Submission to:

Law Reform, Road and Community Safety Committee inquiry into, VicRoads' management of country roads.

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1. Overview

In Victoria, there are eleven transport regulatory bodies that we (industry) deal with to develop and deliver the public transport network: Public Transport Victoria (PTV), Transport Safety Victoria (TSV), V/Line, Transport for Victoria (TfV), VicRoads, Taxi Services Commission (TSC), Victrack, Level Crossing Removal Authority (LXRA), Melbourne Metro Rail Authority (MMRA), the Department of Economic Development, Jobs, Transport and Resources (DEDJTR) and the Department of Education (DET) (for special school bus services).

Industry supported the legislation associated with the creation of TfV as it intended to 'operationalise' the Transport Integration Act, but so far we are not seeing any benefits associated with the integration of the planning and transport realms of government, nor are we seeing any breaking down of silo's between the departments and agencies. If anything, the silo's are alive and well. This is exemplified by a recent meeting we had with LXRA to discuss bus service changes during and post a level crossing removal. We had representatives from multiple government departments, ourselves and our members (the contracted bus operators) at the meeting. There was no clear understanding as to who in government was responsible for what, agencies and departments retreating within their direct sphere of influence without consideration of the external impacts of their actions, and an inability of those within government to provide an umbrella view and solution to the situation.

This scenario is played out on a daily basis in regional Victoria when it comes to the management of the road network by VicRoads. Engagement with stakeholders, be it other government departments, councils, the local community or industry is not a priority in identifying and implementing road maintenance programs. What actual engagement that is undertaken appears tokenistic and lacks feedback to the community and industry. Responsibility for maintaining the road network is hidden behind the "lack of funding" argument. Co-ordination of road management programs with councils to obtain efficiency gains through integrating road maintenance is not a priority of the central road agency.

In New South Wales there are two transport regulatory bodies (RMS & TfNSW), in Queensland there are two, in South Australia, Tasmania, A.C.T. and Northern Territory there is one transport regulatory body. We don't understand why Victoria pursues an ineffective and inefficient regulatory model. We recommend to Government that a more efficient and effective structure be implemented where all transport functions: policy, planning, funding and implementation; are housed under one roof - TfV.
2. Who is BusVic

Victoria’s bus and coach operators have worked hand-in-hand with Government since 1944. For almost 70 years, Industry and Government have collaborated on projects that have improved Victoria’s economic competitiveness, environmental resilience and social wellbeing. The Bus Association Victoria (BusVic) represents over 410 operators who provide route bus services, school bus services, school special services, and intra and inter-state coach services, including V/Line services, across the state. Victoria’s bus and coach operators are mostly small, trans-generational family firms which are deeply embedded in their local communities. Many BusVic members are also involved in the taxi and hire car industries, and the introduction of ride sourcing is another evolution in an already integrated and responsive mobility based commercial enterprise.

In Victoria the bus and coach industry employs over 11,000 people and contributes more than $1.1b to the economy annually. BusVic members manage a bus fleet that exceeds 5,000 vehicles, with the majority of route bus services compliant with current Disability Discrimination Act (DDA) public transport requirements. BusVic invests in research and development on procurement, and social, economic, environmental, governance and safety factors on behalf of a 'community of interest', a collective of like-minded mainly family businesses that form the Victorian bus and coach industry. BusVic fosters, formulates, performs and evaluates society’s policies that are in the furtherance of the public good. Inherent in this relationship is the concept of BusVic acting as an agent of public policy. BusVic facilitates collective action for government by using its networks, norms, interactions, trust and reciprocity of its members. BusVic also promote State Government policy initiatives and regulatory reform by holding training seminars and information sessions at conferences and events. This ensures bus operators and the bus service network remains evolutionary and up to date with best practice from other national and international public transport networks.

The term ‘anchor institutions’ is commonly used to refer to organisations that have an important presence in a place, usually through a combination of being employers, purchasing goods and services in the locality, controlling areas of land and having relatively fixed assets (Netter Centre, 2008). Although bus operators are not necessarily large firms, in most cases they are one of the largest, if not the largest, firm in many Australian regional/rural communities, and often one of the oldest. Recent operator consolidation has seen many bus operators disappear from many Australian communities. However, local bus and coach operators still exist in many Australian communities where other businesses, such as newsagents, hotels, hardware shops, butchers, bakers, and medical practitioners have disappeared.

As anchor firms, bus operators have a large stake in the local area and, because of the nature of their purpose and their trans-generational tenure, they cannot easily relocate. Operators have a varying degree of influence on their local area pursuant to their history, activities, resources, associations, the political landscape and their community’s socio-economic situation. This
facilitates a range of ways that they can leverage their assets and revenue to benefit the local area. Bus and coach operators are diversifying their business model and transitioning their business to become total local transport providers, rather than just bus operators. In doing so, they are leveraging their assets to benefit the local community.

3. Response to Inquiry Terms of Reference

1. The effectiveness of VicRoads in managing country roads;

BusVic is of the view that VicRoads have not been very effective in managing the regional road network under their authority across the state outside of the regional freeway network. BusVic argues that the remit of VicRoads in regional Victoria should be maintaining and upgrading the existing road network to make journeys within the regions safer and more reliable. There appears to be a focus on major construction through grade separation, town bypasses and highway duplication at the expense of maintaining a road network that is visibly crumbling.

