

Organisation of maintenance of national roads

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Summary

The state owns 16 460 kilometres of roads. In 2005, more than EEK 400 million were budgeted for their maintenance. Approximately a third of the national roads are maintained by the regional road offices of the Road Administration with their own resources; the rest is maintained by companies on the basis of agreements with the road offices.

The goal of the audit by the SAO was to answer the following questions:

- Is the national supervision of the compliance with requirements of public roads efficient?
- Is the planning, accounting and use of the national road maintenance expenditures transparent?
- Do the principles and organisation of supervision applied in purchasing the road maintenance service from the companies ensure compliance of the national roads with the relevant condition requirements?

As a result of the audit, the SAO was able to draw the following main conclusions:

There is no efficient supervision of the compliance of the national roads with the condition requirements. The Roads Act stipulates that the duty to conduct public supervision of the compliance with the legal requirements lies with the Road Administration who is also responsible for the maintenance of the national roads. Consequently, the state has appointed the Road Administration to conduct public supervision of its own activities, which makes the efficiency of this supervision system questionable.

In the opinion of the SAO, the accounting of road maintenance expenditures is not transparent. The road maintenance expenditures of the state are planned and accounted as a part of the operating costs of the Road Administration, and the state has no precise accounting and reporting procedures for the actual expenditures. When the constantly increasing road maintenance expenditures are budgeted as a part of the operating costs, the budgeting does not provide the opportunity to evaluate the justification of the increase of the operating costs of the Road Administration.

The state cannot require from the companies maintaining the roads the achievement of the goal set in the maintenance contracts – to preserve the roads in a conditions that complies with the established requirements. As the state has been unable to repair the national roads to a sufficient extent, many of these roads cannot be preserved in a condition that complies with the established requirements only through maintenance. Over the past few years, the road maintenance contracts have become much more precise but even now they do not include clear and measurable road condition indicators that must be ensured through maintenance. Therefore, it is difficult to assess, whether the companies have performed their obligations under road maintenance contracts.

There are no reliable data concerning the economic feasibility of purchasing the maintenance of national roads from private companies. In the opinion of the SAO, the study that was carried out is not sufficiently thorough to enable deciding, whether it would be more economical for the state to order road maintenance from the road offices or purchase it as a service from companies.

In 2005, the South-Eastern Road Office paid an unjustified amount of EEK 641,000 for the maintenance of national roads in Põlva County. The Road Office admitted their error and intends to reclaim the excess amount from the provider of maintenance.

The main proposals of the SAO to the Minister of Economic Affairs and Communications:

- Submit a proposal to the Minister of Finance to specify the State Budget classification to enable differentiation of the road maintenance expenditures in the operating costs of the Road Administration.
- Initiate a legislative amendment procedure to relieve the Road Administration of the duty to carry out supervision of the compliance of the public roads with the condition requirements, and to appoint some other government agency to perform this task.

- Order an additional study to assess the feasibility of the practice of purchasing the national road maintenance service from private companies.

Proposals of the SAO to the Director General of the Road Administration:

- Propose the maintainers of the roads to specify in the current maintenance contracts clear and measurable condition characteristics to be ensured by maintenance on the roads that do not comply with the conditions requirements at the time of entry into the maintenance contract, or have lost compliance during the contract period due to the reasons not controlled by the maintainer.
- Decide on the impeachment of the employees of the South-Eastern Road Office whose negligence caused the unjustified expenditure of EEK 641,000 paid in 2005 to the maintainer of the road.

The Minister of Economic Affairs and Communications notified that he does not consider it necessary to budget road maintenance as a separate expense category, as this would 'litter' the State Budget with excessive information. In this respect, the opinion of the Ministry differs from that of the Road Administration. In their response, the latter indicated that they have repeatedly raised the issue of separating the road maintenance expenditures from the operating costs of the Administration.

The Minister does not see a problem in the fact that the Road Administration has to carry out supervision of the activities of its own divisions. The Minister's rationale lies in the fact that the Administration is responsible for road maintenance only in five counties; in other counties the national roads are maintained by contracted private companies whose activities are supposedly supervised by the Road Administration through construction supervision.

The SAO notes that construction supervision only includes verification of the compliance of road construction and repair works, but not maintenance works.

The Minister notified that the Road Administration has ordered a new study to clarify the economic feasibility of purchasing the road maintenance service from private companies. The Road Administration notified that the Ministry will be informed of the conclusions in February 2006.

The Director General of the Road Administration submitted information on the planned actions of the Administration to specify the terms and conditions of the current road maintenance contracts and to use a more exact wording in future contracts. He also submitted information on the plans of the Administration to take action against the manager of South-Eastern Road Office.

The full texts of the responses of the Minister of Economic Affairs and Communications and the Director General of the Road Administration have been appended at the end of this report.

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