

Annual Report 2016



Table of Contents

Welcome	3
Overview	4
Highlights of the year	5
Commissioner's Foreword	11
Managing Director's Review	12
What is Driving Us	15
About Us	16
Our Value Chain	19
Our Structure	21
Our Leaders	22
Operational Performance	26
Achieving the Government's Goals	27
Road Safety	28
Road Efficiency	32
State Development	36
Road Maintenance	39
Community Access	42
Road Management	45
Business Activities	50
Managing the Environment	51
Enhancing Customer Relationships	62
Engaging with our Stakeholders	70
Investing in People	75
Enhancing Safety, Health and Wellbeing	81
Governance	86
Transparency	87
Accountability	90
Stewardship	96
Integrity	98
Performance Measures	103
Financial Statements and Notes	116
Statement of Comprehensive Income	117
Statement of Financial Position	118
Statement of Changes in Equity	119
Statement of Cash Flow	120
Notes to the Financial Statements	121
Schedule of Income and Expenses by Service	181
Appendices	182
Road Facts Summary Sheet	182
Glossary	184
Acronyms	186
Contact Information	187

Welcome

The 2015-16 Annual and Sustainability Report communicates our operational, financial and business performance for the financial year ending 30 June 2016.

It highlights our role, the services we provide and how we have created value in line with our aspiration to *provide world class outcomes for the customer through a safe, reliable and sustainable road-based transport system.*

This year we have made a commitment to produce an online only annual report to minimise the impact we make on the environment and cost implications in producing a printed version. We hope that by enhancing our information with up to date online content as well as reporting

our achievements over the last 12 months it will significantly enhance your understanding of our activities both past and present. Accessibility remains a high priority in our transition and as part of our continuous improvement approach, we welcome feedback or suggestions you may have about our report.

We have prepared our report in accordance with the Global Reporting Initiative (GRI) G4 'Core' guidelines and it adheres to the GRI principles of stakeholder inclusiveness, materiality, completeness and context.

Over the next few years we aim to develop our disclosure to 'Comprehensive' level and have commenced reporting against some indicators included at this level. This is part of our continued commitment to GRI which provides the world's most widely used standards on sustainability reporting and disclosure. These standards enable businesses, governments, civil society and citizens to make better decisions based on information that matters.

Statement of Compliance



To the Honourable Dean Nalder, MLA BBus GradDip (AppFin&Inv)

Minister for Agriculture and Food; Transport

In accordance with section 63 of the *Financial Management Act 2006*, I hereby submit for your information and presentation to Parliament, the Annual Report of Main Roads Western Australia for the financial year ended 30 June 2016.

The Annual Report has been prepared in accordance with the provisions of the *Financial Management Act 2006* and any other relevant written law.

Peter Woronzow

Acting Managing
Director of Main Roads
19 August 2016

Nina Lyhne

Acting Commissioner
of Main Roads
19 August 2016

Overview

Highlights of the year

PAGE 05

Commissioner's Foreword

PAGE 11

Managing Director's Review

PAGE 12

What is Driving Us

PAGE 15

About Us

PAGE 17

Our Value Chain

PAGE 20

Our Structure

PAGE 21

Our Leaders

PAGE 22

Highlights of the year



We celebrate our
90th Birthday

Opened
**Onslow
Ring Road**

**Kwinana
Freeway**
Widening Project

Delivered more than 300 initiatives in the
**Traffic Congestion
Management Program**



Commenced works on
NorthLink WA

Gateway WA

under budget and ahead of time



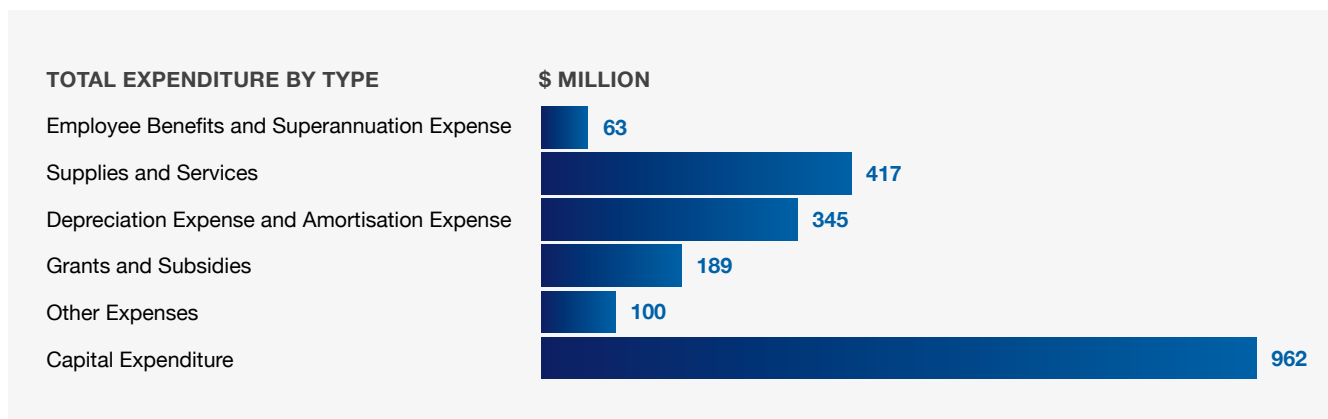
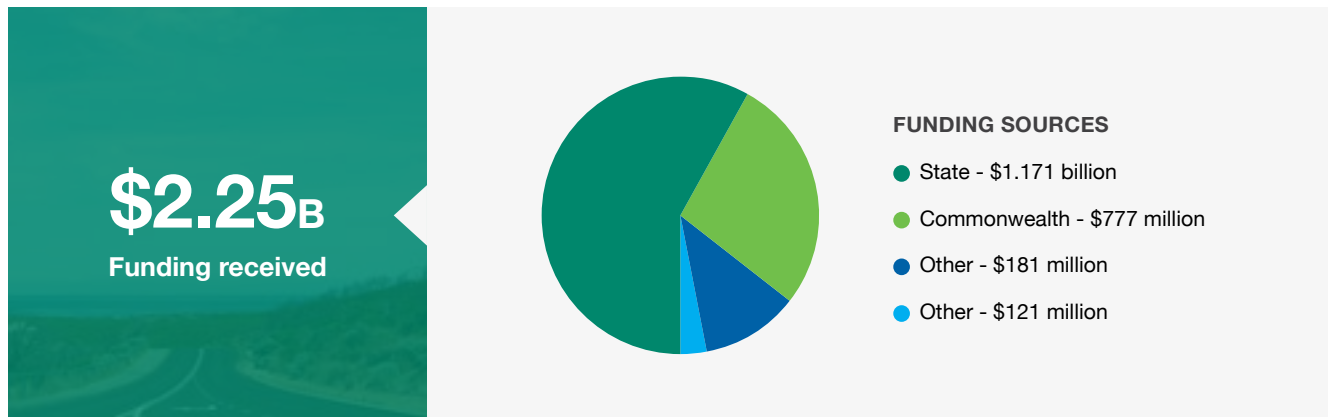
First government agency to enter into a
**Noongar Standard Heritage
Agreement**



Completed upgrading all
**Traffic Signals
to LED**

Our Finances

Our financial summary shows the key elements of our financial performance. More detailed information can be found in the Financial Statements and Notes.



TOTAL ASSETS

	2016 (\$ million)
Roads	14.9
Land under roads	24.3
Bridges	3.9
Other Infrastructure	1.4
Property and Plant	0.6
Amounts Receivable	1.9
Other Assets	0.7
Total	47.7

Our Workforce




Our Workforce Profile helps to illustrate who we are. More detailed information can be found in the Investing in People section.















- 🕒 Full-time employees – 1013.5
- 🕒 Turnover rate – 4.93 %
- 🕒 Male vs Female - 69% vs 31%




EMPLOYEE AGE PROFILE		REGIONALLY BASED WORKFORCE	
Age	%	Region	People
<30	14	Great Southern	28
30-39	19	Goldfields Esperance	16
40-49	20	Kimberley	27
50-59	29	Mid-West Gascoyne	46
60+	18	Pilbara	22
		South West	64
		Wheatbelt	44

















Our Performance




The communication of our performance is part of our commitment to sustainable reporting and good governance. Our scorecard provides a summary of how well we are performing on a wide range of issues material to our business and our customers. This provides a snapshot, however more detailed information and other informative measures are included throughout the report.










 we have achieved our target
  desired result not achieved and on watch
  desired result not achieved action is being taken

	2016 Target	2016 Actual	Status	
OPERATIONAL PERFORMANCE				
ROAD SAFETY PROGRAM				
% Community satisfaction of road safety	90	91		
Black Spot location indicator	9.4	9.1		
% of contracts completed on time	90	91		
% of contracts completed on budget	90	98		
ROAD EFFICIENCY AND ROAD SYSTEM MANAGEMENT PROGRAMS				
% Community satisfaction	90	91		
	B Double -27.5m %	96	98	
	Double RT -27.5m %	96	97	
Road network permitted for use by heavy vehicles	Double RT-36.5m %	78	80	
	Triple RT-53.5m %	44	45	
	Roads	90	91	
% Network configuration	Strength	89	90	
	Bridges	Width	95	96
% of contracts completed on time		90	100	
% of contracts completed on budget		90	97	
Average \$ cost of network management per million vehicle km travelled		5,349	5,358	

 we have achieved our target  desired result not achieved and on watch  desired result not achieved action is being taken

	2016 Target	2016 Actual	Status
STATE DEVELOPMENT PROGRAM			
Average return on construction expenditure	4.3	4.2	
% of contracts completed on time	90	100	
% of contracts completed on budget	90	100	
ROAD MAINTENANCE PROGRAM			
% Community satisfaction road maintenance	90	88	
% Preventative maintenance indicator	84	87	
Average \$ cost of network maintenance per lane kilometre of road network	7,700	7,518	
COMMUNITY ACCESS PROGRAM			
% of the year that 100% of the Main Roads' State road network is available	85	87	
% Community satisfaction with cycleways and pedestrian facilities	90	83	
% of contracts completed on time	90	91	
% of contracts completed on budget	90	100	
BUSINESS ACTIVITIES			
MANAGING THE ENVIRONMENT			
% Environmental Management System compliance audits completed	100	100	
% State-wide clearing permit (CPS 818 and 817) audits completed	100	100	
Scope 1 and 2 Emissions (t CO2)	29,891	26,571	
ENHANCING CUSTOMER RELATIONSHIPS			
% Community satisfaction with our overall performance	90	91	
Customer Charter Index	90	99	
Customer Centre resolving of enquiries at first point of contact	80	86	

 we have achieved our target
  desired result not achieved and on watch
  desired result not achieved action is being taken

	2016 Target	2016 Actual	Status
ENGAGING WITH OUR STAKEHOLDERS			
% Deploy CONNECT (CRM) to seven regional offices and begin reporting	100	100	
% Website availability	99.5	99.8	
% Emails actioned within 24 hours of receipt	100	98.5	
INVESTING IN PEOPLE			
Full time equivalent (average)	1,018	1013.5	
% Women in leadership positions Level 6 and above	16	18.5	
% Completion Individual Performance Agreements	100	95	
ENHANCING SAFETY HEALTH AND WELLBEING			
Fatalities	0	0	
Lost Time Injury frequency rate	2	1.3	
Rate of incidents closed out within 30 days	90	85	

Commissioner's Foreword

An efficient, sustainable transport system is central to maintaining our liveability and our road network is vital in keeping Western Australia's people and freight moving for the economic and social prosperity of our State.



