

Governance

Our Principles

INTRODUCTION

Main Roads reports against the Good Governance Guide developed by the Office of the Public Sector Standards Commissioner. The guide references the ASX Corporate Governance Principles and assists us in assessing and managing compliance with the requirements for accountability across Government. We continue to refine our corporate governance framework within these guidelines and use other best practice standards to adopt a continuous improvement approach to governance.

RECOGNITION

Office of the Auditor General

- » Green Rating 'Better Practice Agency'
– *2010-11 Financial Reporting*

Australian Business Excellence

- » Silver Excellence Award

IPAA Lonnie Awards

- » Gold Award – 2011 Annual Report
- » OAG Award for Transparency and Accountability – *2011 Annual Report*

Australasian Reporting Award

- » Gold Award – *2011 Annual Report*
- » Finalist 'On-Line Reporting Public Sector'
– *2011 Annual Report*

PRINCIPLE 1: GOVERNMENT AND PUBLIC SECTOR RELATIONSHIP

Our Governance Model

Our corporate governance system is how we direct and manage our business activities to optimise performance, achieve regulatory compliance and deliver value for customers. We are committed to ensuring that our core corporate governance system and processes are aligned with values-driven management. The framework enables us to govern with integrity, accountability and transparency. Our Governance Model and Organisational Structure can be found on page 94 and shows the relationships between our Minister, Director General Transport, Managing Director and members of Corporate Executive.

Performance Agreement

The Managing Director has a performance agreement with the Director General Transport while other members of the Corporate Executive have Individual Development Plans with the Managing Director.

Empowering Legislation

1. Main Roads Act

The *Main Roads Act 1930*, as last amended in 1997, establishes the Commissioner of Main Roads as a corporate body and sets out the powers and duties of the office. The Commissioner of Main Roads administers the Main Roads Act and the accompanying Regulations and is accountable to the Minister for Transport.



2. The Office of Road Safety Empowering Legislation

The *Road Safety Council Act 2002* and the Road Safety Council of Western Australia Governance Charter 2008 are the enabling legislation for the Office of Road Safety.

3. Other Empowering Legislation

- » The *Land Administration Act 1997* provides powers for the resumption of land
- » Section 84 of the *Road Traffic Act 1974* provides a right of recovery for road damage
- » Regulation 297 of the *Road Traffic Code 2000* provides the Commissioner with the power to erect road signs and traffic signals, and install road marking
- » Part 4 of the *Road Traffic (Vehicle Standards) Regulations 2002* provides the Commissioner with the authority to issue permits for restricted access vehicles that exceed certain mass and dimension limits, as defined in the Regulations.

We have processes and controls in place to ensure that we comply with other State and Commonwealth legislation and regulations which impact on our activities.

Ministerial Directives

There were no directives issued by the Minister for Transport under Section 19B of the Main Roads Act 1930 during the year.

PRINCIPLE 2: MANAGEMENT AND OVERSIGHT

Strategic Plan

Our Strategic Plan, known as 2k12, sets the high-level strategic direction for our organisation up to the end of 2012. It reflects the dynamic environment we operate in and represents our response to the challenges and opportunities we face. The 2k12 Plan is aligned with our purpose and vision and our aim to 'achieve excellence through inspiring leadership and strong collaborative relationships'. Most importantly, it helps us to work towards achieving the following five areas of strategic focus:

Strategic Area of Focus	Objective
Providing the right roads for WA	To plan, develop and deliver effective outcome based road programs
Making roads work for the community	Ensuring people and freight can move safely, reliably and efficiently across the road network
Creating our workforce of the future	Creating an environment that will attract, develop and retain employees
Inspiring leadership	Creating an environment that develops and recognises leadership throughout the organisation
Enhancing relationships	To enhance existing and forge new relationships

Work has already commenced on the development and creation of a new strategic plan to take us through to 2020. Building on the success of 2k12 we have once again adopted Scenario Planning as the basis for determining our future direction and priorities. At this time we have already engaged extensively with our own people, our portfolio partners and key stakeholders as we all work together to identify our new areas of strategic focus. The strength and whole-of-organisation engagement in our strategic planning process is one of the fundamental planks to Main Roads ongoing success.

Corporate Executive

Corporate Executive consists of the Managing Director, all Executive Directors and the Directors of Budget and Financial Planning and Strategic Relationships. The outcomes sought from Corporate Executive are to set clear strategic direction and delivery of government priorities, Main Roads purpose and defined performance goals. It meets monthly to review organisational performance both directly and through a series of formally established sub-committees.



Pedestrian underpass near Great Eastern Highway and Roe Highway Interchange

Corporate Executive meetings were held monthly in the last year, attendance is shown below:

Menno Heneveld	John Erceg	Des Snook	Leo Coci	Peter Woronzow	John Taya	Doug Morgan	Bob Philips	Rob Giles	Steve Potter	Iain Cameron
12	12	12	10	12	12	11	12	7*	5*	10

**The position of Director, Strategic Relationships was held by Rob Giles until Feb 2012. He is now on extended leave and will retire in September 2012. Steve Potter was appointed Acting Director Strategic Relationships as of March 2012.*

Corporate Executive's role is to;

- » Assist in the discharge of the Managing Director's responsibilities and to operate as an advisory body to the Managing Director
- » Achieve the best outcomes from key decisions, develop Executive commitment to key organisational priorities and model Main Roads values and behaviours to the organisation
- » Set strategy, oversight, decision-making, leadership, manage organisational performance and ensure capability to deliver road user services
- » Provide a forum to raise issues of corporate relevance and seek the feedback and input from peers
- » Be proactive, oriented to the long term and outcomes-focused.

In achieving its role, Corporate Executive is supported by five standing committees. Each committee is led by a member of Corporate Executive and reports regularly on its achievements and future direction. A summary table on page 92-93 indicates the membership, attendance, role and achievements of each committee.

Delegation of Authority

Our Delegation of Authority Manual exists to clearly define the administrative responsibilities of officers and give them sufficient authority to carry out their day-to-day tasks. The Delegation of Authority is in accordance with the *Main Roads Act 1930* and the principle of public administration set out in Section 7(d) of the *Public Sector Management Act 1994*. Employees are aware that delegation limits are specified in the Delegation of Authority Manual and that they must not be exceeded.

Membership (Attendance)	Role
CORPORATE DEVELOPMENT COMMITTEE – MEETINGS HELD: 8	
EXECUTIVE MEMBERS	John Taya (Chair) – 8 John Erceg – 6 Des Snook – 2 Leo Coci – 6 Peter Woronzow – 4 Doug Morgan – 7 <ul style="list-style-type: none"> » Responsible for initiating and managing Corporate Development as part of the Creating Our Workforce of the Future strategy » Focuses on leadership and competency development across levels » Deliver the Building Technical Capability initiative.
<i>There are 2 other non-executive standing members in this committee.</i>	
BUSINESS IMPROVEMENT COMMITTEE – MEETINGS HELD: 4	
EXECUTIVE MEMBERS	Peter Woronzow (Chair) – 4 John Erceg – 4 John Taya – 4 Doug Morgan – 4 <ul style="list-style-type: none"> » Ensures that business processes and systems are effective » Promote efficient use of resources » Supports sound Corporate Governance.
<i>There are 3 other non-executive standing members in this committee.</i>	
MANAGEMENT REVIEW AND AUDIT COMMITTEE – MEETINGS HELD: 4	
EXECUTIVE MEMBERS	Menno Henneveld (Chair) – 3 John Erceg – 3 Des Snook – 2 Peter Woronzow – 4 Doug Morgan – 4 <ul style="list-style-type: none"> » Considers the audits and reviews performed by the Management Review and Audit Branch » Ensures audits and reviews are in accordance with the Annual Audit Plan » Develops a three-year strategic audit plan.
BUDGET COMMITTEE – MEETINGS HELD: 14	
EXECUTIVE MEMBERS	Peter Woronzow (Chair) – 13 John Erceg – 12 Des Snook – 10 Leo Coci – 12 Bob Philips – 9 Doug Morgan – 12 John Taya – 9 <ul style="list-style-type: none"> » Decision making body for Investment Planning, Program Development and Delivery » Ensures the best use of funds to achieve strategic outcomes.
CORPORATE SAFETY, HEALTH AND WELLBEING COMMITTEE – MEETINGS HELD: 10	
EXECUTIVE MEMBERS	Doug Morgan (Chair) – 10 John Erceg – 8 Des Snook – 7 Leo Coci – 10 Peter Woronzow – 9 John Taya – 10 Iain Cameron – 9 <ul style="list-style-type: none"> » Presides over all safety, health and wellbeing issues from high level strategy through to review of individual incidents » Acts as a primary Occupational Safety and Health channel and reports on full-time and contracted employees to Corporate Executive.
<i>There are 10 other non-executive standing members in this committee.</i>	

