15 January 2018

The Executive Officer
Law Reform, Road and Community Safety Committee
Parliament House
Spring Street
EAST MELBOURNE VIC 3002

lrrcsc@parliament.vic.gov.au

Dear Ms Simmonds,

Please find enclosed RACV’s submission to the Parliamentary Inquiry into VicRoads’ Management of Country Roads.

Dave Jones, Manager, Mobility Advocacy is available to further discuss our submission with the Committee. He can be contacted on [redacted] or [redacted].

Yours sincerely,

BRYCE PROSSER
GENERAL MANAGER, PUBLIC POLICY AND CORPORATE AFFAIRS
Submission to Inquiry into VicRoads’ Management of Country Roads

Summary
RACV welcomes the Parliamentary Inquiry into VicRoads Management of Country Roads. The deteriorating condition of Victoria’s country road network is a long-term concern of RACV and its members.

This submission draws upon independent analysis, inspections and discussions with many stakeholders over several years. Inputs include:

- an independent review of the rural road network, commissioned by RACV;
- market research for RACV that considered the views of 750 people living in country Victoria, and 150 in metropolitan Melbourne who have driven on country roads;
- the findings of the two separate investigations by the Victorian Auditor General that relate to the management of the VicRoads road network;
- discussions with officers and elected representatives of multiple Councils;
- correspondence with RACV’s members;
- feedback through social media campaigns by RACV and others; and
- inspections by RACV of the condition of Victoria’s country roads.

In general, RACV believes that sustained reductions in funding, and issues within VicRoads identified by the Auditor General, have resulted in a severe decline in the condition of the country road network.

The impact of that decline is being felt by all road users on the country road network, through reduced safety, reduced ride quality on country roads, and higher vehicle maintenance costs.

With consideration of the above and the issues identified by the Committee, RACV has developed a series of recommendations for the Committee’s consideration.

1. The effectiveness of VicRoads in managing country roads

1.1 VicRoads receive a sustained and substantial increase in funding for the maintenance of the Victorian country road network.

1.2 Within two years, VicRoads adopt the recommendations made by VAGO (2017) and publicly report this achievement.

2. The existing funding model and its lack of effectiveness for country Victoria

2.1 Regional road management plans be developed with the involvement of the community and industry stakeholders.

2.2 A substantial and sustained increase in funding be provided to deliver the agreed plans to meet community expectations for Victoria’s country highway network.

3. The lack of consultation with regional communities and their subsequent lack of input into prioritising which roads are in dire need of repair.

3.1 VicRoads directly engage with the community within each VicRoads region about the levels of service of roads within their region. This should be a key input to developing a
regional road management plan that specifies service standards and response times for repairs that better meet local expectations.

3.2 An independent body oversee the community engagement and the development of road maintenance plans and priorities.

4. The option of dismantling VicRoads and creating a specific Country Roads organisation and separate Metropolitan Roads body.

4.1 RACV calls for an independent and public review of the options for how Victoria's road network is managed to ensure the best outcomes for all Victorians.

It is quite clear that many people in country Victoria are at least ‘somewhat supportive’ of a specific country roads organisation. This raises questions about whether a different organisational structure would deliver better outcomes for Victorians using country roads, or whether the same outcome could be achieved by other means. We think this should be independently investigated, with consideration of the budget impact, transparency and accountability, and if there were two organisations, ensuring both organisations have access to the necessary specialist technical skills.

RACV acknowledges that following from the 2016 Auditor General’s report, the State Government and VicRoads have commenced some changes with an increase in funding and a commitment to greater transparency about the condition of the network. However, further reforms, independent scrutiny and community involvement are needed.

The following sections provide extra information used to develop RACV’s recommendations to the Committee.
Discussion
For nearly six years, RACV has been expressing concern about the deteriorating condition of Victoria's regional highway network. RACV's submissions to the State Government in advance of the State Budget have repeatedly called for more funding for road maintenance and road resurfacing.