It is in the interest of all Western Australians to ensure an effective freight network is supported by key infrastructure that continues to meet the State's freight task to 2031 and beyond. The completion of the Gateway WA project has transformed the entry to Western Australia, upgrading the safety and efficiency of one of our most important transport hubs in the State.

Construction began on the project in 2013. The past three years have delivered a suite of road network upgrades, improving freight and passenger movements, around Perth Airport and the nearby Kewdale and Forresterfield industrial estates.

Cyclists and pedestrians have also benefited from the project with more than 21 kilometres of shared path and local connections. The project is one of many efforts being made to ensure an integrated transport network and provision of different transport options for Perth commuters.

A major milestone last year was the official ground-breaking on the first section of the \$1.12 billion NorthLink WA project which will

provide a non-stop transport route between Morley and Muchea.

A \$40 million package for ongoing traffic management across Perth's road network was announced in the State Budget, forming part of the wider Traffic Congestion Management Program. The program's successes bode well for the coming year, with new projects set to launch during 2016–17.

Regionally, safety and accessibility were greatly improved through a range of projects across the State.

Since 2010, we have been working together with our portfolio partners, the Public Transport Authority and Department of Transport, to enhance the coordination of our operations, and develop unified policies and regulatory functions.

Our Transport Portfolio Planning Day saw leadership colleagues from across the three transport agencies come together to consider the changing transport needs of our State. The forum discussed how political, economic, social and environmental factors will influence our way forward.

The collaboration resulted in the Transport Portfolio Strategic Framework which centres on our promise to strive towards providing world class outcomes for our customers through integrated and intelligent transport systems and services.

Building on this promise, work continued on the 'Perth Transport Plan for 3.5 million

People and Beyond'. The plan looks at options for roads, river crossings, mass transit, cycling, demand management and future technologies and is set to be released early in the new financial year.

The plan examines innovative ways to manage traffic demand across the network – a key priority now and in the future.

At the core of everything we do at Main Roads and across the wider Transport Portfolio are our customers and the travellers who form our community. Together, we will continue to keep Western Australia moving by helping each and every Western Australian to get to where they need to be as safely and efficiently as possible. We will also continue to ensure the road-transport system supports businesses to deliver billions of dollars in goods and services each year.

As I prepare to step back from my role as Commissioner of Main Roads and related portfolio positions I am immensely proud of what we have been able to achieve over the past six years. I am confident that the structures are in place to ensure the portfolio continues to evolve to benefit the State and the generations to come.

A handwritten signature in black ink, reading 'R Waldoock'. The signature is fluid and cursive, with the first letter 'R' being particularly large and stylized.

Reece Waldoock
Commissioner of Main Roads



Managing Director's Review

In his Foreword this year Reece talked about the importance of the transport system in supporting our liveability and achieving our aims in terms of social prosperity. It is in this context that 2016 marks 90 years since the creation of Main Roads—an organisation that has a rich and proud history of providing an essential service to the people of Western Australia and an organisation that I am proud to say continues to evolve and change in order to meet the needs of all Western Australians.



As I come to the end of my time with Main Roads I have been reflecting on the changes of the past three years since I joined the organisation, our progress in achieving the Government's goals and our strategic objectives. I feel that during this time we have achieved not only what we set out to do but in some cases have established new benchmarks in project management, sustainability, safety, customer engagement and tackling the growing issue of congestion.

In last year's review I talked about the importance of our new

strategic direction Keeping WA Moving. Throughout the last 12 months we have continued to see significant change based around a renewed focus on customers, sustainability, safety and of course movement. We have implemented some of the most comprehensive structural changes seen in the past decade. Most of these, reported in our previous annual report, have been finalised and are in the process of being deployed. I am confident that collectively the leadership team has placed Main Roads in a strong position for the future.

Our Operational Performance

Our Keeping WA Moving strategy and focus areas of Customers, Movement, Sustainability and Safety emphasises what is and will be material to our business and customers in the years ahead. The outcomes we are seeking in these areas of focus have guided operational activities and investments of just over \$2 billion in the last financial year,

representing 99 per cent of our total budget. This is once again excellent outcome.

We have delivered our services through a suite of programs aligned to Government Goals that reflect how our funding is allocated. Road efficiency continues to be the largest of our six investment programs and is a strong driver of our major projects. Reece has already mentioned the iconic Gateway Project and I would like to add that this, the largest road construction project in our history, was delivered one year ahead of schedule and under budget. It highlights efforts we are taking to achieve more sustainable practices that will ultimately flow across our entire project practice. This is demonstrated by recognition we have received for Work Safety Awards, achievement of a national first with certified as Excellent for As Built under the independently assessed Infrastructure Sustainability Rating Scheme, and a Waste Infinity Award, to name just a few.

It is the nature of these works that reflect well on not just all of our people but also the willingness of our partners and suppliers to be innovative and help us achieve the best outcomes for the State and our customers; the community.

Other significant works undertaken over the past 12 months include completion of the Vasse Bypass, Onslow Ring Road, Ravensthorpe Heavy Haulage Route Project and works on South Western Highway. In the metropolitan area we have invested more than \$77 million on Kwinana Freeway widening projects and commenced works on NorthLink WA which will service regional traffic movements to commercial and industrial areas such as Malaga, Kewdale, Perth Airport and the Perth CBD. NorthLink WA will see us not only deliver enhanced road capacity and reduced congestion on local roads but it will also improve journey times by avoiding up to 16 sets of traffic lights, one railway crossing and 21 speed limit changes for the freight route from Kewdale to Muchea.

Reducing the impacts of congestion continues to be a very high priority. We recognise that there is no single solution. However, by focusing on multiple strategies and projects traffic flow improvement will be noticeable through more reliable travel times. In its first 12 months the Traffic Congestion Management Program delivered more than 300 low-cost, high-impact initiatives including new merge lines, traffic signal optimisation, yellow box junctions and the new 3D laser scanner being used by WA Police. The program also includes physical road projects such as the additional lane added to Mitchell Freeway between Charles Street and Market Street.

By reconfiguring the road lines, drivers gain a lane between Vincent Street and Market Street improving average speeds southbound by a massive 65 per cent in the evening peak period. Together and individually these initiatives significantly improve our traffic flow, benefiting all road users. We are constantly exploring new and innovative ways to improve reliability of the road network. For more and the most up-to-date information for your area, please ensure you visit our website.

Business Activities

As well as infrastructure projects, our world class outcomes for customers come through ongoing management of the single largest community asset in the State. Our sustainable practices, including the partnerships we form with our stakeholders to identify the best, most cost effective and least disruptive methods in achieving our strategic direction, are equally important to our success.

I was very proud when we became the first government agency to enter into and sign a Noongar Standard Heritage Agreement. This new arrangement means we are able to build stronger relationships with the Noongar people in the South West and adopt more collaborative processes to ensure heritage sites are identified and protected. We also expect improved efficiencies through more consistent and better understood processes, giving us shorter assessment timeframes and streamlined regulatory processes for projects.

We also completed a transition of our traffic signals from old technology globes to LED which reduces gas emissions, maintenance and running costs.

It also improves visibility and safety at intersections. We have also recently introduced a trial of LED street lights on our first infrastructure projects on the Gateway Project and Mitchell Freeway extension.

Our Road Safety Management System (ROSMA) was launched mid-2016. ROSMA is a system that seeks to manage the interaction between the road, travel speed, the vehicle and users. This is a ground-breaking approach to safety. As we apply the Safe System principles underpinning ROSMA, I anticipate we will achieve reductions in road trauma across our road network.

Strengthening our focus to achieve improved integration with our peers and to create even better customer experiences for everyone we have concentrated on improving collaboration and communication with all of our stakeholders.

We have adjusted our communication with stakeholders, media outlets, local communities and we increasingly use digital platforms to better inform customers about journey times and management of events and incidents on the road.

Looking Ahead

As I prepare this statement we have been advised that the Court of Appeal has overturned a Supreme Court ruling relating to Roe 8 and as a result of this decision, the project's full environmental approvals have been restored. Roe 8 is just one section of the proposed \$1.9 billion Perth Freight Link Project. Completion of all sections of the funded Perth Freight Link project will collectively provide the 'missing link' in the Perth Urban Transport Corridor. It



will be achieved through the development of a dedicated, high productivity, east-west freight connection between Perth's heartland industrial areas, such as Kewdale, Welshpool, and Fremantle. Current stop-start traffic will be replaced with free-flowing vehicle movements yielding environmental, safety and productivity benefits for the Western Australian community.

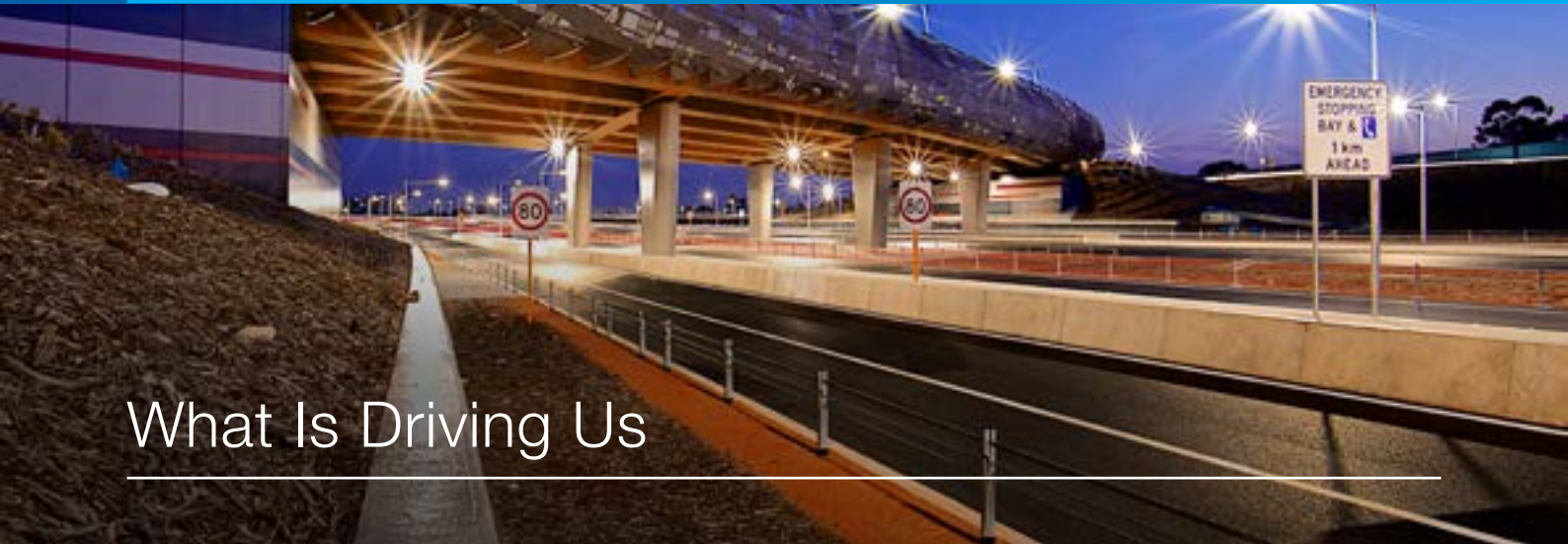
Combined with the Gateway WA project and the \$1.12 billion NorthLink WA project, the Perth Freight Link infrastructure projects will ultimately provide a free flowing 85 kilometre route from Muchea to Fremantle and Perth's southern industrial and trade centres. The project continues to attract significant community interest and remains subject to further clearances before we

can proceed. The project website provides up-to-date information and I encourage anyone interested in the project to register at the website to receive regular updates.

