



Western Australian Auditor General's Report

Managing the Road Trauma Trust Account

Report 15 – November 2012





VISION
of the
Office of the Auditor General

*Excellence in auditing for the
benefit of Western Australians*

MISSION
of the
Office of the Auditor General

*To improve public
sector performance and
accountability by reporting
independently to Parliament*

**Office of the Auditor General
Western Australia**

7th Floor Albert Facey House
469 Wellington Street, Perth

Mail to:

Perth BC, PO Box 8489
PERTH WA 6849

T: 08 6557 7500

F: 08 6557 7600

E: info@audit.wa.gov.au

W: www.audit.wa.gov.au

National Relay Service TTY: 13 36 77
(to assist persons with hearing and voice impairment)

On request this report may be made available in an alternative
format for those with visual impairment.

© 2012 Office of the Auditor General Western Australia. All rights reserved. This material may be
reproduced in whole or in part provided the source is acknowledged.

WESTERN AUSTRALIAN AUDITOR GENERAL'S REPORT

Managing the Road Trauma Trust Account

Report 15
November 2012



**THE PRESIDENT
LEGISLATIVE COUNCIL**

**THE SPEAKER
LEGISLATIVE ASSEMBLY**

PERFORMANCE AUDIT: MANAGING THE ROAD TRAUMA TRUST ACCOUNT

This report has been prepared for submission to Parliament under the provisions of section 25 of the *Auditor General Act 2006*.

Performance audits are an integral part of the overall audit program. They seek to provide Parliament with assessments of the effectiveness and efficiency of public sector programs and activities, and identify opportunities for improved performance.

The information provided through this approach will, I am sure, assist Parliament in better evaluating agency performance and enhance parliamentary decision-making to the benefit of all Western Australians.

A handwritten signature in black ink, appearing to read 'C. Murphy'.

COLIN MURPHY
AUDITOR GENERAL
14 November 2012

Contents

Auditor General's Overview	6
Executive Summary	7
Background	7
Audit Conclusion	7
Key Findings	8
Recommendations	9
Agency Response	9
Towards Zero aims to improve road safety in WA	11
<i>Towards Zero</i>	12
The Road Safety Council is an expert body that is supported by the Office of Road Safety	14
Audit Focus and Scope	16
All speed and red light camera fines are paid into the Road Trauma Trust Account but a lack of policy and role clarity risks its effective administration	17
All speed and red light camera fines are paid into an agency special purpose account held by Main Roads WA called the Road Trauma Trust Account	17
Lack of clarity about the Office of Road Safety's role reduces its effectiveness in administering the Account	17
The complexity of relationships requires clear roles for both the Office of Road Safety and the Road Safety Council	19
The Road Safety Council cannot demonstrate that it has an effective process for making recommendations or that it effectively monitors and evaluates road safety measures	20
The Road Safety Council recommends road safety measures to the Minister and Cabinet makes the final decision, but no list of approved projects is published	20
The Road Safety Council does not have a master action plan for <i>Towards Zero</i> to guide funding across the strategy as a whole but it has adopted a performance monitoring framework which may help to establish priorities	21
The Road Safety Council does not have a rigorous process for choosing proposals and developing recommendations, and to counter perceptions of conflict of interest	22
The Road Safety Council is not adequately addressing its legislative responsibility to monitor and evaluate the effectiveness of road safety measures because project reporting is patchy and often contains too little information	23

Auditor General's Overview

Crashes on our roads end lives, cause serious injury, trauma and distress and have a very significant economic and financial cost. To reduce this toll, the Government has used a proportion of the revenue from speed and red light camera fines to fund road safety initiatives through the Road Trauma Trust Account (RTTA).

In 2011, the Government announced that from 2012-13 one hundred per cent of fines would go into the RTTA to be invested in improving road safety. This increased the revenue going into the account to \$84 million, an increase of over 450 per cent compared with 2010-11.

An increase of this scale presents both opportunities and risks. The opportunities lie in greater capacity to fund road safety initiatives and accelerate reductions in deaths and trauma. The risks lie in ensuring that the management and administration of the RTTA is robust enough to deal with this sudden step change in revenue, and ensure its effective application in delivering the State's road safety strategy. The risks and opportunities are what prompted me to do this audit now.

I can provide assurance that all fine revenue is going into the RTTA as intended and is directed to road safety. However, the governance, policies and processes used by the Office of Road Safety and the Road Safety Council in their management of the RTTA, need to be improved. Roles and responsibilities need to be better defined, and the step change in funding needs to be matched by changes in the processes for allocating funds, monitoring how they are spent and the impact they have. I am pleased that both the Office of Road Safety and the Road Safety Council have already begun working on some of those changes.

The increased revenue for the RTTA will increase expectations and scrutiny. Transparency will be essential in demonstrating to Parliament and the community that the revenue from fines has been effectively managed and spent in making our roads safer.

Executive Summary

Background

Although road fatalities have been declining over the past decade across Australia, significant improvements are still required. Western Australia currently has the second highest number of people killed or seriously injured on roads (per 100 000 of population) of all Australian states and territories. The Office of Road Safety (WA) estimates that road crashes cost the WA economy around \$2 billion each year.

In March 2009, the WA Government endorsed *Towards Zero*, a 12 year road safety strategy to reduce road trauma and 'create the systemic and sustainable changes needed to make our roads safer'. If fully implemented the strategy aims to prevent 11 000 deaths and serious injuries by 2020. Its approach is different to previous plans and is based on managing the interaction between road users, roads and roadsides, travel speeds and vehicles. *Towards Zero* initiatives include short-term measures such as community education campaigns and longer-term projects such as improvements to infrastructure. Forty-seven proposals have been funded for 2012–13, and some include a package of works, such as improvements to many metropolitan intersections and traffic enforcement projects targeting multiple driving behaviours. The funded proposals range from \$50 000 to \$21.6 million.

