



ACT
Government

2017

Government Response

Auditor-General's Report No. 5 of 2017:
Maintenance of Selected Road Infrastructure Assets

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Introduction

The ACT Government welcomes the Auditor-General's Report No. 5 of 2017: *Maintenance of Selected Road Infrastructure Assets* (the Report). The Report presents the results of a performance audit on the effectiveness of the management of selected road infrastructure assets. These assets include roads, community paths, traffic signals and streetlights. The performance audit also included a review of the governance and strategic asset management planning associated with the selected road infrastructure assets.

Transport Canberra and City Services provides essential services to the Canberra community. Maintaining the road network is just one of these important services, providing social, cultural and economic benefits to the community. Its key priorities in relation to road infrastructure are:

- maintain a safe, efficient and sustainable transport network for all users, by;
- augmenting the transport network, through the identification and submission of Capital Works projects for consideration by the ACT Government;
- maintaining and improving heavy vehicle access to road network; and
- improving road safety.

Roads ACT, a business unit within the Transport Canberra and City Services Directorate, is responsible for planning, managing, maintaining, operating and augmenting the transport network which includes infrastructure assets such as: roads, bridges, barriers, dams, stormwater, traffic signals, community paths (foot paths and cycle paths) and streetlights as well as other road related assets.

The Report selected a number of assets to be included within the performance audit, and focussed on: roads, community paths, traffic signals and streetlights. In more detail, these assets include:

- 3,100 kilometres of roads (equivalent to 6,960 single lane kilometres);
- 2,920 kilometres of community paths;
- 316 traffic signals and 48 signalised crossings; and
- around 77,240 streetlights

The total depreciated value of these assets is \$2.9 billion, within a total of \$29.9 billion for all ACT Governments assets.

It is pleasing that the Report concludes that ACT Government entities have, on the whole, effective arrangements for the governance, asset management, contract management and maintenance activities associated with maintaining the road network. The Report makes 20 recommendations to improve these areas further, and is welcomed as part of the ACT Governments commitment to continual improvement of its services.

Responses to the Auditor-General's Recommendations

RECOMMENDATION 1

Roads ACT Business Plan

Roads ACT's Roads and Infrastructure Business Plan should specify Roads ACT's contribution to key ACT Government priorities, business objectives that link to Transport Canberra and City Services Directorate's Corporate Plan and include relevant performance targets that relate directly to the performance of road infrastructure assets (such as accountability indicators and key service level targets).

Agreed

The recommendation will be incorporated into the Roads ACT Business Plan for 2017-18.

In addition, Transport Canberra and City Services is currently reviewing the Accountability Indicators to ensure they are clear, concise and relevant to the service being provided. This review includes the consideration of the indicators suggested in Recommendation 2.

Any changes arising from the review will be implemented by July 2018, and will be included in future Business Plans.

RECOMMENDATION 2

Accountability Indicators for roads and paths maintenance

Roads ACT should develop accountability indicators with related targets for the percentage of distressed roads; distressed paths; percentage of road pavement that exceeds its optimal age; percentage of paths that exceeds their optimal age; and the timeliness of road maintenance activities.

Agreed

See Recommendation 1.

RECOMMENDATION 3

Risk Management

Roads ACT should:

1. Undertake a detailed analysis of risk treatments before including any specific actions (to reduce the risks relevant to the maintenance of infrastructure) in its Risk Register; and
2. Amend the Risk Management framework to require information on risks to be reported to the TCCS Division Head Executives, Executive Team and nominated Risk Manager every six months.

Agreed

1. *The Roads ACT Risk Register is reviewed six-monthly to reassess existing risks and treatments and to identify and address any new and emerging risks; and*
2. *The TCCS Risk Management Framework will be amended to require information on risks to be reported to the TCCS Division Head Executives, Executive Team and nominated Risk Manager every six months.*

RECOMMENDATION 4

Reporting to the Executive Leadership Team

Roads ACT should improve its reporting to the Executive Leadership Team by developing a report that includes information relating to Directorate priorities; human resource management; operations; financial management; progress reporting against planned levels of performance and key risks relating to Roads ACT.

Agreed

This recommendation will be developed across TCCS in the forthcoming year, based on an existing reporting framework, to be implemented in 2018/19.

RECOMMENDATION 5

Environmental Management Plans

Roads ACT should:

1. **Require environmental management plans be prepared for both contracted and in-house maintenance work; and**
2. **Include environmental plans in their maintenance contracts, which address the adverse environmental impacts on work on community paths and specify how these impacts would be addressed.**

Agreed

1. *An Environmental Management Plan will be created to cover all road and road related assets, which can then be referred to within existing and new Contracts, Operational Plans and the Roads ACT Strategic Asset Management Plan as appropriate.*
2. *See Recommendation 5.1 (above).*

RECOMMENDATION 6

Operational Plans

Roads ACT should:

- 1. Have up-to-date operational plans for all road infrastructure asset classes;**
- 2. Develop an Operational Plan for road pavements;**
- 3. Update its Asset Management Operational Plan for Community Paths in the ACT to include information on staff, resources and estimated costs to maintain community paths and the environmental impacts of maintenance work; and**
- 4. Develop a new Operational Plan for street lights that reflects the new arrangements resulting from the Energy Performance Contract.**