In late July 2016 the Premier and the Minister for Transport will launch the new Perth Transport Plan for 3.5 million people and beyond. We are working closely with our portfolio colleagues and other agencies in seeking to make the future of our urban transport network smarter, better integrated and with more access and transport choices including active transport modes. We will also be working to achieve greater integration of transport and land use policies to support future development of key activity centres.

I am very proud of my three years at Main Roads and the achievements to which we have all contributed. The organisation has the momentum to continue to create an environment of commercial awareness and nurture a culture of innovation. Our approach has been to draw from the best insights and evidence from around the world. These learnings will be applied to make Western Australia a better place. I would like to thank you for your support during my time at Main Roads, and wish you the best for an exciting future.

Steve Troughton
Managing Director of Main Roads



What Is Driving Us

The transport system is an integral part of the everyday lives of all Western Australians. In a State that is as large and diverse as ours, it is a critical component that makes it all work. The vast distances and sparse population present complex challenges for productivity and sustained prosperity.

We expect that some of today’s challenges, such as road safety and congestion will continue to be challenges in the future. The cost of congestion in Perth was estimated at \$2 billion and will potentially double by 2030 according to the Bureau of Infrastructure, Transport and Regional Economics. We continue to tackle road safety and congestion with current initiatives such as the Traffic Congestion Management Program and our approach to a Road Safety Management System (ROSMA). We are also watching the development of new technologies, trends and business models that may provide future improvements.

The future of the vehicle

While there has been wide-spread publicity around Google’s Self-Driving Car (SDC) project, as of June there were 14 companies approved to test driverless cars on Californian roads.

“I think there’s going to be more change in the next five to ten years than there’s been in the last 50”

General Motors CEO Mary Barra

We are already seeing features such as Autonomous Emergency Braking being deployed to prevent collisions. It’s not hard to imagine that technology with 360 degree sensing capabilities that does not get tired or distracted could potentially have safety benefits.

By connecting vehicles to the Internet, Tesla has been able to send updates to its vehicles, adding features such as ‘summon’ and ‘autopilot’. Consumers are literally waking up to vehicles with more features than the day before.

It is expected that future vehicles will be able to connect and communicate with each other and the road network. Simulations already demonstrate that, by working collaboratively, future vehicles will enable more throughput on our existing roads and significantly improve reliability and safety on the road network.

With one eye to the future, Federal, State and Territory governments are working collaboratively to ensure that any unintended barriers for the deployment of autonomous vehicles are removed. We were one of many agencies across Australia that provided input into the National Transport Commission’s review into automated vehicle regulation aimed at identifying potential barriers. We also partner with many stakeholders to raise awareness and build momentum by exploring the impact and requirements on new technology.

Future European and United States emissions standards, price decreases, range increases and running cost benefits are all touted as reasons electric cars will become more important.

With around 400,000 people worldwide reserving a Tesla Model 3, at a reservation cost of US\$1,000, and more than 20 per cent of new car sales in Norway already electric, this is evidence that customer acceptance is growing. However, the widespread adoption of electric cars would reduce Federal government revenue through the fuel excise and thus impact on the ability of future governments to fund road infrastructure projects and other community services.

Social trends

Like many other developed economies, our youth are choosing to get their driver's licence later or perhaps even do without a licence altogether. This is partly being driven by an appetite to live closer to infrastructure like public transport. It is also driven by mobility options such as ridesharing choices offered by Uber.

Companies like Uber and Lyft are experimenting with carpooling options to further reduce the cost of ridesharing. General Motors' recent US\$500 million investment in Lyft and Apple's US\$1 billion investment in Chinese ridesharing company Didi Chuxing demonstrates the seriousness of continued research and development.

Many companies envision a potential future where ridesharing, autonomous vehicles and carpooling come together to make ridesharing so efficient that for most people it is cheaper than owning a car. It is possible that these future services will reshape our cities, potentially reducing parking needs and single person vehicle trips to alleviate congestion.

The future of our environment

The Paris Agreement indicates an international consensus on the importance of avoiding the more serious risks of climate change. Australia's recent decision to join more than 150 countries in the agreement signals that carbon reduction will be increasingly important over the next decade and beyond.

There is a growing international expectation that transport agencies play a stronger role in reducing emissions within the sector. With domestic transport making up around 16 per cent of Australia's greenhouse gas emissions, the transport sector is an obvious area for improvement. Electric cars have the potential to reduce tailpipe emissions and improve air quality, but the source of that energy is important in considering the overall solution.

Renewable energy sources, specifically wind and solar, are becoming cheaper as technology improves and volumes increase. Interesting opportunities are becoming available with at least three different technologies being developed to embed solar cells within roads and other projects placing solar cells within road reserves or next to the road network. Combined with the introduction of battery storage for energy, renewables provide options for a more distributed energy network. Our recent efforts to reduce greenhouse gas emissions from the transport industry include trialling energy efficiency options such as LED streetlights and using solar panels on our buildings. We will continue to watch developments and to trial initiatives to reduce greenhouse emissions.

Keeping WA Moving

Celebrating our 90th birthday reminds us of our significant history, the substantial changes seen and yet to come. Our strategic direction, Keeping WA Moving, will drive us beyond the next five years and prepare us for a fast changing world. It sets a direction for 10, 20 or even 30 years in the future, and recognises that we need to prepare now.

It helps us to achieve our aspiration to provide world class outcomes for the customer through a safe, reliable and sustainable road-based transport system through four strategic areas. These areas of focus recognise our portfolio partners' roles and our part in supporting the achievement of an efficient, safe, integrated transport solution for Western Australia. Being aware of and actively seeking out solutions now will make sure that we are as prepared as we can be for the future.

About Us

Our Minister and Enabling Legislation

Responsible Minister

Hon. Dean Nalder MLA BBus GradDip (AppFin&Inv)
Minister for Agriculture and Food; Transport

Empowering Legislation

Main Roads Act

The *Main Roads Act 1930*, as last amended in 1996, establishes the Commissioner of Main Roads as a corporate body and sets out the powers and duties of the office.

Other Empowering Legislation

- ④ The *Land Administration Act 1997* provides powers for the resumption of land
- ④ Section 131 (Liability for damage to road infrastructure) of the *Road Traffic (Administration) Act 2008*
- ④ 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
- ④ Part 4 of the *Road Traffic (Vehicle Standards) Regulations 2002* provides the Commissioner with the authority to issue permits for restricted access vehicles that exceed certain mass and dimension limits, as defined in the Regulations.

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

Our Role

We are one of the largest geographically spread road agencies in the world responsible for more than 18,500 kilometres of road spread over 2.5 million square kilometres. Our role is to plan, build and maintain Western Australia's State road network valued at almost \$48 billion. We work closely with our portfolio partners and Local Government to support the needs of all road users across the State by providing an integrated world class road transport network.

REGION	POPULATION (000)	AREA COVERED (000 KM ²)	STATE ROADS (KM)
1. Goldfields-Esperance	60	941	2,202
2. Great Southern	62	49	1,612
3. Kimberley	39	419	2,241
4. Metropolitan	1,938	5	870
5. Mid West-Gascoyne	67	421	3,625
6. Pilbara	66	506	2,735
7. South West	284	29	1,759
8. Wheatbelt	74	157	3,469
Total	2,590	2,527	18,513

Our Aspiration

To provide world class outcomes for the customer through a safe, reliable and sustainable road-based transport system.

Our Values

Roads Matter – Taking pride in managing the road network for the benefit of the community

Working Together – Enhancing relationships and teamwork

Excellence in Customer Service – Understanding and providing what is important to our customers

Embracing Challenge – Anticipating and taking up challenges

Professionalism – Providing high levels of expertise in delivering our services

Family – Respecting and supporting our customers, the community and each other.

Our Strategic Direction

Keeping WA Moving sets our strategic direction. To achieve our Aspiration these four areas are about creating a focus on delivering value based on the needs of our customers and stakeholders:

- ④ **Customers** – Provide a transport network centred on what our customers need and value
- ④ **Movement** – Improve mobility of people and the efficiency of freight
- ④ **Sustainability** – Develop a sustainable transport network that meets social, economic and environmental needs
- ④ **Safety** – Provide improved safety outcomes for all users of the transport network.

More information on what Keeping WA Moving means and how it influences our direction is included throughout this report.

90 Years of Serving the Community

90 years is a significant achievement for any organisation and in many ways make us unique as a Government agency. Since that first meeting in 1926, we have achieved a long list of technical and infrastructure milestones and seen many organisational changes along the way.

Roads do not come into existence without effort. The building, management and maintenance of the road network is associated with challenges, some unique to our industry and State such as building large expanse of roads in isolation to create new communities and links to the rest of Australia.

Our notable history, our growth and expansion from 4,470 kilometers of road in those early days to just over 18,500 kilometers today and the responsibility that comes with the stewardship of managing the single largest community asset in Western Australia, comes back to people. Innovative and skilled minds have provided and continue to provide us with a world class road-based transport system that we now enjoy. We will continue to work towards this aspiration for the generations to come.

On our website is a 90 year timeline that celebrates our anniversary, our people, our achievements and shows how far we have come, but the challenges and opportunities that face us are far from past.

Our Sustainable Approach

This year we developed a new Sustainability Policy to replace our 2006 policy which had been instrumental in guiding our processes and helped us to establish a clear set of principles focussed on creating lasting benefits socially, economically and environmentally. Our new policy reflects the maturity that we have gained during this time and is now aligned with the sustainability focus and outcomes identified in Keeping WA Moving. The policy is underpinned by six key aspects considered material and was developed in consultation with our portfolio partners and industry stakeholders. The key aspects are guided by our policy objective.

