Dear Ms Simmonds,

Inquiry into VicRoads' Management of Country Roads

We write with regard to the above Inquiry and appreciate the opportunity to make a submission. Detailed comments are provided below however we provide the following broad summary:

- Notwithstanding major challenges, VicRoads is not effectively managing country roads.
- It is hard not to conclude that the current funding model is ineffective for country Victoria.
- We support mandated consultation with regional communities to prioritise road repairs.
- We do not believe the country road network would be improved under a new agency

The Institute of Public Works Engineering Australasia (IPWEA) is an association dedicated to providing continuing education and engagement opportunities for its members. IPWEA’s Victorian Division includes around 350 civil and environmental engineering professionals, most of whom are employed in the local government sector with responsibility for the planning, design, procurement, construction and maintenance of community infrastructure including local roads, civic buildings, recreation facilities and drainage systems.

Whilst we recognise the differing jurisdictional responsibilities of state and local government agencies, the community doesn’t generally distinguish between the 15% of Victoria’s road network managed by VicRoads and the 85% managed by municipal Councils. Our members are often approached regarding the condition of Victoria’s roads – particularly in regional areas – and would welcome improved engagement with their state agency colleagues.

This submission is made in support of greater road authority collaboration with the objective of ensuring that community expectations of safety, utility and resilience are met or exceeded.
We have intentionally restricted our comments to the Inquiry Terms of Reference and address each of them below based on desktop research, field reports from IPWEA and Municipal Works Operations Association (MWOA) members and advice from senior engineers with extensive experience in the management of road infrastructure assets:

1. The effectiveness of VicRoads in managing country roads

Victoria’s declared roads are outside the jurisdiction of most IPWEA/MWOA members, however their anecdotal advice suggests a widespread worsening in the condition of the regional road network in terms of riding quality, visual appearance, litter control, vegetation management, drainage management, pavement defect repair and bridge/culvert capacity. The conditions support a view that VicRoads’ resources have been biased towards major projects, metropolitan areas and reactive risk mitigation (e.g. the Black Spot program) recently at the expense of a more proactive asset management approach.

We are unable to objectively confirm or refute these observations, however two credible studies suggest that the regional road network is not being managed effectively:

- The Victorian Auditor-General’s Maintaining State-Controlled Roadways Report (June 2017) concluded – based upon data provided by VicRoads – that “Since 2005/2006, the proportion of roads in very poor condition has increased, and the proportion in good–fair condition decreased…” and that “The proportion of roads in very poor condition is increasing in all regions.”

- Research commissioned in 2016 by the Royal Automobile Club of Victoria into the condition of the regional highway network cited a 2008 VAGO Report stating that “…the condition and performance of the regional road infrastructure had deteriorated” and concluded – based upon information provided by VicRoads – that “The data assessed for RACV shows a continuing decline in the condition of roads…”.

We acknowledge that effective road management requires substantial funding and is not made easier by increasing traffic and heavy vehicle volumes or changing weather patterns – neither of which are easily predictable – however exponential population growth and repeated extreme weather events have become ‘the new normal’ during recent years.

Population growth in particular must now inform any asset management plan with the Department of Environment, Land, Water and Planning’s Victoria in Future 2016 Report forecasting a state population of 10 million people in 2051 with strong growth expected in major regional centres such as Greater Geelong, Ballarat and Greater Bendigo.
The existing funding model and its lack of effectiveness for country Victoria

VicRoads’ 1993 Victorian Road Management Strategy – A Stitch in Time – concluded that “In recent years annual pavement maintenance expenditure has dropped to as low as $92m causing progressive deterioration in road conditions, increasing transport costs and long-term maintenance costs” and called for $120m p.a. to be made available. In a 1999 update, VicRoads reported that maintenance funding had steadily increased from $99m in 1991/92 to $149m in 1998/99 and that “The trends in condition of Victoria’s roads have shown substantial improvement in recent years.”

Notwithstanding the age and the authorship of these documents, they suggest that adequate investment in road maintenance can effectively meets community expectations.

Funding levels for the period 2000-2010 are unknown, however the VAGO Maintaining State-Controlled Roadways Report concludes the following:

- “Reduced funding in real terms, and deficiencies in developing the maintenance program, have led to maintenance practices that are not adequate to sustain the functional condition of VicRoads’ road network at an acceptable standard.”
- “In real terms, total funding for VicRoads has decreased [from 2010-11 to 2015-16] by nearly 49 per cent and maintenance funding by almost 60 per cent.”

More specifically, the VAGO Report cites pavement maintenance funding falling from $247m in 2010-11 to an average of $152m p.a. for the next five years – barely more than the level considered adequate in 1999. By way of example, the RACV has estimated that over $300m p.a. would be required to strengthen and resurface roads in country Victoria during one term of government and Warrnambool City Council has recently estimated a cost of $300m to improve the Princes Highway west of Colac alone.

Finally – and most critically – the VAGO Report concludes that “…at the current level of investment, the condition of the roads is expected to continue to deteriorate. By 2025, 50 per cent of the network is predicted to be in very poor condition.”