The Road Trauma Trust Account (the Account) funds the strategy's road safety initiatives using money from speed and red light camera fines. The Road Safety Council has the legislated responsibility to recommend to the Minister for Road Safety how to use the Account's funds. The Council bases its advice on *Towards Zero*, and other evidence-based research, community consultation, and input from the main government agencies and other stakeholders who have a role in road safety. Cabinet makes the final decision on how the funds are spent.

The Office of Road Safety, which is a business unit of Main Roads WA, supports the Council by administering the Account, as well as coordinating a number of projects funded from the Account. Until 2011, one-third of speed and red light camera fines were paid into the Account. A legislative change that year resulted in an increase to two-thirds being directed to the Account for the 2011–12 year and the full amount for 2012–13 and beyond. This has meant that the amount paid into the Account has risen from \$12.5 million in 2009–10 to an estimated \$84 million in 2012–13.

In light of the substantial increase of money going into the Account, this audit assessed whether management of the Road Trauma Trust Account is effective, transparent and accountable in allocating funds collected from speed and red light camera fines to improve road safety and reduce road trauma.

Audit Conclusion

All speed and red light camera fines are paid into the Road Trauma Trust Account and only used on road safety measures as required by legislation.

The Road Safety Council uses the State's road safety strategy, *Towards Zero*, to guide its recommendations to the Minister on spending Account funds. However, the Council lacks a master action plan to implement *Towards Zero*, and it does not adequately monitor and evaluate the contribution of funded projects to implementing the strategy. This means the Council cannot demonstrate that it is making recommendations that maximise the chances of achieving the strategy's goals.

The role of the Office of Road Safety is poorly defined, reducing its effectiveness in administering the Account.

Key Findings

- All speed and red light camera fines are paid into an agency special purpose account held by Main Roads WA called the Road Trauma Trust Account (the Account).
- The Account is not a stand-alone account and can be accessed without the Road Safety Council's or the Office of Road Safety's approval or control. This creates a risk that Account funds could be applied to projects or activities other than those approved for funding. However, we found no evidence that funds had been accessed for unapproved projects or used inappropriately. While Main Roads WA's management processes are designed to prevent this from happening, stronger controls are warranted given the increase in funds paid into the Account since 2011.
- A lack of policy and clear role definition for the Office of Road Safety as the Account administrator reduces its authority to require funding recipients to provide effective acquittal of project funding. One in five progress reports were not submitted despite the Office of Road Safety's attempts to gain compliance. Where these were submitted, most contained limited information about progress other than money spent.
- Eighty-three per cent of project files held by the Office of Road Safety did not include executed agreements. In all but one of these files, the Office of Road Safety itself or Main Roads WA were the fund recipients.
- The Road Safety Council cannot demonstrate that it has an effective process for making recommendations to maximise the chance of achieving the State's road safety goals. This is because the Council has no master action plan for the strategy as a whole, and no rigorous or transparent process for choosing the project proposals it recommends. Rigour and transparency are needed to manage the risk of real or perceived conflicts of interest among Council members who both recommend and receive funding from the Account.
- The Road Safety Council is not adequately addressing its legislative responsibility to monitor and evaluate the effectiveness of road safety measures. This is because project reporting is patchy and often contains too little information to enable the Council and Office of Road Safety to evaluate project performance and inform future recommendations.
- In August 2012, the Road Safety Council adopted a performance monitoring framework comprising measures for outcomes, outputs (activities), road system risk and changes in risk resulting from broader economic and social change. This could be used to assess the strategy's progress and inform planning priorities. While this is a step in the right direction, it is not a master action plan for implementing *Towards Zero*.

Recommendations

The Road Safety Council and the Office of Road Safety should establish policy for the administration of the Road Trauma Trust Account. The policy should include a clear definition of the role of the Office of Road Safety.

To demonstrate that all funding is distributed and acquitted under appropriate agreements:

- the Office of Road Safety should ensure that agreements for all Road Trauma Trust Account expenditure are executed and filed appropriately
- the Road Safety Council and Office of Road Safety should take steps to improve compliance with funding agreements
- the Road Safety Council should ensure that all payments from the Road Trauma Trust Account are authorised
- the Office of Road Safety should vigorously pursue all funding recipients for acquittals in keeping with the terms of the agreements.

To improve transparency and provide confidence in the quality of recommendations, the Road Safety Council should ensure that funding recommendations are supported by clearly articulated criteria and a master action plan for the strategy as a whole.

The Office of Road Safety and Road Safety Council should take steps to improve the quality and consistency of project reporting from funding recipients. To better evaluate the impact of *Towards Zero* and make informed future funding decisions, the Road Safety Council should:

- clearly articulate funding priorities, using the agreed Priority Result Areas and projected Road Trauma Trust Account income
- conduct systematic reviews of the contributions of funded projects to *Towards Zero*.

Agency Response

Road Safety Council

The Road Safety Council welcomes the recommendations from the Auditor General to improve the management of the Road Trauma Trust Account. The Road Safety Council has always sought to fulfil its obligations to provide the best possible advice on the most effective use of the Road Trauma Trust Account using available evidence and has sought to continuously improve its processes to identify and recommend projects that contribute to reducing road trauma.

The Road Safety Council, as acknowledged by the Auditor General, has developed and endorsed a range of key performance measures to provide greater monitoring and accountability of initiatives that are funded by the Road Trauma Trust Account which will be reported quarterly.

The decision by Government to direct significant additional money into the fund prompted the Road Safety Council through the Office of Road Safety to proactively seek discussion with the Auditor General's Office on the effective monitoring and reporting of road safety performance.

The recommendations are timely as the Council has recently completed a substantial body of work that resulted in recommendations accepted by the Government for 2012–13 to ensure that over 80 per cent of the Road Trauma Trust Account funds are allocated to projects in five priority result areas that the available evidence shows will make the biggest impact on reducing crashes.