Achievements

- » Realignment of the criteria applied to the committee's consideration of internal research and innovation projects, to more clearly define the role and support this area
- » Progressed the Competency Development System project to finalise a competency framework. The project included the commencement of a pilot implementation in the functional areas of Financial Services, Project/ Contract Management and Organisational Development
- » Development of an online Employee Development System. The new system will automate – Individual Development Planning, Competency Development, 360 feedback surveys and training administration
- » Endorsed the following staff development activities such as the Senior Manager and Executive Coaching Program, Inspiring Leadership Development Program, Executive Development Program, and Project Management Development Program and provided extensive training to staff in Accountable and Ethical Decision Making

- » Adoption, alignment and gap assessment of measures against Global Reporting Initiative and the Australian Business Excellence Framework
- » Driving the development of a revamped intranet site, 'iRoads'
- » Reviewed, considered and endorsed the results from tracking business improvements arising from customer feedback complaints and analysis
- » Oversight of the Third Party Certified Integrated Management System
- » Oversight of organisational reviews including Outcome-Based Performance Measures and Effectiveness of the Operations of Corporate Executive

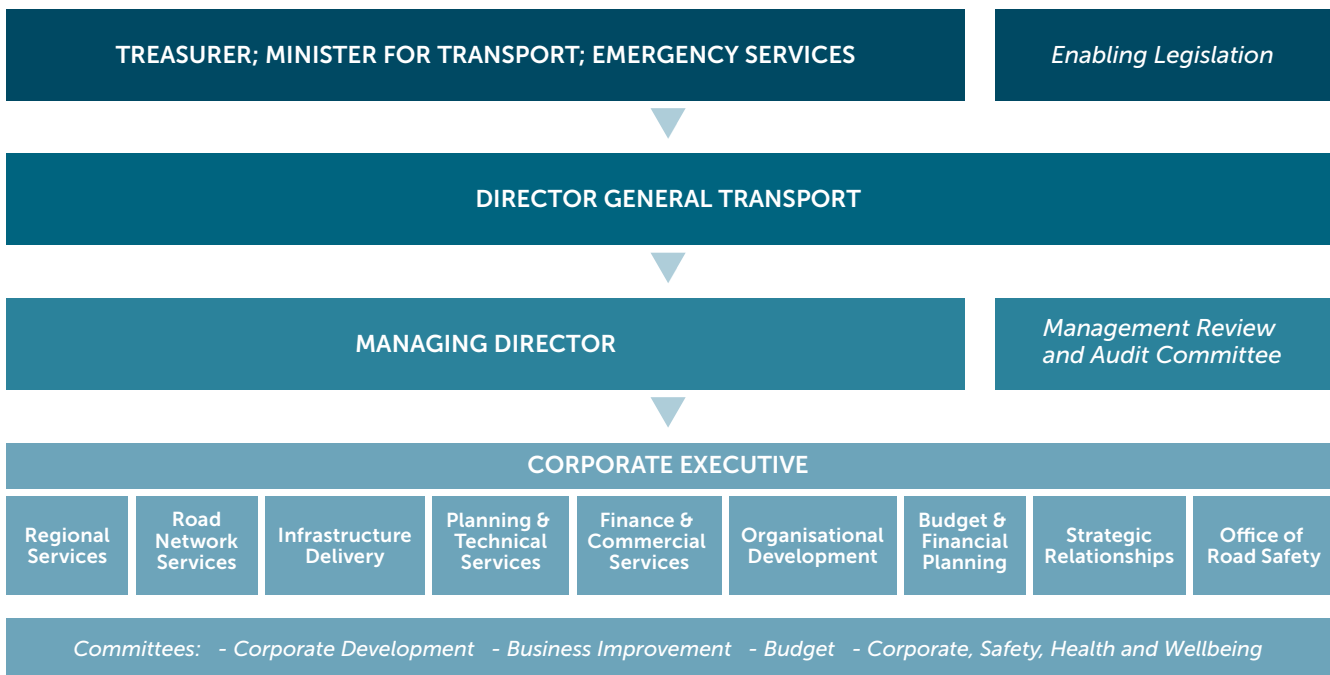
- » Health Checks on six of the seven Integrated Service Agreements
- » Financial compliance audits of six of the seven Integrated Service Agreements
- » Review of Main Roads' Readiness for CHOGM
- » Review of the Network Operations Plan and the Link to Main Roads' Planning Processes

- » Monitoring and actioning budgetary and financial matters including program strategies and structures to deliver outcomes linked with Government objectives
- » Provision of strategic direction for project development funding and activities
- » Supervision of transitional arrangements in preparation for new maintenance delivery arrangements
- » Supervision of managed transfer of assets between State and Local Government
- » Approval of the final four-year and 10-year program submissions to Department of Treasury

- » Maintaining certification to AS 4801
- » Further development and implementation of a suite of positive indicators based on proactive safety, health and wellbeing behaviour
- » Continued coordination and review of the OSH management system to facilitate continuous improvement
- » Integration of wellbeing into the existing safety and health management system as part of a holistic approach to OSH management
- » Develop a community of OSH Practitioners that contributes to our OSH Principles and Objectives

PRINCIPLE 3: ORGANISATIONAL STRUCTURE

Our Governance Model and Organisational Structure



Review of Corporate Executive

During the year, as part of our continuing commitment to good governance practices, a review of the effectiveness and efficiency of the operation of Corporate Executive was undertaken. The approach taken was similar in nature to the review that might be undertaken for a Board of a listed company or Government trading entity. The approach included reviewing material and documents, facilitated workshops for the Corporate Executive, one on one interviews and survey tools. Overall, the review found that Corporate Executive and its supporting structure performed well. However, there were 21 opportunities for improvement identified grouped into five themes. In the six months since the report was tabled, Corporate Executive has closed out all but seven of the recommendations and it is anticipated that these will be completed before the end of 2012. Some of the significant actions have included the creation of a new Charter, restructuring the outcome-focused agenda, locking away dedicated time at every meeting to discuss an issue of strategic importance, and initiating a review of the structure, accountability and membership of all committees that currently report to Corporate Executive.

OAG Report

In July 2011, the Auditor General advised that he was undertaking a review to assess the 'Maturity of KPI and Performance Reporting across Government' and sought to include Main Roads as part of the review along with nine other agencies. The review determined each agency's performance against six attributes and determined compliance against a number of criteria within each attribute. The Assessment was determined based on the Performance Rating (this reflects the outcome of receiving a pass or fail rating against a set of criteria within each attribute) resulting in a mark of Strong, Competent or Limited. This is the first time that the Auditor General has attempted to audit the maturity of KPIs in the State Public Sector and it has limited precedence internationally. Main Roads is mentioned favourably throughout the report which is available on the Auditor General's website. In addition to the report tabled in Parliament, we also received information on findings arising from the Performance Audit. It was pleasing to see that we achieved an assessment of Strong against four of the criteria, with one being ranked as Competent and one as Limited. Overall, the findings from the audit are excellent and demonstrate that we continue to be a leader in terms of accountability and transparency in reporting our activities and services. Action has been taken to address all of the improvements identified.

PRINCIPLE 4: OPERATIONS

Silver Award for Business Excellence



Main Roads received a prestigious Silver Award as part of the 2011 Australian Business Excellence Awards. Only two Excellence Awards were granted in 2011 with Main Roads receiving the highest accolade. For 22 years, the Australian Business Excellence

Awards have been recognising outstanding achievement on the journey to excellence by Australian organisations both large and small. To be recognised, organisations are independently assessed by a review panel against a set of internationally recognised criteria demonstrating a commitment to sustainable results, leadership and people. The framework is amongst the world's most rigorous business excellence models and our most recent success builds on our June 2007 achievement when we received recognition at the Bronze level. The result demonstrates that by working together we are continuing to achieve excellence as an organisation and moving close to achieving our Vision of providing excellent customer service and world class road access.

