3 January 2018

To Whom It May Concern,

RE: Inquiry into VicRoads’ Management of Country Roads

Southern Grampians Shire Council (Council) welcomes the opportunity to provide a submission to The Law Reform, Road and Community Safety Committee in regards to the Inquiry into VicRoads Management of Country Roads (the Inquiry).

The Inquiry has invited submissions on the following 4 areas of interest:

1. The effectiveness of VicRoads in managing country roads
2. The existing funding model and its lack of effectiveness for Country Victoria
3. The lack of consultation with regional communities and their subsequent lack of input into prioritising roads which are in dire need of repair; and
4. The option of dismantling VicRoads and creating a specific Country Roads organisation and separate Metropolitan Roads Body.

Southern Grampians Shire Council represents the communities of Hamilton, Cavendish, Dunkeld, Coleraine, Balmoral, Branxholme, Byaduk and Penshurst. Hamilton is regional centre at the junction of three major arterial roads and generates significant freight and economic activity in the South West of Victoria and South East South Australia.

At all Councils recent community engagement sessions the state of the arterial network is a regular and major topic of discussion. The major concern is over the deteriorating network and safety of this network. In rural areas the arterial network is vital for access to essential services and social connectedness.

The VAGO report into the “Maintaining State-Controlled Roadways” 2017 (the VAGO Report 2017), in the opening comments of the Audit Overview states “We rely on roads for access to work, schools, shops, recreational activities, health care and other services. Roads also play a critical role in the movement of freight and goods across Victoria.”
Council would also advise it concurs with both the Great South Coast Group and the Municipal Association of Victoria responses to this inquiry.

The Southern Grampians thanks the Law Reform, Road and Community Safety Committee for an opportunity to have input into the inquiry and trust that the process will lead to increased funding and improved asset management practices for the Victorian Rural Roads network.

Please do not hesitate to contact Mr David Moloney, Director Infrastructure Southern Grampians Shire Council on [contact information] or via email [contact information] should you require further clarification regarding any element of this submission. In the event that witness statements or presentations are called Council would be pleased to be involved.

Yours sincerely,

MICHAEL TUDBALL
CHIEF EXECUTIVE OFFICER
INQUIRY INTO VICROADS
MANAGEMENT OF
COUNTRY ROADS

Submission from Southern Grampians Shire Council
Prepared by David Moloney, Director Infrastructure
In response to the four areas of interest for this submission to the Inquiry, Council would like to make the following submission:

1. **The effectiveness of VicRoads in managing country roads**

   The VAGO Report 2017, makes some noteworthy observations on the first page of the report in regards to VicRoads effectiveness in managing roads in general but particularly in rural roads. The VAGO report makes the following observations:

   “Road networks in poor condition increases costs to the community, through increased fuel usage, vehicle maintenance costs and travel times. When road surfaces – referred to as road pavements-are in poor condition, they are also more expensive to maintain and repair.” (Audit Overview)

   “If road networks are not effectively maintained, road conditions will deteriorate, and future generations will be burdened with lower levels of service, higher maintenance costs, and increased risk to safety.” (Audit Overview)

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

   “Not enough funding is allocated to road maintenance to sustain the road network,...” (Conclusion)

   “…VicRoads also cannot demonstrate clearly that it is making the best use of its existing maintenance funds.” (Conclusion)

   “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. (Conclusion)

   Council concurs with all these statements. Council and its Community have observed a deterioration in the arterial network over time. There are two main reason for this deterioration which is also pointed out in the VAGO Report 2017:

   1. Poor asset management
   2. Under funding of the arterial network

   In regards to the poor asset management it is alarming that the VAGO Report 2017 notes that:

   “VicRoads does not have a pavement management strategy or policy that sets out how it will deliver its objectives through cost-effective asset lifecycle management, and to guide current practice. Without an adequate strategic framework, VicRoads' ability to plan its maintenance program effectively is limited.” (Road pavement maintenance framework and practices)”

   **This need to be rectified immediately.**
VicRoads have implemented an Alliance model in the South West Region. This model has been in place for two years now and Council’s view, based on our observations is that this model has failed our communities in the South West of Victoria.

Council has observed poor workmanship resulting in large quantities of rework being undertaken and at times new works failing within days of construction or above the routine maintenance defect invention levels after construction.

After meetings with VicRoads/South West Alliance they are unable or unwilling to provide any data or information to Council or the community indicating the trends on the condition of the network or any long term future planning to manage the network. VicRoads are currently operating with no transparency or accountability for its asset management to the Victorian Community.