Agreed

Roads ACT is in the process of updating its Operational Plans, as outlined below:

- 1. All key asset classes, including those identified through the Audit, are covered by Operational Plans: Roads, Community Paths, Streetlights, Driveways, Barriers, Signs and Lines, Traffic Signals and Bridges;*
- 2. An Operational Plan for Road Pavements is being drafted;*
- 3. Operational Plans are being updated; and*
- 4. There is an existing Operational Plan for Streetlights, which will be updated once the new arrangements from the Energy Performance Contract are in place.*

RECOMMENDATION 7

Timely data on Asset Condition

Roads ACT should:

- 1. Update the condition of all road infrastructure assets into Integrated Asset Management System (IAMS) (or its equivalent) within set timeframes;**
- 2. Continue to work on a means of capturing asset condition reports directly from the field; and**
- 3. Provide training and guidance to staff on the use of IAMS (or its equivalent)**

Agreed

The following actions will be taken:

- 1. TCCS is procuring a new Asset Management System (AMS) which is being delivered through a large-scale change management program. Through this program, TCCS will review its Strategic Asset Management Framework to ensure a whole asset lifecycle management approach is incorporated into each Strategic Asset Management Plan. For Roads ACT, this will mean addressing the whole of life road asset management including the requirement for condition management.*

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2. *TCCS is also considering the need for introducing mobile field capture capability across a range of services and asset types. This will provide the opportunity to use field capture devices to capture condition data and link directly with the AMS. Work in this area is continuing, as per the recommendation.*
 3. *As part of the roll-out of the new AMS, appropriate training will be provided to all relevant staff.*

The procurement of the new AMS is underway. The process involves several complex phases, including: procurement, discovery, design and migration phases. The current program identifies that the system should be operational in early 2020, and will apply a phased asset migration approach.

RECOMMENDATION 8

Customer Feedback

Roads ACT should develop a process for providing timely feedback to customers when work has been undertaken as a result of a customer query or complaint.

Agreed

Access Canberra and TCCS are working closely to develop solutions in respect of ensuring customer feedback and responses form a key part of the current and future AMS solutions. The proposed new AMS within TCCS will incorporate an improved ability to capture condition data, improved works ordering system, and an integrated and improved customer response system. The AMS Program will identify the requirements for integrating data on customer queries, complaints and work requests with the customer management system.

The procurement of the new AMS is underway, with a view to being operational by 2020 (see Response 7.3 for further detail).

RECOMMENDATION 9

Records Management

Roads ACT should:

1. **Document its reasons as to why a road resurfacing project is deleted or rolled over from one year to the next; and**
2. **Maintain contract management records on asphalt contracts to demonstrate achievement the required quality of asphalt compaction.**

Agreed

The following actions will be taken:

1. *The reasons for deleting or rolling over resurfacing sites will be documented from 2017-18.*

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2. *Roads ACT is currently in the process of procuring asphalt patching and overlay services through a contract that will include the requirement for compaction testing where practical.*

RECOMMENDATION 10

Reporting on Road Maintenance

Roads ACT should:

1. **Improve the monthly productivity reports to include the unit cost for in-house asphalt work; and**
2. **Amend the annual report on road resurfacing (prepared for the Director of Roads ACT) to include the program item number and planned quantity against each road section.**

Agreed

The following actions will be taken:

1. *Reporting to compare the indirect costs associated with asphalt works, delivered either by in-house crews or externally contracted works will be developed and implemented in 2018/19 and then reviewed annually.*
2. *This recommendation will be implemented for the next Accountability Report, which is due at the end of December 2017.*

RECOMMENDATION 11

Addressing the backlog

Roads ACT should develop a long-term strategy for reducing the road maintenance backlog.

Agreed / In principle

The backlog referred to in the Auditors Report, refers to the gap between the resurfacing targets and amount of resurfacing achieved. This gap does not result in a list of roads being rolled over waiting to be resurfaced. Each year, the entire road network is re-evaluated and a new program of work is developed to optimise the effect of the planned expenditure on the network as a whole, based on the most up-to-date condition data.

Since 2015-16, the resurfacing targets have been achieved. Outcomes will continue to be reviewed annually.

Roads ACT sets out a long-term strategy to enable a sustainable road maintenance program, which is based on technical analysis of the road network. This strategy is contained within the Roads ACT Strategic Asset Management Plan (SAMP). The strategy is used as a baseline and performance against the strategy is reviewed annually.

In addition to new technologies, Roads ACT is investigating innovative delivery models for best practice road pavement management. Roads ACT will soon commence a process to identify the best-fit procurement models for the ACT's road pavement maintenance program, seeking to replace existing contracts, using an innovative delivery model, by July 2021.

Roads ACT will continue to implement the above processes, in order to continually monitor progress on the resurfacing programme and advise the ACT Government to allow informed decisions to be made. These decisions will be subject to usual government funding processes through the annual Budget cycle.

