

Governance



Introduction

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

Recognition

2012 IPAA Lonnie Awards:

- Gold Award – *2012 Annual Report*

2012 Australasian Reporting Awards:

- Gold Award – *2012 Annual Report*
- Winner 'Online Reporting Award, Public Sector' – *2012 Annual Report*
- Finalist 'Sustainability Reporting Award, Public Sector' – *2012 Annual Report*

Principle 1: Government and Public Sector Relationship

Our Governance Model

Our corporate governance system is how we direct and manage our business activities to optimise performance, achieve regulatory compliance and deliver value for customers. We are committed to ensuring that our core corporate governance system and processes are aligned with values-driven management. The framework enables us to govern with integrity, accountability and transparency. Our Governance Model and Organisational Structure can be found on page 89 and shows the relationships between our Minister, Commissioner, Managing Director and members of Corporate Executive.

Performance Agreement

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

Empowering Legislation

Main Roads Act

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

The Office of Road Safety Empowering Legislation

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

Other Empowering Legislation

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

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

Ministerial Directives

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

Principle 2 & 3: Management and Oversight and Our Organisational Structure

Strategic Plan

Our current Strategic Plan, known as 2k12, sets the high-level strategic direction for our organisation up to the end of 2012. This five-year improvement plan has served us well and seen a range of significant improvements deployed across the organization. It drove us as we sought to 'achieve excellence through inspiring leadership and strong collaborative relationships'. The existing Strategic Plan was built around and focused on delivering the following five Strategic Areas of Focus:

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

Our new Strategic Plan, to be known as 2020, has now been fully developed and will be rolled out across the organisation in mid-2013. In developing our new plan we have once again used scenario planning to capture a variety of economic, social, political and technological trends that have the potential to impact on the business. Following extensive internal engagement with our Portfolio partners, employees, suppliers and customers, we have created a new Vision and Purpose and identified new areas of focus to guide us in the coming years. The latest information on the Plan is available on our website.

We discuss how our Corporate Business Plan keeps track and measures our performance in alignment with our Strategic Plan in Principle 4, page 92.

Delegation of Authority

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

Corporate Executive

Corporate Executive comprises the Managing Director, all Executive Directors and the Manager Executive Services. Corporate Executive's objectives are to set clear strategic direction to deliver Government priorities, meet our purpose and achieve defined performance goals. It meets monthly to review organisational performance both directly and through a series of formally established sub-committees. Eleven Corporate Executive meetings were held in the last financial year and attendance is shown below.

Corporate Executive Member	Attended Meetings
Menno Henneveld, Managing Director to December 2012	5
Steve Troughton, Managing Director from February 2013	5
John Erceg, Executive Director Regional Services	11
Des Snook, Executive Director Road Network Services	10
Leo Coci, Executive Director Infrastructure Delivery	11
Peter Woronzow, Executive Director Finance & Commercial Services	11
John Taya, Executive Director Organisational Development	11
Doug Morgan, Executive Director Planning & Technical Services	11
Iain Cameron, Executive Director Office of Road Safety	10
Steve Potter, A/Manager Executive Services	11

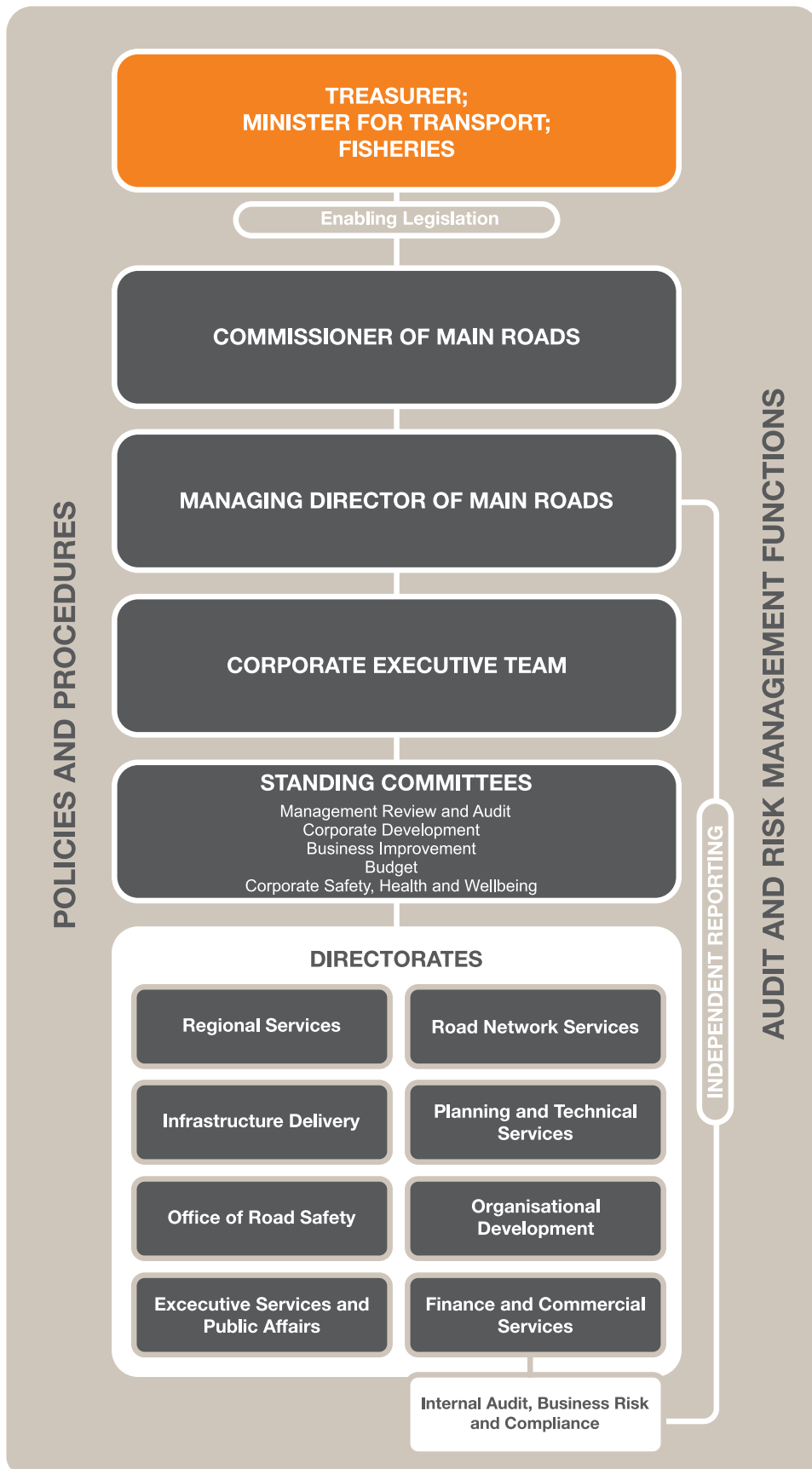
The position of Managing Director was held by Menno Henneveld to December 2012. Our new Managing Director, Steve Troughton was appointed in February 2013. In the absence of a Managing Director, our Commissioner, Reece Waldock chaired the meetings. Due to a minor organisational restructure, the position of Director Budget and Financial Planning and Director of Strategic Relationships no longer form part of the Corporate Executive team.

