

Our ref: 69-00345

**HON MICHELLE ROBERTS MLA  
MINISTER FOR ROAD SAFETY**

**ROAD SAFETY COMMISSION – WESTERN FORCE PARTNERSHIP**

Please find attached, as requested, advice from the Department of Treasury following a review of the partnership between the Road Safety Commission and Australian Rugby Union – Western Force (the Partnership).

This advice considers the process by which the Partnership came to be executed, the merits of the Partnership as a road safety initiative and the options available to you in relation to the continuation of the Partnership.

**BEN WYATT MLA  
TREASURER**

Att.

## Issue

The Minister for Road Safety (the Minister) has requested the Department of Treasury (Treasury) to review the Road Safety Commission's (RSC) partnership with the Western Force (the Partnership).

## Background

### ***Western Force Partnership – Approval Process***

Following discussions between the RSC and multiple sporting codes, the Western Force developed a Partnership Proposal which was presented to the RSC for consideration in December 2016.

Following the Western Force's submission, it is understood that the RSC developed a business case with the intention of submitting the proposal to Government for consideration. The business case, along with ministerial advice was presented to the then Minister on 25 January 2017 with the former Minister approving the RSC entering into negotiations with the Western Force for a 12 month, \$1.5 million partnership, on 30 January 2017.

The Partnership was finalised by the RSC on 7 March 2017 and the initial invoice of \$990,000 (including GST) was received on 29 March 2017.

### *Treasury Consideration*

Treasury was not aware that the RSC was considering the Partnership prior to the former Minister's announcement, and was not consulted (either formally or informally) in the development or assessment of any supporting documentation. It was not raised during the 2016-17 Mid-year Review or put before the former Government's final two Cabinet meetings in December 2016 and January 2017.

Furthermore, at no stage has Treasury provided advice indicating that it would be supportive or that it would be appropriate for additional campaigns, including the Partnership, to be funded through the use of the Road Trauma Trust Account (RTTA) project underspends.

### *Legislative Authority*

Nevertheless, under the *Road Safety Council Act 2002*, RTTA monies are authorised to be applied to purposes determined by the Minister having regard to the recommendations of the Road Safety Council. The Road Safety Commissioner is also the Chair of the Road Safety Council.

As such, the then Minister had the authority to approve RTTA expenditure up to the approved RSC expense limit of \$177 million for 2016-17. However, it is important to note that expenditure of the RTTA has historically been considered on a year-by-year basis to ensure that justification and transparency of this spend is carefully managed and scrutinised in line with the Road Safety Strategy.

## Source of Savings within 2016-17 Approved RTTA Expenditure Limit

The RSC has advised that the Partnership's \$1.5 million commitment will be met from an anticipated underspend of approximately \$2 million from savings in the RTTA-funded Electronic School Zone Project. The RSC will pay the first two quarterly payments for the 2017 Partnership in 2016-17 through these resources, and request a carryover of savings into 2017-18 to finance the remainder of the Partnership.

It is important to note that recurrent carryovers require consideration and approval from the Expenditure Review Committee as part of the 2017-18 Budget process.

Main Roads WA has confirmed that savings have been achieved in the Electronic School Zone Project. However, it has also highlighted that there is urgent maintenance required on a number of the Electronic School Zone signs and it is likely to seek RTTA funding in 2017-18 to ensure they remain in proper working order.

## Business Case Analysis – Western Force Partnership

Treasury has reviewed the Partnership Proposal and business case and offers the following comments:

- As with previous campaign proposals submitted by the RSC, the business case does not propose impacts on road safety to be realised through the Partnership.
- The claimed 178% rate of return on the \$1.5 million investment is not substantiated with adequate supporting evidence or sufficient detail of the value of the individual components.
- Whilst the business case proposes that the Western Force's reach is aligned to at-risk road users (identified by the RSC as males aged 20 to 59), insufficient research is provided to support this claim.
- The business case states that the Western Force maintains a physical presence in the State's regions through Rugby hubs and competitions. However, participation statistics provided in the Partnership Proposal indicates that 96% of Rugby activity occurs in the Perth metropolitan area.
  - The Great Southern region is noted by the RSC to be the worst performing region for road safety outcomes in 2016, yet the Partnership Proposal indicates that only 135 individuals participate in Rugby activities administered by the Australian Rugby Union in this region, compared to 35,980 in the metropolitan area.
  - The business case provides no evidence to support the claim that the Partnership is more effective at reaching at-risk road users in the regions than other strategies.

- The business case presents two options: either a business-as-usual approach; or the entire \$1.5 million commitment, including naming rights and playing kit branding. Due to the material financial cost of the Partnership, it would have been appropriate to include and evaluate other options that involved less cost and reduced scope.
- It is concerning that the business case does not contrast the proposed use of RTTA resources for the Partnership with other road safety strategies, such as road infrastructure improvements, enforcement activity or traditional education campaigns.

It is acknowledged that the 2016-17 financial impacts of the Partnership can be met from the RSC's existing expense limit. Regardless, Treasury would not have recommended this reallocation of RTTA expenditure based on the proposal presented.

### **Current situation**

Western Force is expected to invoice the RSC for the third and fourth quarterly payments in the 2017-18 year. As mentioned above, it is understood that the RSC will request to realign and carryover a portion of the Electronic School Zone Project expense limit to 2017-18 to meet the payments of the first year of the Partnership.

Treasury has liaised with the State Solicitor's Office (the SSO) to understand the State's rights and obligations regarding the Partnership. The SSO has advised that the State is obligated to meet committed costs in 2016-17; however, there is clearly no ongoing financial obligation beyond its currently agreed 12-month period.

The Minister may seek to investigate options to withhold the uncommitted third and fourth quarterly payments under the first year of the Partnership (\$600,000 excluding GST), however this may result in reputational risks.

The SSO have also advised that if the Minister does not intend to continue the Partnership beyond the first year, to avoid any possible claims or disputes against the State, the RSC should be directed to inform Western Force that the Partnership will not continue in 2018.

Under the current Partnership, Treasury recommends against any extensions of the Partnership beyond the 12-month commitment. However, if the Minister wishes to continue the Partnership, it is recommended that she first submits to Government for consideration:

- a robust evaluation of the 12-month Partnership, which recognises the impacts of the program on road safety outcomes; and
- a detailed business case that addresses the shortcomings raised in this advice.