory Committee (SAC).

The Metropolitan Regional Road Group (MRRG) manages and administers State allocated funding for Road Projects and Black Spot Programs on the local road network of the Metropolitan Region.

## 2 BACKGROUND

The State Road Funds to Local Government Agreement, Procedures and Road Project Evaluation Guidelines was formally launched by the Hon Minister for Transport on March 14, 1996. This has since been superseded by several funding agreements with the most current being [State Road Funds to Local Government Agreement 2018-19 to 2022-2023](#), supported by the [State Road Funds to Local Government Procedure](#).

Black Spot funding is allocated and determined under the requirements of the [State Black Spot Program Development and Management Guidelines](#) and the [Australian Government - Notes on Administration](#).

The general administration and co-ordination of the Programs is undertaken by Main Roads WA (MRWA) Metropolitan Region, in the role of Secretariat to the MRRG.

## 3 STRUCTURE

### 3.1 Sub Groups

The Metropolitan Local Governments are divided into 6 Sub Groups -

North West	West	Central
City of Joondalup City of Stirling City of Wanneroo	Town of Cambridge Town of Claremont Town of Cottesloe Town of Mosman Park City of Nedlands Shire of Peppermint Grove	City of Perth City of Subiaco City of Vincent
East Group	South East	South West
Town of Bassendean City of Bayswater Shire of Kalamunda Shire of Mundaring City of Swan	City of Armadale City of Belmont City of Canning City of Gosnells Shire of Serpentine- Jarrahdale City of South Perth Town of Victoria Park	City of Cockburn Town of East Fremantle City of Fremantle City of Kwinana City of Melville City of Rockingham

Sub Groups shall consist of an Elected Member and Technical Officer Representative from each attending Local Government.

Each Sub Group shall appoint an Elected Member and Technical Officer to represent the Sub Group at the MRRG Elected Members and Technical Group Meetings. It is recommended that Sub Groups also appoint a deputy for each of these delegates.

Sub Groups are coordinated by a Local Government Representative nominated from the attending Local Governments, this is generally the nominated Technical Group representative.

The Sub Groups shall meet regularly and at least twice yearly. The Agenda should include an item to review all current funded projects. Quarterly Expenditure Reports are distributed by MRWA to each Local Government and the respective Sub Group Technical Representatives to assist with this review. Local Governments shall provide an update on projects and report any projects that are at risk.

It is requested that invitations are extended to MRWA representatives to attend the Sub Group meetings.

### **3.2 Technical Group**

The Technical Group is made up of nominated Local Government Technical Officers appointed by each of the Metropolitan Sub Groups.

The role of the Technical Group is to review the annual rate of expenditure; assist in the development and review of future year Programs prior to endorsement by the Elected Members; review the MRRG Policies and Practices document and the Improvement and Rehabilitation Road Project Submission Guidelines; and provide advice to Sub Group members on MRRG matters.

The Group shall meet prior to the Elected Members' meetings.

The Chair and Deputy Chair are elected for a two year term in line with Local Government Elections.

Coordination of Technical Group Meetings and Minute taking is undertaken by MRWA nominated personnel. Minutes are to be prepared for presentation at the next Elected Members meeting.

### **3.3 Elected Members**

This is the decision making body for the MRRG. Elected Member representatives are appointed by each of the Sub Groups to attend the Elected Members meeting.

The MRRG Elected Members shall meet at least twice yearly, with Technical Representatives also attending. Only the Elected Members have voting rights.

The Chair and Deputy Chair are elected for a two year term in line with Local Government Elections.

Coordination of Elected Members' meetings and recording of minutes is undertaken by MRWA nominated personnel.

### **3.4 Main Roads Representatives**

Main Roads Representatives are appointed by MRWA Metropolitan Region and provide Secretariat, Programming and Technical Support to the MRRG. Their role is to develop the

initial Annual Local Government Road Programs, and administer and monitor rates of expenditure for approved programs.

The current nominated MRWA representatives for the Metropolitan Region are:

- Manager Asset Management and Road Programs;
- Program Coordinator; and
- Program Support Officer.

Consultancies may periodically be engaged to provide additional Technical Support, as approved by SAC.

### **3.5 Meetings**

The Technical Committee and Elected Members meetings shall meet at least twice yearly, generally in March/April and October/November.