Corporate Executive's role is to:

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

In achieving its role, Corporate Executive is supported by five standing committees. Each committee is led by a member of Corporate Executive and reports regularly on its achievements and future direction. These committees provide a mechanism for staff to provide recommendations and direction to Corporate Executive for activities within their function. A table on page 90-91 summaries the main activities undertaken by each committee during the year, membership of each committee, and attendance by relevant Corporate Executive members.

Our Governance Model and Organisational Structure



Standing Committees' 2012-2013 Role and Achievements

<p>Corporate Development Committee Meetings Held: 8</p>		
<p>Membership (Attendance)</p>	<p>Committee Role</p>	
<p>Executive Members: John Taya (Chair) – 6 John Erceg – 7 Des Snook – 3 Leo Coci – 8 Peter Woronzow – 8 Doug Morgan – 8 There are 2 other non-executive standing members in this committee.</p>	<ul style="list-style-type: none"> • Corporate Development, including prioritisation of Learning and Development initiatives and seeking Budget Committee approval for funding of the Learning and Development Investment Plan • Provides leadership and direction on the formulation of the 2020 Strategic Framework • Fosters and provides leadership on innovative research and development initiatives that emerge at Main Roads • Considers recommendations from the Development Employee Committee on permanent placements of Development Employees 	
<p>Business Improvement Committee Meetings Held: 4</p>		
<p>Executive Members: Peter Woronzow (Chair) – 4 John Erceg – 4 John Taya – 2 Doug Morgan – 2 There are 3 other non-executive standing members in this committee.</p>	<ul style="list-style-type: none"> • Ensures that business processes and systems are effective • Promotes efficient use of resources • Supports sound Corporate Governance 	
<p>Management Review and Audit Committee Meetings Held: 3</p>		
<p>Executive Members: Menno Heneveld – 1 (chair to December 2012) Steve Troughton – 1 (chair from February 2013) Peter Woronzow – 3 Doug Morgan – 3</p>	<ul style="list-style-type: none"> • Considers audits and reviews performed by the Management Review and Audit Branch • Ensures audits and reviews are in accordance with the Annual Audit Plan • Reviews and approves the Annual Audit Plan. 	
<p>Budget Committee Meetings Held: 12</p>		
<p>Executive Members: Peter Woronzow (Chair) – 11 John Erceg – 11 Des Snook – 10 Leo Coci – 12 Doug Morgan – 11 John Taya – 8</p>	<ul style="list-style-type: none"> • Decision making body for Investment Planning, Program Development and Delivery • Ensures the best use of funds to achieve strategic outcomes. 	
<p>Corporate Safety, Health and Wellbeing Committee Meetings Held: 9</p>		
<p>Executive Members: Doug Morgan (Chair) – 9 John Erceg – 8 Des Snook – 4 Leo Coci – 8 Peter Woronzow – 7 John Taya – 7 Iain Cameron – 7 There are 10 other non-executive standing members in this committee.</p>	<ul style="list-style-type: none"> • Presides over all safety, health and wellbeing issues from high level strategy through to review of individual incidents • Acts as a primary Occupational Safety and Health channel and reports on full-time and contracted employees to Corporate Executive. 	

2012-13 Achievements

- Further developed and implemented the Employee Development System.
- Reached target of 95% of staff to have completed the Accountable and Ethical Decision Making course.
- Established new Executive Development Program and Middle Manager Development Program.
- Conducted a range of Innovation projects as part of the Development Employees Leadership Program including:
 - A methodology for mobile vehicle emissions monitoring on road works projects.
 - A trial of rural variable messaging with mobile technology as a way to extend the use of – Intelligent Transport Systems in rural areas to mitigate road user risks.
 - Development of a management plan for spatial data collection.
 - A trial of solar powered road delineation markers in rural Blackspot areas.