RECOMMENDATION 12

Maintaining Community Paths

Roads ACT should develop and implement:

- 1. A renewal program for the timely repair of defects across the Territory; and**
- 2. A Planned program of inspection of the condition and safety of community paths that are not in high priority locations. The frequency of inspections should be sufficient to reliably determine whether maintenance of paths is required.**

Agreed / In Principle

The following actions will be taken:

- 1. Roads ACT is currently reviewing the path inspection and maintenance strategy and will adopt different approaches for the asphalt and the concrete path networks. The asphalt path network will be inspected more frequently and an enhanced preventative maintenance program will be put in place.*

For the concrete path network, where preventative maintenance is not practical, the network inspection program will be expanded. Identified defects are risk assessed and hazards are addressed according to the timeframes specified in the Operational Plan. Other repairs are bundled into packages of work for financial and resource efficiency. The details will be outlined in a revised operational plan and implemented in 2018-19.

- 2. See recommendation 12.1.*

RECOMMENDATION 13

High priority locations of community paths

Roads ACT should review the list of high priority locations of community paths, and their priority rating, on a biennial basis and update the Asset Management Operational Plan for Community Paths and the Strategic Asset Management Plan from the results of these reviews.

Agreed / Implemented

The list of priority suburbs and their inspection frequency was reviewed early in 2017. The number of priority suburbs was increased from 26 to 32. This is now reflected within the draft Roads ACT Strategic Asset Management Plan and the draft Operational Plan. These will be monitored and further updated as per the Recommendation.

RECOMMENDATION 14

Quality Control

Roads ACT should implement a system of verifying that the concrete used by Contractors to maintain community paths comply with the ACT Design Standards.

Agreed / Implemented

A system for verification has been developed and communicated to the relevant Contractors. The concrete strength test will be undertaken randomly for every Contractor from the current financial year 2017-18.

RECOMMENDATION 15

Cost of maintaining and upgrading Community Paths

Assessment of the future costs of maintaining and upgrading community paths and the related funding requirements should be updated and included in the TCCS Strategic Asset Management plan.

Agreed / Implemented

The requirement to provide adequate, annual community path maintenance and upgrade programs is already identified through the Roads ACT Strategic Asset Management Plan (SAMP).

The SAMP explains and identifies appropriate levels of community path maintenance and provides future financial forecasts.

RECOMMENDATION 16

Service Level Targets

Roads ACT should maintain records of the timeliness of the replacement of paving or concrete in general and for shopping areas monitor whether replacements are made within target timeframes.

Agreed

Roads ACT currently maintain the records for community path replacement works, however recordkeeping for the shopping centre areas will be improved and implemented from January 2018.

RECOMMENDATION 17

Traffic Signal Replacement Schedule

Roads ACT should develop a comprehensive traffic signal component replacement schedule.

Agreed

Roads ACT already delivers an annual program of traffic signal component replacement / upgrades funded through the Better Infrastructure Fund (and previously the Capital Upgrades Program). Currently, the replacement program is developed each year and targets the oldest components first.

Roads ACT will develop and enhance this process further to achieve the recommendation.

RECOMMENDATION 18

Contract Management of Traffic Signal maintenance

Roads ACT contract management for traffic signal maintenance should:

- 1. Include a monthly review progress report;**
- 2. Require the number of critical or major traffic signal faults be reported by the Contractor on a monthly basis; and**
- 3. Undertake an annual reconciliation to ensure all planned maintenance has been completed**

Agreed

This recommendation is agreed, however it will need to be negotiated through the existing Contract. Subject to the flexibility of the existing Contract and / or any associated costs to change the existing Contract being acceptable, the following actions will be implemented:

- 1. Negotiate with the Contractor to develop the existing reporting requirements into a Monthly Progress Report;*
- 2. Negotiate with the Contractor, to include the number of critical or major traffic signal faults within the revised Monthly Progress Report; and*
- 3. Roads ACT will undertake an annual reconciliation to check whether all planned maintenance is complete.*

RECOMMENDATION 19

Monitoring traffic signal maintenance performance

Roads ACT should, on a monthly basis, monitor maintenance undertaken against the agreed preventative maintenance program and service level targets for traffic signal maintenance.

Agreed

This recommendation is agreed, however it will need to be negotiated through an existing Contract. Subject to the flexibility of the existing Contract and / or any associated costs to change the existing Contract being acceptable, the following actions will be implemented:

Roads ACT will endeavour to include within a revised monthly report:

- 1. Response times - Planned & Unplanned Maintenance; and*
- 2. Number of major faults per Year.*

RECOMMENDATION 20

Improving traffic signal performance reporting

Roads ACT should require the Contractor responsible for traffic maintenance to report on:

- 1. The key performance indicator of the number of major faults reported to be less than one per traffic signal per year in the monthly report; and**
- 2. Include in the monthly report the time between being advised of the fault and the repair.**

Agreed

Please refer to the response provided in Recommendation 19.

NOTE: In relation to Item 2 above, response times will be monitored between the time the Contractor is advised of the fault and the inspection / identification of the fault only (as the repair can be outside the control of the Contractor – i.e. power outages from electricity suppliers, etc)