The Road Safety Council accepts the recommendations of the Auditor General's report in full and will prioritise their implementation to ensure that in the coming years, RTTA funds continue to be prioritised and applied to those evidence based projects that will have the greatest impact on reducing road trauma on Western Australian roads.

Office of Road Safety

The Office of Road Safety welcomes the recommendations from the Auditor General's review of the Office processes in the administration of the Road Trauma Trust Account and the support provided to the Road Safety Council.

The Office has recently completed significant analysis and development work in support of the Road Safety Council for Government to identify the priority interventions necessary for reducing road trauma under the *Towards Zero* strategy. This has resulted in changes to the annual budgeting process and the development of a new set of performance indicators for road safety performance for 2012–13. The Office has now turned its attention to making enhancements to project monitoring, reporting and governance as part of business improvement.

The findings and recommendations by the Auditor General will be used by the Office of Road Safety in further work with the Road Safety Council to enhance project monitoring, reporting and performance and to strengthen the transparency and objectivity of business planning and budgeting processes to ensure they continue to identify and recommend evidence based, prioritised road safety initiatives to Government.

Towards Zero aims to improve road safety in WA



The number of road fatalities has been declining over the past decade across Australia, but this has taken place more slowly in WA than in other states. The deaths per 100 000 people are still the second highest in the nation (Figure 1). In 2011 there were 179 people killed on WA roads. Two-thirds of WA road deaths occur on regional and remote roads and three quarters occur within the local government area where the victims lived.

	NSW	VIC	QLD	SA	WA	TAS	NT	ACT	Aust
Deaths / 100 000 population 2011	5.2	5.1	6.0	6.3	7.5	4.9	18.9	1.6	5.7
Average annual decline 2001–2011	-3.5%	-4.4%	-3.2%	-3.8%	-1.3%	-6.2%	-2.5%	-6.8%	-3.6%

Figure 1: Road deaths per 100 000 population in 2011 and decline since 2001

Source: ABS; Bureau of Infrastructure, Transport and Regional Economics – Australian Road Fatality Statistics database. Population estimated at December each year.

For every fatality there are around 15 serious injuries and an even larger number of family and friends whose lives are also affected. The *National Road Safety Strategy 2011–2020* states that each year in Australia road crashes kill about 1 400 people and injure another 32 500 seriously enough to need admission to hospital for at least one night. The National Road Safety Strategy estimates the cost to society at \$27 billion on a willingness-to-pay basis. The willingness-to-pay method asks people how much they would pay to avoid a crash. The Office of Road Safety estimates that road crashes cost the WA economy \$2 billion each year.

It is not clear why WA's road safety record is below the national average, although there is evidence that road trauma increases with economic activity and WA's scale and geography set it apart. Despite this, WA is broadly comparable with other states in many of the statistics that are used to analyse road safety performance. For example, the average annual distance residents travel by car is the same in WA as it is in Queensland and Victoria.

The Council attributes WA's relatively poor performance to a combination of factors in which WA differs from other states. For example, other states impose stricter conditions on drivers (Figure 2).

Road Safety Measure	Western Australia	Other States
P-plate supervised driving hours (pre and post practical test)	25 (plus 25 from November 2012)	50 to 120
Novice driver peer passenger restrictions	No, except for night time restrictions	Yes, except Tasmania
Novice driver mobile phone restrictions	No, but under consideration	Yes, except Tasmania
Default rural speed limit	110kph	100kph
Ban on radar detectors	No	Yes
Fixed speed cameras	One but increasing to four	Victoria 243; NSW 140
Penalty for 0-9kph over limit	\$75 fine and no demerits	\$80 to \$252 fine and all have demerits
Interlock scheme to prevent repeat drink drivers from starting their vehicles without breathing into a breathalyser fitted to the vehicle	No	Yes, except Tasmania and ACT

Source: Road Safety Council

Figure 2: Road safety measures on which WA varies from other states

Towards Zero

In March 2009, the Western Australian Government endorsed a road safety strategy for the 12 years from 2008 to 2020. The strategy, *Towards Zero*, is based on the Safe System approach adopted throughout Australia and internationally. The Safe System seeks 'to manage the interaction between road users, roads and roadsides, travel speeds and vehicles.' It goes beyond focusing on individual measures such as driver behaviour and punitive enforcement strategies (Figure 3).



Source: Office of Road Safety, *Towards Zero*.

Figure 3: The Safe System

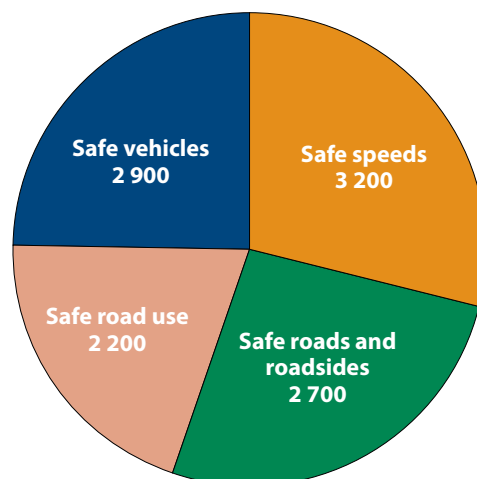
The Safe System is built on four cornerstones:

- Safe road use – influencing road user behaviour
- Safe roads and roadsides – improving road infrastructure
- Safe speeds – ensuring speed limits and travel speeds reflect the safety of the road infrastructure
- Safe vehicles – improving the safety of the vehicles in the road system.

The types of projects funded wholly or in part by the Account have included:

- improving intersection geometry and lane allocation, installing mast arms, upgrading signals and improving pedestrian facilities at intersections
- sealing shoulders, installing audible edge lines and clearing road side hazards at high risk locations on country roads
- expanded drug and breath testing
- a campaign to increase the uptake of safe vehicles in public and private fleets
- awareness, education and research programs.