- Assessment against Global Reporting Initiative and moves towards adopting International Integrated Reporting Council.
- Driving the development of a new Information Communication and Technology Strategy.
- Reviewed, considered and endorsed business improvements arising from customer analysis.
- Oversight of the Third Party Certified Integrated Management System.
- Initiated a project to create an independent Program Management Office.
- Developed and deployed a Social Media policy and guidelines.

- Conducted follow-up audits of initial financial audits and health checks of three Integrated Service Agreements.
- Review of the Office of Road Safety.
- Financial compliance audit of the Gateway WA project.
- Audit of the Line Marking Contracts.
- Review of the Browns Range Alliance.
- Delivery of the agreed Strategic Audit Plan.

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

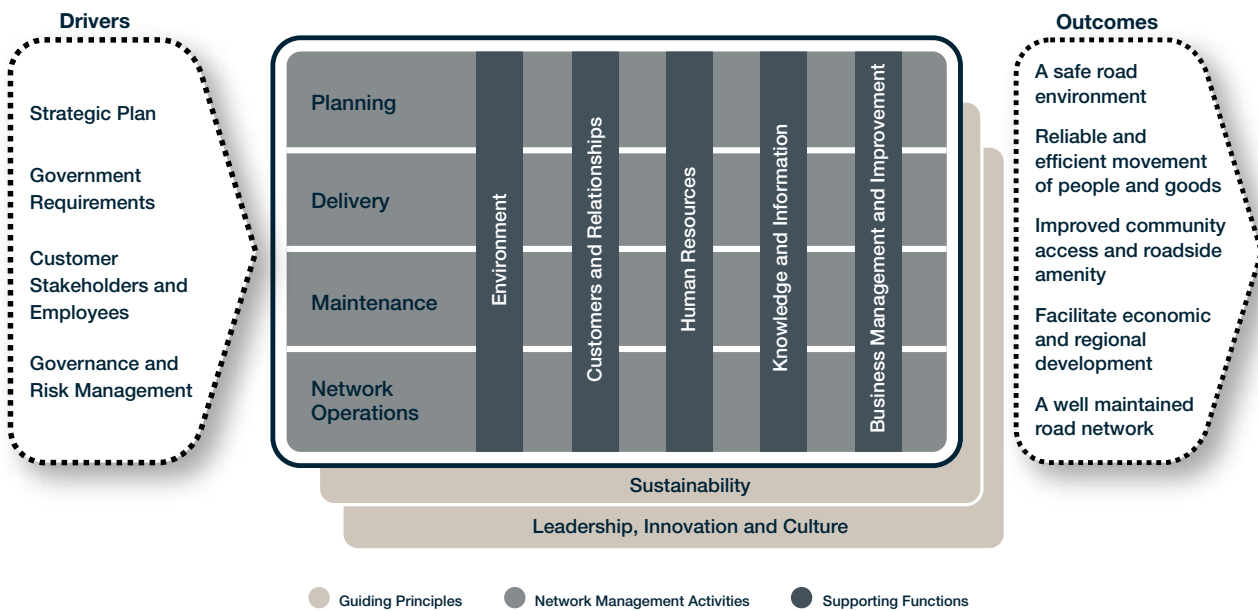
- Maintaining AS/NZ 4801 Safety Management Systems certification.
- Maintaining corporate certification to WorkSafe Gold.
- Successfully implementing improvements to the Alcohol and Other Drugs Policy and Personal Protective Equipment Policy.
- Implementation of functional requirements for high risk roles and fitness for task assessments.
- Rolled-out wellbeing training across the organisation.
- Continued to provide OSH systems and management training to our workforce.
- Continued coordination, improvement and review of the Safety, Health and Wellbeing Management System.

Principle 4: Operations

Corporate Business Plan 2013-2017

We produce a Corporate Business Plan which is aligned to our strategic direction and Government goals and objectives. It forms the basis for all Directorate and Branch Business Plans and will ensure that planning, delivery, maintenance and operational activities are aligned with corporate direction and priorities. This approach is built on meeting our strategic and future needs and achieving a greater integration of strategic, workforce, operational and financial planning needs.

The Business Planning process defines how we go about our business and identifies our annual corporate initiatives and actions within a context of a four year timeframe. The Business Planning model below shows the relationship between internal business management processes and how they interact with our drivers to achieve our Program Outcomes and Government Goals.



The following table explains each of the elements within the business planning model.

Drivers	The drivers represent influences that must be taken into consideration as part of everything that we do. Although there were many drivers we have only identified those which are of greatest significance.
Guiding Principles	Sustainability, Leadership, Innovation and Culture are broad guiding principles that form the backbone of all of our activities. Everyone is expected to consider and apply these principles in understanding any initiatives or actions we engage in.
Activities and Functions	The main element within the model comprises a matrix consisting of Network Management Activities. These activities are considered to be our core functional activities. They are underpinned by a range of supporting functions that exist only to achieve the network management activities.
Outcomes	Program Management is the manner in which our services are delivered to the community. There are seven Programs aligned against the five outcomes sought from each of our services.



Progress against achievements in the Corporate Business Plan are monitored, reviewed and evaluated which is an important element in the entire process. We have in place a range of initiatives to review our progress in achieving our stated aims. The following table provides an overview of the formal processes that are in place.

