Policy: Roads – Fix Victoria's Roads

Bring road maintenance back into public hands, rebuild the engineering workforce, and fully fund the repair task.

1. The Issue

Victoria's state roads are failing faster than they are being repaired. The Auditor-General found that 48% of the 23,000 km state network was in poor or very poor condition in 2024, and that the gap between identified defects and repaired defects more than doubled between January 2025 and June 2026[1]. Traffic is rising at the same time: vehicle-kilometres travelled grew from 58.7 billion to 68.2 billion between 2020–21 and 2024–25[2].

The department has told government it needs more than $3 billion a year to maintain pavement condition and replace ageing assets. Total road asset management funding for 2026–27 is about $1.39 billion, including a $352 million pothole top-up announced in August. Because funding is short, crews are forced into reactive patching rather than the preventative work that slows deterioration and lowers long-term cost.

Who does the work matters too. The Kennett government outsourced road construction and maintenance from the mid-to-late 1990s. Former VicRoads engineers say the network went from among the best-maintained in Australia to among the worst, as skilled staff moved to private firms and repair costs rose[3].

"Victoria once had one of Australia's best road networks. Today almost half the state network is rated poor or very poor. We believe that decline can be reversed."

Four companies now hold the road maintenance contracts for Victoria's eight regions, three of them from 1 July 2026. The government-owned spray sealing business, SprayLine Road Services, has been sold to VSA Roads[4].

The Auditor-General found the department cannot show that contractors fix defects in line with its priorities. Only one of four contractors had given the department its prioritisation method, and the department has no process to check the rest. The RACV has raised concerns that the decision-maker on repairs is no longer government[5].

Both major parties now say they will act. Labor has promised to bring maintenance back in-house, but its office did not answer ABC's questions about costs, existing contracts or staff transfers. The Coalition has promised $5 billion over four years, a new Better Roads Victoria division and a review of contracts[6].

Voters deserve a plan that says what it costs, how it will be governed and how Parliament will know whether it worked.

2. Our Plan

The Australian Democrats – Victoria proposes rebuilding our roads by rebuilding our capacity to maintain our roads.

"Victoria's roads will not be fixed by filling more potholes. They will be fixed by rebuilding the capability, workforce and accountability needed to maintain them properly."

2.1. Rebuild Public Road Maintenance Capacity

- Establish a single public road authority with a statutory duty to maintain the state road network, combining the engineering, planning and delivery functions now split across the department and its contractors.

- Bring routine maintenance, spray sealing and traffic management back in-house, region by region, as existing maintenance contracts expire.
- Do not terminate contracts early unless an independent assessment shows it is cheaper for taxpayers.
- Require the department to table the terms, remaining value and exit costs of every road maintenance contract in Parliament within 100 days of the election.
- Set a goal of rebuilding the in-house workforce to around 1,000 roles[1], subject to the transition assessment, with apprentice and graduate engineer pipelines based in regional depots.

2.2. Keep the Private Sector where it Adds Value.

- Keep competitive panel contracts for specialist work, surge capacity and major rehabilitation projects, with local and Aboriginal businesses given a fair share.
- Publish every contract and require contractors to use data systems the road authority can audit in real time.

2.3. Set targets, publish the Data, and Audit It.

- Legislate minimum road condition standards and publish condition, remaining useful life and the maintenance backlog every year, as the Auditor-General recommends.
- Move to one integrated asset and defect data system.
- Direct the Auditor-General to review the authority's performance and cost against contractor delivery every three years.
- Fund the repair task.
- Fully fund the department's own business case. Over four years, it sought about $3.09 billion in additional funding and received about $1.26 billion.

3. The Evidence

Western Australia is the closest example. It outsourced road maintenance from 2000, then decided in 2022 to return it to Main Roads as network contracts expired. The program created about 660 jobs, was completed across all regions in late 2024, and was projected to save more than $25 million a year once fully implemented[7][8][9]. That is roughly 6% of a contract base of more than $400 million[10]. A former Victorian engineer who moved to Western Australia says he has seen the road network there improve markedly.

"Regional Victorians travel further, rely more heavily on road transport and often have fewer transport alternatives. They should not be expected to drive on roads that continue to deteriorate year after year."

The Victorian evidence points the same way. The Auditor-General's findings on contractor oversight, rework rates, and data quality describe a system in which the public body carries the risk and the cost but has limited control.

"Our plan is simple: fund the repair task, rebuild public capability, and make government accountable for the condition of Victoria's roads."