Towards Zero estimates that if fully implemented it would prevent 11 000 deaths and serious injuries over the life of the strategy (Figure 4).



Source: Office of Road Safety, *Towards Zero*.

Figure 4: Number of deaths and serious injuries prevented by each cornerstone by 2020 if *Towards Zero* is fully implemented

Towards Zero was developed with wide consultation among stakeholders and the community, and evidence-based research by Monash University Accident Research Centre (MUARC). The strategy applies the Safe System to WA's unique road environments and considers individually metropolitan, regional and remote areas. Using information supplied by key WA agencies, MUARC has costed full implementation of *Towards Zero* at \$195 million per year for the 12 year life of the strategy (Figure 5). This expenditure is in addition to existing road safety expenditure.

Cornerstone	Projected cumulative savings in deaths and serious injuries (%)	Cost over 12 year life of strategy \$ million (2008 dollars)	Share of total cost (%)	Cost per year \$ million (2008 dollars)
Safe roads and roadsides	25	1 470	63	~122
Safe road use	20	240	10	20
Safe speeds	29	600	26	50
Safe vehicles	26	32	1	~3
TOTAL	100	2 342	100	~195

Source: Office of Road Safety

Figure 5: The cost of implementing *Towards Zero*

The proportion of funding allocated to each cornerstone does not match its impact in achieving the strategy's outcomes because the costs of different kinds of intervention vary greatly.

The Road Safety Council is an expert body that is supported by the Office of Road Safety

The Road Safety Council was established in 1997 and operates under the *Road Safety Council Act 2002*. It identifies and recommends measures to reduce road trauma and recommends to the Minister how to use the Road Trauma Trust Account. The Account funds road safety initiatives in Western Australia using money from traffic fines.

The Road Safety Council bases its advice on *Towards Zero*, other evidence-based research, community consultation, and input from the main government agencies and other stakeholders who have a role in road safety. The Road Safety Council is led by a Chair appointed by the Minister for Road Safety, and current membership, determined by the Act, is:

- Western Australia Police
- Main Roads Western Australia
- Department of Transport
- Department of Planning
- Western Australian Local Government Association
- Department of Health
- Department of Education
- Insurance Commission of Western Australia
- Royal Automobile Club of Western Australia (representing all road users)
- Office of Road Safety

We refer to all Road Safety Council member organisations as agencies in this report, including the Office of Road Safety, Western Australian Local Government Association and the Royal Automobile Club of Western Australia.

Under the Act, the Road Safety Council's functions are to:

- identify and recommend measures to improve the safety of the State's roads
- identify and recommend measures to reduce deaths and injuries resulting from road crashes
- evaluate and monitor the effectiveness of these measures
- evaluate and monitor the safety of roads in the State
- make recommendations to Government on the expenditure of monies allocated to the Road Trauma Trust Account.

The Office of Road Safety is responsible for assisting the Minister to administer the *Road Safety Council Act 2002*. It provides administrative support to the Road Safety Council and helps coordinate the road safety effort for the State. It also administers the allocation of Road Trauma Trust Account funding. The Office of Road Safety was transferred from the Department of Transport to the Department of the Premier and Cabinet in 2002. Since July 2009, it has been a business unit within Main Roads Western Australia.

Audit Focus and Scope

This audit assesses whether management of the Road Trauma Trust Account is effective, transparent and accountable in allocating funds collected from speed and red light camera infringements to improve road safety and reduce road trauma. We focused on answering three questions:

- Are all moneys collected through speed and red light camera infringements being transferred to the Road Trauma Trust Account and allocated in line with the State's road safety strategy, *Towards Zero*?
- Do governance and internal assessment processes ensure that an effective combination of road safety measures is recommended to the Minister for funding?
- Do the Road Safety Council and Office of Road Safety ensure allocations are acquitted, and that projects are monitored and evaluated to inform future recommendations?

The audit focused on the roles of the Road Safety Council and the Office of Road Safety in managing the Account. It did not extend to the organisations represented on the Road Safety Council.

In conducting the audit, we:

- examined all 135 project files held by the Office of Road Safety covering projects funded in 2010–11 and 2011–12, and sighted a sample of funded projects
- examined documentation, including *Towards Zero* and other policy and planning documents
- interviewed staff in the Office of Road Safety and the Independent Chair of the Road Safety Council
- attended meetings of the Road Safety Council and examined agenda papers and minutes
- reviewed financial records of payments of fines money from the Departments of Transport and the Attorney General to Main Roads WA.

The audit was conducted in accordance with Australian Auditing and Assurance Standards.

All speed and red light camera fines are paid into the Road Trauma Trust Account, but a lack of policy and role clarity risks its effective administration

All speed and red light camera fines are paid into an agency special purpose account held by Main Roads WA called the Road Trauma Trust Account

In keeping with the *Road Safety Council Act 2002*, speed and red light camera fines are paid into the Road Trauma Trust Account. This is done automatically by the Department of Transport finance system when fines are collected. The Account is not a trust account in the commonly understood sense of being a stand-alone account with its own strict governance. It is an agency special purpose account and Main Roads WA holds it as one of many ledger accounts inside a larger multipurpose account. This means that the Office of Road Safety does not have exclusive access to the Account. Main Roads WA staff with access to the multipurpose account can also access it. This creates a risk that Account funds could be applied to projects or activities other than those approved for funding, though Main Roads WA's management processes are designed to prevent this happening. We found no evidence that inappropriate use has occurred, but stronger controls are warranted given the increase in funds paid into the Account since 2009–2010 (from \$12.5 million to \$84 million).

The Department of Transport collects speed and red light camera fines, either directly from motorists or from the Department of the Attorney General when they have been imposed by a court. These are paid into the Account on a monthly basis. Since 1 July 2012, the Department of Transport's finance system automatically pays 100 per cent of these fines into the Account.

