

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2012

1 Australian Accounting Standards

General

The Commissioner of Main Roads' (Main Roads) financial statements for the year ended 30 June 2012 have been prepared in accordance with Australian Accounting Standards. The term 'Australian Accounting Standards' includes Standards and Interpretations issued by the Australian Accounting Standards Board (AASB).

Main Roads has adopted any applicable new and revised Australian Accounting Standards from their operative dates.

Early adoption of standards

Main Roads cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 *Application of Australian Accounting Standards and Other Pronouncements*. There has been no early adoption of Australian Accounting Standards that have been issued or amended (but not operative) by Main Roads for the annual reporting period ended 30 June 2012.

2 Summary of significant accounting policies

(a) General statement

Main Roads is a not-for-profit reporting entity that prepares general purpose financial statements in accordance with Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the AASB as applied by the Treasurer's Instructions. Several of these are modified by the Treasurer's Instructions to vary application, disclosure, format and wording.

The *Financial Management Act* and the Treasurer's Instructions impose legislative provisions that govern the preparation of financial statements and take precedence over Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the AASB.

Where modification is required and has had a material or significant financial effect upon the reported results, details of that modification and the resulting financial effect are disclosed in the notes to the financial statements.

(b) Basis of preparation

The financial statements have been prepared on the accrual basis of accounting using the historical cost convention, except for land, buildings and infrastructure which have been measured at fair value.

The accounting policies adopted in the preparation of the financial statements have been consistently applied throughout all periods presented unless otherwise stated.

The financial statements are presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000).

Note 3 'Judgements made by management in applying accounting policies' discloses judgements that have been made in the process of applying the Main Roads' accounting policies resulting in the most significant effect on amounts recognised in the financial statements.

Note 4 'Key sources of estimation uncertainty' discloses key assumptions made concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(c) Reporting entity

The reporting entity comprises the Commissioner of Main Roads.

(d) Contributed equity

AASB Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities* requires transfers in the nature of equity contributions, other than as a result of a restructure of administrative arrangements, to be designated by the Government (the owner) as contributions by owners (at the time of, or prior to transfer) before such transfers can be recognised as equity contributions. Capital appropriations have been designated as contributions by owners by TI 955 *Contributions by Owners made to Wholly Owned Public Sector Entities* and have been credited directly to Contributed equity.

The transfers of net assets to/from other agencies, other than as a result of a restructure of administrative arrangements, are designated as contributions by owners where the transfers are non-discretionary and non-reciprocal.

(e) Income

Revenue recognition

Revenue is recognised and measured at the fair value of consideration received or receivable. The following specific recognition criteria must also be met before revenue is recognised for the major business activities as follows:

Sale of goods

Revenue is recognised from the sale of goods and disposal of other assets when the significant risks and rewards of ownership transfer to the purchaser and can be measured reliably.

Provision of services

Revenue is recognised by reference to the stage of completion of the transaction.

Interest

Revenue is recognised as the interest accrues.

Service appropriations

Service Appropriations are recognised as revenues at fair value in the period in which Main Roads gains control of the appropriated funds. Main Roads gains control of appropriated funds at the time those funds are deposited to the bank account or credited to the 'Amounts receivable for services' (holding account) held at Treasury.

Grants, donations, gifts and other non-reciprocal contributions

Revenue is recognised at fair value when Main Roads obtains control over the assets comprising the contributions, usually when cash is received.

Other non-reciprocal contributions that are not contributions by owners are recognised at their fair value. Contributions of services are only recognised when a fair value can be reliably determined and the services would be purchased if not donated.

Gains

Realised and unrealised gains are usually recognised on a net basis. These include gains arising on the disposal of non-current assets and some revaluations of non-current assets.

(f) Borrowing costs

Borrowing costs for qualifying assets are capitalised net of any investment income earned on the unexpended portion of the borrowings. Other borrowing costs are expensed when incurred.

(g) Property, plant and equipment and infrastructure

Capitalisation/expensing of assets

Items of property, plant and equipment and infrastructure costing \$5,000 or more are recognised as assets and the cost of utilising assets is expensed (depreciated) over their useful lives. Items of property, plant and equipment and infrastructure costing less than \$5,000 are immediately expensed direct to the Statement of Comprehensive Income (other than where they form part of a group of similar items which are significant in total).

Initial recognition and measurement

Property, plant and equipment and infrastructure are initially recognised at cost.

For items of property, plant and equipment and infrastructure acquired at no cost or for nominal cost, the cost is the fair value at the date of acquisition.

Subsequent measurement

Subsequent to initial recognition as an asset, the revaluation model is used for the measurement of land, buildings and infrastructure and historical cost for all other property, plant and equipment. Land, buildings and infrastructure are carried at fair value less accumulated depreciation (buildings and infrastructure only) and accumulated impairment losses. All other items of property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Where market-based evidence is available, the fair value of land and buildings is determined on the basis of current market buying values determined by reference to recent market transactions. When buildings are revalued by reference to recent market transactions, the accumulated depreciation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount.

In the absence of market-based evidence, fair value of land and buildings is determined on the basis of existing use. This normally applies where buildings are specialised or where land use is restricted. Fair value for existing use assets is determined by reference to the cost of replacing the remaining future economic benefits embodied in the asset, ie. the depreciated replacement cost. Where the fair value of buildings is determined on the depreciated replacement cost basis, the gross carrying amount and the accumulated depreciation are restated proportionately.

Land and buildings are independently valued annually by the Western Australian Land Information Authority (Valuation Services) and recognised annually to ensure that the carrying amount does not differ materially from the asset's fair value at the end of the reporting period.

Fair value of infrastructure, other than land under roads, has been determined by reference to the depreciated replacement cost (existing use basis) as the assets are specialised and no market-based evidence of value is available. The replacement cost is determined by Main Roads every three years by reference to the cost of a new asset and adjusted in the intervening years by reference to a cost index (ABS Road and Bridge Construction Cost Index) to ensure asset values do not materially differ from fair value. The value of roads and principal shared paths (earthworks, drainage, pavements and seals), bridges and road furniture at 30 June 2012 is based on the current depreciated replacement cost determined at 30 June 2011 by Main Roads and a cost index (ABS Road and Bridge Construction Cost Index) has been applied to ensure asset values do not materially differ from fair value.

When infrastructure is revalued, the accumulated depreciation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

Work in Progress is recognised at cost.

The fair value of land under roads (i.e. land within road reserves) is based on the market value of the land adjoining the road reserve. The land values are provided by geographic location on an annual basis by the Western Australian Land Information Authority (Valuation Services) as follows:

- » Metropolitan area – median value for single residential land for each Local Government Area. Land parcels up to 899 square metres are assumed to have a single residential zoning.
- » South West Region - nominal unimproved valuation rates covering the south west of the State from Geraldton to Esperance.
- » Balance of State - nominal unimproved valuation rates based on leasehold rates for Crown land.

The most significant assumptions in estimating fair value are made in assessing whether to apply the existing use basis to assets and in determining estimated useful life. Professional judgement by the valuer is required where the evidence does not provide a clear distinction between market type assets and existing use assets.

Land acquired for road reserves is initially reported as 'land acquired for roadworks' under 'property, plant and equipment' until the land is required for road construction. It is then transferred to 'land within road reserves' and reported as part of infrastructure assets.

Land determined to be surplus to the requirements of the road reserve is available for disposal and is transferred to 'surplus land' or 'non current assets held for sale' depending on the timetable for disposal.

Wherever possible, the properties are rented or leased until required for roadworks. Income from these properties is recognised as revenue in the financial year it is earned.

Derecognition

Upon disposal or derecognition of an item of property, plant and equipment and infrastructure, any revaluation surplus relating to that asset is retained in the asset revaluation surplus.

Asset revaluation surplus

The asset revaluation surplus is used to record increments and decrements on the revaluation of non-current assets as described in note 28 'Property, plant and equipment'.

Depreciation

All non-current assets having a limited useful life are systematically depreciated over their estimated useful lives in a manner that reflects the consumption of their future economic benefits.

Road earthworks do not generally have a finite life. Physical deterioration and commercial obsolescence are not significant factors. The small percentage of earthworks that are depreciated have been assessed to be substandard in terms of horizontal alignment and therefore impacted by technical obsolescence. An engineering review is completed annually to identify these segments of the network.

Depreciation is calculated using the straight line method, using rates which are reviewed annually. Estimated useful lives for each class of depreciable asset are:

ROAD INFRASTRUCTURE:	
Earthworks	Up to 173 years
Pavement, drainage and seals:	
Metropolitan asphalt roads	40 years
Sealed rural roads	50 years
Gravel roads	12 years
Bridges	60 to 100 years
Road furniture	25 to 40 years
PROPERTY, PLANT & EQUIPMENT:	
Buildings	10 to 40 years
Plant and vehicles	5 to 10 years
Equipment and furniture	5 to 13 years
Computer hardware and software ^(a)	3 to 13 years

(a) Software that is integral to the operation of related hardware

Land is not depreciated.

(h) Intangible assets

Capitalisation/expensing of assets

Acquisitions of intangible assets costing \$5,000 or more and internally generated intangible assets costing \$50,000 or more are capitalised. The cost of utilising the assets is expensed (amortised) over their useful life. Costs incurred below these thresholds are immediately expensed directly to the Statement of Comprehensive Income.

Intangible assets are initially recognised at cost. For assets acquired at no cost or for nominal cost, the cost is their fair value at the date of acquisition.

The cost model is applied for subsequent measurement requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses.

Amortisation for intangible assets with finite useful lives is calculated for the period of the expected benefit (estimated useful life which is reviewed annually) on the straight line basis. All intangible assets controlled by Main Roads have a finite useful life and zero residual value.

The expected useful lives for each class of intangible asset are:

Computer software (a) and licences	3 to 10 years
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(a) Software that is not integral to the operation of any related hardware

Computer software and licences

Software that is an integral part of the related hardware is treated as property, plant and equipment. Software that is not an integral part of the related hardware is treated as an intangible asset. Software costing less than \$5,000 is expensed in the year of acquisition.

Drainage easements

Easements secured over properties for the purpose of road drainage have an indefinite useful life.

(i) Impairment of assets

Property, plant and equipment, infrastructure and intangible assets are tested for any indication of impairment at the end of each reporting period. Where there is an indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the carrying amount, the asset is considered impaired and is written down to the recoverable amount and an impairment loss is recognised. As Main Roads is a not-for-profit entity, unless an asset has been identified as a surplus asset, the recoverable amount is the higher of an asset's fair value less costs to sell and depreciated replacement cost.

The risk of impairment is generally limited to circumstances where an asset's depreciation is materially understated, where the replacement cost is falling or where there is a significant change in useful life.

The exception is road earthworks when the alignment of a section of road may be assessed to be deficient and the useful life of the asset is revised from infinite to finite. Each relevant class of assets is reviewed annually to verify that the accumulated depreciation/amortisation reflects the level of consumption or expiration of asset's future economic benefits and to evaluate any impairment risk from falling replacement costs.

Intangible assets with an indefinite useful life and intangible assets not yet available for use are tested for impairment at the end of each reporting period irrespective of whether there is any indication of impairment.

The recoverable amount of assets identified as surplus assets is the higher of fair value less costs to sell and the present value of future cash flows expected to be derived from the asset. Surplus assets carried at fair value have no risk of material impairment where fair value is determined by reference to market-based evidence. Where fair value is determined by reference to depreciated replacement cost, surplus assets are at risk of impairment and the recoverable amount is measured. Surplus assets at cost are tested for indications of impairment at the end of each reporting period.

(j) Non-current assets (or disposal groups) classified as held for sale

Non-current assets (or disposal groups) held for sale are recognised at the lower of carrying amount and fair value less costs to sell, and are disclosed separately from other assets in the Statement of Financial Position. Assets classified as held for sale are not depreciated or amortised.

(k) Leases

Operating leases are expensed on a straight line basis over the lease term as this represents the pattern of benefits derived from the leased properties.

(l) Financial instruments

In addition to cash, Main Roads has two categories of financial instrument:

- » Loans and receivables; and
- » Financial liabilities measured at amortised cost.

Financial instruments have been disaggregated into the following classes:

- » Financial Assets
 - Cash and cash equivalents
 - Restricted cash and cash equivalents
 - Receivables
 - Amounts receivable for services
- » Financial Liabilities
 - Payables
 - WATC Loan

Initial recognition and measurement of financial instruments is at fair value which normally equates to the transaction cost or the face value. Subsequent measurement is at amortised cost using the effective interest method.

The fair value of short-term receivables and payables is the transaction cost or the face value because there is no interest rate applicable and subsequent measurement is not required as the effect of discounting is not material.

(m) Cash and cash equivalents

For the purpose of the Statement of Cash Flows, cash and cash equivalent (and restricted cash and cash equivalent) assets comprise cash on hand and short-term deposits with original maturities of three months or less that are readily convertible to a known amount of cash and which are subject to insignificant risk of changes in value.