Integrated Management System

We have adopted a systematic approach to business performance improvement based on quality management principles. The Integrated Management System brings together all of our third-party certified processes into a single structure. During the year we maintained certification of our entire Management System. Continuous improvement is the cornerstone of all of the management processes and procedures.

Current Certification

Standard	Processes
Quality Management System ISO AS/NZS 9001:2008	Project Management, Contract Management, Supply, Corporate including Learning and Development, and Customer Service
Environmental Management System ISO AS/NZS 14001:2004	Environmental
Occupational Health and Safety Management System AS/NZS 4801:2001	Occupational Health and Safety

Main Roads is keeping a close watch on the development of new International Standards for Road Safety and Asset Management. We have people involved in the development and review of the direction being undertaken for each of the new standards and would be seeking to adopt them within our Integrated Management System at the earliest opportunity.

Procurement Policies and Procedures

Our procurement policies and procedures comply with the requirements of the State Supply Commission and are certified to AS/NZS 9001:2008. Policies are documented in the Procurement Management Manual and all tendering and contract administration procedures are documented in the Tendering and Contract Administration Manual. An ongoing compliance program is in place to ensure that these policies and procedures are implemented. A Tender Committee, consisting of two experienced senior officers from our organisation and two senior external Government officials provide additional assurance that procurement actions comply with policies and standards for high risk, potentially contentious procurements. In addition, we submit all Procurement Plans and Tender Recommendations for Goods and Services arrangements over \$5 million for review and endorsement by the WA Government's State Tender Review Committee.

Better Business Project

This project is our innovative response to the 3% Efficiency Dividend brought in by the WA State Government in 2009 during the global economic downturn. We conducted an organisation-wide consultation to identify improvements and efficiencies to the way we run our business and identified 106 Better Business recommendations. 70% of the Better Business efficiencies have now been completed.

One of Better Business's aims was to ensure that we have the flexibility, culture and right capabilities to meet the communities future needs. To achieve this, we have concentrated on:

- » Identifying opportunities to increase capability and skills development
- » Providing a single point for information on all period and panel contracts
- » Process improvements have been seen across the board
- » Knowledge sharing initiatives have been developed to help spread innovative practices and ideas.

Sustainable Procurement and Buy Local

The State Supply Commission Policy on sustainable procurement requires us to demonstrate that we have considered sustainability in our procurement of goods and services. We have gone beyond the requirements of this policy to reflect this in not only our processes for procuring goods and services but also in procuring works. In addition, we apply the Buy Local Policy where we consider and give preference to local providers in our purchases as the benefits to industry development and employment are recognised. Buy Local Policy clauses are also included in all our tender documents and tender assessments. Reporting for Buy Local is extracted from information contained within the Department of Finance's 'Tenders WA' website. Data is not yet available for the current year.

	2009-10		2010-11	
	Metro	Regional	Metro	Regional
Awarded to businesses located within the 'prescribed distance' of a regional delivery point as defined in the Buy Local Policy	n/a	40%	n/a	60%
Awarded to a 'local business' as defined in the Buy Local Policy (Target 80%)	100%	97%	98%	93%

Financial Targets: Actuals Compared to Budget

The following table provides a comparison of the financial targets and outcomes against criteria included in the Resource Agreement between the Commissioner of Main Roads, Minister of Transport and the Treasurer.

	2011-12 Target ⁽¹⁾ \$000	2011-12 Actual \$000	Variation ⁽²⁾ \$000
Total Cost of Services	1,549,776	1,503,542	46,234
Net Cost of Services	996,543	840,203	156,340
Total Equity	42,240,829	40,925,987	1,314,842
Net increase / (decrease) in cash held	31,465	204,525	(173,060)

Notes:

(1) As specified in the latest budgets statements relating to estimates for 2011-12.

(2) Explanations of variations:

(a) The variations in relation to Total Cost of Services can be mainly attributed to claims by Local Government for road project grants being lower than expected, as well as some delays in major capital projects as a result of contract award issues, and unfavourable weather conditions.

(b) The variation in Net Cost of Services relates to advanced Commonwealth grants received under the Nation Building program, as well as some delays in major capital projects as a result of contract award issues, and unfavourable weather conditions.

(c) The variation in relation to Total Equity relates mainly to revaluation decreases in the value of Land Under Road Reserves required under Accounting Standards to prevailing market based written down replacement costs.

(d) The increase in cash being higher than budgeted can be attributed to advanced Commonwealth grants received under the Nation Building program, as well as some delays in major capital projects as a result of contract award issues, and unfavourable weather conditions.

Further explanations are also contained at Note 41 of the Financial Statements.

Relationships with Suppliers

We have a procedure in place for dealing with procurement grievances which is referenced in all tender documents and a copy is accessible from our website. The procedure has been endorsed by the Western Australian Road Construction and Maintenance Industry Advisory Group and provides for a customer-focused, fair, structured and relationship-based approach to reviewing grievances lodged by contractors. During the year two grievances were received and these have been closed out. The grievances did not highlight any common areas of concern. The low number of grievances, which represented less than 1% of all contracts awarded, is consistent with previous years and indicates that our procurement processes continue to be fair and equitable. The table below lists our major suppliers/contractors and their award value over the past year.

Major Suppliers/Contractors	2011-12 Award Value (GST Excl)
Macmahon Contractors Pty Ltd	\$398.0 million
John Holland Pty Ltd	\$98.2 million
Abigroup Contractors Pty Ltd	\$92.6 million
Fulton Hogan Pty Ltd	\$53.4 million
Albem Highway Joint Venture	\$18.5 million
Fulton Hogan Industries Pty Ltd	\$12.6 million
Intersectional Linemarkers Pty Ltd	\$12.5 million
Supalux Paint Company Pty Ltd	\$12.5 million
GHD Pty Ltd (Perth)	\$6.3 million



Great Eastern Highway, Kooyong Road to Tonkin Highway roadworks

Reporting to the Department of Treasury

There is a requirement to provide monthly, quarterly and annual information to the Department of Treasury. This also serves as an independent check on the integrity of financial reporting.

PRINCIPLE 5: ETHICS AND INTEGRITY

Ethical and Responsible Decision Making

To support ethical and responsible decision making, Corporate Executive is supplied with appropriate information in a timely fashion before meetings. This information consists of monthly financial management information; quarterly data related to the identification and management of risk; organisational performance information through the provision of a monthly Key Performance Indicator Scorecard; status reports for each Directorate; OSH Status Reports and Quarterly Standing Reports from each sub-committee. Each member of Corporate Executive has an annual business plan for their own Directorate, which is linked to the Corporate Business Plan and the Strategic Plan. The Managing Director has a performance agreement with the Director General Transport and other members of the Corporate Executive have Individual Development Plans with the Managing Director.

In addition, we continue to deliver mandatory training in Accountability and Ethical Decision Making to all employees. This has been successful in raising awareness to the importance of decision making in aspects of our business.

Our Values and Code of Conduct

We have well established values and a Code of Conduct that guides the way we work. This is the essence of values-based management and all of our employees are required to uphold our values and comply with the Code. Corporate Executive and senior managers are also required to promote the values. Our values form the foundation upon which Main Roads is built and represent our organisational culture, guide our behaviours, and influence decision making processes and relationships with each other, our customers and partners.

Corruption Prevention

Main Roads has strategies in place to prevent the misappropriation of funds and inappropriate use of public property that include a comprehensive Annual Audit Plan that provides a balanced mix of Financial, Operational and Information Technology audits. In addition, Risk Management is considered an integral part of the annual business planning approach and risks are managed and monitored at all levels.

Conflicts of Interest

Each member of Corporate Executive is required to sign a representation memorandum addressed to the Managing Director which includes a section on personal interests in Main Roads' contracts. The Chief Finance Officer, Managing Director and Accountable Authority then sign a Management Representation Letter to the Auditor General addressing various categories including Internal Controls and Risk Management.

Other than normal contracts of employment of service, no senior officers, firms of which senior officers are members, or entities in which senior officers have substantial interests, had any interests in existing or proposed contacts with Main Roads.