Until 2011, one-third of speed and red light camera fines were paid into the Account. A legislative change that year resulted in an increase to two-thirds being directed to the Account for the 2011–12 financial year and the full amount for 2012–13 and beyond. This has meant that the amount paid into the Account has risen from \$12.5 million in 2009–10 to an estimated \$84 million in 2012–13, a substantial increase.

Lack of clarity about the Office of Road Safety's role reduces its effectiveness in administering the Account

The Office of Road Safety has no enabling legislation nor is its role defined in the Road Safety Council's Governance Charter or Terms of Reference. We expected that the Council would have policy and procedures that set out the role of the Office of Road Safety and stipulate how the Account is to be administered. These would set out, among other things, the purpose of the Account, available funds, project eligibility, deadlines, application and payment processes, how decisions are made and who does what. However, no such policy exists and this makes the status of the Office of Road Safety unclear, which in turn reduces its authority. This is evidenced by the difficulty it has in enforcing its agreements.

In addition to being the administrator of the Account, the Office is a member of Council in its own right and votes independently, develops draft road safety policy, and designs and then delivers some of the road safety projects that are funded from the Account.

The Office of Road Safety developed formal grant agreements that are signed by Council member agencies when receiving funds from the Account for approved purposes. The agreements set out specific conditions for paying and acquitting the funds and include requirements to:

- apply the funds only to the costs of the project identified in the agreement
- repay unspent funds
- obtain written approval from the Office of Road Safety to vary the project

**All speed and red light camera fines are paid into the Road Trauma Trust Account,
but a lack of policy and role clarity risks its effective administration**

- maintain separate financial records
- submit reports and acquittals regularly and as required
- allow Office of Road Safety access to records
- acknowledge the Road Safety Council in all publicity
- if the recipient is in breach of the agreement, the Office of Road Safety may suspend the project or deny further funding.

However, we found the process for distributing approved funding to Council members and obtaining acquittals for results to be inadequate and this limits accountability for the use of the funds.

The Office of Road Safety has not always obtained signed agreements from funding recipients for grant moneys paid to them from the Account and, where executed agreements are in place, it has not enforced their provisions. The Office of Road Safety has made numerous unsuccessful requests for return of signed agreements and progress reports. Despite continued lack of response, no project funding has been suspended or withheld. The only penalty provision the agreements have is suspension or withholding of funds, making it impractical for the Office of Road Safety to enforce.

In August 2012, we examined all 135 project files covering 2010–11 and 2011–12 held by the Office of Road Safety to determine if agreements were properly executed and acquitted. We expected to find detailed project proposals, fully executed agreements (ie signed by the correct authorities for both parties), progress reporting, and project and financial acquittal.

We found that:

- 83 per cent of project files did not include executed agreements. In all but one of these files, Office of Road Safety itself or Main Roads WA were the fund recipients
- 54 per cent of project files other than for Office of Road Safety projects did not include executed agreements
- five per cent of project files for non-Office of Road Safety projects in 2010-11 did not include a financial acquittal
- reports required under agreements varied widely in their timing and content, and many were missing from files. In many cases, they contained little or no information about the progress of the project other than the money that had been spent.

Some weeks after we audited the files, the Office advised that they had updated the files and asked that we undertake further tests. As a result, we re-audited seven project files and found that some signed agreements and progress reports had been filed since our first assessment. However, two project files still contained no signed agreement.

Although we found no evidence that funds had been inappropriately accessed, giving funding without an agreement is a risk for the Road Safety Council and weakens accountability for how funds are spent.

All speed and red light camera fines are paid into the Road Trauma Trust Account, but a lack of policy and role clarity risks its effective administration

The complexity of relationships requires clear roles for both the Office of Road Safety and the Road Safety Council

The Office of Road Safety reports to the Minister for Road Safety, and as a business unit within Main Roads WA it is administratively responsible to the Commissioner of Main Roads and the Minister for Transport. Road Safety Council member agencies are accountable to their Ministers¹ under the *Public Sector Management Act 1994* and Treasury under the *Financial Management Act 2006*.

In theory, all Council member agencies are also accountable to the Office of Road Safety under their funding agreements for the projects funded by the Account. However, in practice, from a member agency's perspective, the accountability to the Office of Road Safety is not its most important relationship (Figure 6). The lack of clarity around the Office of Road Safety's and the Road Safety Council's responsibilities for how the Account's funds are spent and acquitted presents a risk to its effective administration.