(n) Accrued salaries

Accrued salaries (see note 32 'Payables') represent the amount due to staff but unpaid at the end of the financial year. Accrued salaries are settled within a fortnight of the financial year end. Main Roads considers the carrying amount of accrued salaries to be equivalent to its fair value.

(o) Amounts receivable for services (holding account)

Main Roads receives income from the State Government partly in cash and partly as an asset (holding account receivable). The accrued amount appropriated is accessible on the emergence of the cash funding requirement to cover leave entitlements and asset replacement.

(p) Inventories

Inventories held for distribution (for roadworks) are measured at the lower of cost and current replacement cost. Costs are assigned on a standard, average or last known cost basis.

Inventories held for resale are valued at the lower of cost and net realisable value. See note 25 'Inventories'.

(q) Receivables

Receivables are recognised at original invoice amount less an allowance for any uncollectible amounts (i.e. impairment). The collectability of receivables is reviewed on an ongoing basis and any receivables identified as uncollectible are written-off against the allowance account. The allowance for uncollectible amounts (doubtful debts) is raised when there is objective evidence that Main Roads will not be able to collect the debts. The carrying amount is equivalent to fair value as it is due for settlement within 30 days.

(r) Payables

Payables are recognised when Main Roads becomes obliged to make future payments as a result of a purchase of assets or services. The carrying amount is equivalent to fair value, as settlement is generally within 30 days.

(s) Borrowings

All loans payable are initially recognised at fair value, being the net proceeds received. Subsequent measurement is at amortised cost using the effective interest method.

(t) Provisions

Provisions are liabilities of uncertain timing or amount and are recognised where there is a present legal or constructive obligation as a result of a past event and when the outflow of resources embodying economic benefits is probable and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at the end of each reporting period.

Provisions - employee benefits

All annual leave and long service leave provisions are in respect of employees' services up to the end of the reporting period.

Annual leave

The liability for annual leave that is expected to be settled within 12 months after the end of the reporting period is recognised and measured at the undiscounted amounts expected to be paid when the liability is settled.

Annual leave that is not expected to be settled within 12 months after the end of the reporting period is recognised and measured at the present value of amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

When assessing expected future payments consideration is given to expected future wage and salary levels including non-salary components such as employer superannuation contributions, as well as the experience of employee departures and periods of service. The expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

The provision for annual leave is classified as a current liability as Main Roads does not have an unconditional right to the defer settlement of the liability for at least 12 months after the end of the reporting period.

Long service leave

The liability for long service leave that is expected to be settled within 12 months after the end of the reporting period is recognised and measured at the undiscounted amounts expected to be paid when the liability is settled.

Long service leave that is not expected to be settled within 12 months after the end of the reporting period is recognised and measured at the present value of amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

When assessing expected future payments consideration is given to expected future wage and salary levels including non-salary components such as employer superannuation contributions, as well as the experience of employee departures and periods of service. The expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

Unconditional long service leave provisions are classified as current liabilities as Main Roads does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. Pre-conditional and conditional long service leave provisions are classified as non-current liabilities because Main Roads has an unconditional right to defer the settlement of the liability until the employee has completed the requisite years of service.

Sick leave

Liabilities for sick leave are recognised when it is probable that sick leave paid in the future will be greater than the entitlement that will accrue in the future.

Past history indicates that on average, sick leave taken each reporting period is less than the entitlement accrued. This is expected to continue in future periods. Accordingly, it is unlikely that existing accumulated entitlements will be used by employees and no liability for unused sick leave entitlements is recognised. As sick leave is non-vesting, an expense is recognised in the Statement of Comprehensive Income for this leave as it is taken.

Deferred leave

The provision for deferred leave relates to Public Service employees who have entered into an agreement to self-fund an additional twelve months leave in the fifth year of the agreement. The provision recognises the value of salary set aside for employees to be used in the fifth year. This liability is measured on the same basis as annual leave. Deferred leave is reported as a current provision as employees can leave the scheme at their discretion at any time.

Purchased leave

The provision for purchased leave relates to Public Service employees who have entered into an agreement to self-fund up to an additional ten weeks leave per calendar year. The provision recognises the value of salary set aside for employees and is measured at the nominal amounts expected to be paid when the liabilities are settled. This liability is measured on the same basis as annual leave.

Superannuation

The Government Employees Superannuation Board (GESB) and other funds administer public sector superannuation arrangements in Western Australia in accordance with legislative requirements. Eligibility criteria for membership in particular schemes for public sector employees varies according to commencement and implementation dates.

Eligible employees contribute to the Pension Scheme, a defined benefit pension scheme closed to new members since 1987, or the Gold State Superannuation Scheme (GSS), a defined benefit lump sum scheme closed to new members since 1995.

The GSS is a defined benefit scheme for the purposes of employees and whole-of-government reporting. However, it is a defined contribution plan for agency purposes because the concurrent contributions (defined contributions) made by Main Roads to GESB extinguishes the agency's obligations to the related superannuation liability.

Main Roads has no liabilities under the Pension Scheme or the GSS. The liabilities for the unfunded Pension Scheme and the unfunded GSS transfer benefits attributable to members who transferred from the Pension Scheme, are assumed by the Treasurer. All other GSS obligations are funded by concurrent contributions made by Main Roads to the GESB.

Employees commencing employment prior to 16 April 2007 who were not members of either the Pension Scheme or the GSS became non-contributory members of the West State Superannuation Scheme (WSS). Employees commencing employment on or after 16 April 2007 became members of the GESB Super Scheme (GESBS). From 30 March 2012, existing members of the WSS or GESBS and new employees became able to choose their preferred superannuation fund. Main Roads makes concurrent contributions to GESB or other funds on behalf of the employees in compliance with the *Commonwealth Government's Superannuation Guarantee (Administration) Act 1992*. Contributions to these accumulation schemes extinguish Main Roads' liability for superannuation charges in respect of employees who are not members of the Pension Scheme or GSS.

The GESB makes all benefit payments in respect of the Pension Scheme and GSS, and is recouped from the Treasurer for the employer's share.

Provisions – other

Employment on-costs

Employment on-costs, including workers' compensation insurance, are not employee benefits and are recognised separately as liabilities and expenses when the employment to which they relate has occurred. Employment on-costs are included as part of 'Other expenses' and are not included as part of Main Roads' 'Employee benefits expense'. The related liability is included in 'Employment on-costs provision'.

(u) Superannuation expense

The superannuation expense in the Statement of Comprehensive Income comprises employer contributions paid to the GSS (concurrent contributions), WSS, the GESBS, or other superannuation fund.

(v) Resources received free of charge or for nominal cost

Resources received free of charge or for nominal cost that can be reliably measured are recognised as income at fair value. Where the resource received represents a service that Main Roads would otherwise pay for, a corresponding expense is recognised. Receipts of assets are recognised in the Statement of Financial Position.

Assets or services received from other State Government agencies are separately disclosed under Income from State Government in the Statement of Comprehensive Income.

(w) Comparative figures

Comparative figures are, where appropriate, reclassified to be comparable with the figures presented in the current financial year.

(x) Insurance

Main Roads regularly reviews its insurance arrangements including areas where self-insurance is deemed to be economically justified. Self insurance covers the risks of natural disasters causing damage to infrastructure assets. Currently, these self-insurance areas are:

- » roads, bridges and road furniture

(y) Property liabilities and commitments

A liability has been recognised in respect of properties for which a Notice of Resumption under the *Land Administration Act 1997* has been issued and formal possession has taken place but where settlement has not been achieved at the end of the reporting period. Liabilities in such circumstances have been based on valuations and include costs of acquisition. This liability is included in Payables. See note 32 'Payables'.

3 Judgements made by management in applying accounting policies

There were no material judgements made by management in applying accounting policies for the 2011-12 financial year, other than those disclosed at note 2(y) 'Property liabilities and commitments'.

4 Key sources of estimation uncertainty

Key estimates and assumptions concerning the future are based on historical experience and various other factors that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

Long Service Leave

The liability for long service leave is measured at the present value of amounts expected to be paid when the liabilities are settled. The assessment of future payments is based on estimated retention rates and remuneration levels and discounted using current market yields on national government bonds with maturity dates that match the estimated future cash outflows.

Depreciated replacement cost of infrastructure assets

Infrastructure assets, other than land within road reserves, are measured at current depreciated replacement cost by reference to the cost of new assets. The replacement cost is reviewed every three years on the basis of actual contract construction rates and adjusted in the intervening years by applying the Road and Bridge Construction Index published by the Australian Bureau of Statistics.

5 Disclosure of changes in accounting policy and estimates

Initial application of an Australian Accounting Standard

Main Roads has applied the following Australian Accounting Standards effective for annual reporting periods beginning on or after 1 July 2011 that impacted on Main Roads.

AASB 1054	<p><i>Australian Additional Disclosures</i></p> <p>This Standard, in conjunction with AASB 2011-1 <i>Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project</i>, removes disclosure requirements from other Standards and incorporates them in a single Standard to achieve convergence between Australian and New Zealand Accounting Standards. There is no financial impact.</p>
AASB 2009-12	<p><i>Amendments to Australian Accounting Standards [AASB 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Int 2, 4, 16, 1039 & 1052]</i></p> <p>This Standard makes editorial amendments to a range of Australian Accounting Standards and Interpretations. There is no financial impact.</p>
AASB 2010-4	<p><i>Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, 7, 101 & 134 and Int 13]</i></p> <p>The amendments to AASB 7 clarify financial instrument disclosures in relation to credit risk. The carrying amount of financial assets that would otherwise be past due or impaired whose terms have been negotiated is no longer required to be disclosed. There is no financial impact.</p> <p>The amendments to AASB 101 clarify the presentation of the Statement of the Changes in Equity. The disaggregation of other comprehensive income reconciling the carrying amount at the beginning and the end of the period for each component of equity can be presented in either the Statement of Changes in Equity or the Notes. There is no financial impact.</p>
AASB 2010-5	<p><i>Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Int 112, 115, 127, 132 & 1042]</i></p> <p>This Standard makes editorial amendments to a range of Australian Accounting Standards and Interpretations. There is no financial impact.</p>
AASB 2010-6	<p><i>Amendments to Australian Accounting Standards - Disclosures on Transfers of Financial Assets [AASB 1 & 7]</i></p> <p>This Standards introduces additional disclosures relating to transfers of financial assets in AASB 7. An equity shall disclose all transferred financial assets that are not derecognised and any continuing involvement in a transferred asset, existing at the reporting date, irrespective of when the related transfer transaction occurred. There is no financial impact.</p>
AASB 2011-1	<p><i>Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project [AASB 1, 5, 101, 107, 108, 121, 128, 132 & 134 and Int 2, 112 & 113]</i></p> <p>This Standard, in conjunction with AASB 1054, removes disclosure requirements from other Standards and incorporates them in a single Standard to achieve convergence between Australian and New Zealand Accounting Standards. There is no financial impact.</p>
AASB 2011-5	<p><i>Amendments to Australian Accounting Standards - Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation [AASB 127, 128 & 131]</i></p> <p>This Standard extends the relief from consolidation, the equity method and proportionate consolidation by removing the requirement for the consolidated financial statements prepared by the ultimate or any intermediate parent entity to be IFRS compliant, provided that the parent entity, investor or venturer and the ultimate or intermediate parent entity are not-for-profit non-reporting entities that comply with Australian Accounting Standards. There is no financial impact.</p>

Future impact of Australian Accounting Standards not yet operative

Main Roads cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 *Application of Australian Accounting Standards and Other Pronouncements*. Consequently, Main Roads has not applied early any of the following Australian Accounting Standards that have been issued that may impact Main Roads. Where applicable, Main Roads plans to apply these Australian Accounting Standards from their application date.