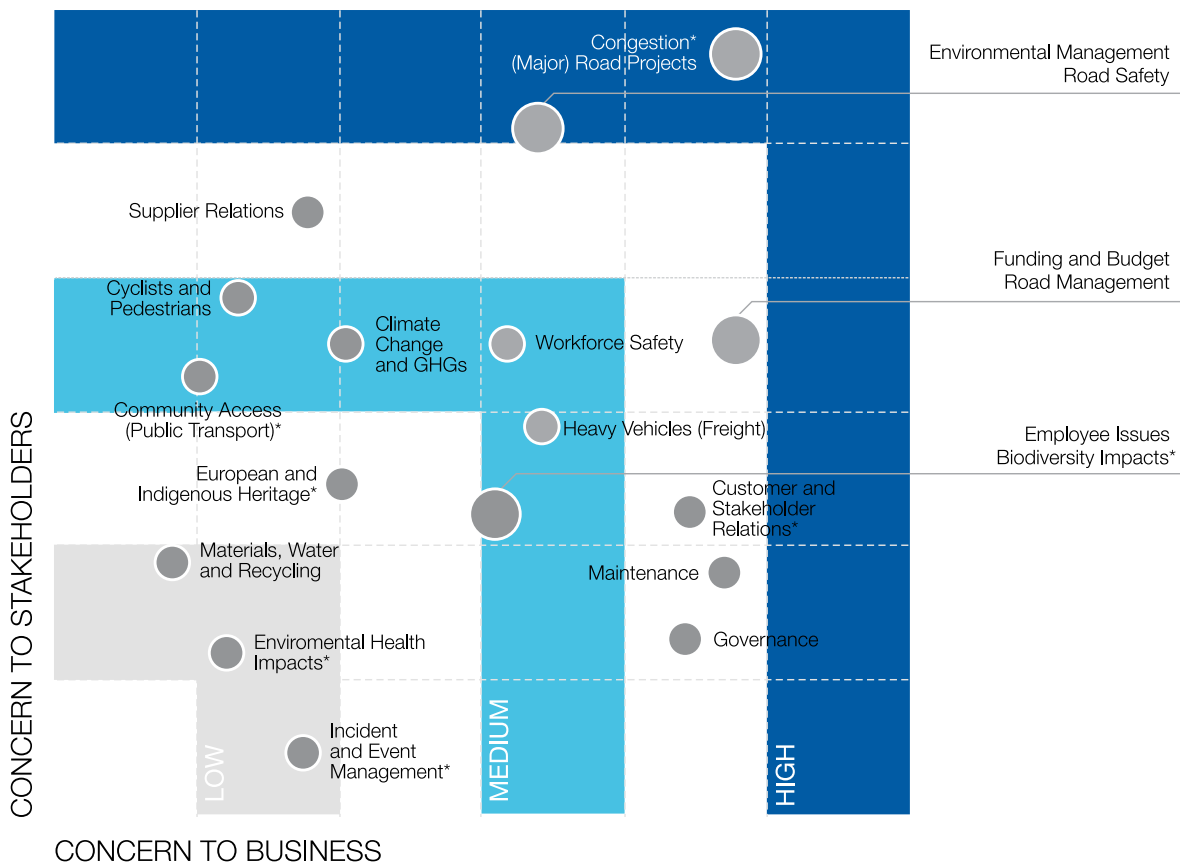
Key Aspects:

- ⦿ Sustainable transport
- ⦿ Climate change
- ⦿ Environmental footprint
- ⦿ Behaviour
- ⦿ Governance and performance
- ⦿ Funding and financing.

In 2016-17 we will engage with internal and external stakeholders to develop supporting actions, key areas for employee development and key metrics to measure performance as we ensure our policy drives and guides our future direction [link]. Further information on our approach to Sustainability including the updated policy can be found on our website [link].

Defining Reporting Content

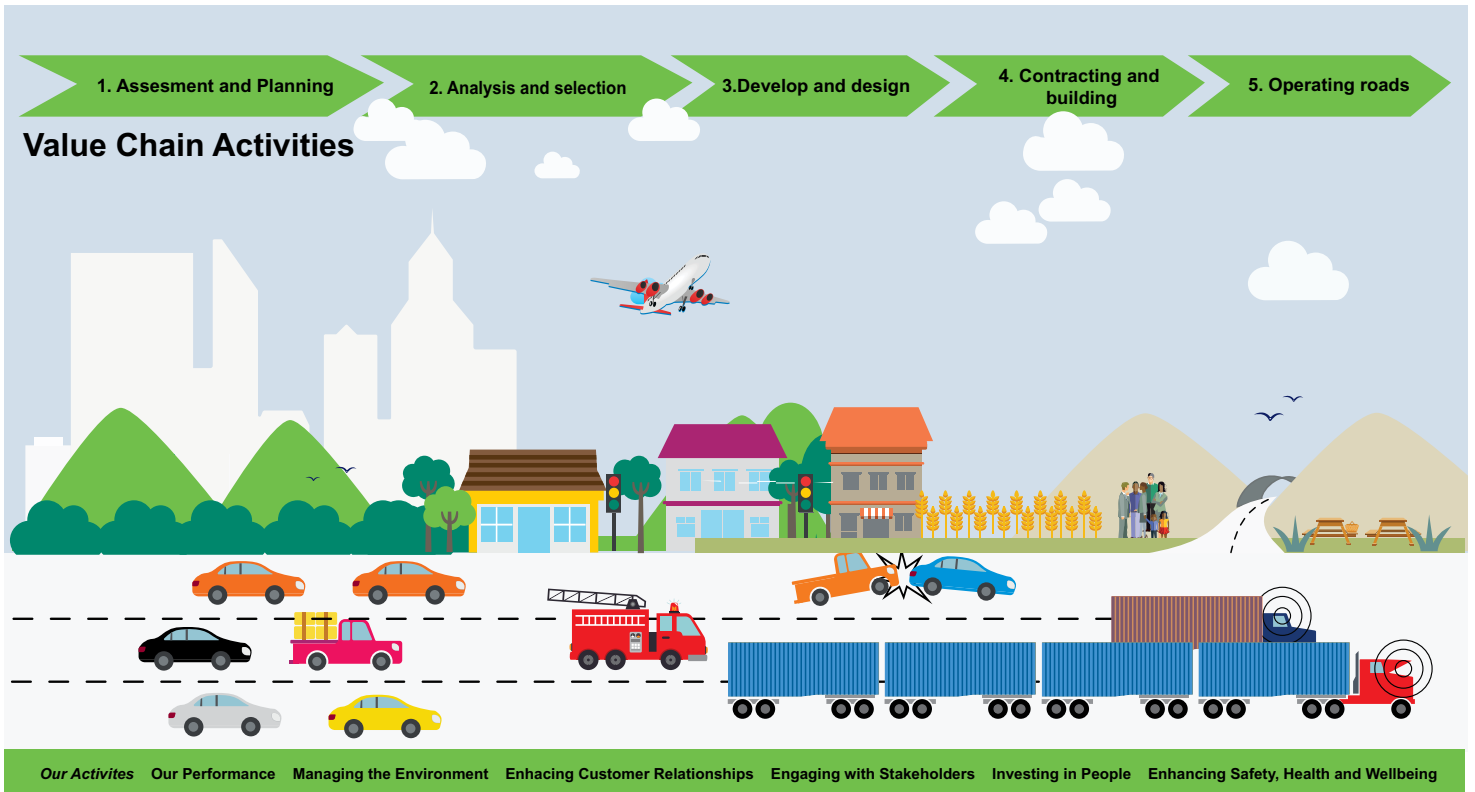
As an ongoing commitment to ensure the validity of these topics to our business and stakeholders, we conduct a desktop materiality review twice a year and report the results to Corporate Executive. The review draws from our corporate and legislated commitments, key risks, corporate stakeholder engagement processes, media and ministerial topics and our peers reporting practices. We have prepared this report in accordance with the Global Reporting Initiative (GRI) 'Core' and the requirements specified in the Public Sector Commission's Annual Reporting Framework and addressed the United Nations Sustainable Development Goals. A GRI Content Index is available for reference.



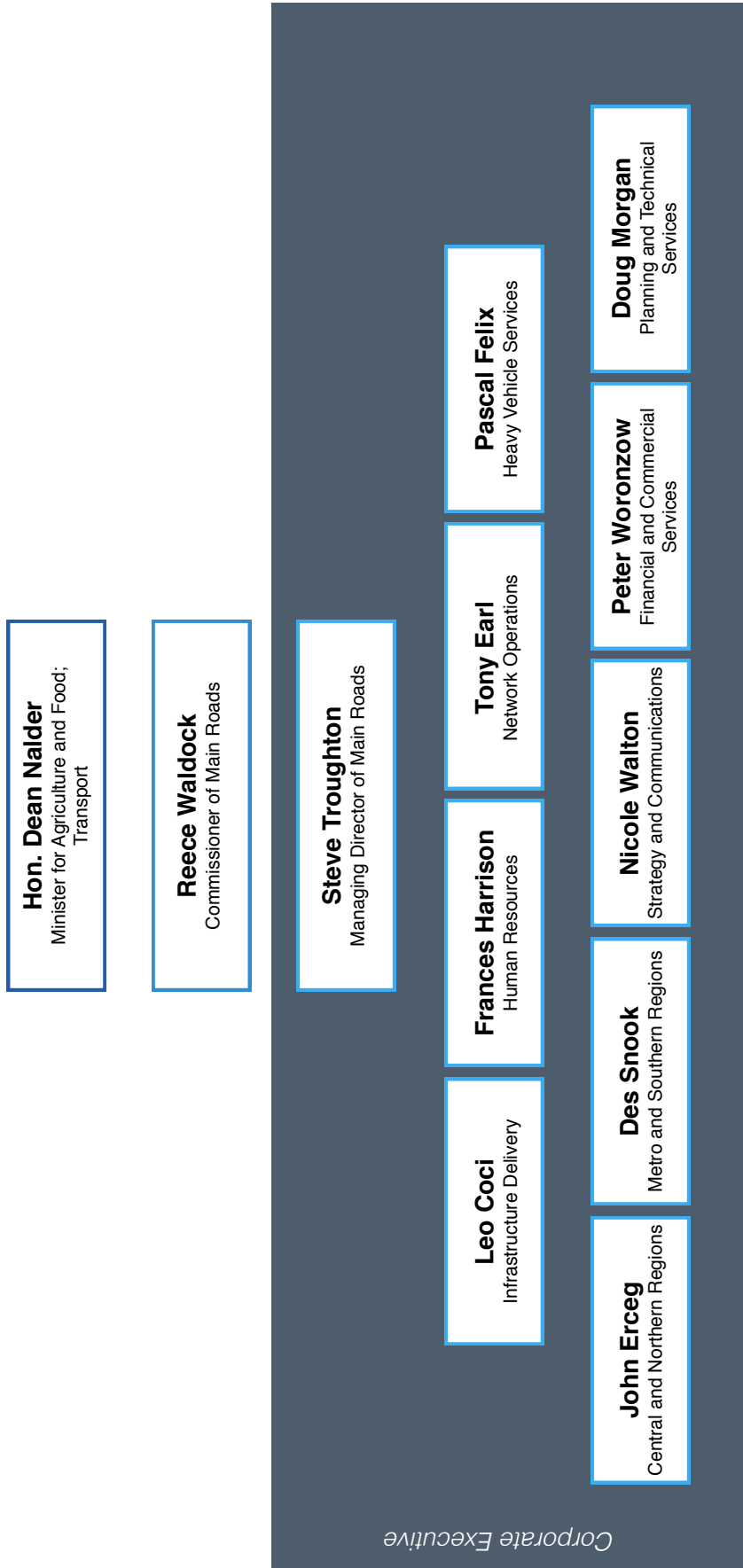
*Aspect is outside the organisation boundary.

Creating Value in Western Australia

The graphic below highlights our activities in the form of a Value Chain supported by case studies throughout the annual report.