Sub Group meetings are held prior to the Technical and Elected Members Meetings with Minutes forwarded to MRWA ([MRRG@mainroads.wa.gov.au](mailto:MRRG@mainroads.wa.gov.au)) for inclusion in the Agenda Papers for the Technical and Elected Members meetings.

For further information please refer to “Roles and Responsibilities of Regional Road Group Members” and “Metropolitan Regional Road Group Reference information for Elected Members on a Regional Road Group” located on the [WALGA](#) website.

## **4 GENERAL ADMINISTRATION OF STATE ROAD FUNDS TO LOCAL GOVERNMENT FOR METROPOLITAN REGION**

### **4.1 Submissions**

Submissions for SRFLG Grant funding, are to be submitted in accordance with the SRFLG Procedures; the MRRG established Guidelines for the Submission for Road Improvement and Road Rehabilitation Projects; and the respective Black Spot Program Guidelines.

The timetable for submissions is advised annually and late submissions for all Programs will not be accepted. However, if time does not permit full Council approval prior to the deadlines, submissions with the notation “not yet endorsed by Council” will be accepted.

[MRRG Road Project Submission Guidelines](#) have been developed for submissions to MRRG Road Improvement and Road Rehabilitation Programs and are available on the Main Roads website. The [MRRG Road Project Submission Guidelines](#) are periodically reviewed and updated by the Technical Group in consultation with MRWA personnel to meet current practices. The [MRRG Submission Summary Table and Checklist](#) are to be completed for all Road Project Submissions and the Summary placed at the front of the submissions.

Australian Government Black Spot (AGBS) and State Black Spot (SBSP) nominations must meet the minimum criteria as set out in the respective [Black Spot Program Guidelines](#). Nomination forms and Guidelines are available on the Main Roads website.

[Milestone and Complexity Form](#) outlining the proposed delivery timeline and possible risks (ie clearances required) must be included with all submissions/nominations.

All submissions will be subject to an audit process to determine the prioritised ranking of projects.

## 4.2 Payment of Claims

All Local Governments in the Metropolitan Region must have in place agreements with MRWA for Recipient Created Tax Invoices (RCTI).

In accordance with the [State Road Funds to Local Government Procedure](#), Local Governments must submit a [Progress Payment Certificate](#) or a [Certificate of Completion](#) to [MRRG@mainroads.wa.gov.au](mailto:MRRG@mainroads.wa.gov.au) to claim grant funding. Main Roads will raise an RCTI for processing of payment and a copy of the RCTI will be forwarded to the Local Government for their records.

The MRRG has adopted the following method of recouping funds for approved projects, in line with the SRFLGA Procedures

Claim	When made.
40% of Project Estimate	Advance when advised that the project has been approved
40% of Project Estimate	Incurred expenditure on the project has exceeded 40% of the approved funding. Includes a Road Safety Audit for Improvement Projects.
20% of Project Estimate	Upon certification of satisfactory project completion of work in accordance with the project proposal.

## 4.3 Variations

Variations to scope, cost and time will be considered on a case by case basis. A [MRRG Request for Variation](#) must be completed and submitted along with supporting documentation to [MRRG@mainroads.wa.gov.au](mailto:MRRG@mainroads.wa.gov.au).

Early advice of variations is a requirement and works should not proceed until approval has been granted.

All requests for variations will be assessed by MRWA in the first instance to ensure the request complies with the relevant Guidelines and meets the criteria for the year of approval.

Depending on the complexity of the variation the following will apply.

- Requests of a complex nature (ie significant cost increase and/or change of scope), following assessment by MRWA, will be reviewed by the Technical Committee with a recommendation to the MRRG Elected Members for consideration.
- Requests for extension of time and/or of a non-complex nature may be approved by the Chairman of the MRRG Elected Members after assessment by MRWA and review by Chair of the Technical Committee. Should any issues be identified then the request will be referred to the MRRG Elected Members for consideration.
- Rehabilitation Program only - MRRG has given authority for MRWA nominated officers to approve cost variations up to 10% of the allocated funding, if surplus funds are available. Approval must be obtained prior to the final claim being submitted.

- Australian Government Black Spot Program – following assessment by MRWA requests that still meet the minimum requirements will be forwarded to the Department of Infrastructure, Regional Development and Cities for approval.