		Operative for reporting periods beginning on/after
AASB 9	<p><i>Financial Instruments</i></p> <p>This Standard supersedes AASB 139 <i>Financial Instruments: Recognition and Measurement</i>, introducing a number of changes to accounting treatments.</p> <p>The Standard was reissued in December 2010. Main Roads has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2013
AASB 10	<p><i>Consolidated Financial Statements</i></p> <p>This Standard supersedes requirements under AASB 127 <i>Consolidated and Separate Financial Statements</i> and Int 112 <i>Consolidation - Special Purpose Entities</i>, introducing a number of changes to accounting treatments.</p> <p>The Standard was issued in August 2011. Main Roads has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2013
AASB 11	<p><i>Joint Arrangements</i></p> <p>This Standard supersedes AASB 131 <i>Interests in Joint Ventures</i>, introducing a number of changes to accounting treatments.</p> <p>The Standard was issued in August 2011. Main Roads has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2013
AASB 12	<p><i>Disclosure of Interests in Other Entities</i></p> <p>This Standard supersedes disclosure requirements under AASB 127 <i>Consolidated and Separate Financial Statements</i>, AASB 128 <i>Investments in Associates</i> and AASB 131 <i>Interests in Joint Ventures</i>.</p> <p>The Standard was issued in August 2011. Main Roads has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2013
AASB 13	<p><i>Fair Value Measurement</i></p> <p>This Standard defines fair value, sets out a framework for measuring fair value and requires disclosures about fair value measurements. There is no financial impact.</p>	1 Jan 2013
AASB 119	<p><i>Employee Benefits</i></p> <p>This Standard supersedes AASB 119 (October 2010). As Main Roads does not operate a defined benefit plan, the impact of the change is limited to measuring annual leave as a long-term employee benefit. The resultant discounting of the annual leave benefit has an immaterial impact.</p>	1 Jan 2013
AASB 127	<p><i>Separate Financial Statements</i></p> <p>This Standard supersedes requirements under AASB 127 <i>Consolidated and Separate Financial Statements</i>, introducing a number of changes to accounting treatments.</p> <p>The Standard was issued in August 2011. Main Roads has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2013
AASB 128	<p><i>Investments in Associates and Joint Ventures</i></p> <p>This Standard supersedes AASB 128 <i>Investments in Associates</i>, introducing a number of changes to accounting treatments.</p> <p>The Standard was issued in August 2011. Main Roads has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2013

		Operative for reporting periods beginning on/after
AASB 1053	<p><i>Application of Tiers of Australian Accounting Standards</i></p> <p>This Standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements. There is no financial impact.</p>	1 Jul 2013
AASB 2009-11	<p><i>Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Int 10 & 12]</i></p> <p>[Modified by AASB 2010-7]</p>	1 Jul 2013
AASB 2010-2	<p><i>Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050 & 1052 and Int 2, 4, 5, 15, 17, 127, 129 & 1052]</i></p> <p>This Standard makes amendments to Australian Accounting Standards and Interpretations to introduce reduced disclosure requirements for certain types of entities. There is no financial impact.</p>	1 Jul 2013
AASB 2010-7	<p><i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Int 2, 5, 10, 12, 19 & 127]</i></p> <p>This Standard makes consequential amendments to other Australian Accounting Standards and Interpretations as a result of issuing AASB 9 in December 2010. Main Roads has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2013
AASB 2011-2	<p><i>Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project – Reduced Disclosure Requirements [AASB 101 & 1054]</i></p> <p>This Standard removes disclosure requirements from other Standards and incorporates them in a single Standard to achieve convergence between Australian and New Zealand Accounting Standards for reduced disclosure reporting. There is no financial impact.</p>	1 Jul 2013
AASB 2011-6	<p><i>Amendments to Australian Accounting Standards - Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation – Reduced Disclosure Requirements [AASB 127, 128 & 131]</i></p> <p>This Standard extends the relief from consolidation, the equity method and proportionate consolidation by removing the requirement for the consolidated financial statements prepared by the ultimate or any intermediate parent entity to be IFRS compliant, provided that the parent entity, investor or venturer and the ultimate or intermediate parent entity comply with Australian Accounting Standards or Australian Accounting Standards - Reduced Disclosure Requirements . There is no financial impact.</p>	1 Jul 2013
AASB 2011-7	<p><i>Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Int 5, 9, 16 & 17]</i></p> <p>This Standard gives effect to consequential changes arising from the issuance of AASB 10, AASB 11, AASB 127 <i>Separate Financial Statements</i> and AASB 128 <i>Investments in Associates and Joint Ventures</i>. Main Roads has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2013

		Operative for reporting periods beginning on/after
AASB 2011-8	<p><i>Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 2010-7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Int 2, 4, 12, 13, 14, 17, 19, 131 & 132]</i></p> <p>This Standard replaces the existing definition and fair value guidance in other Australian Accounting Standards and Interpretations as the result of issuing AASB 13 in September 2011. There is no financial impact.</p>	1 Jan 2013
AASB 2011-9	<p><i>Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049]</i></p> <p>This Standard requires to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). Main Roads has not yet determined the application or the potential impact of the Standard.</p>	1 Jul 2012
AASB 2011-10	<p><i>Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) [AASB 1, 8, 101, 124, 134, 1049 & 2011-8 and Int 14]</i></p> <p>This Standard makes amendments to other Australian Accounting Standards and Interpretations as a result of issuing AASB 119 in September 2011. There is no financial impact.</p>	1 Jan 2013
AASB 2011-11	<p><i>Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements</i></p> <p>This Standard gives effect to Australian Accounting Standards - Reduced Disclosure Requirements for AASB 119 (September 2011). There is no financial impact.</p>	1 Jul 2013
AASB 2012-1	<p><i>Amendments to Australian Accounting Standards - Fair Value Measurement - Reduced Disclosure Requirements [AASB 3, 7, 13, 140 & 141]</i></p> <p>This Standard establishes and amends reduced disclosure requirements for additional and amended disclosures arising from AASB 13 and the consequential amendments implemented through AASB 2011-8. There is no financial impact.</p>	1 Jul 2013

2012 \$000	2011 \$000
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6 Employee benefits expense

Wages and salaries	54,767	51,294
Annual leave	4,846	5,159
Long service leave	2,483	2,462
	62,096	58,915
Superannuation - defined contribution plans ^(a)	5,875	6,104
	67,971	65,019

(a) Defined contribution plans include West State, Gold State and GESB Super Scheme (contribution paid).

7 Supplies and services

Contractors and Consultants	402,669	316,697
Materials	1,598	3,373
Plant hire charges	12,759	14,452
Fringe benefits tax	1,092	1,128
Postage, stationery and reprographics	1,218	1,361
Telecommunications	3,922	3,278
Building maintenance and equipment	5,275	8,497
Electricity, gas and water	6,021	5,965
Contributions	140	312
Legal costs	328	348
Advertising	6,295	6,605
Rates and taxes	336	333
Insurance	2,990	2,399
Other	10,108	12,833
	454,751	377,581

8 Depreciation expense of infrastructure assets

Roads – earthworks	509	533
Roads – earthworks (adjustment)	-	(1,266)
Roads – pavements, drainage and seal	159,676	157,740
Bridges	45,988	40,835
Road furniture	12,319	11,805
	218,492	209,647

9 Depreciation and amortisation expense of other assets

Depreciation

Plant, equipment and vehicles	2,919	2,762
Buildings	7,652	5,759
Total depreciation	10,571	8,521

Amortisation

Intangible assets	458	280
Total amortisation	458	280
Total depreciation and amortisation	11,029	8,801
Less: depreciation capitalised to infrastructure	(4,998)	(4,097)
	6,031	4,704

	2012 \$000	2011 \$000
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10 Finance costs

Interest expense	1,333	1,585
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11 Grants and subsidies

Grants and subsidies to local government and other bodies	167,620	137,478
Grants of non-current assets to other bodies	9,691	2,991
	177,311	140,469

12 Infrastructure assets retired/replaced

Earthworks and pavements	10,503	13,096
Bridges	-	639
Road furniture	209	826
Work in progress	1,958	452
	12,670	15,013

Infrastructure assets replaced or retired during the year have been expensed at their carrying amount.

13 Regulatory fines

Regulatory fines	57,887	18,682
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This revenue represents two-third of all moneys in 2011-12 and one-third in 2010-11 from photographic based vehicle infringement notices collected via Department of Transport and Department of the Attorney General. The collections are credited to the Road Trauma Trust Fund and administered by the Office of Road Safety in accordance with the *Road Safety Council Act 2002*.

14 Sale of goods and services

Sale of goods and services	4,359	1,988
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This amount represents works undertaken for other public and private bodies and includes the recovery of expenditure from the Commonwealth Department of Infrastructure and Transport, Local Government and Regional Development under service delivery arrangements with the Shires of Christmas Island and Cocos (Keeling) Island. The amounts expended or set aside for expenditure during 2011-12 are summarised at note 48 'Indian Ocean Territories'.

2012 \$000	2011 \$000
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15 Commonwealth grants and contributions

Nation Building Program	437,965	180,247
Jobs Fund - Infrastructure Employment Projects	-	13,500
Interstate Road Transport Act 1985	3,196	2,919
	441,161	196,666

Nation Building Program

Grants are received from the Commonwealth Government through the *Nation Building Program (National Land Transport) Act 2009*. The objective of this Act is to assist national and regional economic and social development by improving the performance of land transport infrastructure. Programs funded under this arrangement include the Heavy Vehicle Safety and Productivity and the Black Spot Program along with funding for the Local Road and National Road Projects.

Jobs Fund – Infrastructure Employment Projects

Grants are received from the Commonwealth Government through the Jobs Fund. This is an Australian Government initiative to support and create jobs and skill development through projects that build infrastructure and social capital in local communities. This funding is used to deliver the Fitzgerald River National Park Road Upgrade and Walk Trail Project.

Interstate Road Transport Act 1985

A charge is levied under the Act on interstate commercial vehicles that are exempt from State charges and the revenue raised is distributed in accordance with the damage attributed to interstate vehicles in each State.

At 30 June 2012, \$76.050 million of the *Nation Building Program (National Land Transport) Act 2009* grants recognised as revenue remained unspent on approved projects (at 30 June 2011 the amount was \$35.982 million). Refer to note 2(e) 'Income'.

16 Contributions to roadworks

Contributions to roadworks	18,499	12,091
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This revenue represents contributions by both public and private bodies towards the cost of works performed on highways and main roads. See note 2(e) 'Income'.

17 Grants from other bodies

Grants from local government authorities and other bodies

Transferred infrastructure assets at fair value	91,406	24,148
Local Government contribution to traffic signal construction	1,354	-
Developers contribution to roadworks	15,718	15,271
	108,478	39,419

Transferred infrastructure assets at fair value are transfers from Local Government and other bodies to State Government based on formal proclamation. The following roads were transferred during 2011-12: Ravensthorpe-Hopetoun Rd and Indian Ocean Drive.

The developers contribution to roadworks relate to construction costs met by private developers on roads owned by Main Roads. Roadworks include Pinjarra-Williams Rd (Red Hill Realignment), Forrest Hwy (Grand Entrance Treendale), Onslow Rd/ANSIA Access Rd Intersection Improvements and various traffic signal construction.

	2012 \$000	2011 \$000
18 Interest revenue		
AusLink Accelerated Upgrade Package interest revenue	516	2,704
Road Trauma Trust Fund interest revenue	1,190	244
Other interest revenue	42	90
	1,748	3,038

19 Other revenue

Rental income	3,491	3,217
Return of previous year grants	125	506
Other contributions ^(a)	2,752	2,670
Contractual settlements	18,500	-
Other	4,724	1,133
	29,592	7,526

(a) Contributions to the Office of Road Safety by other bodies for road related safety projects

20 Net gain/(loss) on disposal of non current assets

Proceeds from disposal of non-current assets

Land acquired for roadworks	8,297	5,058
Land and buildings	503	335
Plant, equipment and vehicles	5	-
	8,805	5,393

Costs of disposal of non-current assets

Land acquired for roadworks	6,553	3,571
Land and buildings	618	466
Plant, equipment and vehicles	20	-
	7,191	4,037

Net gain/(loss)	1,614	1,356
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2012 \$000	2011 \$000
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21 Income from State Government

Service appropriations		
Motor vehicle licence fees	463,839	403,425
Untied funds	200,995	145,714
Motor vehicle permit fees	6,775	5,699
Salaries and Allowances Act	365	352
	671,974	555,190
Other funds received from State Government		
Natural disaster funds	41,361	13,152
Resources received free of charge		
Determined on the basis of the following estimates provided by agencies:		
Land Information Authority (Landgate)	128	73
Department of Transport	-	6
Department of Planning	-	1
Department of the Attorney General (State Solicitor's Office)	599	997
Department of Finance - BMW	5	2
	732	1,079
Royalties for Regions Fund		
Regional Infrastructure and Headworks Account	1,310	393
	715,377	569,814

Service appropriations

Service appropriations fund the net cost of services delivered. Appropriation revenue comprises a cash component and a receivable (asset). The receivable (holding account) comprises the depreciation expense for the year and any agreed increase in leave liability during the year.

Motor vehicle licence fees

Motor vehicle licence fees for cars and light vehicles are raised under the *Road Traffic Act 1974*. The total licence fees collected in 2011-12 was \$561.305 million. An amount of \$463.839 million was received as a service appropriation and the balance of \$97.466 million appropriated as a capital contribution by owners and included under 'Contributed Equity' in the Statement of Financial Position.

Untied funds

Untied funds are appropriations from the Consolidated Fund. The total appropriation from the Consolidated Fund in 2011-12 was \$361.165 million. This includes a service appropriation of \$200.995 million and a capital contribution of \$160.170 million. The service appropriation includes a cash component of \$49.113 million and a \$151.882 million non cash component.