This emphasis on greater funding stems from our concern that poor conditions on country roads present a serious safety risk. 255 lives were lost in 2017 on Victorian roads, 151 in rural Victoria (TAC, 2018). Given the road network is critical to the livelihoods of many people living in country Victoria, a high-quality road environment is paramount. A suitable, adequately funded maintenance regime is desperately needed to ensure safe travel on Victoria's country roads, and to mitigate the cost of increased wear and tear, or even vehicle damage, that occurs from travelling on poor roads.

The condition of the State's roads is not just an issue for car drivers. Motorcyclists are particularly vulnerable to unexpected defects in road surfaces. Bicycle riders may have to ride further into the traffic lane to avoid defects along the edge of the road or within a sealed shoulder. School and local bus services have higher risks and delays. Truck drivers experience higher maintenance costs, less safe travel and their goods may be damaged in transit. People may receive lower prices for damaged farm produce, and have lower quality goods in their supermarkets and shops.

RACV ran a social media based campaign, RACV Pothole Patrol, in 2013 and then another campaign in 2016, drawing attention to the issue and achieving mainstream media coverage. In 2013 the then State Government responded with a once-off injection of funding. The current State Government announced increased funding in 2017. Whether this level of funding is planned to be sustained will not be clear until the State Budget papers are released in May 2018.

In August 2016, RACV presented to regional Council forums in Sale and Warrnambool about road maintenance. The images in Table 1 are from those trips, as examples of the issues being experienced by road users.

B140 Hamilton Highway, east of Hesse
A1 Princes Highway, Codrington to Rosebrook
Table 1: Pavement failures in South-East and South-West Victoria (RACV, August 2017)

**Independent review**

In late 2016, RACV commissioned an independent review of the condition of Victoria’s country road network (Webb, 2016).

Webb (2016) found a general decline in road condition over the analysis period, which coincided with an overall reduction in funding (to 2016). It concluded that without increases to the level of funding for maintenance, the condition of the VicRoads country road network could be expected to deteriorate further. That is, in 2016 funding levels were not adequate to even maintain the then status quo.
An issue is not only whether the forecast deterioration to the country road network is acceptable to the community, but that the trend is not reported, nor is it readily transparent, notwithstanding the good intentions in Victorian legislation and VicRoads Road Management Plans prepared in accordance with the Road Management Act. The review found that the decline in funding and the condition of the network has been occurring without the community being made aware of it - that is, until the outcome of the decline was apparent with the failure of the road network and less safe road conditions.

Conclusions from the independent review are referred to in later sections of this submission.

Victorian Auditor General investigations

In 2008 the Victorian Auditor General reported that the State’s regional arterial road network was under stress, that maintenance expenditure had failed to keep pace with inflation, and that the condition and performance of the regional road infrastructure had deteriorated (VAGO, 2008).

VAGO (2008) reported that:

“...without further action, the condition and performance of the arterial road infrastructure will deteriorate to a point where the impacts will become increasingly evident to the travelling public” (p.V). It recommended that VicRoads develop and publish an enhanced suite of indicators to help the Victorian Government understand the long-term implications of current maintenance resourcing decisions.”

VAGO (2008) also noted that VicRoads faces a challenge to link and analyse all the information needed to guide maintenance decisions, and that information is stored in a way that prevents holistic analysis (p2).

In 2017 the Victorian Auditor General considered the maintenance of State controlled roadways, excluding tollroads (VAGO, 2017). VAGO (2017) stated:

“The increasing proportion of the state road network in very poor condition presents a growing risk to public safety and increases road user costs.

Not enough funding is allocated to road maintenance to sustain the road network, but VicRoads also cannot demonstrate clearly that it is making the best use of its existing maintenance funds.

Its approach to road pavement maintenance is reactive, with maintenance generally being carried out only when it becomes critical. Targeted early intervention to prevent roads from needing more costly and extensive maintenance has been limited. This approach has not kept up with the rate of deterioration of road pavements across the network.

As the complexity and cost of maintenance increases, less can be done using the available levels of funding, resulting in an increasing maintenance backlog and lower levels of service for road users.”