The Auditor-General did not conclude that in-house delivery would be cheaper, and it attributed the decline mainly to funding and weak oversight rather than the delivery model. Western Australia's savings are a government projection, not an audited result. Victoria's three new contracts started on 1 July 2026, and their terms are not public, so early exit costs could exceed our allowance. The Coalition argues accountability and more money fix roads without restructuring. We take these points seriously. That is why this plan phases the transition at

[1] *Approximated from WA benchmarking*

contract expiry, requires disclosure of contract terms, and subjects the result to independent Audit.

3.1. How We Can Pay to Fix Our Roads?

These indicative costings are based on publicly available information from Western Australia and the Victorian Auditor-General and will be refined once road maintenance contract terms are disclosed.

The transition to in-house delivery is estimated to cost around $480 million over four years, with a likely range of $300 million to $700 million. This investment funds the plant, depots, workforce and systems needed to rebuild Victoria's road maintenance capability.

One-off transition cost (about 4 years)	Range	Average
Plant and fleet	$120–250m	$180m
Depots and facilities	$30–80m	$50m
Single asset and data system	$25–50m	$35m
Contract transition or early exit	$50–150m	$90m
Workforce transition and apprentices	$30–60m	$45m
Contingency (20%)		$80m
Total	**~ $300–700m**	**~ $480m**

The larger challenge is the road maintenance funding gap itself. The department has indicated that substantially more funding is required to maintain road condition and replace ageing assets. We estimate that gap at around $1.82 billion over four years. Together, the transition program and additional maintenance funding total about $2.3 billion over four years, or about $575 million per year.

3.2. How is it funded?

The proposal combines limited borrowing with Budget funding and requires no new taxes.

Approximately $370 million would be borrowed to fund long-term assets such as plant, depots and asset management systems. The remaining $1.9 billion would be funded through forecast revenue growth and reprioritisation within the transport capital program.

Only around 16% of the package is funded through borrowing, and that borrowing creates assets the State retains. In effect, borrowing builds the capability to maintain roads, while the Budget funds the roads themselves. At current borrowing costs, the fiscal impact is modest relative to the State's overall debt position.

3.3. Is this a Good Investment?

The borrowing funds assets that enable Victoria to bring road maintenance capability back into public hands. Under the central modelling scenario, efficiency gains progressively offset borrowing and asset costs; the investment is expected to recover a substantial proportion of its cost through operational efficiencies while leaving the State with long-term assets and greater control over road maintenance outcomes.

The analysis is deliberately conservative. It assumes all assets are depreciated over 15 years, even though the State continues to own and use the depots, plant and systems beyond that period.

Authorised by A. Castrique, Australian Democrats, 15 Bassett Street, NAIRNE, SA, 5252.

Cumulative, $ million	5 years	10 years	20 years
Efficiency savings (central)	105	315	735
Interest on $370m borrowed	−94	−189	−377
Asset wear (depreciation)	−88	−177	−265
Net, efficiency savings only	**−78**	**−50**	**+93**
Illustrative upside: slower loss of road asset value	+57	+151	+340
Net with illustrative upside	**−21**	**+101**	**+432**

Rows may not sum exactly because of rounding.

The model also excludes any value from improved road conditions or slower deterioration of the network. While these benefits are uncertain and should not be relied upon to justify the proposal, they could materially strengthen the return on investment if achieved.

"Safe roads are not a luxury. They are essential infrastructure that connects communities, supports business, strengthens our Victoria and protects lives."

Victoria does not have a pothole problem. It has a maintenance capacity (people) and capability (internal know-how) problem. Our plan restores the people, equipment, funding and accountability needed to keep roads safe and in good condition for the long term.

[1] Maintaining State Roads (Victorian Auditor-General's Office, 9 September 2026) audit.vic.gov.au
[2] Maintaining State Roads (Victorian Auditor-General's Office, 9 September 2026) audit.vic.gov.au
[3] Former VicRoads staff say privatisation to blame for Victoria's crumbling roads
[4] VAGO: Maintaining State Roads, September - 2026
[5] Auditor-general finds nearly half of Victoria's roads in very poor condition and billions needed to fix it
[6] Victorian Liberals and Nationals promise multi-billion dollar road repair
[7] Maintenance and some minor capital works transition to in-house delivery
[8] McGowan Government returning road maintenance jobs in-house
[9] Final transition of in-house maintenance services at Main Roads
[10] WA set to finish initiative of building Main Roads' workforce