Motor vehicle permit fees

The vehicle standards for dimensions and mass are prescribed under the *Road Traffic (Vehicle Standards) Regulations 2002*. Under the regulations, a permit is required to access certain parts of the WA road network for vehicles that do not meet the standards. Main Roads charges a fee to issue the permits in accordance with *Road Traffic (Charges and Fees) Regulations 2006*.

Other funds received from State Government

Natural disaster funds

Funds provided by the Fire and Emergency Services Authority for the re-opening and re-instatement of roads damaged by declared natural disasters.

2012
\$0002011
\$000

Resources received free of charge

Assets or services received free of charge or for nominal cost are recognised as revenue at fair value of the assets and/or services that can be reliably measured and which would have been purchased if they were not donated. Contributions of assets or services in the nature of contributions by owners are recognised direct to equity.

Regional Infrastructure and Headworks Account

This is a sub-fund within the over-arching 'Royalties for Regions Fund'. The recurrent funds are committed to projects and programs in WA regional areas. The funds were utilised for the purposes of meeting district allowances paid to employees working in regional areas.

22 Restricted cash and cash equivalents

Current

Contractor's deposits	1,544	820
Road Trauma Trust Fund	43,463	2,756
Commonwealth Paid Parental Leave Scheme	10	-
	45,017	3,576

Contractor's deposits

Amounts withheld from contractors payments pending satisfactory completion of works.

Road Trauma Trust Fund

Cash held in these accounts is to be used only for the purposes as prescribed in note 46 'Special purpose accounts'.

Commonwealth Paid Parental Leave Scheme

Funds held in this account are to be used for purposes of meeting payments to eligible working parents with 18 weeks of Parental Leave Pay.

23 Receivables

Current

Trade debtors	7,698	10,301
Other debtors	2,259	541
Allowance for impairment of receivables	(2,110)	(237)
Trade debtors – unbilled receivables	1,526	3,127
GST receivable	13,211	8,931
Accrued revenue	230	211
Total current	22,814	22,874

Non-current

Trade debtors	80	-
Total non-current	80	-
Total receivables	22,894	22,874

Reconciliation of changes in the allowance for impairment of receivables:

Balance at start of year	237	200
Doubtful debts expense	1,882	41
Amounts written off during the year	-	-
Amounts recovered during the year	(9)	(4)
Balance at end of year	2,110	237

Main Roads does not hold any collateral or other credit enhancements as security for receivables.

2012 \$000	2011 \$000
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24 Amounts receivable for services (Holding Account)

Current	46,907	46,907
Non-current	1,244,765	1,139,790
	1,291,672	1,186,697

Represents the non-cash component of service appropriations. It is restricted in that it can only be used for asset replacement or payment of leave liability.

25 Inventories

Current

Inventories held for distribution:

- Construction and maintenance materials

	31	72
Total current	31	72

Non-current

Inventories held for distribution:

- Construction and maintenance materials

	1,495	1,501
Total non-current	1,495	1,501

26 Prepayments

Current

Prepayments

	18,646	12,272
Total current	18,646	12,272

Non-current

Prepayments

	949	578
Total non-current	949	578

27 Non-current assets classified as held for sale

Freehold land and buildings

Opening balance

	8,335	2,409
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Assets reclassified as held for sale

	4,534	10,570
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Assets removed from current disposal program

	(656)	(7)
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Assets sold

	(7,172)	(4,037)
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Write-down of assets from carrying value to fair value less selling costs

	(135)	(600)
Closing balance	4,906	8,335

	2012 \$000	2011 \$000
28 Property, plant and equipment		
Land		
At fair value ^(a)	108,529	96,686
	108,529	96,686
Buildings		
At fair value ^(a)	101,815	107,673
Accumulated depreciation	(61)	(4,914)
	101,754	102,759
Buildings under construction		
Construction costs	1,729	3,373
	1,729	3,373
Plant, equipment and vehicles		
At cost	27,116	24,411
Accumulated depreciation	(17,320)	(15,089)
	9,796	9,322
Surplus assets		
At fair value ^(a)	95,060	100,431
	95,060	100,431
Land acquired for roadworks		
At fair value ^(a)	192,295	201,563
	192,295	201,563
Total property, plant and equipment	509,163	514,134

(a) Land, buildings, surplus assets and land acquired for roadworks were revalued as at 1 July 2011 by the Western Australian Land Information Authority (Valuation Services) in conjunction with estimations by Main Roads' management. The valuations were performed during the year ended 30 June 2012 and recognised at 30 June 2012.

The estimations have been made in relation to the value of certain Metro and Rural properties where the values were not available at the end of the reporting period from information provided by Valuation Services for the period 1 July 2010 to 1 July 2011. These properties have been valued based on the average percentage increase for the Metro and Rural areas respectively over the period 1 July 2010 to 1 July 2011. The average percentage increases have been determined by calculating the movement in the value of Main Roads' Metro and Rural properties where Valuation Services have provided a value. The effective date of the valuations is 1 July 2011. In undertaking the revaluation, fair value was determined by reference to market values of Freehold land \$108.529 million and Buildings \$101.754 million.

To ensure the valuations provided by Valuation Services were compliant at 30 June 2012 with the fair value requirements under AASB 116, Valuation Services provided the Department of Treasury (TSY) with information that tracked the general movement of the market value of land and building construction costs from the 1 July 2011 (date of valuation) to 31 March 2012. TSY reviewed the information and determined that the change in fair values from 1 July 2011 (date of valuation) to 31 March 2012 were not likely to have a material impact on the fair values of these assets as recognised at 30 June 2012.

Reconciliations of the carrying amounts of property, plant, and equipment at the beginning and end of the reporting period are set out in the table below.

2012	Land \$000	Buildings \$000	Buildings under construction \$000	Plant, equipment and vehicles \$000	Surplus assets \$000	Land acquired for roadworks \$000	Total \$000
Carrying amount at start of year	96,686	102,759	3,373	9,322	100,431	201,563	514,134
Additions	1,154	4,149	2,797	3,416	606	846	12,968
Disposals	(1,000)	-	-	(23)	-	-	(1,023)
Classified as held for sale	-	-	-	-	(1,522)	(2,356)	(3,878)
Transfers	(1,451)	-	(4,441)	-	(1,926)	(3,716)	(11,534)
Transfer to infrastructure	-	-	-	-	-	1,204	1,204
Revaluation increments / (decrements)	13,140	2,498	-	-	(2,529)	(5,246)	7,863
Depreciation	-	(7,652)	-	(2,919)	-	-	(10,571)
Carrying amount at end of year	108,529	101,754	1,729	9,796	95,060	192,295	509,163

2011

Carrying amount at start of year	82,416	98,390	2,679	9,404	98,820	181,189	472,898
Additions	717	3,705	761	2,740	-	4,187	12,110
Disposals	(559)	-	-	(60)	-	-	(619)
Classified as held for sale	(1,427)	(90)	-	-	(7,190)	(1,235)	(9,942)
Transfers	275	67	(67)	-	(1,161)	1,140	254
Transfer to infrastructure	-	-	-	-	(535)	(606)	(1,141)
Revaluation increments / (decrements)	15,264	6,446	-	-	10,497	16,888	49,095
Depreciation	-	(5,759)	-	(2,762)	-	-	(8,521)
Carrying amount at end of year	96,686	102,759	3,373	9,322	100,431	201,563	514,134

	2012 \$000	2011 \$000
29 Infrastructure		
Infrastructure		
At fair value	47,144,793	46,624,182
Accumulated depreciation	(8,976,203)	(8,251,370)
	38,168,590	38,372,812
Infrastructure - work in progress		
Construction costs	733,641	462,113
	38,902,231	38,834,925

The value of roads and principal shared paths (earthworks, drainage, pavements and seals), bridges and road furniture at 30 June 2012 is based on the current depreciated replacement cost determined at 30 June 2011 by Main Roads and a cost index (ABS Road and Bridge Construction Cost Index) has been applied to ensure asset values do not materially differ from fair value.

Land within road reserves was revalued at 30 June 2012 using 1 July 2011 values supplied by the Western Australian Land Information Authority (Valuation Services).

Infrastructure work in progress comprises capital project expenditure at cost, which is capitalised following the completion of projects.

Reconciliation

Carrying amount at start of year	38,834,925	36,390,061
Additions	545,235	383,271
Capital contribution	(822)	(53,600)
Land transferred from land acquired for roadworks	(1,204)	1,141
Reclassified to non-current assets	-	-
Revaluation increments/(decrements)	(344,528)	2,301,355
Local roads reclassified as highways and main roads	108,478	39,419
Infrastructure assets retired/replaced	(12,670)	(15,013)
Depreciation expense	(218,492)	(209,647)
Disposals-highways and main roads reclassified as local roads	(8,691)	(2,432)
Transfers to/from operating (prior year adjustments)	-	370
Carrying amount at end of year	38,902,231	38,834,925

30 Intangible assets

Computer software and licences

At cost	13,085	7,675
Accumulated amortisation	(3,340)	(2,882)
	9,745	4,793

Drainage easements

At cost	9	9
	9	9
Total intangible assets	9,754	4,802

Reconciliations:

Computer software and licences

Carrying amount at start of year	4,793	3,586
Additions	5,410	1,487
Disposals	-	-
Transfers	-	-
Amortisation expense	(458)	(280)
Carrying amount at end of year	9,745	4,793

2012
\$0002011
\$000

31 Impairment of assets

There were no indications of impairment to property, plant and equipment, infrastructure or intangible assets at 30 June 2012.

Main Roads held no goodwill during the reporting period. At the end of the reporting period there were no intangible assets not yet available for use.

All surplus assets at 30 June 2012 have either been classified as assets held for sale or written-off.

32 Payables

Current

Trade creditors	19,104	16,008
Major contracts and services	105,707	82,147
Property acquisitions	63,796	62,012
Contractors retention	1,544	821
Funds in advance	12,407	15,840
Performance bonds / surety	216	290
Accrued salaries	2,681	1,669
Total current	205,455	178,787

Non-current

Major contracts and services	-	1,027
Total non-current	-	1,027

33 Borrowings

Current

WA Treasury Corporation borrowings	5,000	5,000
Total current	5,000	5,000

Non-current

WA Treasury Corporation borrowings	15,766	20,766
Total non-current	15,766	20,766

	2012 \$000	2011 \$000
34 Provisions		
Current		
<i>Employee benefits provisions</i>		
Annual leave	13,445	14,682
Long service leave	22,072	21,415
	35,517	36,097
<i>Other provisions</i>		
Employment on-costs	114	292
	35,631	36,389
Non-current		
<i>Employee benefits provisions</i>		
Long service leave	3,618	3,110
	3,618	3,110
<i>Other provisions</i>		
Employment on-costs	12	25
	3,630	3,135

(a) Annual leave liabilities have been classified as current as there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

Within 12 months of the end of the reporting period	8,499	8,902
More than 12 months after the end of the reporting period	4,946	5,780
	13,445	14,682

(b) Long service leave liabilities have been classified as current where there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

Within 12 months of the end of the reporting period	3,235	2,727
More than 12 months after the end of the reporting period	22,455	21,798
	25,690	24,525

(c) The settlement of annual and long service leave liabilities gives rise to the payment of employment on-costs including workers' compensation insurance. The provision is the present value of expected future payments.

The associated expense, apart from the unwinding of the discount (finance cost), is disclosed in note 7 'Supplies and services'.

Movements in other provisions

Movements in each class of provisions during the financial year, other than employee benefits, are set out below.