The 2017 audit again found failings in how VicRoads is using data to make maintenance program decisions. Only now is VicRoads making changes to address these data issues, a decade after they were first highlighted in the VAGO (2008) report.

The VicRoads response to the 2017 audit conveys that their actions are addressing the Auditor-Generals recommendations. In December 2017, VicRoads announced an online dashboard to increase transparency about the condition of the network, which was
welcomed by RACV. However, at the end of the day, Victorian’s will judge the State Government’s and VicRoads’ actions by the condition of the roads they drive on.


Market research
In preparation for this inquiry, RACV commissioned market research to determine Victorians views on road maintenance in the areas being addressed by the Inquiry¹. The market research considered the views of 900 Victorians, with 150 in each of the five VicRoads country regions and 150 in metropolitan Melbourne.

Results from RACV’s market research are included in each section below.

Response to the Terms of Reference
1. The effectiveness of VicRoads in managing country roads
To consider whether VicRoads is effective in managing country roads, data, community opinion and the findings of VAGO (2008) and VAGO (2017) must be considered.

There are few published performance indicators for the road network that can objectively assess ‘effectiveness’.

Enhanced indicators were recommended by VAGO (2008). Similarly VAGO (2017) recommended a dashboard to display data from indicators; going so far as to develop their own using VicRoads data to aid their own analysis. It was only in December 2017 that the State Government announced that VicRoads would start publishing a ‘dashboard’ to improve transparency in this area. The adoption of a public dashboard, with useful and transparent indicators, will substantially improve transparency into how VicRoads is managing its network. Determining if VicRoads’ management is effective will require the analysis of the ‘dashboard’ indicators in conjunction with other data relating to passenger and freight road use trends, weather, available funds and other factors that influence road network planning and maintenance.

Traditionally, the State Budget papers have reported the percentages of the network in metropolitan and regional areas that are resurfaced each financial year against a target. In addition, they have reported “proportion of travel on smooth roads” (until 2010/11) then “percentage of distressed pavement freeway and arterial road surface” (until 2016/17) against targets.

RACV is quite concerned that the now discontinued indicators remained relatively static when other data and community perceptions suggest there has been a substantial decline in the condition of the network. For example, Webb (2016) compared data from the State Budget papers with VicRoads asset management data. The data in the State Budget papers showed little decline in the proportion of the network in a distressed condition in the period 2012 to 2016, whereas VicRoads asset management data showed the remaining (approximate) 92% of the network was in steady decline between 2006/07 and 2014/15. The difference appears to be because the published indicator in the budget papers was

¹ Nature (April 2017), Regional Roads Report, unpublished, commissioned by RACV.
insufficiently granular to show the decline in the network – the changes did not meet the narrow definition of a ‘distressed’ road that was being reported in the State Budget papers.

![Graph of Percentage of Distressed Pavement](image)

Figure 1: Comparison of the increasing roughness of the network compared to relatively static ‘distressed pavement’ indicators in the annual State Budget papers (Webb, 2016)

VAGO (2017) found deficiencies with VicRoads development of the State’s road maintenance program as well as inadequate maintenance practices, all within the context of reduced funding. This suggests that even though VicRoads has received insufficient funding, it has been ineffective in using the funding that it has received.

What does the community think?

RACV asked participants how satisfied they were with VicRoads management of interstate highways and regional highways between towns in Victoria, as well as roads within towns in Victoria. It was recognised that participants wouldn’t necessarily be familiar with exactly which roads were the responsibility of VicRoads or Councils, hence functional descriptions were used to help participants think of the more major roads that are more likely to be the responsibility of VicRoads.

The research found 33% of participants across Victoria were dissatisfied with VicRoads management of interstate highways and regional highways (Figure 2). 21% were neither satisfied or dissatisfied and 47% were satisfied.

![Satisfaction with VicRoads Management](image)

2 VAGO (2017) explained that a distressed road segment “is defined as one with rutting more than 10 millimetres deep over at least 30 per cent of a road segment, combined with at least 10 per cent cracking, regardless of its road maintenance category.” (p.46)
Dissatisfaction was highest in the VicRoads South West Region, where dissatisfaction peaked at 36%, and was lowest in the VicRoads North East Region at 23% (Figure 3). Eastern region was also low at 29%. RACV considers the Eastern Region result to be a significant result, given that when RACV campaigned in 2013 Eastern Region and the South-West Region were subjectively considered to have the worst roads in the State.