PRINCIPLE 6: PEOPLE

Our Recruitment Guidelines

Our objective is to recruit the most suitable people through a fair and equitable process and in a cost effective and timely manner. Our recruitment framework complies with the Public Sector Commissioner's Employment Standard and the Commissioner's Instruction on Filling a Public Sector Vacancy and is based on the principles of Merit, Equity, Interest and Transparency.

We are currently in the process of identifying trends from Exit interviews to formulate a Retention Policy.

Equal Employment Opportunity Management Plan 2011-2015

Main Roads considers diversity to be respecting, recognising and utilising the many different backgrounds, skills, talents and perspectives of our workforce. The Equal Employment Opportunity (EEO) Management Plan is developed in accordance with Part IX of the *Equal Opportunity Act 1984* and is aligned to the Office of Equal Employment Opportunity's outcome standards framework:

1. The organisation values EEO/diversity and the work environment is freed from racial and sexual harassment.
2. Workplaces are free from employment practices that are biased or discriminate unlawfully against employees or potential employees.
3. Employment programs and practices recognise and include strategies for EEO groups to achieve workforce diversity.

In 2012, we saw a focus on providing more opportunities for women to be appointed to management positions. For more information, please refer to the Our People section, page 74.

During the next five years, we will focus on the following specific areas of focus: Women in Management, Aboriginal and Torres Strait Islander groups, Youth, People with Disabilities and People from Culturally Diverse Backgrounds. As a 'live' document, the plan will continue to be developed and updated. This ensures that Main Roads attracts, selects, motivates, develops and retains a skilled, diverse group of employees. The Equity Index table below shows how we track areas of diversity.

Areas of Diversity	2010		2011		2012	
	Representation	Index	Representation	Index	Representation	Index
Women	27.7%	52.5	28.6%	54.9	29.8%	54.8
Culturally Diverse Background	10%	104	9.8%	106.1	9.3%	114.3
People with Disabilities	2.20%	71.2	1.8%	79.1	1.5%	80.3
Indigenous Australians	1.10%	21.1	0.9%	21.1	0.9%	17.1

Individual Development Plan

The Individual Development Plan (IDP) identifies developmental needs of employees and allows for discussion on career planning and progression. It also provides the opportunity to identify how employees specifically contribute towards our Strategic Plan and how personal behaviours reflect our values. At a corporate level, the data collected from the IDP is used to identify and manage skill gaps across the organisation. Used together with workforce planning data, the information is used to develop corporate programs and short-course training.

During the year, 62% of the eligible workforce completed an annual Individual Development Plan. Whilst IDP completion was not as high as the previous year, a high degree of access to targeted learning and development opportunities was sustained.

The focus has been on planning for the future through the identification and procurement of a new online system to better support the individual development process. The new system, due for delivery in the second quarter of 2012-13, will provide a fully-automated individual development and career plan, 360 Feedback capture, and a fully functional learning management system. With a greater range of data collection and reporting available to managers, the system will provide new tools for individuals and managers to enhance their competencies, work performance and careers. By making the process easier for the employees it is anticipated that higher completion rates will ensue, resulting in more accurate information used for needs analysis.



Compliance with Public Sector Standards and Ethical Codes

Compliance issues that arose during the year regarding the Public Sector Standards included lodgment of four breach claims against recruitment, selection and appointment processes and one against the Grievance Standard. In all cases, these breaches were received through standard processes and were subsequently dismissed. Every year we take steps to enhance processes to ensure compliance including:

- » Providing information about Public Sector Standards and Codes of Conduct on our intranet and including this information in induction material
- » Correspondence to applicants for recruitment, selection and appointment processes with details on how to access the Public Sector Standards
- » Ongoing training provided to recruitment and selection panel members to ensure compliance with relevant Public Sector Standards
- » Providing an experienced independent person for all recruitment and selection panels
- » Providing a network of Grievance Officers across the State
- » Reviewing and auditing all recruitment, selection and appointment processes both permanent and temporary, to ensure compliance with Public Sector Standards.

PRINCIPLE 7: FINANCE

Accounting and Financial Management Policies

A comprehensive Accounting Manual containing accounting and financial management policies and procedures is maintained. It communicates accountability for procedures within various responsibility areas and enhances the level of internal control. The Manual enables management as well as internal and external auditors to monitor compliance with established procedures and, together with the *Financial Management Act 2006* and the Treasurer's Instructions, is available online to all employees.

Capital Works

All disclosures in relation to capital works are included in the Financial Statements.

Main Roads Strategic Asset Management Plan, produced annually, details our 10-year investment needs and drivers. The Strategic Asset Plan adheres to WA Treasury's Strategic Asset Management Framework. We assess projects for funding based on their economic, environment and social impacts. Each capital project follows the national Austroads project evaluation methodology where a Benefit Cost Ratio (BCR) must be conducted. This incorporates quantifiable economic data and is supplemented by simplified economic, environmental and social assessments. The BCR records information on the benefits of a project on travel time savings, vehicle operating costs and smoother travel, safety, and maintenance. Other benefits and costs are considered via a multi-criteria analysis.

Internal Audit

A comprehensive system of internal controls is in place to ensure that there is an appropriate division of responsibilities to safeguard the assets and financial interests of the organisation. The Management Review and Audit Branch regularly assess the adequacy of internal controls within the organisation by conducting audits of our financial and management information systems in accordance with an Annual Audit Plan.

Statutory Audit

The annual independent external audit on controls, compliance and assurance is carried out by the Auditor General of Western Australia, in accordance with the *Auditor General Act 2006*. The Auditor General's opinion is addressed to both Houses of the Parliament of Western Australia.

Management Reporting

Financial reports are tabled monthly and quarterly at the Budget Committee which comprises all Executive Directors and is chaired by the Chief Finance Officer. Key financial highlights are reported monthly to Corporate Executive along with progress against Key Financial Performance Indicators.

Pricing Policies of Services Provided

The supply of goods and services we undertake represents works and services carried out for other public sector and private bodies on a cost recovery basis. Further details are available in the Notes to the Financial Statements.

PRINCIPLE 8: COMMUNICATION

Records Keeping

The State Records Act (2000) requires that we maintain a Records Keeping Plan. The Plan has been approved by the State Records Commission and reflects our current functions. We meet the requirement to undertake efficiency and effectiveness of our record-keeping systems not less than once every five years. The following is a summary of compliance requirements and achievements during the year.

1. Policies and Procedures Updated:

- » Term Network Contracts (TNC) has been replaced by Integrated Services Arrangements and a new Code of Practice and Policies to manage contract records has been created. A review is being conducted on the close-out arrangements for TNC to ensure that relevant records are captured and accessible.
- » Invoice processing will be a Records Keeping function when the Office of Shared Services is decommissioned. Preparations have commenced for processes involved with invoice processing such as documenting procedures, identifying resource requirements, and compliance in the management of source records in liaison with other government agencies and shared services.
- » Development of a Records' Social Media Strategy has commenced as we continue to work towards being better positioned to embrace a broader electronic environment. Technological development has had a major impact on record keeping and we continue to respond to new developments.
- » Areas for improvement identified in the Records Keeping Plan are addressed progressively, in particular, improving storage facilities. These changing needs will be taken into consideration when designing our new Regional Offices.
- » The Records Disaster Recovery and Management Plan is distributed Statewide, addressing requirements for our Regional and Site Offices. The Vital Records Register and Mitigation strategies are being finalised.
- » The Archiving/ Disposal program continues to be undertaken.
- » Fact sheets, guidelines, procedures and policies continue to be developed, updated and promoted to assist staff. This is with particular emphasis in the last year on new ISA staff.

2. Record Keeping and TRIM Training

- » An extensive TRIM training program has been created for ISA staff with more than 370 staff attending training sessions.
- » A TRIM 'n' Win training program was developed and trialed where a suite of short subject specific courses was delivered. The effectiveness of this course is currently under review and, subject to improvements, will be progressively rolled out to branches.
- » Our induction program addresses employee record keeping responsibilities, compliance with our record keeping plan, and mandatory Record Keeping Awareness and TRIM Online courses for all new starters. Handout brochures and the Induction Checklist have been updated. In addition, updates and tips are regularly provided in our Statewide newsletter, Weekly Roads Wrap.
- » Documents placed on our website and our new iRoads Intranet site are required to be registered and kept updated in TRIM. Training is provided for this process.