Our Structure



Corporate Executive

Our Leaders

Corporate Executive is our peak decision making body, made up of the Managing Director and Executive Directors from all of our business units. Its objective is to set clear strategic direction to deliver government priorities, meet our aspirational purpose and achieve agreed performance goals.



Steve Troughton

Managing Director

BEng (Hons), MBA, GAICD, CPEng, CEng, FIEAust, MICE
Length of Service: 3 years

Steve brings years of international experience in the engineering, property and management related industries. Combined with his forward-thinking and practical approach, he has led and encouraged innovative and sustainable solutions in all aspects of our delivery to the Western Australian Community.

Peter Woronzow

Executive Director Finance and Commercial Services

BA (Economics) GDPSM, CPA
Length of Service: 36 years

Peter is responsible for managing financial, corporate and commercial solutions. As Chief Finance Officer, Peter oversees the sustained financial prosperity of the organisation. He is a member of CPA Australia and is on the Board of the Gateway WA Alliance and the ARRB Group Ltd.



Leo Coci

Executive Director Infrastructure Delivery

BEng (Hon), MBA
Length of Service: 39 years

Leo has experience in and has held management roles in bridge design, road planning, project management and contract management. He is responsible for the procurement and delivery of high value, complex, infrastructure for some of our largest projects across Western Australia.



Doug Morgan

Executive Director Planning and Technical Services

BEng (Electrical), MBA

Length of Service: 28 years

Doug contributes to sustainable integrated transport through providing leadership in engineering, environmental and project development. Doug chairs the Road Planning and Investment Committee.



Tony Earl

Executive Director Network Operations

Traffic Engineer

Length of Service: 2 years

Tony's key role is to optimise the performance of the road network to facilitate safe and reliable movement of people and goods throughout Western Australia with a focus on improving journey times and reliability in the metropolitan area. His 40 years extensive knowledge and experience in dealing with road network performance improvement in a world city (London) environment is a great asset to Main Roads in addressing the Governments response to managing congestion.



Frances Harrison

Executive Director Human Resources

Bachelor of Business – HR; Grad Cert in OH&SM

Length of Service: 1 year

Frances brings extensive experience in the areas of Human Resources Management and Employee Relations. Her expertise in translating strategic objectives into pragmatic and operable human resources practices has been critical in leading the Human Resources Directorate. Frances volunteers for a number of organisations and events outside of Main Roads, including the Employment Law Centre, the MS Society of WA, Open House Perth and the Perth Fringe Festival.





Des Snook

Executive Director Metropolitan and Southern Regions

BEng (Civil)

Length of Service: 37 years

Des is responsible for providing asset management, maintenance and project delivery services to the Metropolitan, South West and Great Southern Regions. He has held leadership positions in many parts of the organisation and has extensive knowledge and experience in the management of heavy vehicle services, network operations and road safety. He is well placed to facilitate the provision of a safe, reliable and sustainable road network.

Nicole Walton

Executive Director Strategy and Communications

B.A.Com, EMBA

Length of Service: 1 year

Nicole has extensive experience in communications, marketing and strategic planning for a range of global and national businesses across Australia and the UK. Her focus on customer experience and engagement as well as business improvement is integral in shaping the role of Main Roads customer service channels, information exchange and future focussed initiatives.



John Erceg

Executive Director Central and Northern Regions

BEng (Civil)

Length of Service: 33 years

John is responsible for providing asset management, maintenance and project delivery services to the central and northern regions of the State. In addition to having worked throughout the State in various engineering roles he also has experience in heavy vehicle operations and has held leadership positions within Austroads and had international experience in network operations. He is committed to providing our customers with a safe, reliable and sustainable road network.



Pascal Felix

Executive Director Heavy Vehicle Services

BSC

Length of Service: 12 years

Pascal is responsible for providing safe, efficient and sustainable heavy vehicle access to WA's road network. He has held leadership roles across the organisation and his experience spans human resources, strategic planning and stakeholder relationships. He has over 20 years' experience in the public sector in areas such as customer service and transformational change. He has been a key driver in heavy vehicle productivity and technology initiatives. Pascal is a Fellow of Leadership WA.



Leadership team changes

There were some significant changes to the leadership team throughout the year as we welcomed Frances Harrison and Tony Earl. In addition, we said farewell to Iain Cameron as the Office of Road Safety transitioned out. On July 8, Steve Troughton completed his tenure and moved to a new opportunity at Transport for New South Wales. Following his departure, the Minister for Transport appointed Peter Woronzow in the role of Managing Director pending replacement action being initiated.

Operational Performance

Achieving the Government's Goals

PAGE 27



Road Safety

PAGE 28



Road Efficiency

PAGE 32



State Development

PAGE 36



Road Maintenance

PAGE 39



Community Access

PAGE 42



Road Management

PAGE 45

Achieving the Government's Goals

Our commitment to delivering safe, reliable and sustainable services to the community is at the core of everything we do.

Our outcome-based framework uses a Program Management approach to deliver six services aligned to the State Government's Goals. The identification of actions delivered through these services are influenced and driven by the four areas of focus identified in our strategic direction Keeping WA Moving.

This table shows how our services and outcomes are aligned to Government Goals and influenced by our strategic areas of focus.

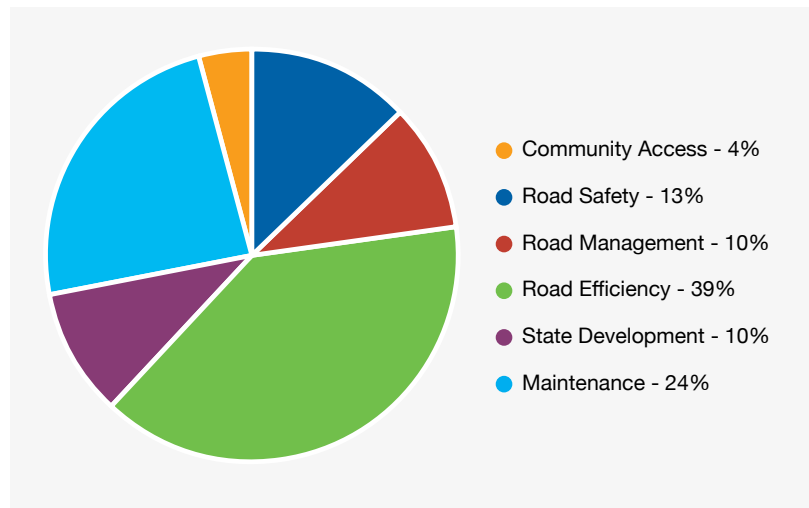
GOVERNMENT GOAL	MAIN ROADS SERVICES	MAIN ROADS OUTCOME
	Customer Movement Sustainability Safety	
1. Results based delivery	Road Safety	Providing a safe road environment
	Road Efficiency Road Management	Reliable and efficient movement of people and goods
2. Stronger focus on regions	Road Maintenance	A well maintained road network
3. State building – major projects	State Development	Facilitate economic and regional development
4. Social and environmental responsibility	Community Access	Improved community access and roadside amenity

Changes since last report

In July 2015 the Minister for Road Safety announced the establishment of the Road Safety Commission, which replaces the Office of Road Safety and creates a new stand-alone authority. This means that we no longer include the Office of Road Safety as part of our reporting.

Expenditure by service in \$ million

MAIN ROADS SERVICE	PROGRAM EXP \$ MILLION
Road Safety	187
Road Management	150
Road Efficiency	563
State Development	138
Road Maintenance	345
Community Access	50



Road Safety

Providing a safe road environment

	2014	2015	2016
Program Expenditure	\$105 m	\$106 m	\$187 m

Government Goal

Results based service delivery

Aim

Reduce the State's road fatalities to the lowest in Australia by minimising the road factors contributing to road trauma and reducing the serious crash injury rate.

About the Program

The program includes:

- ⊙ all State and National Black Spot projects
- ⊙ intersection improvements
- ⊙ overtaking lanes
- ⊙ rail crossings
- ⊙ bridge safety improvements.

Key Performance Indicators

	TARGET	ACTUAL	STATUS
% Community satisfaction of road safety	90	91	👍
% of contracts completed on time	90	91	👍
% of contracts completed on budget	90	98	👍

Looking Ahead

- ⊙ Deliver the \$20 million State Black Spot Program and the \$19 million Federal Black Spot Program.
- ⊙ Deliver the \$30 million Safer Roads and Bridge Improvements Program.
- ⊙ Deliver the \$5 million State railway level crossing improvement program.

Key Projects

PROJECT	TOTAL PROJECT COST (\$ MILLION)	2015-16 COST (\$ MILLION)	COMPLETION DATE	DESCRIPTION
GOLDFIELDS – ESPERANCE REGION				
Coolgardie Esperance Highway	2.8	2.8	March 2016	Install audible edge-lines, widen to 11 m and seal 9 m.
Goldfields Highway	1.3	1.3	December 2015	Upgrade 3 heavy vehicle parking bays.
GREAT SOUTHERN REGION				
Albany Highway Passing Lanes	13.6	6.7	April 2017	Overlay and widen near Harold Road, Tunney, Martagallup and Woogenellup.
KIMBERLEY REGION				
Victoria Highway	3.9	3.4	June 2016	Widen and seal 11 kms of shoulders including culvert extension and install audible edge lines.
METROPOLITAN REGION				
Electronic School Zones Signs	36.0	19.0	June 2017	Install 3,700 electronic speed limit signs at every school in Western Australia.
Toodyay Road/Noble Falls	6.0	6.0	April 2016	Road upgrading to provide passing lanes and turn pockets.
MID WEST – GASCOYNE REGION				
Great Northern Highway floodway upgrades (Munarra, Karalundi and Kumarina)	10.9	1.5	March 2017	Improve serviceability of key floodways between Meekatharra and Newman.
North West Coastal Highway - Binnu to Ajana	2.3	2.1	June 2016	Widen seal to 9 m.
PILBARA REGION				
North West Coastal Highway - Karratha to Roebourne	1.9	1.9	June 2016	Construct passing lane.
State Black Spot funded – Great Northern Highway channelised intersection opposite Port Hedland Airport	0.9	0.9	June 2016	Construct protected turn lanes and rationalise accesses to the airport and businesses.

PROJECT	TOTAL PROJECT COST (\$ MILLION)	2015-16 COST (\$ MILLION)	COMPLETION DATE	DESCRIPTION
SOUTH WEST REGION				
Bussell Highway - Vasse to Margaret River	46.4	6.3	March 2016	Upgrade of 16 intersections, 13 passing lanes, widen pavement to 9 m, seal shoulders.
Pinjarra Williams – Marradong to Quindanning	12.8	1.8	June 2016	Widen 24 km of single lane seal to 7 m.
WHEATBELT REGION				
Realign 4 km of Collie Lake King Road at Gibbs Siding	8.0	5.8	October 2016	Improve curves and intersections.
Toodyay Road Intersection with Morangup Road Upgrade	0.7	0.7	June 2016	Intersection upgrade.

Black Spot Programs

104 projects funded by the State Black Spot Program

- ④ 18 projects on State roads
- ④ 86 projects on local roads
- ④ \$20 million investment.

77 projects funded by the Australian Government Black Spot Program

- ④ \$19.6 million investment.