The market research also considered satisfaction with prompted aspects of regional roads that might influence a user’s perception of the management of the network. The aspects were selected to be components of the road asset that drivers would use and notice if they were deficient. Road surface condition was the component which drivers reported to be least satisfied with, recording 41% of responses as very or extremely dissatisfied (Figure 4).

Results in the South-Western and Western regions were found to have statistically significantly higher dissatisfaction than the other regions for road surface condition (Figure 5).
As a benchmark, the same issues were considered in metropolitan Melbourne. For road surface condition, 35% of metropolitan based participants were dissatisfied in VicRoads metropolitan regions and 69% of regionally based participants in regional Victoria (Figure 6). This shows significantly higher dissatisfaction with the condition of Victoria’s road surfaces by people living within each of the VicRoads country regions.

Participants were asked to rate, from 1 (most dangerous) to 3 (third most dangerous), the three features of regional roads that make them dangerous to drive on (Figure 7). Poor surfaces, pot holes and poor road edges were rated the highest, with poor surfaces (28%) and pot holes (27%) being given similar top ratings.
When the results are considered by VicRoads region, the top results are similar across the regions, as shown in Figure 8.

To summarise, in addressing whether VicRoads has been effective in managing country roads:

- RACV’s independent review (Webb, 2016) found that VicRoads has been inadequately funded and the country highway network has been in long-term decline.

- RACV’s independent review (Webb, 2016) also found that the indicators historically used to report on the road network have ‘masked’ the true condition of the network and its long-term decline.

- VAGO (2008, 2017) twice questioned VicRoads systems, processes and capabilities relating to the management of the network, and also found that VicRoads has been inadequately funded.

- RACV’s market research found one third of country Victorians are dissatisfied with VicRoads management of the country highway network.

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3 “% Top” shows the proportion of responses that nominated the feature as their top priority (i.e. rating = 1).
RACV’s market research found that 69% of participants have some degree of dissatisfaction with road surfaces.

With consideration of these facts, to the period ending June 2017, RACV believes VicRoads has not been able to effectively manage Victoria’s country roads.

**Recommendations**

1.1 VicRoads receive a sustained and substantial increase in funding for the maintenance of the Victorian country road network.

1.2 Within two years, VicRoads adopt the recommendations made by VAGO (2017) and publicly report this achievement.

2. The existing funding model and its lack of effectiveness for country Victoria

At present, funding for the maintenance of the network is a political decision, with changes seemingly an annual decision for the State Government of the day. RACV does not know whether VicRoads has effectively advised the State Government about the impact of those decisions on the life of its road assets, the long-term cost impacts of those short-term decisions, or on Victorians travelling on country roads.

What is clear is that there has been a substantial decline in the work undertaken to maintain Victoria’s highway network and that this will result in higher costs to the State in future years. For example, resurfacing of the network in 2012/13 was 40% less than in 2006/07, and about 30% less for the 2013/14 and 2014/15 financial years (Webb, 2016). This is important because water weakens road pavements, and road resurfacing reduces water penetration through cracks into the road pavement.

![Variation in Regional Treated Area](image)

**Figure 9: Annual variation in the area of roads resurfaced each year (Webb, 2016)**

Up until the most recent State Budget, less than 5% of the network is being resurfaced each year, when around 8% is necessary on an ongoing basis. However, it must be significantly higher than 8% in the short term to catch up for years of neglect. A rate of about 8% is based upon the life of a road surface being around 12 years. In drier climates with good materials and light traffic the life of a road surface may be longer, and with heavy traffic, wet climate and ageing pavement materials, much shorter.

In RACV’s market research, participants were asked about the top three factors that impact the condition of roads, with 1 having the most impact and 3 the third most impact. The
quality of repair works, and frequency of maintenance were the two highest ranked factors across all regions as shown in the chart below. The level of funding ranked fourth.