3. Reinforcing Record Keeping Practices

- » To address Main Roads' future corporate record keeping requirements, we held a workshop for 60 invited stakeholders. Outcomes were reported in a Business Case for the Review of Services and Functions and the identified issues are addressed through a range of improvement projects.
- » Central Records provides a Help Desk Facility to assist with TRIM EDMS technical operational problems which handles almost 9,000 requests for assistance per annum. TRIM remote assistance is provided and continues to be well received by customers.
- » We have commenced monthly meetings with IT Managers, discussing and resolving technical TRIM and Records-related issues.
- » An Internal Auditor continues to monitor and provide feedback on our record-keeping practices, in particular the management of contract records, with the assistance of checklists.
- » The Annual Records' Seminar was well received with the feedback indicating that the seminar is a good forum for exploring common issues and provided an opportunity to meet and learn from others.
- » We utilise feedback and statistics collected from staff to measure record keeping effectiveness and efficiency.
- » Recognising the importance of Records Keeping, Main Roads has recruited a second Records' graduate to undertake a Records Training Program over the next two years. We have also given recognition to Central Records' Officers for their efforts in Records Keeping and training.

Freedom of Information

Certain information can be obtained under the *Freedom of Information Act 1992*. An information statement, which has been produced in accordance with the requirements of the Act, is available on our website. The statement provides a guide on how to obtain information from us under the Act as well as information available without a formal application. During the year, we received 38 applications with the majority of applications related to potential third-party liability claims and land acquisitions matters associated with road projects. The table below provides further statistics on applications received:

Freedom of Information Applications

Year	2009–10	2010–11	2011-12
Received	47	38	46
Internally Reviewed	2	4	4
Externally Reviewed	2	2	0

Our Freedom of Information Coordinator can be contacted on 138 138.

Internal Communications

'Enhancing Internal Communication and Engagement: A Plan for Main Roads' was created in 2011 to improve communication among and between managers, employees, branches, Directorates and regions. It addresses various facets of communication including formal and informal, written, visual, verbal, electronic and two-way communication and is designed to engage employees via a consultative process rather than simply providing information.



Key achievements since the introduction of the plan include:

- » Holding three Organisational Development 'X-Changes' forums. They are designed to share knowledge and build relationships between Organisational Development and other business units across Main Roads. All regions have the opportunity to take part via teleconference and NetMeeting.
- » The launch of 'Main Roads WA Careers' Facebook page, which complements our existing recruitment activities, provides the opportunity to highlight the career opportunities available and give prospective employees an understanding of what it is like to work at Main Roads. Members of the public are able to post questions and comments, a feature currently not offered by our static website. Primarily targeting the development employee market, it also offers information relevant to existing and prospective employees.
- » The 'Getting the Best Out of Your Communication' training series was introduced in late 2011. These workshops are designed to enhance communication skills by giving participants an understanding of their own communication styles and enhance skills in communication to keep employees engaged and motivated. Four workshops have been held and were well received by the managers and employees who attended.
- » Communication strategies have been developed for key corporate initiatives such as the 'Main Roads 2020 Strategic Plan'. The '2020 Communication Plan' included various actions designed to raise awareness and understanding of Main Roads' strategic direction over the next eight years, including the utilisation of an intranet site, branding, articles, participation from key stakeholders and provision of two-way feedback opportunities.
- » A communication plan template and checklist have been developed to assist employees to develop communication strategies. The internal communications function has also provided advice to various managers who are aiming to improve their communication across Main Roads.

PRINCIPLE 9: RISK MANAGEMENT

We have in place a 'Corporate Risk Management Policy and Procedure' to identify, assess, monitor and manage risk throughout the organisation. Identified key risks and associated treatment plans are incorporated in the annual Directorate and Branch Business Plans and form part of the quarterly reporting cycle to Corporate Executive.



PERFORMANCE MEASURES AND FINANCIAL STATEMENTS

Statement of Certification

KEY PERFORMANCE INDICATORS

We hereby certify that the key performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the Commissioner of Main Roads performance and fairly represent the performance of the Commissioner of Main Roads for the financial year ended 30 June 2012.

FINANCIAL STATEMENTS

The accompanying financial statements of the Commissioner of Main Roads have been prepared in compliance with the provisions of the *Financial Management Act 2006* from proper accounts and records to present fairly the financial transactions for the financial year ending 30 June 2012 and the financial position as at 30 June 2012.

At the date of signing we are not aware of any circumstances which would render the particulars included in the financial statements misleading or inaccurate.

Peter Woronzow
Chief Finance Officer
17 August 2012

Menno Henneveld
Managing Director of Main Roads
17 August 2012

Reece Waldock
Accountable Authority
17 August 2012



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Parliament of Western Australia

COMMISSIONER OF MAIN ROADS

Report on the Financial Statements

I have audited the accounts and financial statements of the Commissioner of Main Roads.

The financial statements comprise the Statement of Financial Position as at 30 June 2012, the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and Notes comprising a summary of significant accounting policies and other explanatory information.

Commissioner's Responsibility for the Financial Statements

The Commissioner is responsible for keeping proper accounts, and the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the Treasurer's Instructions, and for such internal control as the Commissioner determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the financial statements based on my audit. The audit was conducted in accordance with Australian Auditing Standards. Those Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to Main Roads' preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Commissioner, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements are based on proper accounts and present fairly, in all material respects, the financial position of the Commissioner of Main Roads at 30 June 2012 and its financial performance and cash flows for the year then ended. They are in accordance with Australian Accounting Standards and the Treasurer's Instructions.

Report on Controls

I have audited the controls exercised by the Commissioner of Main Roads during the year ended 30 June 2012.

Controls exercised by the Commissioner of Main Roads are those policies and procedures established by the Commissioner to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions.

Commissioner's Responsibility for Controls

The Commissioner is responsible for maintaining an adequate system of internal control to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of public and other property, and the incurring of liabilities are in accordance with the Financial Management Act 2006 and the Treasurer's Instructions, and other relevant written law.

Auditor's Responsibility

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the controls exercised by the Commissioner of Main Roads based on my audit conducted in accordance with Australian Auditing and Assurance Standards.

An audit involves performing procedures to obtain audit evidence about the adequacy of controls to ensure that Main Roads complies with the legislative provisions. The procedures selected depend on the auditor's judgement and include an evaluation of the design and implementation of relevant controls.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the controls exercised by the Commissioner of Main Roads are sufficiently adequate to provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions during the year ended 30 June 2012.

Report on the Key Performance Indicators

I have audited the key performance indicators of the Commissioner of Main Roads for the year ended 30 June 2012.

The key performance indicators are the key effectiveness indicators and the key efficiency indicators that provide information on outcome achievement and service provision.

Commissioner's Responsibility for the Key Performance Indicators

The Commissioner is responsible for the preparation and fair presentation of the key performance indicators in accordance with the Financial Management Act 2006 and the Treasurer's Instructions and for such controls as the Commissioner determines necessary to ensure that the key performance indicators fairly represent indicated performance.

Auditor's Responsibility

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the key performance indicators based on my audit conducted in accordance with Australian Auditing and Assurance Standards.

An audit involves performing procedures to obtain audit evidence about the key performance indicators. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the key performance indicators. In making these risk assessments the auditor considers internal control relevant to the Commissioner's preparation and fair presentation of the key performance indicators in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the relevance and appropriateness of the key performance indicators for measuring the extent of outcome achievement and service provision.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the key performance indicators of the Commissioner of Main Roads are relevant and appropriate to assist users to assess Main Roads' performance and fairly represent indicated performance for the year ended 30 June 2012.

Independence

In conducting this audit, I have complied with the independence requirements of the Auditor General Act 2006 and Australian Auditing and Assurance Standards, and other relevant ethical requirements.

Matters Relating to the Electronic Publication of the Audited Financial Statements and Key Performance Indicators

This auditor's report relates to the financial statements and key performance indicators of the Commissioner of Main Roads for the year ended 30 June 2012 included on the Main Roads' website. The Main Roads' management is responsible for the integrity of the Main Roads' website. I have not been engaged to report on the integrity of the Main Roads' website. The auditor's report refers only to the financial statements and key performance indicators described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements or key performance indicators. If users of the financial statements and key performance indicators are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial statements and key performance indicators to confirm the information contained in this website version of the financial statements and key performance indicators.