Monthly	<ul style="list-style-type: none"> Each month a range of performance measures are reported to Corporate Executive as part of the Corporate Performance Measure Scorecard.
Quarterly	<ul style="list-style-type: none"> Quarterly performance measures are reported to Corporate Executive as part of the Corporate Performance Measure Scorecard. A summary of progress by Directorate against each of the elements of the Corporate Business Plan is presented to Corporate Executive as part of the quarterly reports. This summary is complemented by presentations made to the Budget Committee by each Executive Director. These presentations report on each Directorate's progress in terms of delivering their contribution towards Program outcomes, FTE Levels and progress against the Corporate Business Plan. At the Directorate level, a quarterly review of Branch Business Plans is completed and Directorates' hold management review meetings. Performance results are communicated to all employees.
Bi-annually	<ul style="list-style-type: none"> Six monthly Performance Measures are reported to Corporate Executive as part of the Corporate Performance Measure Scorecard. Each Executive Director meets with the Commissioner to review progress in achieving Directorate level activities. Performance results are communicated to all employees.
Annually	<ul style="list-style-type: none"> Annual performance measures are reported to Corporate Executive as part of the Corporate Performance Measure Scorecard. Each Executive Director meets with the Managing Director to discuss the close out of the annual Directorate Business Plan. Performance results are communicated to all employees.

Financial Targets: Actuals Compared to Budget

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

	2012-13 Target ⁽¹⁾ \$000	2012-13 Actual \$000	Variation ⁽²⁾ \$000
Total Cost of Services	1,888,459	1,872,724	15,735
Net Cost of Services	1,170,241	1,261,586	(91,345)
Total Equity	42,643,364	41,139,566	1,503,798
Net increase/(decrease) in cash held	(143,790)	(167,120)	(23,330)

(1) As specified in the latest budgets statements relating to estimates for 2012-13.

(2) Explanations of variations:

- (a) The variations in relation to Total Cost of Services can be mainly attributed to State funds advanced for the Gateway WA Project.
- (b) The variation in Net Cost of Services relates to reduced Commonwealth grants received under the Nation Building program due to delays in the approval of the Project Proposal Report for Gateway WA, as well as some major capital projects completed ahead of schedule.
- (c) The variation in relation to Total Equity relates mainly to decreases in the value of Land Under Road Reserves required under Accounting Standards to prevailing market based written down replacement costs.
- (d) The decrease in cash being lower than budgeted can be attributed to reduced Commonwealth grants received under the Nation Building program due to delays in the approval of the Project Proposal Report for the Gateway WA Project, as well as some major capital projects completed ahead of schedule.

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

Integrated Management System

We have adopted a systematic approach to improving business performance based on quality management principles. The Integrated Management System brings together all of our third-party certified processes into a single structure. During the year we undertook a full audit of our entire Management System achieving re-certification through to 2016. Continuous improvement is the cornerstone of all our management processes and procedures.

We are keeping a close watch on the development of new International Standards for Road Safety and Asset Management. We have people involved in the development and review of the direction of each new standard with a view to adopting them under our Integrated Management System at the earliest opportunity.

Current Certification	
Standard	Processes
Quality Management System AS/NZS ISO 9001:2008	Project Management, Contract Management, Supply, Corporate
Environmental Management System AS/NZS ISO 14001:2004	Environmental
Occupational Health and Safety Management System AS/NZS 4801:2001	Occupational Health and Safety

Completion of Better Business Project

The Better Business review project was introduced in 2009 to increase the efficiency of our business. The intent of the review was to identify where improvements and efficiencies could be made regarding the way we run our business, whilst shifting our culture to embrace change and innovation.

As part of working to complete the 106 recommendations, strong leadership, collaborative relationships and innovation have become embedded in our culture thereby sustaining the efficiency and the effectiveness of our business.



As the project comes to a close, key results include increased productivity through improved processes, employee engagement, and retention of key skills and tacit knowledge. Decision making was enhanced through greater transparency in the organisation and delivery of timely and accurate information. Initiatives focused on current capabilities and future human capital requirements, improving internal customer service whilst also ensuring that we meet community needs and expectations.

Principle 5: Ethics and Integrity

Our Values and Code of Conduct

We have well established Values and a Code of Conduct that guide the way we work. The Code of Conduct establishes our responsibilities and standards of behaviour against our Values. The Code builds upon the fundamental principles contained in the *Public Sector Management Act 1994* and the *Public Sector Commission, Commissioner's Instruction No.7-Code of Ethics* which binds all Western Australian public sector employees, from the Commissioner down. This is the essence of values-based management. All of our employees are responsible for their own conduct and for their interactions with our customers, stakeholders, the community and with each other. Corporate Executive and senior managers are also required to promote our Values.

Our Code of Conduct is based on Main Roads Values and the *Code of Ethics* key principles:

- **Personal Integrity** – We act with care and diligence and make decisions that are honest, fair, impartial and timely, and consider all relevant information.
- **Relationships with Others** – We treat people with respect, courtesy and sensitivity and recognise their interests, rights, safety and welfare.
- **Accountability** – We use the resources of the State in a responsible and accountable manner that ensures the efficient, effective and appropriate use of human, natural, financial and physical resources, property and information.

Ethical and Responsible Decision Making

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

The Managing Director has a performance agreement with the Commissioner and other members of the Corporate Executive have Individual Development Plans with the Managing Director.

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

Corruption Prevention

We have strategies in place to prevent the misappropriation of funds and inappropriate use of public property that include a comprehensive Annual Audit Plan providing a balanced mix of financial, operational and information technology audits. In addition, risk management is considered an integral part of the annual business planning approach and risks are managed and monitored at all levels.