Railway Level Crossing Upgrade Program

The State has invested more than \$5 million to improve the safety of railway level crossings, on works such as upgrading:

- ④ red flash lights at seven crossings
- ④ red flash lights and boom gate control at one crossing
- ④ electrical equipment at one crossing
- ④ five crossings fitted with new LED flash lights.

CASE STUDY



Wheatbelt Highway Safety Review

The Wheatbelt Highway Safety Review represents a more collaborative approach involving road safety agencies working together with the community to improve road safety outcomes in the short-to-medium-term.

The Wheatbelt Region has been overrepresented in road trauma statistics for an extended period of time. Sections of road targeted in this review included Toodyay Road, Great Southern Highway (between Chidlow and York) and Great Eastern Highway. These roads had the highest Killed and Serious Injury (KSI) crash densities in the Wheatbelt Region, with differing traffic volumes and road conditions – making them ideal choices for the review.

This new approach was in response to the number of road deaths and serious injuries on the State's roads in 2014. It draws on the experience of similar reviews in other Australian States, which aim to reduce road trauma by tapping into the knowledge of experts across a range of road safety disciplines – as well as locals who regularly use the roads under investigation.

The success behind this project was based upon a number of key elements, including:

- ④ Extensive in-depth analysis of the crash history
- ④ Technical considerations, in particular geometric design, traffic type and volumes, and driver behaviour characteristics
- ④ Consultation with local stakeholders and the community.

The review commenced with desktop analyses, proceeded to on-site technical assessments and incorporated extensive community and stakeholder engagement. A key element of the review was a bus trip focusing on “multi discipline” input. This field inspection involved input from regulators, enforcers, designers and road users with practical assessment

of known crash sites. Our Road Safety Branch joined with regional offices to present an analytical approach to each site and consider achievable counter measures.

Also of particular note was the use of an interactive online mapping tool to record community input and two highly-focussed community forums held in Merredin and Toodyay. The engagement activity resulted in the proposal of a number of traffic treatment modifications. Many of these have already been implemented, and a number are in scoping or planning phase.

Strategically, one of the most important outcomes of the review was its reinforcement of our commitment to reduce KSI on Western Australian roads and helping shape our Road Safety Management System – ROSMA. This system uses a holistic view of the road transport system, seeking to manage the interaction between the road, travel speed, the vehicle and the road user. Developed in line with best practice internationally, ROSMA is on track to be accredited against ISO 39001 Road Traffic Safety (RTS) Management Systems by late 2017, meaning we will become the first road authority to be accredited to this international standard in Australia, and possibly the world.

We continue to take important steps towards reducing road trauma in new and innovative ways. This review sets the benchmark to develop similar approaches for other high-priority roads throughout Western Australia and reinforces our commitment to the Safe System approach, which underpins the State's road safety strategy *Towards Zero*.

Road Efficiency

Providing reliable and efficient movement of people and goods

	2014	2015	2016
Program Expenditure	\$527 m	\$749 m	\$563 m

Government Goal

Results based service delivery

Aim

Improve the efficiency, capacity and utilisation of the existing road network as part of a total transport network.

About the Program

The program includes:

- ⊙ road widening
- ⊙ bridge strengthening
- ⊙ retrofitting to incorporate intelligent transport capabilities
- ⊙ delivering geometric improvements.

Key Performance Indicators

	TARGET	ACTUAL	STATUS
% Network configuration - Roads	90	91	👍
% of contracts completed on time	90	100	👍
% of contracts completed on budget	90	97	👍

Looking Ahead

- ⊙ Improvements to Marble Bar Road, including upgrades between Newman and Ripon Hills.
- ⊙ Development activities and construction on Great Northern Highway upgrade between Muchea to Wubin.
- ⊙ Construction of interchanges on Tonkin Highway at Benara Road, Morley Drive and Collier Road.
- ⊙ Construction of new bridges, including Old Mandurah Traffic Bridge and Treendale Bridge.
- ⊙ Construction of the Margaret River Perimeter Road Stage 2.
- ⊙ Deliver infrastructure works from the Traffic Congestion Management Program.

Key Projects

PROJECT	TOTAL PROJECT COST (\$ MILLION)	2015-16 COST (\$ MILLION)	COMPLETION DATE	DESCRIPTION
GREAT SOUTHERN REGION				
Ravensthorpe Heavy Haulage Route	17.5	7.2	December 2015	Construct heavy haulage route on South Coast Highway.
METROPOLITAN REGION				
Gateway WA - Perth Airport and Freight Access	908.5	113.6	March 2016	Upgrade sections of Tonkin Highway, Leach Highway and Perth Airport.
Reid Highway	40.0	26.9	June 2016	Duplication of Reid Hwy between Erindale Road to Duffy Road and widening of Reid Highway between Duffy Road and Marmion Avenue.
MID WEST – GASCOYNE REGION				
North West Coastal Highway - Stage 1	32.0	17.0	November 2015	Widen seal between Minilya to Barradale.
North West Coastal Highway - Stage 2	86.5	48.5	November 2016	Widen seal between Minilya to Barradale. Construction of 2 bridges at Cave Creek and Goodeman Creek to replace floodways.
PILBARA REGION				
Marble Bar Road	9.4	9.4	May 2016	Replace existing bridge over Fortescue River to accommodate heavy vehicle haulage.
Marble Bar Road	20.2	0.5	July 2015	Upgrade and seal various sections of Newman to Ripon Hills Road (Nullagine River section).
SOUTH WEST REGION				
Vasse Bypass	18.6	11.1	January 2016	Construct 3.4 km bypass on Vasse townsite and provide improved access to commercial areas.
WHEATBELT REGION				
Great Northern Highway – Stage 2	324.8	23.4	April 2019	Upgrade 75 km between Muchea and Wubin. Includes intersections, widening, reconstruction and additional passing lanes.
Narrogin Link Road	9.0	4.0	October 2016	Town bypass for heavy haulage.

CASE STUDY



Traffic Congestion Management Program

There is no single solution to Perth's traffic congestion. The Traffic Congestion Management Program (TCMP) was established to focus on multiple strategies and projects to improve traffic flow through more reliable travel times.

The TCMP has achieved a great deal in its first year and had a huge impact on driving in the Perth metro area.


Aligned under our strategic direction Keeping WA Moving the TCMP forms an integral part of a wider approach to addressing Perth's traffic congestion challenge. We fully embrace the strategy areas of focus and keep our customers, their safety, their freedom of movement and our network's sustainability at the centre of all our decisions.

The TCMP has implemented various, low cost, high impact initiatives. These initiatives, some of which are outlined below, have made significant improvements to traffic flow, benefiting all road users.

- ⌚ Dedicated exit lanes: contentious merge points previously disrupting freeway traffic have been removed from four locations.
- ⌚ Additional Mitchell Freeway lane (Charles Street to Market Street) – a new, fourth lane has been created by reconfiguring road markings. Average speeds for southbound drivers have increased by 65 per cent in the evening peak period between Vincent Street and Market Street as a result.
- ⌚ Freeway and highway merge lines – new merge lines have been installed at 56 freeway on-ramps across the Perth metropolitan network. Results demonstrate noticeable improvements in traffic flow.
- ⌚ Yellow box junction trial – new methods of keeping intersections free-flowing by painting yellow 'do not enter' boxes on the road at four locations throughout the Perth area.
- ⌚ 3D laser scanner – new technology introduced to increase the speed at which police can photograph incidents, clear affected vehicles and reopen the roads to traffic.
- ⌚ Expansion of pedestrian countdown timers – LED countdown signs installed at a further 12 locations, increasing safety for pedestrian and improving traffic flow for drivers.
- ⌚ Flashing yellow caution lights to turning traffic - introduced to protect vulnerable pedestrians crossing the road, improve driver awareness and maintain traffic flow.
- ⌚ Right turn filtering lanes – as per customer feedback, the TCMP is investigating the effect of turning off the red right-turn arrow during non-peak times on certain intersections to assess if this will improve movement.
- ⌚ Fog warning system trial – a first for Western Australia, a dedicated fog-sensing device triggering and alerting the Traffic Operations Centre to activate low-visibility warning signs has been introduced.

Visit our website for more information.

CASE STUDY



Gateway WA

The Gateway WA Perth Airport and Freight Access Project has transformed the entry to Western Australia, upgrading the safety and efficiency of one of the most important transport hubs in the State.

Gateway WA is a road construction project jointly funded by the Australian and State governments and is the largest ever construction project we have completed. Construction began in 2013 to upgrade one of the State's busiest transport hubs. Safety and efficiency have improved throughout the project area, with road users experiencing reduced congestion and improved travel times. Furthermore, the project was completed ahead of schedule and under budget whilst delivering excellent outcomes for the community.

We made a commitment to achieve sustainable economic, environmental and social outcomes for the project from planning through to construction and beyond. This project resulted in work being contracted to more than 600 local suppliers and at its peak had more than 1,000 people working on the project.

It delivers on road efficiency and safety outcomes through:

- ④ building and upgrade of five main interchanges
- ④ widening of Tonkin Highway to six lanes between Great Eastern Highway and Roe Highway
- ④ upgrading of Leach Highway between Tonkin Highway and Orrong Road to expressway standard
- ④ incorporating of road and bridge improvements.

Long-term sustainable community benefits include:

- ④ seven kilometres of noise walls
- ④ approximately 21 kilometres of shared path and local connections for cyclists and pedestrians supporting the State's commitment to provide safe facilities that are separated from the busy road network
- ④ landscaped areas to be enjoyed for years to come.

The project was recognised by being awarded an 'Excellent' As-Built v1 Infrastructure Sustainability (IS) rating by the Infrastructure Sustainability Council of Australia. Gateway WA achieved the second highest IS rating possible for a completed infrastructure construction project in Australia. This is on top of the 2015 Infinity Awards (organised by the Waste Authority) where the Gateway WA Project was chosen as the winner of the Business Category for its commitment to waste minimisation on the project. Around 5.9 million tonnes of bulk materials were needed for the project and we sought to reduce the amount of material being sent to landfill including reusing material from other projects and recycling material such as soil. Waste management practices included recycling more than 95 per cent of waste sent offsite and processing 850,000 tonnes, the equivalent of 38 olympic sized swimming pools, of unsuitable material onsite, diverting this from being sent to landfill. The construction of infrastructure is made more sustainable through decisions and practices that seek environmental, social and economic benefits during the project and long after construction ceases.

State Development

Facilitating economic and regional development

	2014	2015	2016
Program Expenditure	\$301 m	\$123 m	\$138 m

Government Goal

State building – major projects




Aim

Expand the road network in accordance with State and Commonwealth transport and land use strategies to support the State's economic and regional development.

About the Program

The program includes most expansion, major infrastructure and bypass projects – predominantly the most complex works we deliver.

Key Performance Indicators

	TARGET	ACTUAL	STATUS
Average return on construction expenditure	4.3	4.2	
% of contracts completed on time	90	100	
% of contracts completed on budget	90	100	

Looking Ahead

- ⊙ Continue works on Northlink WA – Swan Valley Bypass.
- ⊙ Continue works on Northlink WA – Tonkin Highway Grade Separation.
- ⊙ Continue extension of Mitchell Freeway from Burns Beach to Hester Avenue.
- ⊙ Commence works on Goldfields Highway – Wiluna to Meekatharra and Great Eastern Highway – Bilgoman Road to Mundaring.