There appears to be a disjointed approach to road upgrades and maintenance between VicRoads and local regional councils, road maintenance investment and strategic remediation programs are not co-ordinated across, nor include the involvement of any of the regions. This limits the ability of councils to align maintenance programs and funding to upgrade road networks in conjunction with VicRoads where required.

The VicRoads Road Maintenance Category - Road List is the tool that VicRoads use to categorise roads to manage maintenance. The rating of 1 - 5 allocates inspection and service requirements - that is, a level 1 road is inspected frequently (daily) and needs to meet a very high service level while a level 5 road is inspected every 6 months and has a significantly lower service performance requirement, with a maintenance solution not required to be implemented for 1 -3 months from issue identification. The scope for a road pavement to degrade within the 4 and 5 level service category is quite significant. The majority of the regional arterial road network outside of the highway and freeway system is rated either 4 or 5, with most of the regional highways rated 3. This compares to the metropolitan road network where essentially all roads are rated either 1 or 2.

In addressing safety issues associated with poor road quality in regional Victoria, a key tool used by VicRoads is to slow traffic down along the corridor in place of repairing the section of road, deferring the timing of maintenance to a later point. Short term repair work also fails within a matter of days due to the appropriate level of pavement reconstruction required not being undertaken.

These issues have significant safety and commercial impacts on Victoria’s regional communities. From a safety perspective, the below standard roads directly lead to increased accidents, but additionally, there is additional wear and tear on vehicles that reduce their performance, there is additional fatigue on the driver having to drive for longer and have more focus on keeping the
vehicle on the road, and there is the increase in risk taking associated with impatient drivers due to additional journey travel time from reduced speed limits.

Commerically, there are significant costs to industry, both directly for transport operators, but also for businesses reliant on the transport of goods. For the bus industry, the poor quality of Victoria's regional roads have resulted in:

- Increased vehicle maintenance costs;
- Increased vehicle body damage (due to dislodged road materials)
- Increased operational costs associated with:
  - Increased fuel costs
  - Increased driver wages (longer running time and additional drivers to comply with fatigue management);
- Lower vehicle operating life associated with increased wear and tear; and
- Operators unable to meet contract scheduling requirements due to changes in speed limits and the need to operate at a lower speed on rough roads to maintain passenger comfort.

The longer term impact this will have on the state government is increased contract service delivery costs for essential public transport services in regional and rural Victoria; increased vehicle numbers required to undertake the same task; and the need to regularly review and amend operational timetables for buses and trains to ensure an integrated service based on the impact of road conditions. In regional Victoria, the spacing between some bus and/or train services can be up to four hours, and in some instances service may only run in the morning and at night. Having a schedule that cannot be met due to poor road quality will have a significant impact on customers being able to complete their journeys in a safe and time efficient manner.

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

The existing funding model for managing Victoria's regional road network lacks transparency and focuses on the delivery on major road upgrade programs. The level of funding committed to road maintenance has typically been reducing over time and in regional Victoria, this money appears to be allocated towards major highways and arterial roads only with minimal funding funnelling through to the remaining road network.

It appears that the funding model does not have a robust and transparent business case process attached to it in so much as the impact of road conditions on the cost to the broader business sector in a region are not considered when determining funding allocations. As noted in Section 1 above, the lack of coordination by VicRoads with councils also reduces the efficiency and effectiveness with which council can undertake maintenance on their road 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

Consultation with regional communities is usually undertaken after the maintenance program is finalised and the consultation process is a tokenistic, tick the box, engagement. The inability to develop and distribute an implementation plan for maintenance in a region so that the local community, councils and businesses can understand what is being proposed is a major concern with VicRoads. Additionally, a structured maintenance program can allow council to align works where practical to allow for project synergies to obtain value for money in the delivery of local works. From a bus industry perspective, understanding future works on the road network, potential road closures and what impact this will have on services, can allow operators to work with authorities to resource, reroute or reschedule services to ensure service level to the community is maintained.

The lack of feedback from VicRoads following community consultation, the lack of engagement leading up to undertaking maintenance on the road network and the lack of reporting back to the community post works to understand the effectiveness of any maintenance and garnering feedback of the impact of the works on the local community is frustrating and leaves the community powerless to influence their own backyard.

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

Dismantling VicRoads to create specific regional and metropolitan road authorities will be a regressive step as it will not address the policy, planning, funding or integration issues that currently drive the poor service outcomes in regional Victoria.

BusVic supports a fully integrated and funded transport department to manage Victoria’s transport system. Transport for Victoria (TfV) has been established with the long-term goal in mind. BusVic advocates that the remit of TfV be expanded to being not just the policy and planning authority, but to also be responsible for implementation. An integrated TfV will be responsible for the high-level policy, planning, and funding across all modes so as to ensure that government approaches investment in transport infrastructure and services in a coordinated and efficient manner. Under this model, implementation agencies that act on behalf of the authority can be established at the regional level with the appropriate resourcing, funding and direction to deliver services and infrastructure in conjunction with the local community.