Where a LG is asked to provide further information to clarify / verify a variation request the response is to be provided within 4 weeks to expedite the process.

#### **4.4 MRRG Expenditure Action Plan – (refer Attachment 1)**

At the request of SAC, the MRRG Expenditure Action Plan was developed to address issues that identified Local Government's need to improve accountability for acquittal and governance of project funding.

A phased approach for the implementation of the Plan was adopted by the MRRG, recognising that a number of the Plan's process improvements had already been adopted as current practice by the Group.

The most significant change to process is the introduction of penalties to future funding based on prior years performance. This will initially only impact the Rehabilitation Program - *refer clause 5.2.1 (f)*.

The MRRG performance will be reviewed annually to assess the impact of implemented process improvements on the overall rate of expenditure, and the need to implement further penalties.

## **5 FUNDING PROGRAMS**

### **5.1 Direct Grants**

Direct Grants are provided annually to Local Governments for routine maintenance on Local Roads. Direct Grant funding will be available after 1 July each year, on approval of the annual program. On receipt of a [Certificate of Completion](#) from Local Governments, certifying the previous year's allocation has been fully expended on roads, MRWA will arrange payment.

### **5.2 Road Project Grants**

The SRFLG Agreement 2018/19-2022/23 currently distributes 36% of the State's Road Project funding to the Metropolitan Region. In accordance with the SRFLG Procedures the funding is provided on a cost sharing basis of LGs contributing \$1 for every \$2 from the Road Project Grant funds.

The MRRG Road Project Funding is split between two Programs – Rehabilitation and Improvement on a 50:50 basis. Should excess funds occur in either program in a given year the MRRG may consider a transfer of funds between the two Programs.

Improvement Projects that are anticipated to be delivered over more than 1 year shall be funded in stages in line with proposed delivery plans.

Submission Summary Forms must be included at the front of all Road Project Grant submissions for the Rehabilitation and Improvement Programs.

In addition the following Practices have been adopted by the MRRG for each of the Programs -

### 5.2.1 Rehabilitation Program -

- a) Yearly submissions will be audited and ranked in accordance with the [MRRG Road Project Submission Guidelines](#). A list of prioritised projects will be developed based on the audited ranking, and where possible maximising the eligible funding to each LG, with projects listed in Reserve.
- b) Partial funding of projects is not permitted.
- c) An annual maximum State Contribution allocation cap of \$750,000 per Local Government is applied to the Program. Should funds not be fully allocated the cap may be increased in increments of \$50,000 until fully allocated. This is reviewed on a year by year basis by the MRRG Technical Group for recommendation to the Elected Members.
- d) The prioritised Submission Listing will be distributed to all LGs for review. LGs may request changes to meet the LGs needs if projects still meet the advised funding cut-off score for that year. Change requests must be submitted to MRWA prior to the Technical Group making a recommendation.
- e) A draft program will be developed by MRWA and the Technical Group following the review by LGs. The draft will subsequently be presented to the Elected Members for endorsement prior to seeking Ministerial approval.
- f) The eligible funding to LGs may be subject to penalties for unclaimed funds in the prior year (Refer attachment 1 – Metro MRRG Expenditure Plan. If more than 10% of the LGs total Rehabilitation funding remain unclaimed by 30 June in the prior year (Yr1), then the LGs eligible funding in the following year (Yr3) will be reduced by the percentage over and above the 10% unclaimed.

For example. if a LG had underspent by 15% in Yr 1 then the eligible funding allocation to the LG in Yr 3 would be reduced by 5%).

- g) LGs must submit the first 40% claim for grant funding by 31 December in the year of approval. MRRG has given authority for MRWA to withdraw projects and return funds to the Pool at the beginning of the 3rd quarter for any projects that do not meet this deadline. Reminders will be issued by MRWA one month in advance of the deadline.
- h) The SRFLG Procedures require projects to be completed within the allocated year. However MRRG will allow LGs to submit a [MRRG Request for Variation](#) for extension of time to a maximum of 6 months for unforeseen delays. Requests must be received by 31 December in the approval year. It should be noted that the above mentioned penalties will apply if approvals are not in place by 30 June of that year.
- i) If a LG is not able to deliver a project, the project is to be withdrawn and surplus funds returned to the Pool and any overpayments refunded to MRWA for reallocation. Early advice of withdrawals is required.
- j) Where a Local Government completes a project under budget the surplus funds will be returned to the 'Pool' for reallocation and the Local Government is to refund any overpayments to MRWA. Funds may not be retained by the LG to cover shortfalls on other projects. The SRFLGA does allow LGs to fully claim the approved funding if the under spend is within \$1000 of the approved allocation.