Key Projects

PROJECT	TOTAL PROJECT COST (\$ MILLION)	2015-16 COST (\$ MILLION)	COMPLETION DATE	DESCRIPTION
METROPOLITAN REGION				
Mitchell Freeway Extension – Burns Beach Road to Hester Avenue	241.0	78.9	June 2017	Design and construct 6 km extension in both directions with associated works including several new interchanges and principal shared paths.
Northlink WA - Tonkin Highway Grade Separation	251.0	17.0	March 2018	Upgrade and grade separation between Collier Road and Benara Road.
Northlink WA - Swan Valley Bypass	837.0	3.5	September 2019	Construct new 37 km highway link from the Reid and Tonkin Highway intersection to Muchea.
MID WEST – GASCOYNE REGION				
Onslow Ring Road	11.3	9.0	April 2015	Construct 3.5 km road including local access road connections – funded by Chevron.

CASE STUDY

An aerial photograph showing a large-scale road construction project in a semi-arid, brown landscape. A wide, newly paved road curves through the area, with various construction sites, dirt roads, and some buildings visible. The terrain is flat with sparse vegetation.

Onslow Ring Road

The completion of Onslow's new ring road is set to benefit residents, industry and local tourism. This will guarantee access to the town, even in cyclonic conditions.

The \$14.1 million Onslow Ring Road project involved the construction of a new 3.5 kilometre entrance road into the Town of Onslow with all-weather access to the town site from the recently upgraded Onslow Airport. It is another important piece of infrastructure for the growing Onslow community.

Previously, the access road between the airport and Onslow was subject to flooding from storm surges after cyclones which hampered emergency services and prevented evacuations from occurring. To overcome this seasonal problem, the new road is constructed on higher ground and includes new intersections and remedial works on the existing Onslow Road.

The works were funded by the Chevron-operated Wheatstone Project, a major liquefied natural gas venture located 12 kilometres west of the town. The works form part of a State agreement with the Department of State Development and the Wheatstone Joint Venture.

We worked closely with Chevron, Department of State Development and the Shire of Ashburton to design and construct the road. We are continuing to work with stakeholders to upgrade the remaining 75 kilometres of Onslow Road over the coming years.

Road Maintenance

Providing a well maintained road network

	2014	2015	2016
Program Expenditure	\$303 m	\$268 m	\$345 m

Government Goal

Stronger focus on the regions

Aim




Maintain the existing road and bridge network by maximising asset life and minimising whole of life costs.

About the Program

The program requires us to maintain:

- ⌚ all road, bridge and ancillary assets
- ⌚ road verges and reserves, with work including routine and periodic maintenance and reconstruction when the primary reason for maintenance is due to pavement failure.

Key Performance Indicators

	TARGET	ACTUAL	STATUS
% Community satisfaction road maintenance	90	88	
% Preventative maintenance indicator	84	87	
Average \$ cost of network maintenance per lane kilometre of road network	7,700	7,518	

Looking Ahead

- ⌚ Deployment of new maintenance contracts.

Key Projects

PROJECT	TOTAL PROJECT COST (\$ MILLION)	2015-16 COST (\$ MILLION)	COMPLETION DATE	DESCRIPTION
GOLDFIELDS – SPERANCE REGION				
Regional Project Maintenance	28.8	29.0	June 2016	Maintenance of the network.
GREAT SOUTHERN REGION				
Pardelup Bridge	1.9	1.9	June 2016	Align road and replace Pardelup Bridge 502 on Muir Highway.
Regional Project Maintenance	21.7	21.4	June 2016	Maintenance of the network.
KIMBERLEY REGION				
Regional Project Maintenance	23.2	24.6	June 2016	Maintenance of the network.
METROPOLITAN REGION				
Regional Project Maintenance	71.0	71.6	June 2016	Maintenance of the network.
Traffic Control Signal Lantern conversion to LED	21.9	0.8	June 2016	Replace Traffic Control Signal Lanterns with LED Technology.
MID WEST – GASCOYNE REGION				
Regional Project Maintenance	32.2	32.8	June 2016	Maintenance of the network.
PILBARA REGION				
Regional Project Maintenance	28.0	29.2	June 2016	Maintenance of the network.
SOUTH WEST REGION				
Regional Project Maintenance	27.7	29.1	June 2016	Maintenance of the network.
WHEATBELT REGION				
Regional Project Maintenance	30.7	30.5	June 2016	Maintenance of the Network.

CASE STUDY



New Maintenance Contracts

After five years of operating under our Integrated Service Arrangements we have taken the opportunity to review the approach that we are taking to the delivery of maintenance and minor works across the State.

Since we put the existing arrangements in place, we have seen a number of changes in terms of the structure and operation of our regions, a call from our industry partners for clear contractor accountabilities and a desire to increase our own asset management capabilities to reflect the changing needs of our business into the future. With a slowdown of the mining sector the construction and road industry sector is increasingly becoming more competitive providing opportunities for more efficient delivery of maintenance services.

With the existing arrangements expiring at various times throughout 2017, the last 12 months has seen significant activity undertaken to put in place a new contracting model. In addition to securing expressions of interest for the delivery of detailed maintenance services across our five rural regions being Pilbara, Goldfields-Esperance, Wheatbelt, Mid West Gascoyne and Great Southern, other new generation contracts that are being developed include:

- ⦿ state-wide consultancy for asset management support
- ⦿ a state-wide bridge panel contract
- ⦿ two rural road line marking contracts
- ⦿ maintenance and minor capital works covering Metro and South West Region
- ⦿ minor contract for a Kimberley Direct Contracting trial
- ⦿ resurfacing contracts covering all of our rural network.

This new approach will strengthen our role in planning and management of the delivery of the annual works program. The structure of the contracts also means that we are moving away from a 'cost plus' to a more traditional contracting approach. One of the strengths of the current arrangements has been the strong relationship based approach between our people and contractors, and this will continue to be a key element of this new generation of maintenance contracts.

A distinct difference however, will be that we are not adopting a single model for all Regions. In the Kimberley we will implement a model whereby the Region manages the work more directly. Other models are being explored for the Metropolitan and South West Regions that best deal with the huge number of interfaces and the complexity of working in a heavily urban environment.

Requests for Proposals are being developed for each Region and it is anticipated that these will be released to successful companies from the expression of interest short-listing process from September 2016.

Community Access

Improved community access and roadside amenity

	2014	2015	2016
Program Expenditure	\$54 m	\$42 m	\$50 m

Government Goal

Social and environmental responsibility

Aim




Improve personal mobility and access needs on the road network.

About the Program

The program requires us to maintain:

- ⦿ remote access roads
- ⦿ walking and cycling access
- ⦿ improved access and mobility for people with disability
- ⦿ integrated public transport
- ⦿ improved amenities such as information bays, noise attenuation and landscaping.

Key Performance Indicators

	TARGET	ACTUAL	STATUS
% of the year that 100% of the Main Roads' State road network is available	85	87	
% Community satisfaction with cycleways and pedestrian facilities	90	83	
% of contracts completed on budget	90	100	

Looking Ahead

- ⦿ Undertake various improvement works on the Gibb River Road including gravel re-sheeting and drainage improvements.
- ⦿ Sealing, gravel re-sheeting and drainage improvements on Great Central Road between Laverton and Western Australian Border.
- ⦿ Undertake upgrade works on various remote access roads.
- ⦿ Improvements to pedestrian and cycling facilities.

Key Projects

PROJECT	TOTAL PROJECT COST (\$ MILLION)	2015-16 COST (\$ MILLION)	COMPLETION DATE	DESCRIPTION
KIMBERLEY REGION				
Gibb River Road - Derby Highway to Blina	8.3	6.0	June 2017	Improve formation, drainage and gravel.
METROPOLITAN REGION				
Principal Shared Path Fremantle – Shenton Park Station to Loch St Station	5.7	2.7	November 2015	Construction of new Principal Shared Path.
Principal Shared Path Midland – Guildford Station to East Street	4.2	4.2	February 2016	Construction of new Principal Shared Path.
Third Avenue Bridge	9.0	9.0	May 2016	Replace old existing timber bridge with new concrete bridge.
Principal Shared Path Midland – Success Hill Station to Guildford Road Bridge	2.2	2.2	May 2016	Construction of new Principal Shared Path.
New Perth Stadium - Swan River Pedestrian Bridge	61.0	14.8	February 2017	Design and construct pedestrian bridge.

CASE STUDY



New 24 Hour Rest Area – Two Camel Creek Bridge

Over the past three years we have been working with Tourism WA to improve facilities for travellers in the North of the State as part of the Caravan and Camping Action Plan.

The Caravan and Camping Action Plan is into its third year and aims to expand the number of affordable recreational camping and caravanning facilities across the State, including enhancing facilities in our national parks. One of the initiatives has resulted in the identification and creation of a new 24 hour rest area near the Two Camel Creek Bridge.

Located between Auski Road house and Port Hedland on the Great Northern Highway, the new rest area features:

- ④ fully sealed track
- ④ three shade shelters
- ④ benches and seating
- ④ toilet
- ④ black waste disposal point
- ④ two barbeque areas.

As well as providing this facility for light vehicles we built a separate truck stop approximately 400 metres further on the highway. The separation from trucks preserves the rest area as a fatigue stop for travellers and provides more privacy and peace with plenty of bush surrounding the area.

Works were funded by Royalties for Regions through the Caravan and Camping Action Plan. As well as delivering on our commitments under the Plan, we have also been able to find savings in our operations resulting in improved facilities at the Barradale Rest Area with the addition of new tables and benches.

To date we have upgraded 17 rest areas across the network through the Caravan and Camping Action Plan. Additional rest areas are planned to be upgraded through to 2018.

To find out more about Rest Areas with maps for all parts of the State or to see the latest information on Victorian and George Cross recipients being honoured along South Western Highway refer to our website.

Road Management

Providing reliable and efficient movement of people and goods

	2014	2015	2016
Program Expenditure	\$140 m	\$144 m	\$150 m

Government Goal

Results based service delivery

Aim




Optimise real-time traffic management of the network, provide traveller information, improve asset management planning and support service delivery.

About the Program

The program includes activities associated with the:

- management and operation of the road network
- Traffic Operations Centre, road safety support, Heavy Vehicle Services, Network Operations and Planning and Technical Services.

Key Performance Indicators

	TARGET	ACTUAL	STATUS
% Community satisfaction	90	91	
% Road network permitted for use by heavy vehicles B Double -27.5m	96	98	
% Network configuration Bridges Strength	89	90	

Looking Ahead

- Use telematics technology to enhance heavy vehicle access to the Kwinana Industrial Area.
- Roll out Road Safety Management System (ROSMA) operator training workshops.
- Identify and develop solutions to improve capacity of current assets through the Western Australian Road Research and Innovation Program.
- Facilitate demonstrations of autonomous technology for heavy vehicle platooning.
- Implement actions from the Restricted Access Vehicle Network Access Strategy.