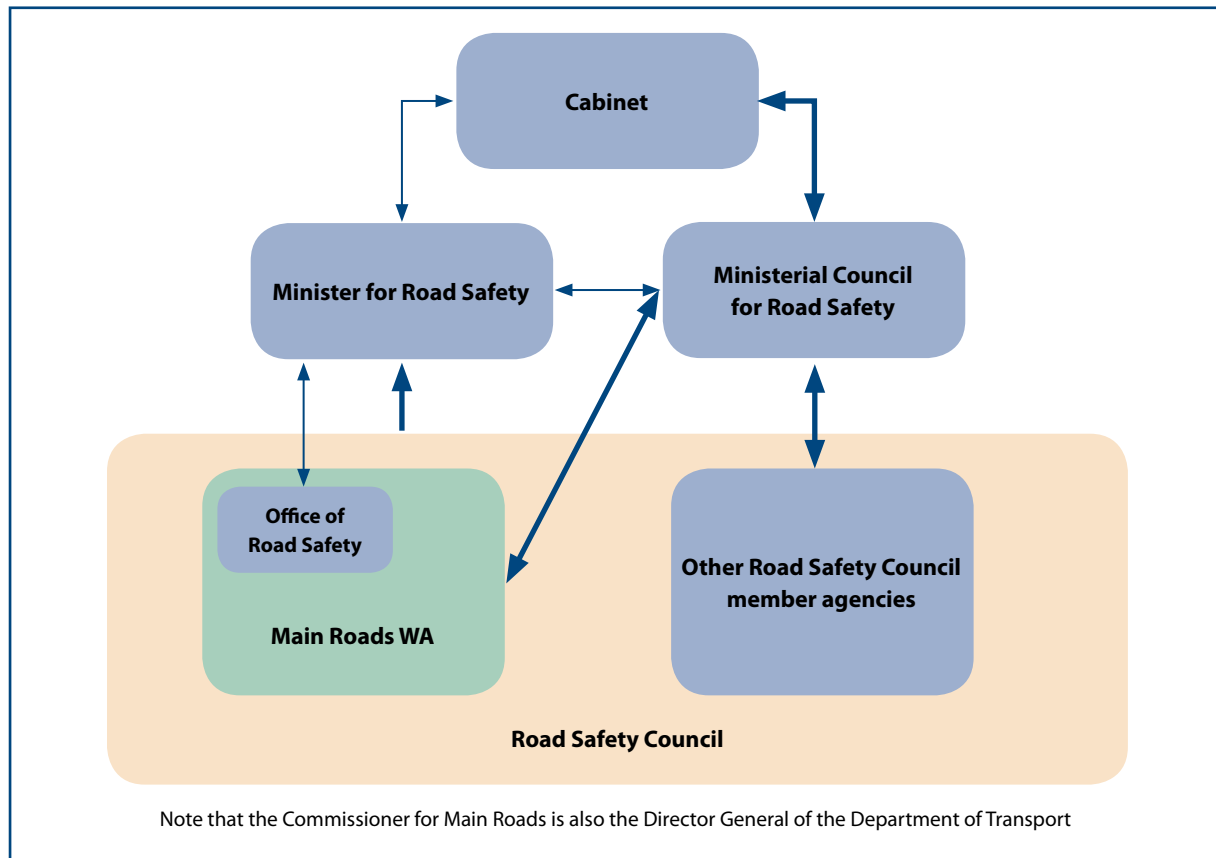


Figure 6: Important relationships in spending and acquitting the Account's funds

The double-headed arrows represent two-way interactions and the heavier lines indicate those that carry most weight in terms of funding decisions.

¹ Except the RAC and WALGA which are not government agencies.

The Road Safety Council cannot demonstrate that it has an effective process for making recommendations or that it effectively monitors and evaluates road safety measures

The Road Safety Council recommends road safety measures to the Minister and Cabinet makes the final decision, but no list of approved projects is published

The Council makes its recommendations to the Minister for Road Safety. Under the *Road Safety Council Act 2002*, the Minister must approve all spending of Account funds and is not bound to follow Council recommendations. In practice, the Minister discusses the recommendations with the Ministerial Council on Road Safety and in Cabinet. The Act does not require any reporting of funding decisions made by the Minister and Cabinet. Most recent practice has been for the Minister to announce approved funding, including highlights and totals for priority result areas. However, there is no report that details the complete list of Council recommendations or projects approved for funding. This limits transparency.

The Road Safety Council’s recommendations to the Minister in 2012–13 totalled just over \$76 million. The Council also recommended \$10 million be retained to create sufficient cash reserves to enable funds to be committed to selected projects for up to three years in advance.

Instead, Cabinet approved expenditure from the Account of \$87.7 million. Cabinet also decided to allocate funds in a different way to that recommended by the Road Safety Council (Figure 7). Cabinet prioritised spending on urban intersections and while the choice of intersections differed from the Council’s recommendations, these still consisted of high priority sites.

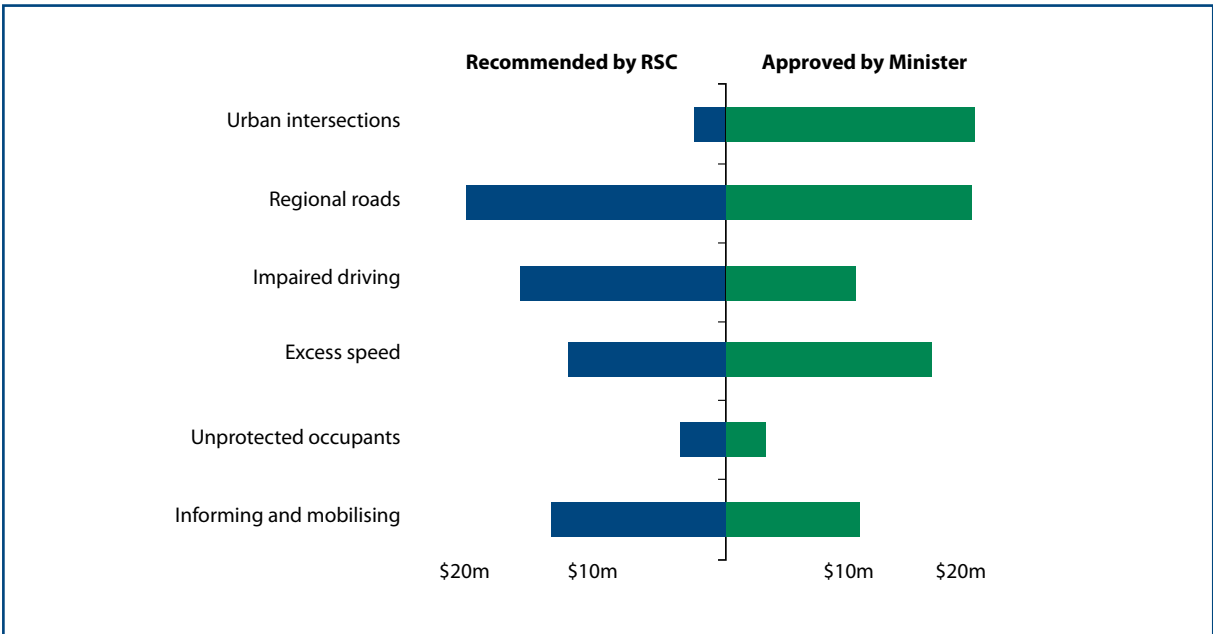


Figure 7: Road Safety Council recommended allocation compared with Cabinet approved budget 2012–13