Employment on-cost provision

Carrying amount at start of period	317	-
Additional provisions recognised	(191)	317
Payments/other sacrifices of economic benefits	-	-
Unwinding of the discount	-	-
Carrying amount at end of period	126	317

	2012 \$000	2011 \$000
35 Equity		
The Government holds the equity interest in Main Roads on behalf of the community. Equity represents the residual interest in the net assets of Main Roads. The asset revaluation surplus represents that portion of equity resulting from the revaluation of non-current assets.		
Contributed equity		
Balance at start of period	2,865,852	2,686,023
Contributions by owners		
Capital contributions	257,636	233,175
Transfer of net assets from other agencies		
Public Transport Authority	-	1,410
Western Australian Planning Commission	339	-
Department of Regional Development and Lands	-	405
Department of Health	377	-
Total contributions by owners	258,352	234,990
Distributions to owners		
Transfer of net assets to other agencies		
Public Transport Authority	1,538	55,010
Department of Regional Development and Lands	470	151
Total distributions to owners	2,008	55,161
Balance at end of period	3,122,196	2,865,852
Reserves		
Asset revaluation surplus		
Balance at start of period	26,724,119	24,374,269
Net revaluation increments/(decrements)		
Earthworks, Drainage, Pavements and Seals	740,031	804,922
Bridges	198,881	288,738
Land within Road Reserves	(1,296,656)	1,238,970
Road Furniture	13,216	(31,275)
Land and Buildings	7,728	48,495
Balance at end of period	26,387,319	26,724,119
Accumulated surplus/(deficit)		
Balance at start of period	10,976,318	10,939,755
Result for the period	440,156	36,563
Income and expense recognised directly in equity	-	-
Balance at end of period	11,416,474	10,976,318
Total Equity at end of period	40,925,989	40,566,289

2012
\$0002011
\$000

36 Notes to the Statement of Cash Flows

Reconciliation of cash

Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

Cash and cash equivalents	384,713	221,628
Restricted cash and cash equivalents	45,017	3,576
	429,730	225,204

Reconciliation of net cost of services to net cash flows provided by/(used in) operating activities

Net cost of services	(275,221)	(533,251)
<i>Non-cash items:</i>		
Depreciation expense - infrastructure	218,492	209,647
Depreciation and amortisation expense - other fixed assets	6,031	4,704
Grants to other bodies	9,691	2,991
Grants received from other bodies	(108,478)	(39,419)
Resources received free of charge	732	1,079
Infrastructure assets retired/replaced	12,670	15,013
Adjustment for other non-cash items	2	(66)
Net (gain)/loss on sale of property, plant and equipment	(1,614)	(1,356)
<i>(Increase)/decrease in assets:</i>		
Receivables	2,311	1,573
Inventories	47	4,557
Prepayments	(6,745)	(10,576)
<i>Increase/(decrease) in liabilities:</i>		
Payables	5,527	12,099
Employee benefits	(263)	2,138
Net GST receipts/(payments)	93,407	79,000
Change in GST in receivables/payables	(97,687)	(77,145)
Net cash provided by/(used in) operating activities	(141,098)	(329,012)

37 Resources provided free of charge

During the period the following resources were provided to other agencies free of charge for functions outside the normal operations of Main Roads:

Police Department - traffic forecasts	2	-
Department of Planning - provision of technical advice	22	-
Department of Transport - provision of technical advice and traffic forecasts	32	-
	56	-

2012	2011
\$000	\$000

38 Commitments

The commitments below are inclusive of GST where relevant.

Non-cancellable operating lease commitments

Commitments for minimum lease payments are payable as follows:

Within 1 year	4,001	3,658
Later than 1 year and not later than 5 years	3,274	2,395
Later than 5 years	-	-
	7,275	6,053

Capital expenditure commitments

Capital expenditure commitments, being contracted capital expenditure additional to the amounts reported in the financial statements, are payable as follows:

Within 1 year	309,103	221,478
Later than 1 year and not later than 5 years	236,230	136,761
Later than 5 years	-	217
	545,333	358,456

The capital commitments include amounts for:
Infrastructure

545,333	358,456
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Other expenditure commitments

Other expenditure commitments predominantly comprise maintenance commitments for road infrastructure assets contracted for at the end of the reporting period but not recognised as liabilities, are payable as follows:

Within 1 year	403,422	365,846
Later than 1 year and not later than 5 years	877,898	1,213,737
Later than 5 years	-	-
	1,281,320	1,579,583

39 Contingent liabilities and contingent assets

Contingent liabilities

The following contingent liabilities are additional to the liabilities included in the financial statements:

Contract claims in dispute	6,550	3,061
Resumption claims in dispute	261,272	242,279
	267,822	245,340

Contract claims in dispute

Claims have been submitted by contractors in relation to services provided under roadwork contracts. The contingent liability is the difference between the amount of the claim and the liability estimated by Main Roads based on legal advice.

Resumption claims in dispute

Claims have been lodged by owners of property acquired for road construction purposes. The contingent liability is the difference between the owner's claim and the estimated settlement price determined by Main Roads in accordance with an independent valuation.

Contaminated sites

Under the *Contaminated Sites Act 2003*, Main Roads is required to report known and suspected contaminated sites to the Department of Environment and Conservation (DEC). In accordance with the Act, DEC classifies these sites on the basis of the risk to human health, the environment and environmental values. Where sites are classified as *contaminated – remediation required* or possibly contaminated – investigation required, Main Roads may have a liability in respect of investigation or remediation expenses.

During the year, Main Roads reported eleven suspected contaminated sites to DEC. Three were classified as possibly contaminated - investigation required, four were classified as contaminated - remediation required and four were classified as remediated for restricted use. Main Roads is unable to assess the likely outcome of the classification process, and accordingly, it is not practicable to estimate the potential financial effect or to identify the uncertainties relating to the amount or timing of any outflows. Whilst there is no possibility of reimbursement of any future expenses that may be incurred in the remediation of these sites, Main Roads may apply for funding from the Contaminated Sites Management Account to undertake further investigative work or to meet remediation costs that may be required.

Contingent assets

The following contingent assets are additional to the assets included in the financial statements:

Contracts in dispute	1,400	21,938
Damages claim in progress	-	2,417
	1,400	24,355

Contracts in dispute (dispute resolution in progress)

The amount shown relates to claims against various contractors for deficient works, which are currently proceeding through dispute resolution processes. The potential financial effect of the success of the claims cannot be reliably measured at this time.

Damages claim in progress

The damages claim in progress relates to damage to Main Roads infrastructure by a third party. The potential financial effect of the success of the claim cannot be reliably measured at this time.

40 Events occurring after the end of the reporting period

There were no events occurring after the end of the reporting period that have any financial effect on the results reported on these financial statements.

41 Explanatory statements

Significant variations between estimates and actual results for 2012 and between the actual results for 2011 and 2012 are shown below. Significant variations are considered to be those greater than 10% and \$5 million.

Significant variances between estimated and actual result for 2012

	2012 Estimate \$000	2012 Actual \$000	Variation \$000
Expenses			
Grants and subsidies	202,520	177,311	25,209
Infrastructure assets retired/replaced	19,704	12,670	7,034
Income			
Commonwealth grants and contributions	354,965	441,161	(86,196)
Natural disaster funds	30,936	41,361	(10,425)
Grants from other bodies	47,900	108,478	(60,578)

Grants and subsidies

The transfer of roads to local government occurred earlier than anticipated. In particular Geraldton-Mt Magnet Road the section between North West Coast Highway and the Airport was transferred to the City of Greater Geraldton.

Infrastructure assets retired/replaced

The variation is due to lower than expected retirements of road assets being replaced, mainly due to a slower than anticipated capital works program.

Commonwealth grants and contributions

The variance relates to revenue received for Great Northern Hwy (Port Hedland Realignment) Project that was approved during the year.

Grants from other bodies

The transfer of roads to Main Roads occurred earlier than anticipated. In particular the Ravensthorpe-Hopetoun Road was transferred from the Shire of Ravensthorpe ahead of schedule.

Natural disaster funds

State and Local Road Infrastructure was greatly affected during 2010/11 resulting in more revenue being collected via the Western Australia Natural Disaster Relief and Recovery Arrangements.

Significant variances between actual result for 2012 and 2011

	2012 \$000	2011 \$000	Variation \$000
Expenses			
Supplies and services	454,751	377,580	77,171
Grants and subsidies	177,311	140,469	36,842
Income			
Regulatory fines	57,887	18,682	39,205
Commonwealth grants and contributions	441,161	196,666	244,495
Contributions to roadworks	18,499	12,091	6,408
Grants from other bodies	108,478	39,419	69,059
Other revenue	29,592	7,526	22,066

Supplies and services

An increased Capital Works Program resulted in higher expenditure. Major Projects on Great Eastern Highway, Dampier Highway and Kwinana Freeway were all under construction.

Grants and subsidies

Increased expenditure by Local Government combined with the transfer of Lancelin Road to the Shire of Gingin resulted in the increase on last year.

Regulatory fines

In 2011 Main Roads received 1/3 of Speed and Red Light Camera Revenue, this was increased to 2/3 in 2012 resulting in a substantial increase in revenue.

Commonwealth grants and contributions

The variance relates to revenue received for Great Northern Hwy (Port Hedland Realignment) that was approved during the year.

Contributions to roadworks

The increase relates to an agreement reached in 2011/12 with Chevron Australia Pty Ltd resulting in revenue being received for improvements to Onslow Road for the Wheatstone Project.

Grants from other bodies

The transfer of roads to Main Roads occurred earlier than anticipated. In particular the Ravensthorpe-Hopetoun Road was transferred from the Shire of Ravensthorpe ahead of schedule.

Other revenue

The increase in revenue is a result of the settlement of the Contractual Disputes associated with the Pavement Failures on Kwinana Freeway Interchanges & Extension; Roe Highway Stages 4/5; Roe Highway Stage 6; Tonkin Highway and Great Eastern Highway Sawyers Valley to The Lake.

42 Financial instruments

(a) Financial risk management objectives and policies

Financial instruments held by Main Roads are cash and cash equivalents, restricted cash and cash equivalents, loans and receivables, payables, and WATC borrowings. Main Roads has limited exposure to financial risks. Main Roads' overall risk management program focuses on managing the risks identified below.

Credit risk

Credit risk arises when there is the possibility of Main Roads' receivables defaulting on their contractual obligations resulting in financial loss to Main Roads.

The maximum exposure to credit risk at the end of the reporting period in relation to each class of recognised financial assets is the gross carrying amount of those assets inclusive of any allowance for impairment as shown in the table at note 42(c) 'Financial instrument disclosures' and note 23 'Receivables'.

Credit risk associated with Main Roads' financial assets is minimal because the main receivable is the amounts receivable for services (holding account). For receivables other than government, Main Roads trades only with recognised, creditworthy third parties. Main Roads has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. In addition, receivable balances are monitored on an ongoing basis with the result that Main Roads' exposure to bad debts is minimal. At the end of the reporting period there were no significant concentrations of credit risk.

Liquidity risk

Liquidity risk arises when Main Roads is unable to meet its financial obligations as they fall due.

Main Roads is exposed to liquidity risk through its trading in the normal course of business.

Main Roads has appropriate procedures to manage cash flows including drawdowns of appropriations by monitoring forecast cash flows to ensure that sufficient funds are available to meet its commitments.

Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates will affect Main Roads' income or the value of its holdings of financial instruments. Main Roads does not trade in foreign currency and is not materially exposed to other price risks. Main Roads' exposure to market risk for changes in interest rates relates primarily to the long-term debt obligations.

All borrowings are due to the Western Australian Treasury Corporation (WATC) and are repayable at fixed rates with varying maturities. Other than as detailed in the interest rate sensitivity analysis table at note 42(c), Main Roads is not exposed to interest rate risk because the majority of cash and cash equivalents and restricted cash are non-interest bearing and it has no borrowings other than the WATC borrowings.

(b) Categories of financial instruments

The carrying amounts of each of the following categories of financial assets and financial liabilities at the end of the reporting period are:

Financial Assets

Cash and cash equivalents	384,713	221,628
Restricted cash and cash equivalents	45,017	3,576
Loans and receivables ^(a)	1,301,355	1,200,640

Financial Liabilities

Financial liabilities measured at amortised cost	226,221	205,580
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(a) The amount of loans and receivables excludes GST recoverable from the ATO (statutory receivable).

(c) Financial instrument disclosures

Credit risk

The following table discloses Main Roads' maximum exposure to credit risk and the ageing analysis of financial assets. Main Roads' maximum exposure to credit risk at the end of the reporting period is the carrying amount of financial assets as shown below. The table discloses the ageing of financial assets that are past due but not impaired and impaired financial assets. The table is based on information provided to senior management of Main Roads.

Main Roads does not hold any collateral as security or other credit enhancement relating to the financial assets it holds.

Main Roads does not hold any financial assets that had to have their terms renegotiated that would have otherwise resulted in them being past due or impaired.

Aged analysis of financial assets

Financial Assets	Carrying Amount \$000	Not past due and not impaired \$000	Past due but not impaired					Impaired financial assets \$000
			Up to 1 month \$000	1-3 months \$000	3 months to 1 year \$000	1-5 years \$000	More than 5 years \$000	
2012								
Cash and cash equivalents	384,713	384,713	-	-	-	-	-	-
Restricted cash and cash equivalents	45,017	45,017	-	-	-	-	-	-
Receivables ^(a)	9,683	6,575	1,183	1,090	485	27	-	323
Amounts receivable for services	1,291,672	1,291,672	-	-	-	-	-	-
	1,731,085	1,727,977	1,183	1,090	485	27	-	323
2011								
Cash and cash equivalents	221,627	221,627	-	-	-	-	-	-
Restricted cash and cash equivalents	3,576	3,576	-	-	-	-	-	-
Receivables ^(a)	13,943	8,610	1,950	2,729	394	23	-	237
Amounts receivable for services	1,186,697	1,186,697	-	-	-	-	-	-
	1,425,843	1,420,510	1,950	2,729	394	23	-	237

(a) The amount of receivables excludes the GST recoverable from the ATO (statutory receivable).

Liquidity risk and interest rate exposure

The following table details the contractual maturity analysis for financial liabilities. The table includes interest and principal cash flows. An adjustment has been made where material.