- k) Over expenditures on projects is the responsibility of the Local Government. If monies are available in the “Pool”, Local Governments may apply for additional funding. The MRRG has given MRWA authority to approve over spends of up to 10% of the State Contribution, if funding is available.
- l) Reserve projects, in priority order, may be funded during the 2nd quarter if funding becomes available from the Pool funds. Funding offers for Reserve Projects will be made on the condition the grant is able to be fully acquitted by 30 June in the financial year the offer is made. If funding is accepted the LG must submit the 1st 40% claim within one month of acceptance. Reserve Projects not fully acquitted within the approval year will be subject to the above mentioned penalties.
- m) The use of grant funding for the application of trial treatments is not permissible.

### 5.2.2 Improvement Program

- a) Yearly submissions will be audited and ranked in accordance with the [MRRG Road Project Submission Guidelines](#) for that year. A list of prioritised Projects will be developed based on the audited ranking with Projects listed in Reserve.
- b) MRRG allocations to individual Projects will be capped at \$3m State Contribution per year to a maximum contribution of \$9m (i.e. total project cost \$13.5m).
- c) The State Contribution funding to individual Local Governments is capped at \$4m per year.
- d) Improvement Submissions will be subject to review by the Technical Group. To assist in the determination of funding allocations, LGs with new submissions and current projects will be required to attend a special meeting of the Technical Group in September of each year to present the current status of each project. The following criteria will be used to determine the funding allocated to successful projects.
  - Submissions with detailed designs, costings and third party approvals in place (shovel ready) will be allocated a minimum of 40% of the total project allocation in the first year with funding committed for future years in line with the proposed delivery plan, provided it is still within their funding cap.
  - Submissions based on concept plans and preliminary costs will be allocated funding for detailed design phase only. Funding for these projects will not be committed and LGs will be required to resubmit projects on completion of detailed design for consideration of future funding.
- e) If the Project is deemed committed Local Governments may claim 40% of the total committed project allocation in the 1<sup>st</sup> year, provided funds are available.
- f) Committed Improvement Projects are to be withdrawn and surplus funds returned if a Local Government has not claimed 80% of the total allocation for committed projects within 2 years of the latest approved funding allocation.
 

i.e – For a project granted the full allocation in 2018/19, the 80% must be claimed by 30 June 2020. For a 2018/19 approved staged project where the latest allocation approved was in 2019/20 the 80% must be claimed by 30 June 2021.
- g) A maximum one year extension may be approved by the MRRG, for committed projects, where a written request is received by 31 December in the year the latest funding allocation was approved.

- h) Where a Local Government completes a project under budget the surplus funds shall be returned to the 'Pool' for reallocation and the Local Government shall refund any overpayments to MRWA. Funds may not be retained by the LG to cover shortfalls on other projects.
- i) If a Local Government is unable to proceed with a project, the project is to be withdrawn from the Program. LGs may claim the 2/3 State Contribution for costs incurred to date, subject to an itemised breakdown of costs being provided and the LG contributing 1/3 of incurred costs. The balance of funding will be returned to the 'Pool', with the Local Government refunding any excess payment.
- j) Over expenditures are the responsibility of the Local Government. To receive any further Road Project Grant funding over the approved amount a LG will need to resubmit the project for auditing and lodge a Request for Variation, for consideration by the MRRG. Provision of additional funding is dependent on the availability of surplus monies held in the 'Pool'.
- k) Reserve projects, in priority order, may be funded during the 2<sup>nd</sup> quarter to a maximum of 40% of the State Contribution if funding becomes available from the Pool. If Reserve funding is accepted the LG must submit the 1<sup>st</sup> 40% claim within one month of acceptance.