![Figure 10: Which prompted factors have the most impact on the condition of Victoria’s regional roads (Nature, 2017)](chart)

Participants were then asked whether they thought “regional roads in Victoria are sufficiently funded”. 64% strongly disagreed or somewhat disagreed as shown in the chart below. Views were similar across each of the VicRoads regions. 28% neither agreed or disagreed.

![Figure 11: Agreement with whether regional roads are sufficient funded (Nature, 2017)](chart)

**Recommendations**

2.1 Regional road management plans be developed with the involvement of the community and industry stakeholders.

2.2 A substantial and sustained increase in funding be provided to deliver the agreed plans to meet community expectations for Victoria’s country highway network.
3. The lack of consultation with regional communities and their subsequent lack of input into prioritising which roads are in dire need of repair.

Participants in RACV’s market research were asked whether the community should be involved in the prioritisation of which road to repair (Figure 12). 62% somewhat or strongly agreed, with a further 26% neither agreeing or disagreeing. Participants were then asked whether the community should be involved in setting road maintenance standards. 54% somewhat or strongly agreed, and 32% neither agreed or disagreed.

![Figure 12: Agreement with whether the community should be involved in road maintenance](Nature, 2017)

Webb (2016) noted that road classification systems are used for both administrative purposes, such as legal road classes for state and local roads, and for operational purposes, where they provide a basis of setting service levels related more specifically to the volume and type of vehicle using each type of road.

Webb (2016) also noted that the acceptable condition of a road is also relative to the function or classification of the road. A pothole in a low volume, low speed residential street, does not pose the same risk as a pothole in a high volume, high speed arterial road. Within the context of the VicRoads road network, the condition of a C class road that connects smaller regional communities may reasonably be lower than an A class road forming part of the interstate and intrastate highway network. Accordingly, road conditions which are deemed to be tolerable in one circumstance, may not be in another, and the proportionate effort and money expended on rectification works will differ.

“What is missing is the engagement with the community on the levels of service being offered and how that might change in the future at current funding levels.” (Webb, 2016, p37.)

RACV supports Webb’s recommendation that there be direct involvement of road users and transparent community consultation “to ensure that road investments are being directed to areas that provide the highest value to the community and also help to facilitate community acceptance of service levels” (Webb, 2016, p37). However, “It isn’t apparent whether systems are in place to produce financial scenario models that show current and future costs to maintain the network at various levels of service” (p.25). This means VicRoads may not have the systems and models that can show the community the cost of satisfying their expectations.
In 2017, the then VicRoads executive team toured Victoria to see the condition of Victoria’s roads and to meet local communities and discuss their concerns. We believe this has given the executive team a clearer understanding of what matters, and following from it Regional Directors now have small budgets so as to be able to respond more quickly to local needs and issues.

It is also important that the definition of “community” be carefully considered. Involving the community is not just people living within the area – it is also the users of the road. Their needs may conflict. A transparent process that enables involvement, but also balances the competing needs of different types of users, is required.

RACV supports there being a robust process that determines community expectations and priorities for different categories of roads, in different places. It must also consider the importance of consistency within similar categories of roads across the State. The community should be told the costs involved in meeting their expectations. It should explore whether people would accept lower standards for some road assets as a trade-off for an improvement in others. For example, budget savings from less frequent grass cutting in lower fire risk areas might be used to fund the renewal of faded signs, more frequent maintenance of rest areas, or to provide quicker response times for some types of maintenance issues.

Such a process should be overseen by an independent body with suitable expertise. An independent body would give the community greater confidence in the process, including the costs and consequences of the available options.

**Recommendations**

3.1 VicRoads directly engage with the community within each VicRoads region about the levels of service of roads within their region. This should be a key input to developing a regional road management plan that specifies service standards and response times for repairs that better meet local expectations.

3.2 An independent body oversee the community engagement and the development of road maintenance plans and priorities.

4. The option of dismantling VicRoads and creating a specific Country Roads organisation and separate Metropolitan Roads body.