Interest rate exposures and maturity analysis of financial assets and financial liabilities

	Weighted Average Effective Interest Rate %	Interest rate exposure					Maturity date				
		Carrying Amount \$000	Fixed interest rate \$000	Variable interest rate \$000	Non-interest bearing \$000	Nominal Amount \$000	Up to 1 month \$000	1-3 months to 1 year \$000	3 months to 1 year \$000	1-5 years \$000	More than 5 years \$000
2012											
Financial Assets											
Cash and cash equivalents	4.81	384,713	-	384,700	13	384,713	384,713	-	-	-	-
Restricted cash and cash equivalents	4.81	45,017	-	45,017	-	45,017	45,017	-	-	-	-
Receivables ^(a)		22,894	-	-	22,894	22,894	22,894	-	-	-	-
Amounts receivable for services		1,291,672	-	-	1,291,672	1,291,672	4	9	34	188	1,291,437
		1,744,296	-	429,717	1,314,579	1,744,296	452,628	9	34	188	1,291,437
Financial Liabilities											
Payables		205,455	-	-	205,455	205,455	205,455	-	-	-	-
WATC Loan	5.63	20,766	20,766	-	-	20,766	5,000	2,000	3,327	10,211	228
		226,221	20,766	-	205,455	226,221	210,455	2,000	3,327	10,211	228
2011											
Financial Assets											
Cash and cash equivalents	5.11	221,627	-	221,614	13	221,627	221,627	-	-	-	-
Restricted cash and cash equivalents	5.11	3,576	-	3,576	-	3,576	3,576	-	-	-	-
Receivables ^(a)		13,943	-	-	13,943	13,943	13,943	-	-	-	-
Amounts receivable for services		1,186,697	-	-	1,186,697	1,186,697	4	9	34	188	1,186,462
		1,425,843	-	225,190	1,200,653	1,425,843	239,150	9	34	188	1,186,462
Financial Liabilities											
Payables		179,814	-	-	179,814	179,814	179,814	-	-	-	-
WATC Loan	5.75	25,766	25,766	-	-	25,766	2,458	2,639	6,821	11,896	1,953
		205,580	25,766	-	179,814	205,580	182,272	2,639	6,821	11,896	1,953

(a) The amount of receivables excludes the GST recoverable from the ATO (statutory receivable).

Interest rate sensitivity analysis

The following table represents a summary of the interest rate sensitivity of Main Roads' financial assets and liabilities at the end of the reporting period on the surplus for the period and equity for a 0.25% change in interest rates. It is assumed that the change in interest rates is held constant throughout the reporting period.

	Carrying amount \$000	-25 basis points		+25 basis points	
		Surplus \$000	Equity \$000	Surplus \$000	Equity \$000
2012					
Financial Assets					
Cash and cash equivalents	384,713	(962)	(962)	962	962
Restricted cash and cash equivalents	45,017	(113)	(113)	113	113
Total Increase/(Decrease)		(1,075)	(1,075)	1,075	1,075
		-75 basis points		+75 basis points	
2011					
Financial Assets					
Cash and cash equivalents	221,615	(1,662)	(1,662)	1,662	1,662
Restricted cash and cash equivalents	3,576	(27)	(27)	27	27
Total Increase/(Decrease)		(1,689)	(1,689)	1,689	1,689

43 Remuneration of members of the accountable authority and senior officers

Remuneration of members of the accountable authority

The number of members of the accountable authority, whose total of fees, salaries, superannuation, non-monetary benefits and other benefits for the financial year, fall within the following bands are:

\$	2012	2011
0 – 10,000	1	1
	\$000	\$000
The total remuneration of members of the accountable authority	-	-

The total remuneration includes the superannuation expense incurred by Main Roads in respect of members of the accountable authority.

No members of the accountable authority are members of the Pension Scheme.

The remuneration of the incumbent Commissioner of Main Roads is met by the Department of Transport.

Remuneration of senior officers

The number of senior officers, other than senior officers reported as members of the accountable authority, whose total fees, salaries, superannuation, non-monetary benefits and other benefits for the financial year fall within the following bands are:

\$	2012	2011
40,001 – 50,000	1	-
150,001 – 160,000	1	-
160,001 – 170,000	-	2
190,001 – 200,000	-	2
200,001 – 210,000	1	3
210,001 – 220,000	4	1
220,001 – 230,000	1	1
240,001 – 250,000	1	-
410,001 – 420,000	1	1
	\$000	\$000
The total remuneration of senior officers	2,157	2,180

The total remuneration includes the superannuation expense incurred by Main Roads in respect of senior officers other than senior officers reported as members of the accountable authority

No senior officers are members of the Pension Scheme.

2012 \$000	2011 \$000
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44 Remuneration of auditor

Remuneration paid or payable to the Auditor General in respect of the audit for the current financial year is as follows:

Auditing the accounts, financial statements and key performance indicators	160	151
Other audits	11	10
	171	161

45 Affiliated bodies

WA Pavement Asset Research Centre (WAPARC) is a government affiliated body that received a grant of \$0.453 million from Main Roads. The WAPARC is not subject to operational control by Main Roads.

46 Special purpose accounts

Special Purpose Account - section 16(1)(c) of FMA

Road Trauma Trust Fund

In accordance with section 12 of the *Road Safety Council Act 2002*, the purpose of the Fund is to receive and hold funds from parliamentary appropriations, two-third of all moneys in 2011-12 and one-third in 2010-11 from photographic based vehicle infringement (via Department of Transport and Department of the Attorney General) and any money lawfully received for the purpose of the Act.

Balance at the start of the financial year	2,756	3,901
Receipts	62,933	22,080
Payments	(22,226)	(23,225)
Balance at the end of the financial year	43,463	2,756

2012
\$0002011
\$000

47 Supplementary financial information

Write-offs

Bad debts – damage to roads, bridges and road furniture	-	-
Fixed asset stocktake discrepancies	-	-
Inventory – stocktake discrepancies and obsolete/contaminated materials	235	1
	235	1

Gifts of public property

Gifts of public property provided by Main Roads	4	-
	4	-

48 Indian Ocean Territories

Main Roads provides road management services to Indian Ocean Territories under service delivery arrangements with the Shires of Christmas Island and Cocos (Keeling) Islands. The amounts expended or set aside for expenditure during 2011-12 are summarised below:

Amount brought forward for recovery	1	(61)
Amount received during the year	(47)	-
	(46)	(61)
Expenditure during the year	34	62
Amount carried forward for recovery	(12)	1

49 Administered Transactions

Heavy Vehicle Permit Fee

(i) Disclosure of Administered Income & Expenses

Expenses

Transfer payments	556	-
Total administered expenses	556	-

Income

Regulatory fees	612	-
Total administered income	612	-

(ii) Disclosure of Administered Assets & Liabilities

Current Assets

Cash and cash equivalents	56	-
Total administered assets	56	-

From 1st June 2012, Main Roads adopted a new receipt system for the permit fees collected by Heavy Vehicle Operations. Main Roads treats the permit fees as an administered revenue and remits the funds collected to the Department of Treasury on a monthly basis.

50 Schedule of income and expenses by service

	Road Safety		Road System Management		Road Efficiency Improvements		Infrastructure for Community Access		Road Network Maintenance		Infrastructure for State Development		Office of Road Safety		Roadworks Capitalised/ Expenses not allocated to Outputs		TOTAL		
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012
SCHEDULE OF INCOME AND EXPENSES BY SERVICE FOR 2010-11 AND 2011-12 <i>(All amounts in \$ 000)</i>																			
COST OF SERVICES																			
Expenses																			
Employee benefits expense	3,082	2,888	49,319	45,586	11,007	9,310	2,182	2,477	13,375	15,165	5,226	7,221	2,403	2,388	(18,623)	(20,016)	67,971	65,019	
Supplies and services	81,182	81,919	38,491	33,702	357,083	188,415	22,986	29,191	367,715	292,726	122,454	99,620	11,255	12,435	(546,410)	(360,428)	454,756	377,580	
Depreciation of infrastructure assets	-	-	-	-	-	-	-	-	218,492	209,647	-	-	-	-	-	-	218,492	209,647	
Depreciation and amortisation of other non-current assets	491	495	508	481	1,901	1,095	163	200	2,315	1,848	652	558	-	27	-	-	6,050	4,704	
Finance costs	108	168	112	163	420	371	36	68	513	626	144	189	-	-	-	-	1,333	1,585	
Grants and subsidies	17,770	16,665	5,818	5,923	27,643	26,254	8,355	8,794	100,669	68,450	7,638	6,938	9,364	10,235	53	(2,790)	177,310	140,469	
Infrastructure assets retired / replaced	-	-	-	-	-	-	-	-	-	-	-	-	-	-	12,670	15,013	12,670	15,013	
Total cost of services	102,633	102,135	94,248	85,855	398,054	225,445	33,722	40,730	703,079	588,462	136,114	114,526	23,022	25,085	(552,310)	(368,221)	938,562	814,017	
Income																			
Revenue																			
Contributions to roadworks	368	170	-	108	1,086	1,070	5,676	1,410	10,427	7,306	942	2,027	-	-	-	-	18,499	12,091	
Commonwealth grants and contributions	8,288	13,077	-	-	302,915	100,859	-	13,500	68,608	61,975	61,351	7,255	-	-	-	-	441,162	196,666	
Sale of goods and services	-	40	449	11	1,046	44	2	15	2,800	1,493	62	385	-	-	-	-	4,359	1,988	
Grants from other bodies	7,586	3,480	6,965	2,925	29,417	7,680	2,492	1,388	51,959	20,046	10,058	3,900	-	-	-	-	108,477	39,419	
Regulatory fines	-	-	-	-	-	-	-	-	-	-	-	-	57,887	18,682	-	-	57,887	18,682	
Interest revenue	39	268	36	225	151	592	13	107	266	1,544	53	302	1,190	-	-	-	1,748	3,038	
Other revenue	1,449	739	1,651	621	6,972	1,631	591	295	12,315	4,257	2,384	829	4,230	(846)	-	-	29,592	7,526	
Total revenue	17,730	17,774	9,101	3,890	341,587	111,876	8,774	16,715	146,375	96,621	74,850	14,698	63,307	17,836	-	-	661,724	279,410	
Gains																			
Gain on disposal of non-current assets	112	120	103	101	441	264	37	48	772	689	149	134	-	-	-	-	1,614	1,356	
Total gains	112	120	103	101	441	264	37	48	772	689	149	134	-	-	-	-	1,614	1,356	
Total income other than income from State Government	17,842	17,894	9,204	3,991	342,028	112,140	8,811	16,763	147,147	97,310	74,999	14,832	63,307	17,836	-	-	663,338	280,766	
NET COST OF SERVICES	84,791	84,241	85,044	81,864	56,026	113,305	24,911	23,967	555,932	491,152	61,115	99,694	(40,285)	7,249	(552,310)	(368,221)	275,224	533,251	
INCOME FROM STATE GOVERNMENT																			
Service appropriation	32,764	35,205	71,116	70,908	72,389	47,033	24,074	16,215	434,497	338,167	35,797	39,424	1,337	8,238	-	-	671,974	555,190	
Capital contribution	36,428	32,973	147	747	159,148	91,146	1,250	6,724	3,554	2,688	55,818	45,552	-	-	(256,345)	(179,830)	-	-	
Natural disaster funds	-	-	-	-	-	-	-	-	41,361	13,152	-	-	-	-	-	-	41,361	13,152	
Royalties for Region	101	25	327	51	36	34	98	12	619	243	129	28	-	-	-	-	1,310	393	
Resources received free of charge	51	95	47	80	198	210	17	38	351	549	68	107	-	-	-	-	732	1,079	
Total income from State Government	69,344	68,298	71,637	71,786	231,771	138,423	25,439	22,989	480,382	354,799	91,812	85,111	1,337	8,238	(256,345)	(179,830)	715,377	569,814	
SURPLUS/DEFICIT FOR THE PERIOD	(15,447)	(15,943)	(13,407)	(10,078)	175,745	25,118	528	(978)	(75,550)	(136,353)	30,697	(14,583)	41,622	989	295,965	188,391	440,153	36,563	

Appendices



GRI APPLICATION LEVEL CHECK STATEMENT

Please find our third-party level check statements below. To view our comprehensive GRI content index, please visit <http://www.mainroads.wa.gov.au/AboutMainRoads/AboutUs/Sustainability/Pages/Sustainability.aspx>



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GRI Application Level Check Statement

Main Roads Western Australia (Main Roads WA) commissioned Net Balance Management Group Pty Ltd (Net Balance) to undertake a review of its 2011-2012 Annual Report ('the Report'). The review comprised a third-party application level check against the requirements of the Global Reporting Initiative (GRI) G3 Guidelines.

Objectives

The objectives of the third-party review were to confirm the application level most suitable to the Report and to identify gaps in disclosure.