Conflicts of Interest

Our Code of Conduct states that all employees have a responsibility to ensure our personal, financial and political interests do not conflict with our performance or ability to perform in an impartial manner. Where a conflict of interests occurs, it should always be resolved in favour of the public interest rather than personal interest.

We consider a situation reflects a conflict of interest when:

- Decisions are biased as a result of outside activities or private employment
- Outside activities result in a less than satisfactory work performance or cause breaches of standards such as those relating to occupational safety and health
- Information gained from official employment is used for private gain
- Government resources are used for private gain
- Government time is used to pursue private interests.

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

In 2012-13, other than normal contracts of employment of service, no senior officers, firms of which senior officers are members, or entities in which senior officers have substantial interests, had any interests in existing or proposed contacts with Main Roads.

Acceptance of Gifts and Benefits

Our policy states that 'Main Roads employees must not be influenced or perceived to be influenced by the receipt of gifts or benefits'. All employees who receive a gift or benefit with an estimated equivalent value of more than \$50 must register the description of the gift, value, name of donor, name of recipient and reason for accepting or declining the gift. The Gift Register is maintained and reviewed by the Manager Legal and Insurance Services.

Misconduct and Inappropriate Behaviour

All employees are expected to abide by the following:

- Public Sector Code of Ethics
- Main Roads Code of Conduct
- Section 7 and 9 *Public Sector Management Act*
- Main Roads Values
- Corruption and Crime Procedures and Guidelines.

When a complaint, alleged inappropriate behaviour or misconduct is reported, management is required to take action through internal processes. This usually requires an initial review of the information or complaint to provide guidance on the severity of the alleged behaviour and the most suitable process to address the issue. We may utilise one of the following processes to further examine or deal with alleged behaviour in breach of any of the above specified requirements:

- Discipline
- Grievance resolution
- Performance management
- Corruption and crime procedures
- Improvement actions.

These processes may necessitate a need for a review or investigation into the behaviour, depending on the severity of the alleged behaviour. Misconduct as defined by the Corruption and Crime Commission is required to be reported to the Commission. Management actions for matters related to misconduct require a more thorough review and more formal processes when examining the alleged behaviour.

Ethical Procurement

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

Sustainable Procurement and Buy Local

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

Category	2011		2012 ¹
	Metro	Regional	Regional
Awarded to businesses located within the ‘prescribed distance’ of a regional delivery point as defined in the Buy Local Policy	n/a	60%	41%
Awarded to a ‘local business’ as defined in the Buy Local Policy (Target 80%)	98%	93%	90%

¹ Changes to the Buy Local Policy removes the collection of award to a local business for the Metropolitan area from 2012 onwards.

Procurement Grievances

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

Major Suppliers/Contractors	2013 Award Value (GST Excl) \$million
Gateway WA ¹	900.0
MACA Civil Pty Ltd	59.1
Abigroup Contractors Pty Ltd	32.0
Downer EDI Works Pty Ltd	21.6
Highway Construction Pty Ltd	12.9
Structural Systems (Civil) Pty Ltd	11.0
Bocol Constructions Pty Ltd	7.2
Pavement Management Services Pty Ltd	5.1
303LOWE Australia Pty Ltd	5.0
Marketforce	5.0

¹ The value of the Gateway WA contract is the current estimate.



Principle 6: People

Further information on People can be found in the Developing Capabilities section, page 73-79.

Equal Employment Opportunity Management Plan 2011-2015

We consider diversity to be respecting, recognising and utilising the many different backgrounds, skills, talents and perspectives of our workforce. The Equal Employment Opportunity Management Plan is developed in accordance with Part IX of the *Equal Opportunity Act 1984* and is aligned to the Office of Equal Employment Opportunity’s outcome standards framework.

In 2012, we continued our focus to improve development and promotional opportunities for women through our Women in Management Strategy and Action Plan. For more information on our 2012 initiatives, please refer to the Developing Capabilities section, page 75.

Main Roads has implemented a new framework which enhances our Aboriginal traineeship opportunities across the organisation. Through partnerships with the ROADS Foundation and a streamlined approach, we are able to provide tailored traineeships on an ongoing basis. The Equity Index table below shows how we track areas of diversity.

Areas of Diversity	2011		2012		2013	
	Representation	Index	Representation	Index	Representation	Index
Women	28.6%	54.9	28.6%	54.9	29.1%	54.9
Culturally Diverse Background	9.8%	106.1	9.8%	106.1	17.5%	92.1
People with Disabilities	1.8%	79.1	1.8%	79.1	3.6%	85.1
Aboriginal Australians	0.9%	21.1	0.9%	21.1	1.8%	35.7

**The above data is based on the FTE values as at 30 June 2013.*

Our Recruitment Guidelines

This year was a busy year for our Attraction and Retention Branch. Recruitment commenced for several high level, specialist roles in a variety of technical areas. These roles are crucial to the on-time delivery of our upcoming key infrastructure projects.

Our target was to complete 90% of our recruitment actions within 30 days. While we did not achieve the ambitious target, we did achieve an average nearing 80% providing additional benefits of improving our candidate care, customer service and solidifying relationships across our directorates.

Human Capital Management

We take a strategic and commercial approach to human resource management and aim to link all human resource activities and projects with our new 2020 Strategic Plan. This is done through human capital management strategies that aim to create a competent and knowledgeable workforce, build and sustain effective work practices, improve performance and establish return on investment.

