

12.12**Directorate****Director****Manager****Attachment(s)****Municipal Maintenance Agreement (Department of Transport and Planning formerly VicRoads)**

Infrastructure and City Services

Chris Leivers

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Nil

Purpose

For Council to consider responses from the Hon. Minister for Roads and Road Safety and the Department of Transport and Planning, regarding Councils request for an increased contribution towards its maintenance of various arterial roads (those that are State roads), and to provide advice on the basis of the responses received.

Officer Recommendation**That Council:**

- a. **Notes responses from the Hon. Minister for Roads and Road Safety and the Department of Transport and Planning, regarding its request for an increased contribution towards Councils maintenance of State roads within Brimbank, have confirmed the State will not increase its financial contribution towards this activity.**
- b. **Noting the advice that the State Government is not prepared to increase its contribution for the maintenance of these State roads, and that the current contribution from the State covers less than a quarter of the cost to maintain these roads, writes to the Minister for Roads and Road Safety and the Department of Transport and Planning, providing six months' notice of its decision to hand back responsibility for these services, in accordance with the Termination Clause in the Municipal Maintenance Agreement.**
- c. **Publishes Department of Transport and Planning contact details on its website, and elsewhere as appropriate, to direct enquires, requests and complaints related to the maintenance of State roads within Brimbank.**

Background

Council at its Meeting 16 April 2024, resolved the following:

That Council:

- a. *Requests the CEO to write to the Secretary of the Department of Transport staff seeking an increased contribution towards the upkeep of various arterial roads included in the Municipal Maintenance Agreement between the Department of Transport and Planning and Brimbank City Council, requesting a response be provided before 30 June 2024.*
- b. *Writes to the Hon. Minister for Roads and Road Safety, and local members (State Government) seeking an increased contribution towards the upkeep of various arterial roads included in the Municipal Maintenance Agreement between*

the Department of Transport and Planning and Brimbank City Council, requesting a response be provided before 30 June 2024.

- c. *Receive a further report detailing the responses from senior Department of Transport and Planning staff, Hon. Minister for Roads and Road Safety, Secretary of the Department of Transport and local members (State Government), and officer advice in response.*

As per the report presented to Council on 16 April 2024, Brimbank Council entered into a Municipal Maintenance Agreement (MMA) with VicRoads (now Department of Transport and Planning) in 2014, whereby Council took on the responsibility for specified maintenance responsibility (mainly grass cutting and associated works) for those parts of the Urban Arterial Road Network (mainly medians) for which DTP is the Responsible Road Authority. Around the same time, other councils were also entering these MMAs for similar reasons.

The MMA covers Urban Arterial Roads north of Ballarat Road, while Urban Arterial Roads south of Ballarat Road continue to be maintained by DTP's contractor Ventia (formerly Broad Spectrum).

The cost to maintain these State assets has increased since the MMA was agreed in 2014. Council's current total annual expenditure to deliver the MMA is around \$475,000 (excl. GST) and DTP currently contributes around \$109,090 (excl. GST), leaving a net cost to Council of around \$355,000 (excl. GST).

Council has sought an increased contribution from the State, however no additional funding has been provided.

On 13 June 2024, Council received a response from the Department of Transport and Planning (DTP) regarding its request for an increased contribution towards the upkeep of various arterial roads included in the Municipal Maintenance Agreement, indicating that it was willing to meet with officers to discuss the request, but that it was unlikely to be in a position to increase the funding available to Council to undertake this activity.

Officers have since met with the DTP officers referred to in correspondence from DTP, who have confirmed they are unable to commit any further funding to compensate Council for its maintenance of State roads.

On 15 July 2024, Council received a response from the Hon. Minister for Roads and Road Safety regarding its request for an increased contribution towards the upkeep of various arterial roads included in the MMA. The letter expressed disappointment on behalf of the State and DTP if Council decided not to operate under the current MMA, but did not agree to providing any additional funding to cover the costs of this activity.

Council's maintenance of arterial roads costs approximately \$470,000; the State Government funds Council approximately \$109,000 to undertake these works. As such, Brimbank Council currently contributes an additional net cost of around \$355,000 (excl. GST) to achieve a desired standard of maintenance for the arterial network (i.e. State roads) north of Ballarat Road. It is anticipated this additional contribution from Council is likely to increase in coming years, if no additional funding is provided from the State Government.

The Municipal Maintenance Agreement (MMA) includes a termination provision that either party may, in its sole and unfettered discretion, terminate the Agreement upon giving the other party six month's written notice.

DTP maintain roads in the south of Brimbank (south of Ballarat Road) via contractors. The standard of maintenance provided by DTP's contractors south of Ballarat Road is considered satisfactory.

Several other councils with similar MMAs have made the decision to hand back the maintenance responsibilities to DTP due to the inadequate funding offered by the State under the current agreements. Officers understand several other councils are considering taking similar action.