The higher level of funding approved by Cabinet also included funding of \$7.094 million for WA Police, \$2.5 million for the Department of Transport and \$103 000 for the Department of the Attorney General for ‘enhanced speed enforcement costs’ to address the increased cost of enforcing safe speeds. This was not recommended by the Council but is consistent with principles it outlined to the Minister for Road Safety when the funding level increased. According to these principles, while the Council does not support using Account funds to pay for anything previously funded from other sources, it may allow it for enhancing ‘core agency business’ to deliver better outcomes.

The Road Safety Council cannot demonstrate that it has an effective process for making recommendations or that it effectively monitors and evaluates road safety measures

The process of creating a spending program begins with a Road Safety Council planning day, after which Council invites member agencies to develop proposals based on *Towards Zero*. Non-members can make submissions through a member, but not directly to the Council. The Office of Road Safety collects and formats the proposals and presents them to all Road Safety Council members without evaluation. The Council's Finance Sub-committee then examines them and develops recommendations for the Council, which then recommends to the Minister. Negotiation and refinement of proposals and budgets occur throughout the process as agencies develop and refine their own annual budgets and adjust their project budgets accordingly.

Road Safety Council recommendations to the Minister take the form of budget submissions with supporting rationales based on *Towards Zero*. For 2012–13, the Council refined the four broad cornerstones of *Towards Zero* into six more specific Priority Result Areas to provide a focus for action. These are:

- excess and inappropriate speed crashes (Safe speed)
- impaired driving crashes (Safe road use)
- urban intersection crashes (Safe roads and roadsides)
- run off crashes on regional roads (Safe roads and roadsides)
- unprotected occupants and users (Safe vehicles)
- inform and mobilise actions (Safe System foundations).

The Road Safety Council does not have a master action plan for *Towards Zero* to guide funding across the strategy as a whole, but it has adopted a performance monitoring framework which may help to establish priorities

Although *Towards Zero* states that to implement this strategy effectively it 'will use detailed three year action plans (that) will provide clear direction on who will do what, where and when,' no such plan exists. An action plan for the strategy as a whole existed for the first three years of *Towards Zero* but when the funding increased the Road Safety Council decided that key agencies should not have to apply on a project-by-project basis but could bundle them into work programs based on 'annual planning priorities'. These are described in Business Cases.

These Business Cases are summaries of groups of projects recommended under Priority Result Areas. They contain budgets, total funding sources, timelines, stakeholders, responsible agencies, risks and outcomes. They include reference to available research and evidence about road safety and explain how projects align with *Towards Zero*.

However, Business Cases do not compare alternative possible projects, or even acknowledge that alternatives may exist. They also do not provide a way of assessing progress on the strategy as a whole over time or make the case for allocating a particular share of Account funds to a particular Priority Result Area.

The Road Safety Council cannot demonstrate that it has an effective process for making recommendations or that it effectively monitors and evaluates road safety measures

The Road Safety Council and the Office of Road Safety advise they use a number of reference documents in establishing their annual planning priorities. These include:

- the *Road Safety Management Capacity Review* prepared by independent consultants in 2010 to identify gaps in the State's capacity to implement *Towards Zero* and recommend action to build capacity
- the *Towards Zero Acceleration Package* prepared in October 2010 on the back of this review as a submission to Cabinet from the Ministerial Council on Road Safety. This proposal was a four year plan with a \$469 million budget to kick-start *Towards Zero* but was not adopted by Government
- the Road Safety Council's response to the review, *Building Capacity to Deliver a Safe Road Transport System in Western Australia: Road Safety Council Recommendations to Ensure Capacity to Implement Towards Zero*.

These three documents have not been updated to take account of the new funding levels and their funding assumptions limit their usefulness. Although the Business Cases contain elements of the Acceleration Package, we have not seen any evidence that the Council refers to the documents when formulating their recommendations.

In the absence of an overarching action plan, the Road Safety Council is not able to demonstrate that its recommendations maximise the chance of achieving the strategy's goals. For example, disproportionate funding in one Priority Result Area over time would undermine the effectiveness of the strategy as a whole. Such an imbalance may go unnoticed without a plan.

In August 2012, the Road Safety Council approved a comprehensive set of performance indicators under the heading *Western Australian Road Safety Performance Monitoring Framework*. These measure outcomes, outputs (activities), road system risk and changes in risk resulting from broader economic and social change. The measures apply to *Towards Zero* as a whole and each Priority Result Area. This could serve as a useful monitoring tool to assess the strategy's progress and could also be used to inform planning priorities. While this is a step in the right direction, it is not a master action plan for implementing *Towards Zero*.

The Road Safety Council does not have a rigorous process for choosing proposals and developing recommendations, and to counter perceptions of conflict of interest

Road Safety Council member agencies develop proposals as well as decide what to recommend to the Minister for funding. This creates the risk that decisions will appear conflicted. The Council side-steps the conflicts of members in recommending funding for their own proposals by pointing out that it is the Minister, not the Council, who makes funding decisions. Nevertheless, Council processes need to be robust and transparent to counter the risk of real or perceived conflicts of interest.

There are no guidelines or clearly articulated criteria for assessing proposals. *Towards Zero* is too high-level for this purpose and, as already noted, there is no action plan to assist decision-making. Prior to 2011, the Office of Road Safety used the Project Assessment Framework or 'Project Assessment Matrix' (PAM) to rank proposals for the Road Safety Council to consider. PAM used a five point scale (0–4) to rate each proposal on defined criteria and compare it with other projects on objective criteria under the following headings:

- How important is the cornerstone for WA's main crash types?
- Does the project align with the cornerstones?