A number of tools measure and track the capability, development and value of our human capital. Whilst some have yet to be developed, they will include the Human Capital and Productivity Dashboard, Operational Analyses and Human Capital assessments of functional areas and projects. Human Capital assessments, for example, aim to identify courses of action that will maximise value for money, improve labour resource allocation and utilise innovation to improve organisational outcomes.

Through the effective and focused analysis of human capital data to drive the productivity of our workforce, we will be better able to respond to and anticipate changes in our external environment, as well as contribute to improved organisational outcomes to benefit the Transport Portfolio and the community.

Individual Development System

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

During the year, 60% of the eligible workforce completed the IDP representing a similar completion level to the previous year. We continued to offer a high degree of access to targeted learning and developmental opportunities. Our new online system has been finalised which should better support the individual development and performance management process. This new system, was piloted mid-June 2013, and will be rolled out with a rebranded IDP process. A main component of the redesigned process is competency development which is aligned to support the achievement of performance objectives. With strong promotion from senior management and its simplified process, it is anticipated that completion rates will be maximised, resulting in more accurate information being gathered for needs analysis.

Compliance with Public Sector Standards and Ethical Codes

Compliance issues that arose during the year regarding the Public Sector Standards included lodgement of five breach claims against recruitment, selection and appointment processes and three against the Grievance Standard. The majority were subsequently dismissed. With respect to one breach, recommendations were made to document the decision making process to demonstrate how employee concerns were considered as part of the process. Every year we take steps to enhance processes to ensure compliance including:

- Providing information about Public Sector Standards and Codes of Conduct on our intranet and including this information in induction material
- Corresponding with applicants on recruitment, selection and appointment processes with details on how to access the Public Sector Standards



- Ongoing training provided to recruitment and selection panel members to ensure compliance
- Providing an experienced independent person on all recruitment and selection panel
- Providing a network of Grievance Officers
- Reviewing and auditing all recruitment, selection and appointment processes both permanent and temporary, to ensure compliance.

Principle 7: Finance

Reporting to the Department of Treasury

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

Accounting and Financial Management Policies

A comprehensive Accounting Manual containing accounting and financial management policies and procedures is maintained together with Control Self-Assessment Checklists. These documents communicate accountability for procedures within various responsibility areas and enhance the level of internal control. The Manual and Checklists enable management as well as internal and external auditors to monitor compliance with established procedures and together with the *Financial Management Act 2006* and the Treasurer's Instructions, are available online to all employees.

Capital Works

All disclosures in relation to capital works are included in the Financial Statements. Our Strategic Asset Management Plan, produced annually through our Asset Management and Investment Planning processes, details our 10-year investment needs and drivers. The Strategic Asset Plan adheres to WA Treasury's Strategic Asset Management Framework. We assess projects for funding based on their economic, environmental and social impacts. Each capital project follows the national Austroads project evaluation methodology where a Benefit Cost Ratio (BCR) must be conducted. This incorporates quantifiable economic data and is supplemented by simplified economic, environmental and social assessments.

The BCR records information on the benefits of a project in relation to travel time savings, vehicle operating costs and smoother travel, safety, and maintenance. Other benefits and costs are considered via a multi-criteria analysis. Capital works financial progress is reported to the Budget Committee on a monthly basis.

Internal Audit

A comprehensive system of internal controls is in place to ensure that there is an appropriate division of responsibilities to safeguard the assets and financial interests of the organisation. The Management Review and Audit Branch is responsible for managing our internal audit function which provides independent, objective assurance and consulting activities. The Branch aims to add value, improve operations and bring a systematic, disciplined approach to evaluate

and improve the effectiveness of risk management, operational controls and governance processes. The Management Review and Audit Charter establishes the responsibility of the Management Review and Audit function to ensure it performs effectively in the organisation. This Charter identifies that the audit function will provide the Managing Director and Corporate Executive with:

- Objective constructive and independent assessments of the extent to which:
 - financial, human, intellectual and physical resources are managed with due regard to economy, efficiency and effectiveness
 - accountability relationships are reasonably served.
- Assurances as to the reliability of accounting and financial management information and the protection of assets and resources under control.
- Assessment of the organisation's compliance with legislation and relevant policies and procedures.
- Assessment of audit reports issued by the Office of the Auditor General and the relevance and possible impact on Main Roads.
- Independent and confidential advice on remedial action to improve operational effectiveness, efficiency and economy.
- Progress reports regarding remedial action taken by line management.

The Branch reports quarterly to the Management Review and Audit Committee and maintains a regular review of audit plans, reports and working papers.



Statutory Audit

The annual independent external audit on controls, compliance and assurance is carried out by the Auditor General of Western Australia, in accordance with the *Auditor General Act 2006*. The Auditor General's opinion is addressed to both Houses of the Parliament of Western Australia and audits our financial statements, controls and key performance indicators. It provides an independent opinion on whether our financial statements are true and fair and are in accordance with the Australian Accounting Standards and the Treasurer's Instructions.

Management Reporting

Financial reports are tabled monthly and quarterly at the Budget Committee which comprises all Executive Directors and is chaired by the Chief Finance Officer. Particular financial highlights are reported monthly to Corporate Executive along with progress against Key Financial Performance Indicators. In addition, Regions and Branches conduct monthly reviews of their finances with financial reports presented at Directorate Management Meetings.

Pricing Policies of Services Provided

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

Principle 8: Communication

Internal Communications Plan

Enhancing Internal Communication and Engagement: A Plan for Main Roads was created to improve communication throughout the organisation. It is designed to engage employees via a consultative process rather than simply providing information.