Methodology

Net Balance examined adherence of the Report's content to the GRI Standard Disclosures (Profile Disclosures, Management Approach and Performance Indicators). For each standard disclosure, Main Road WA's adherence to the GRI requirements was classified as fully reported, partially reported or not reported. Where Profile Disclosures have not been fully reported, Net Balance reviewed if valid reasons for omission were provided. These classifications were then used to provide an opinion on the GRI Application Level for the Report.

Findings & Observations

The following findings and observations were made upon completion of this independent review:

- Main Roads WA adequately reported on the GRI Profile Disclosures required to achieve a GRI Application Level B.
- Main Roads WA reported the details of the Management Approach for each GRI indicator category. This level of disclosure satisfied the requirements of a GRI Application Level B.
- Main Roads WA reported on sufficient GRI Indicators across a range of categories to meet the requirements of a GRI Application Level B.

Conclusions

According to the above observations, Net Balance concluded that Main Roads WA's 2011-2012 Annual Report fulfils the requirements of a GRI Application Level B. Main Roads WA is encouraged to continue to build upon the work that has been undertaken to improve disclosure and to improve its adherence to the GRI over time.

On behalf of the Net Balance team

17 August 2012

Melbourne, Australia

A handwritten signature in black ink, appearing to read "Kirsten Simpson".

Kirsten Simpson

Associate Director and Lead CSAP, Net Balance



Statement GRI Application Level Check

GRI hereby states that **Main Roads Western Australia** has presented its report "Main Roads Western Australia Annual Report 2012" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level B.

GRI Application Levels communicate the extent to which the content of the G3 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3 Guidelines.

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 27 August 2012

A handwritten signature in blue ink, appearing to read "Nelmara Arbex", is written over a light blue circular background element.

Nelmara Arbex
Deputy Chief Executive
Global Reporting Initiative



The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. www.globalreporting.org

Disclaimer: Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 17 August 2012. GRI explicitly excludes the statement being applied to any later changes to such material.

ROAD INDUSTRY FACT SUMMARY SHEET

Road Industry Fact Summary	WA	Australia	WA (%)
Area (square km)	2,529,875	7,692,024	32.9
Population	2,346,410	22,620,554	10.4
Licensed drivers and riders ¹	1,794,449	N/A	
Vehicles on register including motor cycles	1,912,739	16,368,383	11.7
Annual vehicle kilometres travelled (100 million VKT) ²	275.4	2,325.4	11.8
Road length excluding DEC roads (kilometres)	150,749	N/A	
Fatalities (for calendar year 2011)	179	1,291	13.9
Fatalities/100 million VKT	0.6	0.6	
Fatalities /100,000 persons	7.6	5.7	
Fatalities/10,000 vehicles	0.9	0.8	
Serious injuries (for calendar year 2011)	2,393	N/A	
Serious injuries/100 million VKT	8.7		
Serious injuries /100,000 persons	102.0		
Serious injuries/10,000 vehicles	12.5		

1: Active licences only 2: Main Roads Estimates N/A: Not available DEC: Department of Environment and Conservation

Road Classification (as at 30 June 2012)	Sealed (km)	Unsealed (km)	Total (km)	Sealed (%)
National Land Transport Routes	5,103	0	5,103	100
State Highways	5,743	137	5,880	98
Main Roads	6,626	891	7,518	88
Sub-Total	17,472	1,028	18,501	94
Local Roads regularly maintained	37,222	91,243	128,465	29
Local Roads not regularly maintained	56	2,615	2,671	2
Sub-Total	37,278	93,858	131,136	28
Roads managed by DEC	358	36,503	36,861	1
Privately maintained Roads	155	959	1,114	14
Sub-Total	513	37,462	37,975	1
Total WA Road Network	55,264	132,348	187,612	29

Sources: Main Roads Corporate System (IRIS), Department of Environment and Conservation

STATEMENT OF EXPENDITURE SECTION 175ZE OF THE ELECTORAL ACT 1907

In accordance with Section 175ZE of the *Electoral Act 1907*, Main Roads Western Australia incurred \$6,412,000 during 2011-12 in advertising, market research, polling, direct mail and media advertising. Expenditure was incurred in the following areas.

ADVERTISING AGENCIES	\$
21cc Broadcast Productions	1,700
303 Lowe Group Pty Ltd	643,400
Acorn Design	1,200
Adcorp Australia Limited	284,900
Adroit Consulting Pty Ltd	600
Advans Exhibition	600
Allmark & Associates	800
A-mark Publishing Australia	1,300
Austral Sydney Trust	800
Australian Telephone Directory	1,500
Bladon WA Pty Ltd	14,000
Branded Products	2,700
Business Promotions	1,600
Carolyn Walker Public Relations	6,700
Central Institute of Technology	16,500
City of Belmont	500
Colourbox Digital	4,800
Constable Care Child Safety Foundation Inc	300
Corporate Directory of Australia Pty Ltd	2,000
Daniels Printing Craftsmen	6,600
Derby Visitor Centre	800
Dingo Promotions	19,100
Discus	100
Engineers Australia	5,000
EOC Group Pty Ltd	3,700
Executive Media Pty Ltd	900
Exhibit Exhibitions	2,400
Expo Document	8,800

ADVERTISING AGENCIES	\$
Geraldton Signmakers	300
GP Wholesale	2,600
Green Promotions	600
Hamdon Sound Studio Pty Ltd	700
Icon Illustrations	500
Images on Paper Pty Ltd	3,100
Imatec Digital	7,400
Jason Signmakers	6,100
Kalgoorlie Boulder Tourist Centre	600
Market Creations	1,200
Marketforce	932,000
Mary G Enterprises Pty Ltd	12,800
Mayflower	2,100
Mitchell and Partners Australia Pty Ltd	83,000
Morph Media Pty Ltd	1,600
Optimum Media Decisions (WA) Limited	3,985,300
Perth Expo Hire	2,500
Picton Press	2,900
PowerPlay Sports Pty Ltd	9,600
Promotional World Ltd	400
Quality Press WA	6,500
Salmat	13,600
Snap Printing	1,300
Spencer Signs	1,100
State Law Publisher	1,600
Tangelo Creative	11,800
The David Wirrpanda Foundation	50,000
The Loft Group	7,700
WA Local Government Association	1,600
We Print It	400
Advertising Agencies Total	6,184,200



POLLING ORGANISATIONS	Nil
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DIRECT MAIL ORGANISATIONS	\$
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Lasermail	600
Direct Mail Organisations Total	600

MEDIA ADVERTISING ORGANISATIONS	\$
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Albany Advertiser	4,400
Albany Weekender	3,100
Angry Chicken Publishing Pty Ltd	21,000
Collie Mail	100
Cybervale Pty Ltd	1,300
Denmark Bulletin	200
Hits Radio Pty Ltd	900
Impact Communications	152,700
Kalgoorlie Boulder RC	700
Kalgoorlie-Boulder Chamber Of Commerce	800
Macquarie Southern Cross	31,600
Mitchell Communication Group	2,000
North West Expo Inc	4,300
Plantagenet News	200
Rural Press Regional Media	1,000
WA Newspaper	2,900
Media Advertising Organisations Total	227,200

PUBLICATIONS LIST AS AT JUNE 2012

*Annual Report (only available in electronic form)	Free
*Customer Service Charter 2011	Free
Distance Book Ed. 11	POA
*Engineering Road Notes	
*No. 1 Bitumen Absorption by Sealing Aggregate 2003	Free
*No. 3 Surface 'Blistering' and Soil 'Fluffing' 2003	Free
*No. 5 Interim Guide to Prediction of Pavement Moisture for Strength Assessment of Granular Basecourse and Subbase Materials 2003	Free
*No. 6 Guide to the Design of Bridge Approach Embankments Subject to Inundation 2003	Free
*No. 7 Bitumen Scrap Rubber Seals 2003	Free
*No. 8 Statistically Based Quality Control for Density in Road Construction (Includes Asphalt Surfacing) 2008	Free
*No. 9 Procedure for the Design of Flexible Pavements 2010	Free
*A Guide to Roadside Amenities and Rest Areas on Highways in Western Australia	Free
Guidelines for Assessing Level of Service for Cycling. Revised 2006	Free
*Public Environment Reports 2003-2008	Free
*Sharing the Road with Trucks: A Guide to Assist all Road Users to Drive Safely 2011 (only available in electronic form)	Free
*SLK books (for all areas throughout State)	Free
*Strategic Plan 2008-2012 (2k12)	Free
*Traffic Controllers Handbook. 6th edition 2010	Free
*Traffic Management for Events 2011 (only available in electronic form)	Free
*Traffic Management for Works on Roads - Code of Practice 2011 (only available in electronic form)	Free
*Utility Providers' Code of Practice for Western Australia 2010	Free
Vital Link: A History of Main Roads Western Australia 1926-1996, by Leigh Edmonds	POA
Vital Link: The Transition Years of Main Roads Western Australia 1996-2006, by Leigh Edmonds	Free

*Also available full text on Main Roads internet home page <http://www.mainroads.wa.gov.au>

All prices GST inclusive.

Note: Main Roads Standards and Specifications are also available as full text on Main Roads internet home page.

Index

2k12 (Strategic Plan)	15, 59, 72, 90, 165
2020 Strategic Plan	15, 59, 90, 101
2020 Communication Plan	101
Aboriginal Heritage	13, 37, 60-61
Advisory Groups	32, 66
Alliance	17-18, 32-33, 49, 65, 75, 77, 81
Assets	3, 7-8, 39, 54, 93, 99, 115, 119-120, 122-127, 129-130, 134-137, 139-144, 146-150, 152-155, 157-158
Auditor General	89, 94, 97, 99, 103-105, 156
Austroads	16, 19-20, 75, 81, 9
Benefit Cost Ratio (BCR)	53, 99, 114, Acronyms
Bicycle Rider	32-33, 43, 71, 87, 116
Biodiversity	59, 60
Black Spot	10, 21, 25, 108, 110
Black Spot Program	7, 26, 110, 136
Bridges	6, 10, 30, 52, 62, 77, 108, 112-113, 125, 129, 134-135, 143, 146, 157
Bridge Management System (BMS)	55, Acronyms
Budget	10-13, 21, 24, 28, 30, 34, 42, 46, 48, 59, 65, 90, 93-94, 96, 108-111, 113-114, 116
Budget Committee	17, 92, 99
Building Technical Capability	92
Business Excellence	6, 14, 66, 89, 93, 95
Business Improvement Committee	17, 67, 92, 94
Campaign	10, 21, 46-47, 49-51, 108, 111
Capital Works	7-8, 59, 99, 150-151
Carbon Emission	59, 61
Climate change	14, 59, 61-63
City East Alliance (CEA)	18, 33, 65, Acronyms
Commonwealth Heads of Government Meeting (CHOGM)	9, 13, 68, 93, Acronyms

Community Access	8, 11, 23, 42-43, 106, 109, 116, 158
Community Perception Survey	67, 112, 115-116, Acronyms
Community Satisfaction	6, 10-11, 24, 28, 38, 42, 52, 64, 107-110, 112, 115-116
Competency Development	78, 92-93
Complaints Handling	64, 67
Compliance	Inside front cover, 1, 54, 60-61, 89, 93-95, 99-100, 102-103, 114, 128, Glossary
Conflicts of Interest	97
Contractors	33, 45, 53, 75, 85, 96, 116, 134, 139, 144, 149
Corporate Business Plan	97
Corporate Development Committee	20, 92
Corporate Executive	Inside front cover, 16, 20, 67, 89-94, 97, 99, 101, 106
Corporate Governance	Inside front cover, 20, 89, 92, Glossary
Corruption Prevention	97
Creating Our Workforce of the Future	2, 14, 90, 92
Customer Charter Index	66
Customer Feedback	67, 93
Customer Information Centre (CIC)	9, 68, Acronyms, Inside back cover
Customer Service	2, 14, 16-17, 64, 66-69, 81, 95, 107, 165
Customer Service Advisory Council	66, 68
Customer Service Charter	64, 66, 165
Cycleway	11, 42, 67, 107, 109, 116
Delegation of Authority	91
Department of Transport	12, 21, 43, 51, 135, 138, 147, 155-156
Developing Capabilities	77
Development Employee	73, 76-78, 80, 101, Acronyms
Disability Advisory Group	66
Disability Access and Inclusion Plan (DAIP)	68, Acronyms
Engagement	3, 6, 17, 27, 32, 64-65, 69-70, 79, 83, 90, 101, 103, Glossary