RACV’s market research participants were asked their agreement with “maintenance and repair of regional roads in Victoria would be better funded if VicRoads was separated into metro and regional authorities”. 53% agreed somewhat or strongly as shown in Figure 13.
Support was slightly lower in the VicRoads Southwest Region (50%), with more people neither agreeing or disagreeing (41%). There were similar levels of disagreement in both the Southwest and Eastern Regions (9%).

The market research shows that the majority of respondents believe there would be more funding if VicRoads was dismantled into two bureaucracies. This might have two possible outcomes. One is that more budget will be absorbed by two separate bureaucracies, with less being spent fixing Victoria’s road network. The other is that it will be more transparent about what is being spent on managing the country road network and increased public scrutiny may result in changes to future levels of funding.

There is precedence in the rail industry for the separation of operations, with the track assets, regional trains and metropolitan trains operated separately.

An alternative method is for a statewide organisation like VicRoads to have objectives and key performance indicators for the management and condition of the country road network, that are publicly reported. This approach would benefit from the objectives and indicators being set and reported independently, to de-politicise the process.
Given community support for dismantling VicRoads, RACV supports there being further investigation into the costs and benefits of different management models for Victoria's road network.

**Recommendation**

4.2 **RACV calls for an independent and public review of the options for how Victoria’s road network is managed to ensure the best outcomes for all Victorians.**
Summary of recommendations

1. The effectiveness of VicRoads in managing country roads

1.3 VicRoads receive a sustained and substantial increase in funding for the maintenance of the Victorian country road network.
1.4 Within two years, VicRoads adopt the recommendations made by VAGO (2017) and publicly report this achievement.

2. The existing funding model and its lack of effectiveness for country Victoria

2.3 Regional road management plans be developed with the involvement of the community and industry stakeholders.
2.4 A substantial and sustained increase in funding be provided to deliver the agreed plans to meet community expectations for Victoria’s country highway network.

3. The lack of consultation with regional communities and their subsequent lack of input into prioritising which roads are in dire need of repair.

3.3 VicRoads directly engage with the community within each VicRoads region about the levels of service of roads within their region. This should be a key input to developing a regional road management plan that specifies service standards and response times for repairs that better meet local expectations.
3.4 An independent body oversee the community engagement and the development of road maintenance plans and priorities.

4. The option of dismantling VicRoads and creating a specific Country Roads organisation and separate Metropolitan Roads body.

4.3 RACV calls for an independent and public review of the options for how Victoria’s road network is managed to ensure the best outcomes for all Victorians.
References


Bibliography
Information from RACV’s independent review of Victoria’s road network


Short video Q&A’s with independent expert, Geoff Webb

[https://youtu.be/PBkXrnAVi9k](https://youtu.be/PBkXrnAVi9k)

[https://youtu.be/eKTpxZrZqfM](https://youtu.be/eKTpxZrZqfM)

RACV online articles about road maintenance


RoyalAuto article

Attachment 1: VAGO (2017) recommendations

Figure A1.1 is reproduced from VAGO (2017), p.xii.

Recommendations

We recommend that VicRoads:

1. develop a road maintenance strategy with clear objectives, outcomes and measures that define both technical and road-user levels of service for each road maintenance category (see Sections 3.2.1 and 3.3)

2. revise its roads program guidelines so that they clearly describe how pavement condition data is to be used to prioritise pavement maintenance programs, including specifying criteria for both statewide and regional condition targets for each road maintenance category (see Section 3.2.1)

3. revise road inventory and pavement condition data requirements and document data management protocols, and develop appropriate processes for data validation, storage and dissemination based on sound data collection requirements for recording road inventory and pavement condition (see Section 3.4.2)

4. develop statewide key contract outcomes and relevant and appropriate indicators so that it can consistently measure how contractor performance across the regions contributes to overall network condition (see Section 4.2)

5. meaningfully report on road condition and performance against established levels of service so that the public and government are fully informed of the outcomes of the road pavement maintenance program (see Section 4.4).

Figure A1.1: VAGO (2017) recommendations for VicRoads.