COLIN MURPHY
AUDITOR GENERAL
FOR WESTERN AUSTRALIA
Perth, Western Australia
22 August 2012



Key Performance Measures

INTRODUCTION

Main Roads uses performance measurement to gain insight into, and make judgements about, the effectiveness and efficiency of its programs, processes and people. We measure our progress in meeting strategic goals and outcomes, gather and analyse performance data and then use that data to drive improvements and successfully measure the deployment of actions into outcomes.

Our performance measures support managerial decision making by providing useful information on how efficient

and effective our core processes are, if improvements are necessary, identification of potential risks, determination of customer and stakeholder satisfaction, and if we are meeting our own and Government goals.

We have a well-established outcome based performance measurement framework that seeks to measure the organisation's success in terms of delivering on agreed Government goals and outcomes. Our performance measures are integrated with the monthly performance evaluation process undertaken by the Corporate Executive Leadership team.

ALIGNMENT WITH GOVERNMENT GOALS

The Western Australian Government has identified the following goals that Main Roads will contribute to delivering. We will achieve the delivery of the Government goals through an outcome-based Program Management approach. There are seven programs that drive outcome-based decision making to achieve the agreed business outcomes. The following table shows the alignment of each Program against the Government's goals.

Program	MAIN ROADS		GOVERNMENT
	Outcome		Goal
Road Safety	A safe road environment		Outcome-Based Service Delivery
Office of Road Safety	Improved coordination and community awareness of road safety		
Road Management Road Efficiency	Reliable and efficient movement of people and goods		
State Development	Facilitate economic and regional development		State Building - Major Projects
Maintenance	A well maintained road network		Stronger focus on the Regions
Community Access	Improved community access and roadside amenity		Social and Environmental Responsibility



UNDERSTANDING COMMUNITY PERCEPTION MEASURES

Four of the measures are derived from an annual Community Perceptions Survey that seeks to reflect the satisfaction levels of customers in both metropolitan and rural areas of the State. These results are used to ensure that Main Roads' projects and customer service initiatives are targeted at the areas of greatest need.

Through the use of an external research company, the data was collected by way of telephone interview using a structured questionnaire. The results are based upon a random sample of 1,150 people (250 persons in the metropolitan area and 900 persons in rural areas). When extending these results to estimate the percentage of satisfied Western Australians, the margin of error is approximately 2.9% at the 95% confidence level and is also weighted to reflect the actual population distribution based on ABS statistics. Please note that the structure of the survey questionnaire has changed in 2011-12, however, the questions used to derive the results for this indicator remain unchanged. As such, comparability with prior year results is not affected.

The four measures are Community Satisfaction with Main Roads, road safety, maintenance, and provision of cycleway and pedestrian facilities.

STRUCTURE

The following provides a summary of Main Roads' program outcomes and measures for each indicator showing the trend over time as well as providing a status report as to how the results for 2011-12 compared against the targets agreed with Government. The remainder of this chapter provides commentary on the efficiency and effectiveness indicators grouped around the seven outcome-based programs.

SUMMARY OF KEY PERFORMANCE MEASURES AND OUTCOMES

KEY

- ✓ We are achieving our goals
- ✗ Desired results not achieved – taking action



	2009	2010	2011	2012 Target	2012 Actual	Status	Ref	
ROAD SAFETY PROGRAM								
% Community Satisfaction of road safety	97	96	95	90	92	✓	110	
Black Spot location indicator	12.1	11.7	11.2	11.0	10.7	✓	110	
% of contracts completed on time	46	59	61	90	67	✗	110	
% of contracts completed on budget	91	95	88	90	95	✓	110	
OFFICE OF ROAD SAFETY PROGRAM								
% Effectiveness of road safety awareness campaigns	n/a	84	79	>50	60	✓	111	
% of ORS Projects completed on time	n/a	78	90	90	87	✓	111	
% of ORS Projects completed on budget	n/a	82	88	90	97	✓	111	
ROAD EFFICIENCY AND ROAD SYSTEM MANAGEMENT PROGRAMS								
% Community Satisfaction	97	97	97	90	95	✓	112	
% Road network permitted for use by heavy vehicles	B Double-27.5m	99	99	96	98	✓	112	
	Double RT-27.5m	98	98	96	98	✓	112	
	Double RT-36.5m	80	79	78	79	✓	112	
	Triple RT-53.5m	44	44	44	44	✓	112	
% Network configuration	Roads	88	89	89	90	✓	112	
	Bridges	Strength	94	95	95	95	✓	113
		Width	94	94	94	94	✓	113
% of contracts completed on time	36	44	57	90	55	✗	113	
% of contracts completed on budget	86	89	86	90	82	✓	113	
Average \$ cost of network management per million vehicle km travelled	3,827	4,300	3,840	3,509	3,853	✗	113	



Intersection of Great Southern Highway and Boyanup-Picton Road

	2009	2010	2011	2012 Target	2012 Actual	Status	Ref	
STATE DEVELOPMENT PROGRAM								
Average return on construction expenditure	4.1	2.0	2.7	2.0	2.1	✓	114	
% of contracts completed on time	60	40	71	90	33	✗	114	
% of contracts completed on budget	80	100	100	90	100	✓	114	
ROAD MAINTENANCE PROGRAM								
% Smooth Travel Exposure	97	98	98	97	n/a	-	115	
% Community Satisfaction road maintenance	94	93	94	90	90	✓	115	
% Preventative maintenance indicator	88	87	85	84	85	✓	115	
% availability of traffic signals, road lighting and emergency phones	Traffic Signals	99.1	99.1	99.1	99	99.4	✓	115
	Road Lighting	99.4	99.4	97.4	99	96.1	✓	115
	Emergency phones	99.9	99.9	99.9	99	99.9	✓	115
Average \$ cost of network maintenance per lane kilometre of road network	6,170	6,811	6,083	6,700	7,946	✗	115	
COMMUNITY ACCESS PROGRAM								
% of the year that 100% of the Main Roads' State road network is available	65	95	85	70	89	✓	116	
% Community satisfaction with cycleways and pedestrian facilities	89	90	90	90	76	✗	116	
% of contracts completed on time	40	86	50	90	80	✓	116	
% of contracts completed on budget	100	71	100	90	100	✓	116	

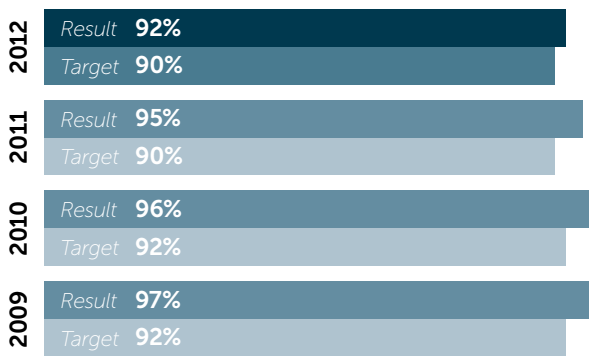
ROAD SAFETY

Outcome: Providing a Safe Road Environment

This program seeks to reduce the State's road fatality rate to the lowest in Australia by minimising road factors contributing to road trauma and reducing the serious crash injury rate. We demonstrate this through the following measures.

Community Satisfaction with Road Safety

This indicator represents how satisfied the community is with Main Roads' overall performance in the area of road safety. The survey results show that Main Roads' high performance on road safety remains strong with 92% rating it as okay or better exceeding the target of 90%. The overall trend for this indicator is declining with the current result down by 3% compared to last year. However Main Roads performance continues to rate strongly across all areas.



Black Spot Location Indicator

This indicator measures the number of locations on the road network that meet State Black Spot criteria based on crash history. The measure uses a sliding window to determine whether the number of locations eligible for funding is increasing or decreasing, taking into account the amount of travel in the State and the annual Black Spot funding used to treat those locations. The results for the period 2008 to 2011 have been recast as new information has been made available by the Australian Bureau of Statistics that amends the vehicle kilometres travelled input. Including this revised information ensures that the results over time remain accurate and comparable. Taking into account the new data the four year trend continues to show a gradual decline in the number of eligible black spot locations over the past four years with the 2012 result being the lowest recorded since the implementation of the Black Spot program in 2001, coming in below the estimated target.