Council has no doubt that VicRoads is underfunded. Council can only concluded from the VAGO Report 2017, this is caused by a failing of VicRoads long term asset planning and significant underfunding from past and present State Governments.

The VAGO Report 2017 states:

“Total real funding to VicRoads has been decreasing since 2010–11, including a reduction in maintenance funding of about 60 per cent.” (VAGO Report 2017),

VicRoads have been unable to keep up with asset renewal and maintenance causing an increase in all regions over the last ten years of pavements in very poor condition.

VicRoads policies such as Managing Pavements in Poor Condition Policy which guides actions to be undertaken by VicRoads when the road is unable to be maintained, are an indication of the inability of VicRoads to effectively manage the network and back up the VAGO findings. In some instances where traffic control and speed restrictions has been put in place under this policy, they have remained in place for years without the necessary repairs being undertaken.

While it is clear from Councils’ observations and feedback from communities on the current condition of the arterial roads and in conjunction with the State Governments own auditor, Council can only conclude that VicRoads has not been effective in managing country roads. Council also acknowledges that not all of aspects that allow VicRoads to be effective are within their control in particular funding. It is critical that VicRoads is effective and in order to be effective it is essential that it has the funding needed to effectively manage their roads and a long term asset management plan, including funding models, which are transparent and available to the community.

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

It is clear that the current condition of the network and the finding of the VAGO Report 2017, there is a clear lack of funding for the whole arterial road network and in particularly country Victoria.

A 2008 VAGO report, Maintaining Regional Arterial Roads noted that funding for road maintenance needed to be significantly increased. While the VAGO Report 2017 states that
total real funding to VicRoads has decreased since 2010-11, including a reduction of maintenance funding of approximately 60 per cent.

The VAGO Report 2017 states that the proportion of roads in very poor condition is increasing in all regions. This decline can be directly attributed to the decrease in funding since 2010/2011.

The current funding model of registration and fuel taxes is outdated and requires significant overhaul along with separation of the roads budget from State Government Budget through a self-funding model. While funding relies on the State Government Budget with all its constraints and competition for funding there is always a chance that roads will be underfunded.

There are numerous models available for which roads could derive revenue that would enable road maintenance to be self-funded. These include models such as registration based on kilometres travelled (user pays model). Australian Local Government Association (ALGA) at its Local Roads and Transport Conference 2017 present a road funding model using technology through a user pays system to better determine revenue and funding requirements.

Within the Great South Coast Region, in 2013 based on VicRoads defect data, it was estimated that an additional $220m in maintenance allocation was required to be invested in the network to bring the region up to at least a State average. This investment should be considered in addition to improvements such as overtaking lanes or road widening. Unfortunately this has not occurred and it is now expected that this estimate has increased.

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

It is the opinion of Council that due to underfunding of VicRoads that the priorities of the communities could never be met. It is Councils view that if the roads in the region were adequately funded, maintained and managed then there would be no need for consultation with the community as they would be happy with the condition of the network.

Road maintenance and improvements should be based on road condition and principles such as traffic volumes, traffic type and strategic importance. Decisions regarding the management of the road network should be made by appropriate professionals with expertise and not left up to an advocacy competition between communities.

Strategic road routes which support the industry and tourism need to be considered. Local Government Authorities and regional bodies can assist Vic Roads in this regard.

While VicRoads has a hierarchy of roads, and that priority goes to those higher in the hierarchy, it is worth noting that the lower class roads that are on the arterial network do serve and important function to our communities. While they do not have a high proportion of freight vehicles, they provide a different level of service.

These roads provide social links and access to services within our rural communities, as there is extremely limited and in most circumstances no public transport and therefore our communities are required to use private vehicles.
VicRoads appear to be focused only on freight and truck movements that they do not appreciate this “silent service” provided by their roads to rural communities. A local example of this was advice from VicRoads staff that one C Class road waited 8 years for funding to fix defects that were way in excess of maintenance.

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

Council agrees with MAV on their position that separate road organisations will not address the underlying, under funding of the arterial networks. Roads should be managed and funded in accordance with good asset management principles as discussed above whether they be located in the Metropolitan or Rural areas.

It is feared that if a Country Roads organisation was established it would then only be competing for funds with the Metropolitan Regions and create duplication of bureaucracies and policy, decreasing the amount of funds allocated to maintaining the roads.

The focus needs to shift away from merely a population basis and relieving congestion but also consider the value of regional roads to the economy through inputs such as agriculture and tourism and basic asset renewal practices and principles.