The Road Safety Council cannot demonstrate that it has an effective process for making recommendations or that it effectively monitors and evaluates road safety measures

- Does the project align with political, government and community interest?
- Is it value for money?
- What is the project risk?

In practice, a higher rating did not guarantee a project would be preferred and the Council discontinued PAM in 2011.

The current process is that the Council's Finance Sub-Committee examines all proposals and then makes a recommendation to the Council on which proposals should be funded. However, there is no evidence of the Sub-Committee considering the overall balance of funding and activity in the context of the Priority Result Areas of the Strategy.

Until the 2012–13 round, the Finance Sub-Committee did not record the reasons for its recommendations. As full Council meetings accepted these by default and only discussed the few proposals that the Sub-Committee varied or declined, it is possible that some proposals received minimal attention. The Sub-Committee now minutes all decisions.

Further, the recommendations are subject to later adjustment as agencies negotiate with Treasury to finalise other aspects of their annual budgets and work programs that affect their road safety projects. These negotiations can produce substantial changes to the Council's initial recommendations. The result is a budget for the Road Trauma Trust Account, and by implication a budget to implement *Towards Zero*, but with little explanation of where budget lines vary from amounts originally proposed. Without such explanations, the Road Safety Council cannot demonstrate that its recommendations to the Minister are determined using a rigorous process with clearly articulated criteria.

Without good project reporting, the Road Safety Council cannot demonstrate how it evaluates project performance or show that it uses past performance to guide future funding decisions. Good reporting is also important for offsetting any loss of knowledge that arises through turnover of Road Safety Council members. While the Council meets its requirements under s13 of the *Road Safety Council Act 2002* to report on activity, this does not adequately fulfil its function to monitor and evaluate road safety measures.

Of the 73 projects (including Office of Road Safety projects) from 2010–11, 57 contained mid-year reports and 64 contained end-of-year reports. Of those reports, there were a number of cases where the person signing the report was not identified or where sign-off dates did not match project dates. Most reports show that the money has been spent and the project completed, but contain little or no qualitative or descriptive information. These reports contain dates and dollar figures but little or no text. Information about project performance, if included, is generally very brief and does not convey how successful or effective the project has been or even whether implementation has gone well. Road Safety Council members report directly to the Council on projects they manage or sponsor but these updates are not minuted in detail.

The Road Safety Council cannot demonstrate that it has an effective process for making recommendations or that it effectively monitors and evaluates road safety measures

The Office of Road Safety produces bi-annual 'report cards' that provide the Road Safety Council with progress summaries for all projects. However, these do not include any analysis or evaluation. Rather, they provide project information, such as achievement of timeframes and milestones and only give brief explanations if projects are not on track.

The Office of Road Safety, as part of its function to support the Road Safety Council, administers the project funding and is a party to funding agreements that contain reporting requirements. Despite numerous attempts to do so, the Office of Road Safety has not been effective in using the authority of the agreements to pressure agencies to provide timely and informative reports.

The Road Safety Council meets its legislative obligation to report to Parliament on its activities (required under s13 of *Road Safety Council Act 2002*). The report contains background information, summary descriptions of road safety measures, some reporting of statistical road safety indicators, some results of targeted evaluation projects and summary data on project completions. It also lists the projects recommended for funding but does not specifically identify those that were not approved for funding. This limits transparency. The report also contains no assessment of the effectiveness of many of the funded projects or progress in implementing *Towards Zero* as a whole.

Auditor General's Reports

REPORT NUMBER	2012 REPORTS	DATE TABLED
14	Audit Results Report – Annual 2011-12 Assurance Audits	7 November 2012
13	Implementation of the National Partnership Agreement on Homelessness in Western Australia	24 October 2012
12	Major Capital Projects	17 October 2012
11	Second Public Sector Performance Report 2012 <ul style="list-style-type: none"> – Business Continuity Management by Port Authorities – Western Australian Natural Disaster Relief and Recovery Funding – Housing's Implementation of the Head Contractor Maintenance Model 	26 September 2012
10	Information Systems Audit Report	28 June 2012
9	Public Sector Performance Report 2012 <ul style="list-style-type: none"> – Regional Procurement – Department of Commerce Support to the Plumbers Licensing Board – Ministerial decision not to provide information to Parliament on the amount of funding tourism WA provided for the Perth International Arts Festival 	28 June 2012
8	New Recruits in the Western Australia Police	20 June 2012
7	Pharmaceuticals: Purchase and Management of Pharmaceuticals in Public Hospitals	13 June 2012
6	Victim Support Service: Providing assistance to victims of crime	16 May 2012
5	Audit Results Report – Annual Assurance Audits completed since 31 October 2011 including universities and state training providers and Across Government Benchmarking Audits: Accuracy of Leave Records; Act of Grace and Like Payments; and Supplier Master Files	16 May 2012
4	Supporting Aboriginal Students in Training	2 May 2012
3	Beyond Compliance: Reporting and managing KPIs in the public sector	19 April 2012
2	Opinion on Ministerial decisions not to provide information to Parliament on the amount of funding Tourism WA provided for some events	22 February 2012
1	Working Together: Management of Partnerships with Volunteers	22 February 2012

The above reports can be accessed on the Office of the Auditor General's website at www.audit.wa.gov.au.

On request these reports may be made available in an alternative format for those with visual impairment.

Office of the Auditor General Western Australia

**7th Floor Albert Facey House
469 Wellington Street, Perth**

**Mail to:
Perth BC, PO Box 8489
PERTH WA 6849**

T: 08 6557 7500

F: 08 6557 7600

E: info@audit.wa.gov.au

W: www.audit.wa.gov.au