Since the introduction of the plan, we have targeted communications training as identified in our employees' Individual Development Plans. We had 45 employees undertaking the Getting the Best out of Your Communication workshop which equips them with practical skills and strategies for using different communication forms to their best advantage. Another 40 employees undertook the 'Communication and Interpersonal Skills' program which allows participants to be self-aware of their thinking styles.

This helps them to identify critical factors in their ability to communicate effectively.

We have also developed communication strategies for important corporate initiatives such as our 'Main Roads 2020 Strategic Plan'. The relevant communication strategy, '2020 Communication Plan', includes various actions to raise awareness and understanding of our strategic direction over the next eight years. These actions utilise our intranet site, branding, articles, participation from key stakeholders, and provision of two-way feedback opportunities to enhance internal communications.

We have recently conducted an internal branding review to redesign our internal branding. This was piloted with the Development Employee area and feedback received has been very positive. We will extend this branding review to other areas across the organisation.

Social Media Guidelines

We recently established a set of Social Media Guidelines to raise our employees' awareness of their responsibilities when using social media whether in a professional or private capacity. The guidelines will assist employees in identifying opportunities where social media can improve communication for specific events and campaigns.

These guidelines apply to all our employees and contractors and complement the Public Sector Commission Social Media Guidelines. We recognise that social media is evolving as a dynamic and effective way to communicate with internal and external stakeholders and customers. These guidelines will be rolled out to all employees over the next year.

Complaints Handling Process

We are committed to an accessible, fair and equitable complaints handling process that aligns our procedures with the Australian Standard for Complaints Handling (AS ISO 10002 – 2006). Information regarding the Policy is also readily available on our external website. The Corporate standard for response to complaints is 10 working days. Information regarding our process is provided to all employees through our intranet and during the induction process.

A monthly assurance check of this process is conducted via a complaints handling survey.

This survey assesses our customers' experience with their complaints process and how the complaint was handled. Last year, 54% of people interviewed indicated that they were satisfied with how their complaint was handled. For the list of top complaints received, please refer to the Enhancing Relationships section, page 69.

Annual Report

We adopt a full, open and transparent approach when reporting on our operational and financial performance in our annual report. The report is also our medium for informing the public on our performance, expenditure of public funds and of any significant issues that occur. As only limited copies of the hard copy report are produced, an online version is available on our website.

In recognition of our high standard in annual reporting, we received a Gold award for our 2012 report in both the Lonnie Awards (WA) and the Australasian Reporting Awards. We also won 'Best Online Report – Public Sector' for the 2012 report which recognised that our report is accessible in an engaging way.

Managing Our Records

The *State Records Act 2000* requires that we have a Recordkeeping Plan (RKP) which sets out matters about which records are created and how they are being kept. The RKP was approved in September 2010 and provides an accurate reflection of the recordkeeping program established. The Plan covers our recordkeeping system, disposal arrangements, policies, practices and processes reflecting our current functions. The following is a summary of compliance requirements and achievements during the year:

Improving Our Policies and Procedures:

- We have adopted Australian Standards AS ISO 15489 – Records Management best practice recordkeeping and implemented the principles and standards established by the State Records Commission.
- We constantly promote as benchmarks, the Code of Practice for the Management of Contract Records and the Code of Practice for Integrated Service Arrangement Records to participants involved in the Integrated Service Arrangements.
- We developed a Conversion Toolkit, a suite of complementary policies, and processing and procedure documentation, for when the function of invoice processing is returned to us from the Department of Finance, Shared Services.

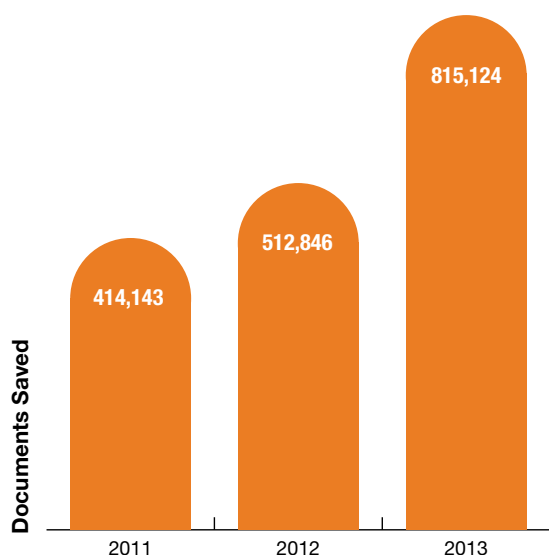
- We have eased data entry loads through automating metadata capture for incoming scanned and emailed documents requiring registration into the recordkeeping system.
- We have also reviewed the existing scan process and added daily hardware integrity checks and quality assurance of converted digital output.
- We continue to face the impact of technology on the conduct of recordkeeping. A TRIM Data Migration Toolkit has been developed to assist in migrating data stored on shared network drives to the recordkeeping system. This follows the conduct of this exercise in two regions using a customised fit-for-purpose data migration tool coupled with software operator and recordkeeping system training.
- A record risk assessment checklist has been developed to assist in managing the use of public web-based cloud services for project collaboration. This will assist in determining a short term and long term strategy to ensure compliance with Main Roads Records Policy. It will also help us meet business needs to support project collaboration and document transfer to and from remote locations when delivering road infrastructure projects.