Matters for Consideration

Options

- A. Writes to the Minister for Roads and Road Safety and the Department of Transport and Planning providing six months' notice of its decision to hand back responsibility for these services, in accordance with the Termination Clause in the Municipal Maintenance Agreement (reflects Officer Recommendation).
- B. Continue with current MMA for the upkeep of designated roads north of Ballarat Road at an additional net cost of around \$355,000 (excl. GST) annually to achieve a desired standard of maintenance for the arterial road network north of Ballarat Road, noting this cost is likely to rise in subsequent years.

Analysis

Correspondence from the Hon. Minister Roads and Road Safety and Department of Transport and Planning (DTP) regarding Councils request for an increased contribution towards the upkeep of various arterial roads included in the Municipal Maintenance Agreement (MMA) confirmed that no additional funding would be made available to Council to perform this function.

The correspondence outlined the DTP's approach to routine maintenance on its arterial roads is in line with its requirements under its Road Management Plan (RMP) and then to prioritise works based on network needs.

The DTP further highlighted the minimal requirements that it must maintain its road network to, which is primarily focused on keeping the network safe.

Due to increasing cost pressures Brimbank Council is not in a position to continue to subsidise the State Government to maintain their assets. The additional net cost of around \$355,000 (excl. GST) annually to achieve a desired standard of maintenance for the arterial network north of Ballarat Road, is considered a cost shift from State to Local Government and reduces the funding available for other Council priorities.

A decision to hand back maintenance responsibilities to DTP could be executed through a termination clause. The MMA includes a termination provision that either party may, in its sole and unfettered discretion, terminate the Agreement upon giving the other party six month's written notice.

There is a high level of confidence that DTP contractors can maintain the arterial road network north of Ballarat Road to meet the required safety standards, should it decide to hand back maintenance responsibilities for the MMA services to DTP.

It should be noted that it is possible that the regularity and quality of service reduces under this change, as DTP are unlikely to maintain the same service regime as has been implemented by Council.

Increasing cost pressures in the Local government sector have led to several other councils making the decision to hand back the maintenance responsibilities of State roads to the DTP, with others several other councils considering taking similar action.

Implementation

Subject to Council approval, correspondence would be sent to the Minister for Roads and Road Safety and the Department of Transport and Planning, providing six months' notice of its decision to terminate the Municipal Maintenance Agreement in accordance with the Termination Clause.

Once responsibility is returned to the State Government, Council officers propose to publish Department of Transport and Planning contact details on its website, and elsewhere as appropriate, to appropriately direct enquires and complaints related to the maintenance of State roads within Brimbank.

Community Engagement

Consultation in relation to the Municipal Maintenance Agreement was undertaken with relevant Council officers to ensure the maintenance requirements meet community needs and expectations.

Officers have engaged with representatives from DTP to inform this report.

Resource And Risk Implications

By handing back maintenance responsibilities back to the DTP, Council could reduce the current costs of maintaining these roads, by around \$355,000 (excl. GST).

The services provided by the MMA could easily be transferred to an existing DTP contractor, as occurs on State roads south of Ballarat Rd, within Brimbank.

Community: potential impact on community, including public trust and customer service impact

- Yes - Potential complaints and service requests, where maintenance standards do not meet community expectations. To address this, Officers propose to publish contact details for DTP, to direct any enquires, requests or complaints related to the maintenance of State roads in Brimbank.

Financial: significant financial impacts

- Yes - Budget expenditure is from Council funding; the proposal presents the opportunity to reduce a current cost-shift from State to Local Government and to reduce Council expenditure towards this by approximately \$355,000.

Regulatory: legal, legislative or regulatory implications including the rights/obligations of stakeholders

- Yes - The Municipal Maintenance Agreement transfers specified maintenance responsibilities for those parts of the Urban Arterial Road Network to Council for which DTP is the Responsible Road Authority.

Safety: health, safety or duty of care impacts

- Yes - Works carried out as part of the Municipal Maintenance Agreement are required to maintain sites to required safety standards, including appropriate traffic management.

There are no Environmental risks identified.

Legislation/Council Plan/Policy Context

This report supports the Council Plan 2021-2025 strategic direction and objective of:

2. Places and Spaces - Liveable and connected neighbourhoods that support healthy and sustainable futures - A green place for all

- Liveable and Connected - Inviting and liveable spaces and facilities, connected so people can get around

4. Leadership and Governance - A high performing organisation that enacts the vision and decisions of Council through the delivery of quality and innovative services - A fairer place for all

- High Performing and Accountable - Our workforce strive to enhance services and liveability for the Brimbank community.

This report complies with Council's Road Management Plan and the *Road Management (General) Regulations 2016* through a Municipal Maintenance Agreement that transfers specified maintenance responsibilities for those parts of the Urban Arterial Road Network to Council for which the Department of Transport and Planning is the Responsible Road Authority.

Council officers contributing to the preparation and approval of this report, have no conflicts of interests to declare.