### 5.3 Black Spot Programs

Funding is provided under the Australian Government Black Spot Program (AGBS) and State Black Spot Programs (SBSP) for Road Safety Improvement Projects within the Metropolitan Region. [Australian Government Black Spot - Administration](#) and [State Black Spot Program Development and Management Guidelines](#) are available on the MRWA and WA Local Government Association (WALGA) websites

- a) The MRRG receives 50% of the total State Black Spot funds for Local Government Roads, currently \$5M annually, and allocates up to 20% of this to Road Safety Audit projects.
- b) AGBS funding pool for WA is determined on an annual basis by the Department of Infrastructure, Regional Development and Cities, for statewide distribution.
- c) The Black Spot nominations will be ranked by Benefit Cost Ratio (BCR) based on current CARS data or Risk Reduction Cost Ratio (RRCR) based on Road Safety Audit.
- d) Where the BCR and/or RRCR funding cut off scores fall on projects of equal scoring, the project from the Local Government with the least amount of proposed funding will be given priority, with consideration given to safety benefit.
- e) Staging of projects is a requirement for State Black Spot nominations that involve Traffic Control Signals (TCS); utilities; third party approvals; and/or are of a complex nature. Staged projects shall be treated as priority projects for funding in the following financial years.
- f) Nominations that include installation of or modifications to Traffic Control Signals will not be considered unless endorsed by MRWA Network Operations. A copy of the endorsement must be included with the nomination. To ensure nominations are valid LGs need to liaise with the Main Roads Traffic Services representative for their area well in advance of making a submission. Please refer to MRWA's [Traffic Signals Approval Policy](#) for further information.

- g) To ensure independent status the MRRG has deemed the lead auditor for Road Safety Audits in support of nominations must be from outside the submitting Council. Other members of the audit team may be accredited officers from within the Council.
- h) Variations to scope and/or cost will be assessed in accordance with the relevant Guidelines for eligibility of funding. The BCR score based on the revised total project cost must remain above the minimum requirement.
- i) Following the funding cut off point all remaining projects are considered to be “Reserve Projects” and will be funded as per the BCR/RRCR priority if funding becomes available in the current financial year. Reserve Projects not funded in the current financial year must be resubmitted for consideration in the next years round of submissions.

## **6 OTHER GENERAL MATTERS**

### **6.1 All Submissions involving a Highway or Main Road**

Applications for Local Road Funding in the Metropolitan Region involving a Highway or Main Road shall only occur where the LG initiates the application and is prepared to contribute in accordance with the relevant Procedures / Guidelines.

Endorsement must be obtained from the Director of Metropolitan Operations prior to LGs submitting projects involving works on Highways or Main Roads. Approved projects will be subject to detail design approval in accordance with MRWA’s “Conducting Works on Roads” process.

Refer: [Conducting Works on Roads](#)

### **6.2 MRWA Electrical Services Handover**

Where a project involves the installation and/or modifications to Traffic Control Signals the final claim must include evidence the handover process for MRWA Electrical Services has been completed.

Refer: [Commissioning, Decommissioning and Handover-Electrical-Assets](#)

### **6.3 Completion of a Network Link**

Where the final stage of a project to complete a critical network link fails to score sufficiently to merit an allocation, the MRRG has the authority to authorise in special circumstances, funding for completion of the project.

### **6.4 Other funding sources.**

If a LG has successfully obtained alternative funding for an approved project, it is deemed the MRRG project should be withdrawn from the relevant Program and funds returned to the Pool for redistribution. This is considered in the spirit of the agreement and in line with past practice.

## **RELATED DOCUMENTS**

[State Road Funds to Local Government Agreement 2018-19 to 2022-2023](#)

[State Road Funds to Local Government Procedure](#)

[State Black Spot Program Development and Management Guidelines](#)

[Australian Government - Notes on Administration](#)

[MRRG Road Project Submission Guidelines](#)

[Progress Payment Certificate](#)

[Certificate of Completion](#)

[MRRG Request for Variation](#)

[Conducting Works On Roads](#)

[Traffic Signals Approval Policy](#)

[Commissioning-Handover-Electrical-Assets](#)

To note: The above documents are all available from the Main Roads website

## ATTACHMENT 1

# MRRG Expenditure Action Plan – Implementation Plan April 2019

### 1. Process Improvements

#### 1.1 Road Improvement Projects –

Successful submissions with detail designs, costings and third party approvals in place (shovel ready projects) will be allocated full project funding to match the timing of progress claims.