Enhancing Relationships	Inside front cover, 2, 64, 90	International Customer Service Standard	14, 66
Environmental Practices	Inside front cover, 60	Key Performance Indicators (KPIs)	10, 24, 28, 38, 42, 46, 52, 60, 64, 72, 82, 102, 104-105, 156, Acronyms
Environmental Advisory Group	66	Kimberley	3, 35, 39, 43, 73, 81, Inside back cover
Environmental Management	32, 45, 60-61, 95	Knowledge Management	76, 78
Equal Employment Opportunity	98, Acronyms	Kwinana Freeway	15, 29, 31, 35, 70, 115, 151
Equity	74, 96, 98, 103, 120-121, 123, 130, 132, 138-139, 146, 155	Leadership	Inside front cover, 2, 12, 16-17, 72, 74, 76-78, 80, 83, 90-93, 95, 106, Acronyms
Ethical and Responsible Decision Making	97	Legislation	51, 54, 61, 89-90, 94
Fatal Crash Investigations	53	Local Government	3, 8, 17, 21, 37, 45, 47, 49, 53, 59, 63, 65-66, 75, 93, 96, 112, 115, 125, 135-136, 150-151, 163
Fatalities	24, 47, 71, 82, 162	Lost Time Injury (LTI)	85, Acronyms
Fatigue	54, 71	Maintenance	8, 11, 19, 23, 38-41, 45, 54-55, 66-67, 71, 77, 81, 87, 93, 96, 99, 106-107, 109, 115-116, 134, 140, 148, 158, Glossary
Financial Management	1, 97, 99, 102, 104, 123	Making Roads Work for the Community	2, 90
Financial Statements	7, 96, 99, 102-103, 105, 117, 123, 130-132, 148-149, 156	Materials Engineering	81, Inside back cover
Fines	7, 47-48, 51, 119, 122, 131, 135, 151, 158	Mentoring	73, 77, 80
Fleet	59, 62, 75	Mid West	3, 25, 40, 49, 73, 81, 116, Inside back cover
Freedom of Information	101	Ministerial Directives	90
Freeway	9, 14-15, 18, 25, 29, 31, 35-36, 39, 53, 55-56, 65, 68-70, 84, 115, 151, Glossary	Nation Building	21, 26, 96, 136
Freight	12-13, 29-30, 32, 41, 57, 59, 65, 90, 112	New Perth Bunbury Highway	60, 81, 114
Fuel and Gas Usage	60	Occupational Safety and Health (OSH)	83, 92, Acronyms
Funding	Inside front cover, 8, 21, 26, 41, 48, 50, 56, 93, 99, 110, 122, 127, 136, 149	Office of Road Safety (ORS)	10, 21, 23, 46-47, 49, 51, 90, 106, 108, 111, 135, 137, 158, Acronyms, Inside back cover
Gateway WA	6, 13, 29, 31-32, 65	Organisational Structure	89, 94
Gateway Review	17, 65	Our People	13-14, 59, 72, 74, 82-84, 98
Gascoyne	3, 19, 25, 29, 35, 39, 43-44, 73, 116, Inside back cover	Outcome-Based	23, 93, 106-107
Global Reporting Initiative (GRI)	Inside front cover, 14, 93, 160-161, Acronyms	Pedestrian Facilities	11, 107, 109, 116
Goldfields-Esperance	3, 25, 29, 35, 39, 73, Inside back cover	Phased Retirement	16, 73, 76, 81
Great Northern Highway	15, 26, 30, 35-36, 39-40, 53, 57, 65, 71, 81	Pilbara	3, 19, 26, 30, 35, 37, 40, 49, 71, 73, 81, Inside back cover
Great Southern	3, 25, 39, 43, 71, 73, Inside back cover	Pricing Policies of Services Provided	99
Heavy Vehicle	10, 13, 16, 18-19, 29-30, 35, 41, 49, 53-54, 57, 63, 71, 108, 136, 157, Acronyms, Inside back cover	Principal Shared Paths (PSP)	71, 87, 125, 143, Acronyms
Incident Management	53, 68	Procurement	95-96, 98
Injury Management	83, 86	Property Management	61
Innovation	Inside front cover, 14, 17, 20, 77-79, 93	Providing the Right Roads	2, 64, 90
Integrated Management System	93, 95	Public Environment Report	165
Integrated Services Arrangements	40, 87, 100, 115, Acronyms	Public Sector Standards	89, 99
Intelligent Transport Systems (ITS)	53, Acronyms	Publication	1, 78, 105
Internal Audit	99-100	Record Keeping	100
Internal Controls	97, 99	Relationships with Suppliers	96
		Restricted Access Vehicle System (RAVS)	55, Acronyms

Road Efficiency	10, 23, 28-29, 52, 106, 108, 113, 158
Road Industry Fact Summary	162
Road Lighting	11, 109, 115
Road Management	8, 10, 23, 52-53, 106, 157
Road Safety	8, 10, 19, 21, 23-25, 46-51, 53-54, 67, 90, 95, 106-108, 110-112, 135, 156, 158, Acronyms
Road Safety Support Services	53
ROADS Foundation	16, 20, 75
Safety, Health and Wellbeing (SHW)	82-84, 92-93, Acronyms
Safety, Health and Wellbeing Committee	18, 92, 94
Shared Services	100
Smooth Travel	11, 109, 115
South West	3, 26, 30, 35, 40, 43, 45, 49, 71, 73, 80, 125, Inside back cover
Stakeholders	Inside front cover, 2-3, 15, 17, 21, 30, 32, 37, 49, 59, 64-66, 68, 70, 90, 100-101, 106, Glossary
State Development	8, 11, 23, 34, 106, 109, 114, 158
State Road Funds to Local Government Advisory Committee	21, 66
State Road Funds to Local Government Agreement	21
Statement of Expenditure	163
Statutory Audit	99
Sustainability	Inside front cover, 3, 33, 61-62, 82, 96, 160, Glossary
Term Network Contracts (TNCs)	100, 115, Acronyms
Towards Zero	47-48
Traffic Management	6, 9, 19, 27, 29, 33, 53, 55-56, 87, 165
Traffic Management for Events Advisory Group	66
Traffic Management for Works on Roads Advisory Group	66
Traffic Operations Centre	9, 53
Traffic Roads Info Point (TRIP)	9, Acronyms

Traffic Signal	11, 25-27, 29, 38, 62, 67, 90, 109, 115, 136
TRIM	100
Tunnel Maintenance Contract	39
Values	2, 6, 14, 60, 64, 66, 70, 76-78, 89, 91, 97-98, 123-125, 141, 143, 149
Vehicles on Register	162
Website	1, 3, 9, 13, 32-33, 45, 47, 51, 53, 60-61, 66-68, 70, 80, 94, 96, 100-101, 105, Inside back cover
Western Australian Local Government Association	47, 75
Western Australian Road Construction and Maintenance Industry Advisory Group	66, 96
Women in Leadership	72, 74
Women in Management (WiM)	74, 98, Acronyms
Wheatbelt North	3, 26, 30, 40, 61, 73, Inside back cover
Wheatbelt South	3, 19, 26, 30, 40, 73, Inside back cover
Workers' Compensation	86, 129, 145
WorkSafe	83

Glossary

Word	Definition
Bitumen	A viscous liquid or solid impure mixture, consisting essentially of hydrocarbons and their derivatives, used for road surfacing. It has waterproofing and adhesive qualities.
Bypass	An alternative route that enables through-traffic to avoid urban areas.
Carriageway	The portion of a road or bridge devoted particularly to the use of vehicles, inclusive of shoulders and auxiliary lanes.
Channelisation	A system of controlling traffic by the introduction of an island or islands or markings on a carriageway to direct traffic into predetermined paths, usually at an intersection or junction.
Community Engagement	Involving communities in the prioritisation and development of services in their own area. Community Engagement includes Community Consultation, but also goes beyond this, to include the more active processes in which communities play a greater role in actually formulating plans or influencing local developments.
Corporate Governance	The way Main Roads balances compliance against risk-taking as it directs, controls and is held accountable for its business performance.
Culvert	One or more adjacent pipes or enclosed channels for conveying a stream below formation level and carrying water under a roadway.
Drainage	The removal of water by flow from the ground or from its surface.
Floodway	A longitudinal section of road designed at, or just above, ground level specially constructed to allow the passage of floodwater across it without damage.
Freeway	A divided highway for through-traffic with no access for traffic between interchanges and with grade separation at all intersections.
Highway	Highways provide connection between capital cities. They are also principal routes between a city and the major producing regions of the State. Highways also service major transport terminals or significant commercial and industrial centres.
IAP2	The International Association for Public Participation - a non-profit organisation established to advance the practice of public participation world wide.
Individual Development Plan	Supports the ongoing learning and development of employees and provides a framework for performance management.
Incidence rate	The number of LTI/Ds divided by the number of employees * 100.
Main Road	A principal road in the road system.
Maintenance	The work carried out on an existing road and infrastructure to maintain its efficiency or quality.
Median	A strip of road that separates carriageways for traffic in opposite directions.
Overlay	The addition of one or more courses of pavement material to an existing road surface, generally to increase strength, and/or to improve ride quality.
Overtaking/ Passing Lane	An auxiliary lane provided for slower vehicles to allow them to be overtaken.
Pavement	That portion of a carriageway placed above the levelled surface or earth or rock for the support of, and to form a running surface for, vehicular traffic.
Performance Indicator	A simple measure that allows objective comparisons to be made. An example is road maintenance costs per kilometre in a region. This can then be compared to other regions and monitored over time.
Realignment	A change in the geometric form of the original centre-line of a carriageway with respect to the vertical and horizontal axes.
Reconstruction	Rebuilding of a road. Reconstruction is normally undertaken when a pavement has reached the end of its economic life and where the alignment, or formation height, or width is substandard.
Seal	A thin surface layer of sprayed bitumen.
Stakeholder	A person or group of people with a direct interest, involvement, or investment in something.
Strategy	This is how a broad objective will be approached. An example is Main Roads' contracting strategy. It specifies the mix of contract types that will deliver the best outcome for the community.
Severity Rate	The number of LTI/Ds that resulted in 60 days or more lost, divided by the total number of LTI/Ds *100.
Sustainability	The long-term balance of social, environmental and economic factors into an organisation's activities, decision-making and investment processes.
Term Network Contract	A contract to deliver a set of given services for a defined period.

Acronyms

APEA	The Association of Professional Engineers, Australia
AWU	Australian Workers Union
BCR	Benefit Cost Ratio
BMS	Bridge Management System
CEA	City East Alliance
CIC	Customer Information Centre
CHOGM	Commonwealth Heads of Government Meeting
C-MARC	Curtin-Monash Accident Research Centre
CSA	Civil Service Association of WA
CPS	Community Perception Survey
DAIP	Disability Access and Inclusion Plan
DELP	Development Employee Leadership Program
ECU	Edith Cowan University
EDMS	Electronic Document Management System
EEO	Equal Employment Opportunity
FTE	Full-Time Equivalent
GRI	Global Reporting Initiative
HVA	Heavy Vehicle Accreditation
HVO	Heavy Vehicle Operations
IAP2	International Association for Public Participation
IDP	Individual Development Plan
ISA	Integrated Services Arrangements
ITS	Intelligent Transport System
KPIs	Key Performance Indicators
LTI/D	Lost Time Injury/Disease
NFP	Not for Profit
ORS	Office of Road Safety
OSH	Occupational Safety and Health
OSHMS	Occupational Safety and Health Management System
PSPs	Principal Shared Paths
RAVS	Restricted Access Vehicle System
RO&DS	Recognising Opportunities and Delivering Solutions
RSC	Road Safety Council
RTTA	Road Trauma Trust Account
SHW	Safety, Health and Wellbeing
TRIP	Traffic Roads Info Point
TNCs	Term Network Contracts
WiM	Women in Management

Contacts

24 hr Customer Information Centre:

138 138

Website:

www.mainroads.wa.gov.au

Hearing Impaired TTY:

133 677

METROPOLITAN OFFICES

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The Office of Road Safety (ORS)

Level 10, 40 St Georges Terrace
Perth, WA 6000
enquiries@mainroads.wa.gov.au

24 hr Public Affairs/Media

Enquiries: 0419 907 230

Materials Engineering

5-9 Colin Jamieson Drive, Welshpool, 6106
(08) 9350 1444

Heavy Vehicle Permits

(Extra Mass or Oversize Loads)
70 Pilbara Street, Welshpool, 6106
hvo@mainroads.wa.gov.au
(08) 9311 8450

Report Road Hazards

(24 hr free call except from mobile phones)
1800 800 009

Road Condition Reports

(24 hr free call except from mobile phones)
1800 013 314

REGIONAL OFFICES

Gascoyne

470 Robinson Street, Carnarvon, 6701
(08) 9941 0777

Goldfields-Esperance

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(08) 9080 1400

Great Southern

2-6 Kelly Street, Albany, 6331
(08) 9892 0555

Kimberley

Wodehouse Street, Derby, 6728
(08) 9158 4333

Mid West

Eastward Road, Geraldton, 6531
(08) 9956 1200

Pilbara

Brand Street, South Hedland, 6722
(08) 9172 8877

South West

Robertson Drive, Bunbury, 6231
(08) 9725 5677

Wheatbelt North

Peel Terrace, Northam, 6401
(08) 9622 4777

Wheatbelt South

Mokine Road, Narrogin, 6312
(08) 9881 0566



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