Percentage of Contracts Completed on Time

This indicator represents the percentage of contracts that were delivered on time in the Road Safety Program. Whilst the target was established at 90%, 67% of contracts were delivered on time. Of the 14 contracts that were late, 12 exceeded the target date by more than 10 days. The following is an explanation of the reasons in each case:

- » Two contracts were delayed due to poor contractor performance
- » Six were delayed due to poor weather impacting on completion of works
- » One contract was late due to unavailability of suitable natural materials
- » Three were delayed due to service relocation by other bodies.

Percentage of Contracts Completed on Budget

This indicator represents the percentage of contracts delivered on budget in the Road Safety Program. The result of 82% is within an acceptable range of the target of 90%. There were two contracts that exceeded their target value; one was due to complications arising from unfavourable weather. The second case was due to lack of availability of suitable natural materials and minor scope changes associated with drainage.



OFFICE OF ROAD SAFETY

Outcome: Improved Coordination and Community Awareness of Road Safety

This program represents the outcomes sought from the Office of Road Safety and its role in supporting the Minister for Road Safety and the Road Safety Council in coordinating and raising community awareness of the road safety effort for Western Australia. We demonstrate this through the following measures.

** Note: Results from previous years are not available as this suite of measures was introduced for the first time in 2010.*

Effectiveness of Road Safety Awareness Campaigns

This indicator represents the portion of Western Australian drivers who remember seeing major road safety community education campaigns (valued at more than \$500,000) conducted by the Office of Road Safety. The data is collected independently through a professional market research company conducting campaign evaluation surveys of in excess of 400 responses before and after each major campaign, with a margin of error at plus or minus five per cent at the 95% confidence level. It should be noted that prior year information has been recast to reflect a more transparent approach aimed at ensuring that the benefit being measured is appropriate. This year the data is based on four major campaigns which averaged a penetration rate of 60%. This result whilst lower than last year exceeds the target of achieving an audience penetration rate of 50% or greater.

Percentage of Projects Completed on Time

This indicator represents the percentage of projects approved by the Road Safety Council and the Minister for Road Safety that were delivered on time by the Office of Road Safety, it excludes grant-funded projects. The current year's result shows that 87% of all projects were delivered on time slightly below the target of 90%.

Percentage of Contracts Completed on Budget

This indicator represents the percentage of projects approved by the Road Safety Council and the Minister for Road Safety that were delivered on budget by the Office of Road Safety. The current year's result shows that 97% of all projects were delivered on cost ahead of the target of 90%.



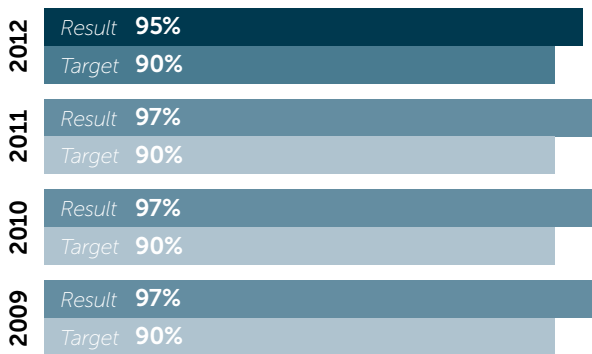
EFFICIENCY AND ROAD SYSTEM MANAGEMENT

Outcome: Safe and Efficient Movement of People and Goods

The Efficiency Program seeks to improve the efficiency, capacity and utilisation of the existing road network whilst the Road System Management Program seeks to optimise real-time management of the network, provide traveller information, asset management planning, and support service delivery throughout the organisation. Together these programs contribute to achieving the outcome. We demonstrate this through the following measures.

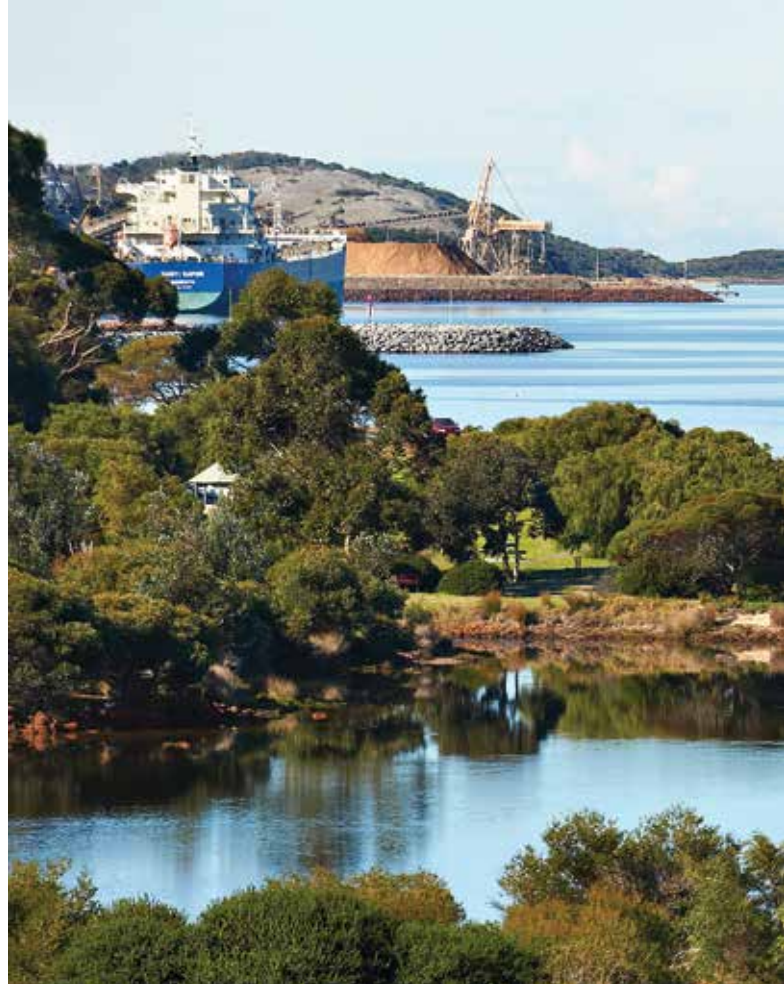
Community Satisfaction

The Community Satisfaction Indicator represents how satisfied the community is with Main Roads' overall performance in the management and operation of the State road network. The results are drawn from the Community Perception Survey where respondents were asked to rate Main Roads' overall performance on a five-point scale, 95% of respondents rate Main Roads' performance as okay or better. The overall trend remains positive with very strong results over the past four years exceeding the established target.



Road Network Permitted for use by Heavy Freight Vehicles

This indicator relates to the efficient movement of goods within Western Australia and the percentage of available State roads accessed by B-Doubles, Double road trains and Triple road trains. The use of larger vehicles with greater payloads can increase the overall efficiency of freight transport operations, resulting in lower transport costs. However, to maintain road safety and guard against infrastructure damage, restrictions are placed on some trucks. Because of the relatively high efficiency of these vehicles, the proportion of roads accessible to them is an important factor in the overall efficiency of freight transport in this State. Over the past four years the trend has remained relatively consistent with most minor fluctuations in results attributed to changes in ownership of roads between State and Local Government and very minor variations with access categorisation.



Network Configuration - Roads

This indicator shows the percentage of travel undertaken on roads meeting specific criteria for seal width, carriageway width and curve rating. The indicator gives a measure of the ability of Main Roads to plan for and maintain roads to desirable standards. In 2012, 89.3% of travel was undertaken on roads meeting the seal width, carriageway width and curve rating criteria which was very close to the target of 90%. The four-year trend shows the network is improving and Main Roads continues to plan and program works to address roads that are below the criteria.



Network Configuration - Bridges

Similar to the roads measure, bridges are assessed for strength and width using agreed investigatory criteria. The monitoring of bridge strength and width needs to ensure a safe and efficient road network relating to improved access and transport efficiencies. These measures are indicators for the number of bridges on



Princess Royal Drive, Albany

main roads and highways. Therefore, the percentage of bridges meeting these network configuration criteria should continue to rise but only slightly in future years. All bridges that do not meet the investigatory criteria for strength or width are considered in assessing, scoping and prioritising works, as part of the 10-year bridge strategy. The results of this indicator show that 95% of the bridges meet the agreed criteria for strength against a target of 95%. In relation to width, 95% of bridges meet the criteria against a target of 94%.