Successful submissions based on concept plans and preliminary costing are only to be allocated funding for the detailed design phase. Once detailed plans are completed the project needs to be resubmitted again. A funding allocation for the detailed design phase will be given but payment will only be for *local government* design costs (to be detailed and then verified by with help from Technical officers group as required) and actual costs incurred for engagement of required external parties (eg design, geotechnical consultants, underground utility documentation, utility application fees, surveyors, etc). Details of design costs must be documented with recoup claim.

#### *Comment -*

- *Current practice – this has been adopted consistently for the 2017/18 and 2018/19 programs.*

#### *Action –*

- *Update Policies and Practices Documents to reflect current practice*

#### 1.2 Blackspot Projects –

Any submissions not fully designed with all third party approvals will automatically be staged and be allocated 40% only in the first year.

Complex projects (eg Traffic signals) fully designed with all third party approvals are also to be automatically staged and be allocated 40% only in the first year.

#### *Comment –*

- *This is current practice for State Black Spot.*
- *Australian Government Black Spot - current guidelines do not allow for staging of project funding and approved projects receive the full allocation of funds in the approval year. There is also no time limit imposed on the delivery of projects. It would therefore be unfair to penalise Councils for carrying over funds at the end of financial year and these Projects would need to be excluded from the penalty calculation.*

#### 1.3 Submissions

A checkbox is to be added to the Milestones and Complexity submission form advising if project is fully designed, costed with all third party approvals received.

#### *Comment –*

- *Current practice – implemented for 2019/20 program submissions.*

#### *Action –*

- *Update Policies and Practices Documents to reflect current practice*

## 1.4 Claims

The first 40% of all projects are to be claimed by 31 December or project is forfeited (in place now).

### *Comment –*

- *Current practice and in the policies and practices doc.*
- *Currently a “soft” approach is taken. Consider MRRG gives authority to MRWA to automatically withdraw projects after this date without seeking further approval from the MRRG.*

### *Action –*

- *Update Policies and Practices Documents to enforce MRWA authority to automatically withdraw funding.*

## 2. Penalty Implementation

### 2.1 Road Rehabilitation Projects - >10% underspend

Should more than 10% of a Local Government's (LGs) total Rehabilitation funds remain unclaimed by 30 June, the allocation to that LGs Road Rehabilitation list for the following year is to be reduced by the percentage over and above the 10% unclaimed.

#### *Action –*

- *2018/19 performance to be measured and results used to apply penalties to the 2020/21 Rehabilitation Program.*
- *Review in 12 months after applying penalties with potential to increase penalty if not having any effect on the carry over.*

### 2.2 Road Rehabilitation Project - Staging

Assign 80% of each total project allocation in the approval year with a final 20% to be allocated in following year.

Projects completed in the approval year should have final claims lodged and if surplus funds are available in the Program these will be paid in that year otherwise the final 20% will be paid in the following year.

#### *Comment –*

- *Potential to penalise those Councils who do consistently claim within the required timeframe.*
- *Historically 120 to 130 projects are annually approved for funding under the MRRG Rehabilitation Program. Applying mandatory staging to projects in this Program will see the number of projects double per year (Yr1 80% funding + Yr2 20% funding). This alone will create an extra workload/complexity in the management of the Program.*
- *The staging of Rehabilitation projects over a two year period could possibly also have a negative effect on rate of expenditure with Councils taking licence to delay works and/or claims.*

#### *Action –*

- *Defer implementation until impact of 2.1 has been assessed and 2.3 if implemented.*

### 2.3 Road Rehabilitation Projects – 2nd 40% Claims

The total of *local authority* second 40% claims not made by 30 June in approval year will result in the following year's Road Rehabilitation *local authority* allocation being reduced by the same total amount resulting in one or more projects being lost.

*Action –*

- *Defer until impact of 2.1 has been assessed and the outcome of SAC Action item (review of wording on the 2<sup>nd</sup> Progress Payment Certificate) is known (next SAC meeting 17/8/18).*

### 3. Exemptions

Will only be considered if timely (as soon as reasonably possible) communication of delays is received from LGs.