It is hard not to conclude that the current funding model is ineffective for country Victoria given the challenges of increasingly frequent extreme weather events, likely population growth, heightened labour and material costs flowing from the demands of a buoyant public works sector and an increasing renewal gap.
3. The lack of consultation with regional communities and their subsequent lack of input into prioritising which roads are in dire need of repair

Advice from IPWEA members in regional Victoria suggests a shift by VicRoads towards community consultation demonstrated by a series of forums held around the state during the past year. This contrasts favourably with its traditional methodology of intervention triggered by annual condition reports or a more recently apparent trend towards lowering community expectations by reducing performance standards and speed limits, however it falls short of a contemporary ‘levels of service’ approach to works scheduling.

Indeed, the VAGO Maintaining State-Controlled Roadways Report concludes that:

- “VicRoads has not defined desired levels of service for its road pavements, although it has acknowledged that it needs to define these to reflect road use and to balance its pavement maintenance responsibilities with the expectations of road users.”
- “VicRoads needs to engage with road users and the government to determine the level of service they are prepared to accept, given the funding available. Agreed levels of service for the network will help VicRoads to define funding requirements, prepare a long-term road pavement maintenance strategy, identify service gaps and effectively target maintenance work.”

Our members in local government have been concerned to find, however, that they have not been invited to these forums and instead report a general absence of consultation with respect to project prioritization and a steady dis-engagement between state and local road management authorities during recent decades. Whilst this is understandable in the context of differing jurisdictional responsibilities, local Councils are key stakeholders (and occasionally contracted maintenance providers) in Victoria’s road network and the knowledge held by municipal engineers – particularly throughout regional Victoria – can make a significant contribution to effective road infrastructure management.

It is also worth noting the current state government’s moves to mandate community engagement by local government, evident in the Local Government Bill Exposure Draft released in December 2017 which includes the requirement that “A Council must adopt and maintain a community engagement policy” and prescribes a series of community engagement principles that are equally relevant for state government service providers.

We are unaware of VicRoads having any similar obligation and support mandated consultation with regional Councils and communities to prioritise road repairs.
4. The option of dismantling VicRoads and creating a specific Country Roads organisation and separate Metropolitan Roads body

Established in 1913, the former Country Roads Board was abolished and succeeded by the Road Construction Authority in 1983. The Road Construction Authority was merged with the Road Traffic Authority in 1989 to form the Roads Corporation that remains in place today and trades as VicRoads, which manages Victoria’s declared country roads through a network of five regional offices.

Whilst the primary motivation for merging the metropolitan and regional road authorities is unknown, we suggest that improved operational efficiency and reduced management cost were key drivers and contend that these must remain priorities today.

We do not believe that efficiency or economy would be improved by the creation of a separate statutory authority or that the condition of Victoria’s regional road network would be improved under the jurisdiction of a new regional road agency unless substantially increased funding was made available.

Even if such funding was available, we suggest that it would be better directed towards deeper community engagement, technical skill development in the areas of design, procurement and contract management, enhanced asset management practices and governance changes (see below).

Given the above, we offer the following broad recommendations:

A. Community Engagement

Community service level expectations are acknowledged to be of vital importance by Local Government Victoria’s Local Government Asset Management – Best Practice Guide (2015) which states that “Assets are acquired for their service delivery potential, and service delivery needs should form the basis of all asset management practices and decisions. Service delivery needs should be established and service levels defined in consultation with local community stakeholders, taking into account relevant demographic, social, economic, technical, budgetary and other considerations.”

We recommend that a regular tri-partite consultation protocol be established between regional VicRoads, Council and community representatives (e.g. tourism groups) as an input to the determination of works priorities rather than maintenance programs being developed based upon “…the likely maintenance budget.” (VicRoads Road Management Plan, April 2014).
B. Asset Management

“Asset management is a systematic process to guide the planning, acquisition, operation and maintenance, renewal and disposal of assets. Its objective is to maximise asset service delivery potential and manage related risks and costs over their entire lives.” (Local Government Asset Management – Best Practice Guide 2015).

Strategic asset management integrates service level expectations with asset condition reports to establish works priorities and budgets. More importantly, identification of the ‘renewal gap’ (i.e. the difference between the funds required to properly maintain an asset and the amount available) enables informed long-term financial planning. It is a ‘bottom-up’ approach to community service that – in conjunction with asset management software systems – is being widely embraced by local and state governments around Australia and internationally to more efficiently and effectively manage community assets over time.

We recommend that agreed service levels, objective road asset condition reports and an independent assessment of the current renewal gap should inform Victoria’s road network maintenance budget, rather than state budget decisions constraining the road asset maintenance and rehabilitation effort.

C. Agency Governance

We recognise the key differences between Victoria’s regional and metropolitan road networks and recommend the establishment of two Strategic Advisory Boards to help VicRoads meet the challenge of competing community service level expectations.

The Boards would report to the Minister for Transport with one focused on Urban and Interface areas and the other focused on Regional and Rural Areas. Each Board would comprise representatives from peak technical and user groups with a mandate to provide independent advice to the Minister in relation to network service level requirements and project priorities as a basis for establishing and enabling the necessary agency funding.

We trust the above is of value to the Inquiry and would welcome an opportunity to present in person or to provide any further assistance that may add value.

Yours faithfully,

David Hallett | Chief Executive Officer