Retention and Disposition:

- The Retention, Disposal and Archiving program continues to be undertaken in compliance with the Main Roads Retention and Disposal Schedule and General Disposal Authorities. Employees are provided with the necessary tools and resources to identify and manage all record types in each phase of the schedule.
- A compliant process has been developed and implemented as specified in the State Records Commission Standard 8 (Principle 6) so that we can be in a position to destroy source hardcopy records in accordance with the General Disposal Authority for Source Records.
- We continue to use offsite storage facilities made available under the Common Use Agreement (CUA 34504) Storage, Retrieval and Destruction for Paper and Electronic Records.
- The Vital Records Policy identifies the main principles that ensure business continuity through the preservation and protection of core business records. Our Vital Records Register identifies the required level of compliance and remedial measures introduced to protect records listed. The Register continues to be updated.

Our Recordkeeping System:

- We have in place a Business Classification Scheme (BCS) based on the Keyword AAA method of file titling used throughout all tiers of Government. The BCS is directly accessible from the recordkeeping system and complementary thesaurus software supports ongoing user education, system maintenance and reporting.
- The TRIM recordkeeping system is maintained through the conduct of regular ongoing health monitoring, monthly data integrity checks, and regular license review and availability for all linked servers across the State.
- This year more than 815,000 documents have been registered into our recordkeeping system, a 60% increase over the previous year.



Ongoing Recordkeeping Training:

- Mandatory online Records Awareness and Customer Service training occurs for new employees and has been reviewed and updated.
- An online Indexing course continues to be available to records staff centrally and in the Regions.
- Instructor-led system training is offered across the State on a one-on-one, hands-on, tailored, or lecture format basis to all employees. This year a total of 287 end users have attended training sessions, consisting of 224 employees in the metropolitan area and 63 employees in the regional areas.
- The roles and responsibilities of employees under the Main Roads RKP continue to be delivered through induction training for new employees and during Instructor-led training for current employees.

- Our Regional Records officers have taken the opportunity to participate in 'buddy' training with Central Records staff to expand their knowledge of recordkeeping policies, processes, practices and procedures.
- We offered two University Practicum placements in Central Records to students who were able to gain experience and apply information theory and principals in a practical work environment.
- We regularly updated our policies, procedures, quick reference guidelines, fact sheets, frequently asked questions, news items, service provision, availability and contact points which were made available to employees through our intranet site.
- Documents placed on our external website and the intranet are required to be registered and updated in our recordkeeping system prior to publication. Training is provided for this process.

Reinforcing Recordkeeping Practices:

- We have developed and deployed a Corporate Work Program specifying work required to improve recordkeeping across the organisation and a Service Improvement Program specifying work required to improve service delivery to business areas from Central Records.
- We have an internal Help Desk Facility to assist all employees with TRIM technical problems. We also provide remote assistance when required and receive an average of 20 enquiries a day.
- We continue to work with Information Technology Managers to discuss and resolve technical and records-related issues bi-monthly.
- We share recordkeeping knowledge with our Portfolio partners.
- We assist our Regional and Metropolitan Offices through quarterly teleconferences to provide guidance, advice and assistance regarding common recordkeeping issues and concerns.
- The Internal Auditor continues to monitor and provide feedback on our record-keeping practices. Progress is being made on improvement opportunities in the areas of training, security of sensitive records, retention and disposal, and correspondence management.
- The Annual Records Seminar was well received as participants were given the opportunity to network, explore common issues and business processed, and meet and learn from others in an open constructive environment.



Great Northern Highway

- We are currently undergoing an establishment restructure to assist in delivering records management, retention and disposal, records storage, records training and technical system support to all employees.

Freedom of Information

Certain information can be obtained under the *Freedom of Information Act 1992*. An information statement, which has been produced in accordance with the requirements of the *Act*, is available on our website. The statement provides a guide on how to obtain information from us under the *Act* and information that is available without a formal application. During the year, we received 32 applications with the majority of applications related to potential third-party liability claims and land acquisitions matters associated with road projects. The table below provides further statistics on applications received:

Freedom of Information Applications			
Year	2011	2012	2013
Received	38	46	32
Internally Reviewed	4	4	4
Externally Reviewed	2	0	0

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

Public Interest Disclosures

We are committed to the aims and objectives of the *Public Interest Disclosure Act 2003*. We recognise the value and importance of the contributions of staff to enhance administrative and management practices and strongly support disclosures being made by staff regarding improper conduct.

The *Public Interest Disclosure Act 2003* is made available on our intranet to all employees for their information. One matter was received in the last year but upon assessment was deemed not to be a disclosure.

Principle 9: Risk management

Policy

Our Risk Management Policy states that we ‘Manage all risks so that our business outcomes are achieved and our reputation is protected’. We achieve this by adhering to the following principles:

- Making risk management everyone’s responsibility
- Integrating risk management with business planning
- Capturing lessons learnt and implementing continuous improvement
- Establishing on-going control and accountability
- Taking the broadest approach possible, and identifying all risks.

Risk Management Process

We have established a single and systematic approach to enterprise-wide risk management that brings various risk management procedures and processes from across the organisation under one central process. All employees have a responsibility to mitigate risk through managing and identifying risks that are a part of the work we undertake. Our process is aligned to the Australian Standard AS/NZS ISO 31000:2009 – Risk Management.

Risk Management Reporting

As part of the ongoing Corporate Risk Management process, workshops are held across the State to identify important operational and strategic risks facing individual directorates and business units and our project activities. These workshops focus on the strategic and longer term (3-5 years) impacts to our business.

Mitigating actions to address these risks have been incorporated within Directorate and Branch Business Plans and form part of the quarterly reporting and evaluation regime to Corporate Executive and across the organisation.