Percentage of Contracts Completed on Time

This indicator represents the percentage of contracts that were delivered on time in the Road Efficiency Program. Whilst the target was established at 90%, 55% of contracts were delivered on time. Of the five contracts that were late, only three exceeded the target date by more than 10 days. The following is an explanation of the reasons in each case:

- » Two contracts were delayed due to poor contractor performance. In one case the sub-contractor is no longer eligible to tender for Main Roads works. The second instance resulted in reduced payments due to remedial works being carried out by the Principal.
- » One contract was late due to delays in service relocations.

Percentage of Contracts Completed on Budget

This indicator represents the percentage of contracts delivered on budget in the Road Efficiency Program. The result of 82% is within an acceptable range of the target of 90%. There were two contracts that exceeded their target value: one was due to complications arising from unfavourable weather; the second was due to lack of availability of suitable natural materials and minor scope changes associated with drainage.

Average Cost of Network Management

This indicator measures the financial efficiency of the Road System Management program in terms of cost per million vehicle kilometres travelled to manage the road system. This measure has been calculated for the current and preceding three financial years in 2011-12 dollars. The overall four-year trend is inconsistent as this program includes occasional one-off development costs that can affect the overall results. In respect of the current year, the result of \$3,853 per million vehicle kilometres travelled (mvkt) exceeds the target. The target was established using an estimate of mvkt. Now that the actual figures are available it is apparent that the estimate used to establish the target was overstated.



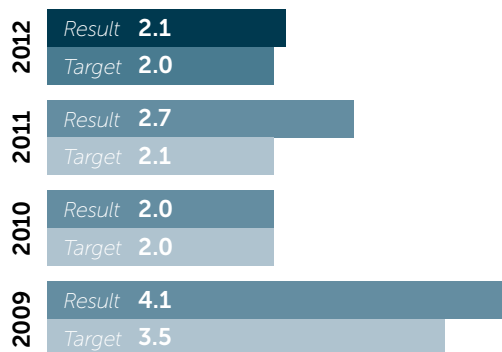
STATE DEVELOPMENT

Outcome: Facilitating Economic and Regional Development

This program expands the road network in accordance with State and Commonwealth transport and land use strategies that will facilitate the economic and regional development of the State. We demonstrate this through the following measures.

Return on Construction Expenditure

New road and bridge construction networks add to the capacity of the road network. Return on Construction Expenditure is based on Benefit Cost Ratio (BCR) estimates of a set of projects undertaken each year. It indicates the extent to which road and bridge construction expenditure will deliver economic benefits to the community. This indicator represents the expenditure weighted BCR for the State Development Program for which a BCR has been calculated. The indicator has decreased from 4.1 in 2008-09 to 2.12 in 2011-12 due to the winding down of the New Perth Bunbury Highway Project. Given the large value and high BCR for this project, it has had a significant impact on the overall trend of this indicator. However, the outcome for the current year is slightly above the target.



Percentage of Contracts Completed on Time

This indicator represents the percentage of contracts that were delivered on time in the State Development Program. Whilst the target was established at 90%, 33% of contracts were delivered on time. This year the indicator is only measuring three contracts as many of the most significant projects are not due for completion until next financial year. In total two contracts were late. In one instance the contract was subject to a minor delay pending confirmation of compliance of specialist technical welds against Australian Standards; actual works were completed on time. In the second case the works were delivered late due to delays in obtaining approval to work on Port Authority land.

Percentage of Contracts Completed on Budget

This indicator represents the percentage of contracts delivered on budget against a target of 90% in the State Development Program. The result achieved was 100% of contracts being delivered on budget.

ROAD MAINTENANCE

Outcome: Providing a Well-Maintained Network

This program seeks to maintain the existing road and bridge network by maximising asset life and minimising whole-of-life costs. We demonstrate this through the following measures.

Smooth Travel Exposure

This indicator is based on the percentage of travel undertaken on the State road network meeting specific roughness criteria. Over the last four years the results have been relatively constant with between 97 and 98% of all travel undertaken on roads that meet the roughness standard. When looking at the overall trend, the figures indicate that the network consistently provides smooth travel for road users. A review has been undertaken as to the frequency of the data collection that underpins this indicator and a decision was made to only collect this data every two years. Therefore, no data collection to support this indicator was done during 2011-12 and there is no result to report.

Community Satisfaction of Road Maintenance

The Community Satisfaction of Road Maintenance indicator represents how satisfied the community is with Main Roads in the maintenance of the State road network. The results are drawn from the Community Perception Survey. Overall community satisfaction with road maintenance has remained relatively stable at 90% and meets the agreed target.

Preventative Maintenance Indicator

The Preventative Maintenance Indicator provides a measure of the proportion of sealed State road network which has a surfacing age younger than its optimal target age. The indicator provides a measure of proactive maintenance undertaken on the network on an annual basis. Sections of the network with a surfacing age younger than target age are classified as 'Good'. In 2012, the proportion of the network with a surfacing age considered 'Good' was 85% which is above the target value of 84%. The results over the four-year period are relatively consistent.



Availability of Traffic Signals, Road Lighting and Emergency Telephones

This measures the availability of traffic signals, road lighting and emergency telephones throughout the road network as a percentage of time the assets are fully operational. The availability of traffic signals, road lighting and emergency telephones continues to be relatively stable. The result for road lighting was 3% below the target of 99%, this is attributed to the continuing growth in road lighting with more than 12,000 new light poles added to the network over the last 12 months. On the whole, this measure shows that Main Roads is maintaining and operating traffic signals, road lighting and emergency telephones throughout the network at near optimum levels.

% availability of	2009	2010	2011	2012 Target	2012 Actual
Traffic Signals	99.1	99.1	99.1	99	99.4
Road Lighting	99.4	99.4	97.4	99	96.1
Emergency phones	99.9	99.9	99.9	99	99.9

Average Cost of Network Maintenance Per Lane Kilometre of Road Network

This indicator identifies the financial efficiency of road and roadside maintenance works by showing the cost per lane kilometre to maintain acceptable travel conditions on State roads. In determining the cost basis expenditure on structures, infrastructure depreciation, grants to local government and pavement replacement on Kwinana Freeway have been excluded. In order to compare 2010-11 figures with previous years all figures have been adjusted and reported in terms of current year's dollars which can influence the trend result. The overall trend for this measure is inconsistent with the current result indicating that the measure did not meet target by some \$1,246. The reason for this is largely as a result of excessive unfunded expenditure arising from declared Natural Disasters, inclusion of the reseal backlog program projects and payment of rise and fall claims associated with the former term network contracts coupled with establishment costs associated with implementation of the Integrated Services Arrangements not forming part of the original target.

COMMUNITY ACCESS

Outcome: Improving Community Access and Roadside Amenity

This program seeks to provide infrastructure that will increase personal mobility and community access. We demonstrate this through the following measures:

Unplanned Road Closure on the State Road Network

Generally 100% of Main Roads' road network is available to all road users; however, there are unplanned road closures due to a number of reasons including flooding, cyclones, major bushfires and major road accidents, which may vary in duration. The availability of the sealed road network is measured as a percentage of calendar days that the whole network is available to the road user. Closure is determined by measuring the number of whole days (24 hours commencing from the time the road is closed) that any section of the sealed road network is closed. This year the road network was available 89% of the year which exceeds the 70% target. With the exception of bushfire events in the Mid West and Gascoyne, all other closures were due to flooding and rainfall events including Tropical Cyclone Lua.

Community Satisfaction with Cycleways and Pedestrian Facilities

This indicator represents how satisfied the community is with Main Roads' performance in the construction, maintenance and management of cycleways and pedestrian facilities. The results are drawn from the Community Perception Survey. The overall result shows that community satisfaction regarding provision of cycleway and pedestrian facilities has fallen significantly to 76% and is well below the target of 90%. The 24% who rated Main Roads as poor or terrible were asked to provide a reason for their rating, common themes that emerged included limited pedestrian facilities on major roads, not enough places for pedestrians to safely cross roads, and a view that bicycle riders need to have their own cycle lanes.

Percentage of Contracts Completed on Time

This indicator represents the percentage of contracts that were delivered on time in the Community Access Program. Whilst the target was established at 90%, 80% of contracts were delivered on time. Only one contract was late which was due to defective works, rework was undertaken at the contractors own cost.

Percentage of Contracts Completed on Budget

This indicator represents the percentage of contracts delivered on budget against a target of 90%. The result achieved was 100% of contracts being delivered on budget.