STATE & LOCAL GOVERNMENTS WORKING TOGETHER FOR BETTER ROADS

State Road Funds to Local Government Advisory Committee

2027-28 Category 1 Regional Road Group Indicative Allocations Information Sheet

Background Summary from 2027-28 Local Roads Program Letter of 25 September 2026

- The State Government undertook a review of grant programs which included State Road Funds to Local Government (SRFLG) grants.
- The review was aiming to better align grant expenditure estimates with project/program schedules.
- The review identified a history of under expenditures in SRFLG Category 1 programs, predominantly Road Project Grants and State Black Spot Grants.
- The State Government took a decision to hold Category 1 funding at the 2025-26 levels for 2026-27 and 2027-28 in an effort to improve expenditure estimates and project schedules.
- The decision included maintaining the 2026-27 program as is and to reduce the allocations across the two years from the upcoming 2027-28 allocations.
- The Category 1 reduction across the two years totals $34.22 million which will be added to Category 2 State Initiatives to maintain the overall Agreement funding at 20% of Motor Vehicle Licence Fees.

State Advisory Committee Outcomes

- The State Advisory Committee (SAC) met to discuss the State Government's decision.
- SAC is aiming have the 2027-28 Category 1 allocations approved and available to RRGs by mid-October 2026 so that RRGs can finalise their draft programs.

Frequently Asked Questions

Does the change have any impact on the 2026-27 Program?

- No. The 2026–27 program had already been developed and recommended, so the State Government decided to leave the 2026-27 program unchanged with the Category 1 reductions being applied to the 2027–28 Programs.

Why is the change occurring?

- The change forms part of the State Government's review of grant programs to better align expenditure to program allocations. Any reduction to Category 1 allocations is being applied to Category 2 – State Initiatives to maintain the overall funding under the Agreement at 20% of Motor Vehicle Licence Fee revenue.

When will the 2027-28 indicative Regional Road Group (RRG) allocations be available?

- The target is mid-October 2026 with communication to the RRGs to be prioritised as soon as a decision is made.

How should RRGs manage the development of the 2027-28 program if we are meeting prior to the indicative allocations being released?

- RRGs should continue their normal program development, prioritisation and delivery planning. They should retain sufficient flexibility to adjust the proposed 2027–28 program once the indicative allocations have been confirmed.

What funding will be impacted in the 2027/28 program?

- The affected regions and programs have not yet been determined.

How will SAC determine the 2027-28 indicative allocations?

- SAC will consider modelling based on regional allocations, expenditure data, delivery performance and delivery capacity.

How should RRGs manage any impacts if the RRG indicative allocations are reduced?

- RRGs may consider their program priorities and consider staging, rephasing or pausing new commitments while protecting existing projects where possible. Each RRG will have flexibility to decide how an adjustment could be applied across its project program.

How will we be notified of the 2027-28 indicative RRG allocations?

- Once approved, the allocations will be communicated through a formal SAC letter to RRGs, distributed through RRG secretariats and managers. RRG chairs will receive advance briefings where possible, supported by an FAQ and other briefing material.

What period will the capping to 2025-26 levels be in place?

- The adjustment relates to the 2026-27 and 2027-28 years with the full capping being applied to the 2027-28 allocations.

Does the change affect how much funding will be allocated to local roads?

- No. Overall funding under the State Road Funds to Local Government Agreement remains at 20% of Motor Vehicle Licence Fee revenue. The change reallocates growth funding from Category 1 to Category 2 – State Initiatives within the local road network program.

Will existing approved projects continue to be funded?

- The current approach is to protect existing approved projects and commitments with project-by-project decisions being made by RRGs.