Circumstances where exemptions may possibly be granted include -

- Late program approval – post 31/7/18.
- Unexpected Service provider delays – external third party control.
- Reserve projects (rehabilitation program) may be excluded from assessment of penalties.

**NOTE :** The Expenditure Action Plan covers current and forward year programs effective from 2018/19. Legacy projects are to be largely dealt with outside of this Plan.

# MRRG EXPENDITURE ACTION PLAN

## April 2019

### 1. Road Improvement

Successful submissions with detailed designs, costings and third party approvals in place (shovel ready project) will be allocated full project funding to match the timing of progress claims.

Successful submissions based on concept plans and preliminary costings are only to be allocated funding for the detailed design phase. Once detailed plans are completed the project needs to be resubmitted again. A funding allocation for the detailed design phase will be given but payment will only be for internal design costs (to be detailed and then verified by MRWA program support officer with help from Technical officers group as required) and actual costs incurred for engagement of required external parties (eg geotechnical consultants, underground utility documentation, utility application fees, surveyors, etc). Details of design costs must be documented with recoup claim.

### 2. Road Rehabilitation

Assign 80% of each total project allocation in the approval year with a final 20% to be allocated in following year.

Projects completed in the approval year should have final claims lodged and if surplus funds are available in the Program these will be paid in that year otherwise the final 20% will be paid in the following year.

The second 40% is to be claimed by 31 March. Prior to claiming the second 40% actual expenditure to date must exceed 40% of the State contribution allocation (as per current SAC guidelines). The total of second 40% claims not made by this date will result in the following year's Road Rehabilitation program allocation being reduced by that same total amount resulting in one or more projects being lost. This total includes 40% of withdrawn projects if not advised prior to 31 December.

### 3. Blackspot

Any submissions not fully designed with all third party approvals will automatically be staged and be allocated 40% only in the first year.

Complex projects (eg traffic signals) fully designed with all third party approvals are also to be automatically staged and be allocated 40% only in the first year.

### 4. Other Actions

A checkbox is to be added to the Milestones and Complexity submission form advising if project is fully designed, costed with all third party approvals received.

The first 40% of all projects are to be claimed by 31 December or project is forfeited (in place now).

Should more than 10% of a Local Government's (LGs) total road funds (Improvement, Rehabilitation and Blackspot – State remain unclaimed by 30 June the allocation to that LGs Road Rehabilitation list for the following year is to be reduced by the same percentage unclaimed. Should the total of second 40% claims in Road Rehabilitation projects not claimed by 31 March be greater than this percentage then whichever is the greater will apply in reduction to the following year's road rehabilitation allocation. Any funding reduction will result in at least one project lost from the nominated allocation for the following year. No projects will be part funded.



Any funds recovered will be allocated to reserve projects for those LGs not incurring any funding reduction. Should the funding cap be exhausted projects will then be offered to LGs (for those LGs not incurring any funding reduction) commencing from the highest remaining point scored projects. Those LGs offered additional projects will need to confirm acceptance as soon as possible and no later than 31 October.

It is open to LGs to request and seek alterations to timing of claims so long as these are done expeditiously and before MRRG meetings in November. Such approved changes will not be included in the calculations of totals unclaimed.

The Local Roads Program Manager, MRWA Manager Metropolitan Road program, MRWA Program Co-ordinator and WALGA Policy Manager Transport and Roads are to be invited to attend subgroup meetings. The Local Roads Program Manager will also visit individual LGs as necessary. The status of projects is to be covered at these meetings. The Local Roads Program Manager will review information from these meetings and visits together with the quarterly progress reports and make recommendations to the MRRG for project reallocation changes where issues in delivery are being encountered to ensure program funding is maximised.

Example of funding reduction.

Local Government	Total of Road Rehab claims not made by 31 March	Percentage of Unclaimed funds on all Projects as at 30 June	Amount reduced off following years Road Rehab allocation
City of XX1	\$180,000	8%	Loss of \$180,000
Town of YYY	\$60,000	25%	Loss of \$60,000 or 25% of allocation whichever is greater
Shire of ZZZ	\$40,000	15%	Loss of \$40,000 or 15% of allocation whichever is greater
City of XX2	\$0	9.5%	Nil
City of XX3	\$250,000	0%	Loss of \$250,000