Network Operations Achievements

Traffic Congestion Management Program

People are travelling further than ever before meaning more vehicles are on the road network at peak times. Like all prosperous cities, we face challenges that come with growth. The Traffic Congestion Management Program forms an integral part of a wider approach to addressing Perth's traffic congestion challenge. We accept that there is no single solution to traffic congestion however, by focussing on multiple strategies and projects traffic flow improvements will be noticeable through more reliable travel times. These strategies include:

Freeways	identifying and improving traffic flow at congestion hotspots through the use of technology and new line markings at on ramps and selected off ramps
Arterial road network	addressing known traffic congestion hotspots through road improvements and improvements in the sequencing of traffic signals
Operations	enhancing our operations to ensure incidents are detected earlier, cleared faster and traffic disruption minimised
Road network information	improving information provided to road users
Business continuity	ensuring our infrastructure and operations are available at all times
People	investing in our people to become world-class network operators

This approach drives the Traffic Congestion Management Program which includes improving the existing road network through the use of Intelligent Transport Systems (ITS) and traditional infrastructure enhancements. It also aids in the State and Federal Governments' decision to invest in initiatives that work to keep traffic moving. We are delivering a number of key projects and regularly monitor the road network to manage congestion, resulting in traffic improvements across Perth roads. To see what's happening in your area visit the project website for more up to date information on a huge range of projects occurring across the metropolitan road network. You can also refer to the Case Study in the Road Efficiency program.

Traffic Operations Centre

Our Traffic Operations Centre (TOC) monitors and manages the Perth metropolitan road network and is the central contact point for real time traffic information across the State. We use Intelligent Transport Systems (ITS) devices such as Variable Message Signs (VMS) and Closed Circuit Television Cameras (CCTV) to ensure the road network is operating efficiently during peak travel times, special events and unplanned incidents.

Improvements we have made through the year include:

- ④ providing a 3D Laser Scanner to WA Police Major Crash Section to use during traffic incidents to improve the collection of evidential data
- ④ providing the Department of Fire & Emergency Services with CCTV vision improving situational awareness and enhancing decision making
- ④ expanding of Intelligent Transport Systems with the addition of 16 new Variable Message Signs and 35 new CCTV cameras
- ④ introducing Truck Mounted Attenuators to support Incident Response Service teams and improve safety
- ④ trialling of visibility detection and associated flashing warning signs on the Kwinana Freeway
- ④ improving the Roadspace Booking System to better manage events and roadworks.

Clearway Management Services

As part the 'Congestion Management Plan', we operate a towing service to help clear blockages from illegal clearway, no stopping areas and bus lanes in the Perth CBD. This service is part of the Active Traffic Management (ATM) program we manage in partnership with City of Perth to reduce congestion. This year we removed 5,045 vehicles. The successful tow away initiative has made more traffic lanes available in the CBD during peak periods, improving traffic flow and helping make the roads safer.

Heavy Vehicle Achievements

Vehicles over 19 metres long, 4.3 metres high, 2.5 metres wide or over 42.5 tonnes gross mass are classed as Restricted Access Vehicles (RAVs). Heavy Vehicle Services regulates RAV access to the State's road network via a system of notices and permits, and is developing and implementing measures to improve efficiency, road safety, community amenity and the preservation of road infrastructure. The following are some of the initiatives we have progressed over the past 12 months.

Restricted Access Vehicle (RAV) Network Access Strategy

We have developed a Restricted Access Vehicle (RAV) Network Access Strategy aimed at delivering a state-wide Strategic Road Freight Network (SRFN). As a result restricted access freight vehicles will be encouraged onto roads that are receiving adequate funding to sustain the increasing volume of heavy vehicle movements. The SRFN will be established in consultation with Local Governments and published via the RAV Mapping Tool on our website in early 2017. The RAV Network Access Strategy supports the development of the WA Performance Based Standards Scheme, promoting the introduction of safer, high productivity vehicles and supporting private investment into the road network to accommodate the larger heavy vehicle combinations.

Heavy Vehicle Pilot Licensing Scheme

We have developed a new regulatory framework for pilots in Western Australia, which incorporates appropriate new measures and ensures pilots are fit for duty to operate at an acceptable standard.

We will administer the new licensing arrangements with a mandate to improve standards and reduce the regulatory and administrative red tape that exists with the current system. Establishment of the

arrangements is also designed to support and align with the development of the Oversize Overmass Unit by providing a full "one stop shop" service for pilots.

Following significant engagement with a number of state and national industry associations, the proposed commencement date of the new WA pilot vehicle driver's licensing scheme is 1 October 2016.



Planning and Technical Achievements

Transport @ 3.5 Million

The Western Australia Planning Commission recently released the draft Perth and Peel @ 3.5 Million strategic land use plan which allows for a population of 3.5 million in Perth and Peel nominally by 2050. In response to this land use, the Transport Portfolio has prepared Transport @ 3.5 Million, a fully integrated transport plan that addresses the transport needs of this future population. Transport @ 3.5 Million considers all transport modes and includes plans for public transport, roads, cycling, freight and travel demand management. We were tasked with preparing the Road Network Plan. This plan covers the higher order road network, including freeways, the road freight network, proposed new river crossings, access to and through the Perth CBD and the arterial network, and also provides for on-road public transport priority. For more information visit the Department of Transport website.

Whiteman Yanchep Highway

We are undertaking an Alignment Definition Study to identify and protect the road reservation for a future Whiteman Yanchep Highway. The highway is a proposed new north-south route in the North-West Corridor of Perth. It is initially planned to connect Tonkin Highway and Neaves Road but will eventually provide a strategic link to Mitchell Freeway in the Yanchep area.

This proposed highway will improve connectivity between planned urban development and employment centres and facilitate the movement of regional freight and commuter traffic. The road reservation may also facilitate future public transport development as it will include space for heavy rail within the median.

The study has been conducted internally using a cross-disciplinary team, and is nearing completion. Stakeholder consultation was a key component including 17 government agencies and community consultation in July 2016. Once the study is complete, we will be submitting a proposal to the Western Australian Planning Commission seeking an amendment to the Metropolitan Region Scheme.

Interactive Visualisation Model to Assess Visual Impact

We delivered a fully interactive 3D point-cloud model on a section of Mitchell Freeway. The 3D modelling was used to assess the visual impact, environmental and safety implications of a proposed "Large Format Digital Signboard" on residential properties close to the Freeway. We have also used this technology to assess possible impacts of an existing sign on traffic and surrounding homes along the Kwinana Freeway.

Improved Asphalt Pavements

The increasing road freight task requires us to design and construct heavier duty road pavements capable of carrying the increased loading. Over the last 10 years in the Perth metropolitan area, road pavements have evolved from those constructed with limestone and crushed rock materials surfaced with thin layers of asphalt to thicker pavements made up of multiple layers of asphalt, referred to as full depth asphalt pavements.

We developed new asphalt specifications in February 2014 and worked closely with the design and construction teams on the Gateway WA project, the asphalt supplier and the Australian Asphalt Pavement Association to develop new asphalt mix designs which have been incorporated into a set of trial pavements on Tonkin Highway in late 2014. Testing and monitoring in late 2015 have shown the changes were very successful and have resulted in improved construction outcomes.

These trials and other upcoming pavement works such as on the Northlink WA -Tonkin Highway upgrades will continue to be monitored and will lead to further specification improvements to ensure full depth asphalt pavements achieve their forty year design life.

CASE STUDY



Introduction of 60 metre Road Trains in the Pilbara

In October 2015 we commenced the trial of higher productivity 60 metre quad road trains in the Pilbara Region.

When approached with a request to operate safer and more innovative high productivity 60 metre quad road trains, we considered it a prime opportunity to work collaboratively with industry to achieve mutually beneficial outcomes.

Results of the vehicle on-road performance matched or exceeded the expectations based on the initial Performance Based Standard (PBS) assessments offering productivity and efficiency benefits up to 25 per cent. Long term benefits will include significantly less road train movements on the public road network. In announcing the trial the Transport Minister said “Even though they are longer, these are state-of-the-art vehicles with improved safety and superior handling compared to the standard 53.5 metre road trains, the longest currently allowed on our roads.”

The 60 metre quad road trains were required to undergo a Performance Based Assessment prior to participating in the trial and implementation period. As a safety measure, they were also fitted with an Electronic Braking System with a Stability Control Program and monitored via in-vehicle telemetry.

Though capable of higher speeds, the road trains will be limited to 90 kilometres per hour, allowing easier overtaking by other vehicles and ensuring superior on-road performance.

The on road operation of the vehicles was further assessed by a Panel consisting of key stakeholders including representatives from our organisation, the Road Safety Commission, local government and the Caravan and Camping Association.

The panel met monthly to discuss and review evaluation material relevant to the trial, such as Intelligent Access Program monitoring data, video footage, compliance reports, traffic counts, road user survey results, productivity gains, stakeholder feedback and specific vehicle tests (brakes tests) conducted by the participants.

The 60 metre road trains demonstrated safe performance and improved productivity. Approving 60 metre road trains on other suitable routes in Western Australia is being considered.

Business Activities

Achieving the Government's Goals

We rely on a variety of strong support services to ensure that the delivery of our projects and ongoing operations and management of the road network are undertaken in a safe, reliable and sustainable way. To achieve this, our key focus is on environmental management practices; enhancing our customer relationships; engaging our stakeholders; investing in and the safety, health and wellbeing of our employees.

In this section of the report you will find information on the following:



Managing the Environment

PAGE 51



Enhancing Customer Relationships

PAGE 62



Engaging with our Stakeholders

PAGE 70



Investing in People

PAGE 75



Enhancing Safety, Health and Wellbeing

PAGE 81

Managing the Environment




Aim

To protect and enhance the natural environmental and social values in all our activities.

Approach

Managing our operations to ensure that we have an informed, committed workforce guided by policies and systems that recognise that what we do has potential to negatively impact on the State's unique environment.

Key Performance Indicators

	TARGET	ACTUAL	STATUS
% Environmental Management System compliance audits completed	100	100	
% State-wide clearing permit (CPS 818 and 817) audits completed	100	100	
Scope 1 and 2 Emissions (t CO2)	29,891	26,571	

Key Achievements

- ⦿ Improved Environmental Policy released.
- ⦿ Six projects greater than \$100 million registered for Infrastructure Sustainability Assessment.
- ⦿ Revised Environmental Incident reporting and investigation process deployed.
- ⦿ Environmental Management System recommended for re-certification under ISO 14001:2015.
- ⦿ In an Australian first all traffic signals now operate with LED displays.

Our Unique Environment

As managers of the State road network we have a responsibility to protect Western Australia's unique environmental values that may be affected by our operations. Our State is widely recognised as having unique and special flora and fauna species. This is demonstrated by the significant number of International Union for the Conservation of Nature (IUCN) Red List of Threatened Species located within the road reserve. The IUCN Red List of Threatened Species is recognised as a comprehensive inventory of the global conservation status of flora and fauna species.

NUMBER OF IUCN RED LIST OF THREATENED SPECIES WITH HABITATS LOCATED IN THE MAIN ROADS WA ROAD RESERVE TARGET ACTUAL STATUS

IUCN CLASSIFICATION	FLORA	FAUNA	TOTAL
Critically Endangered	14	4	18
Endangered	44	16	60
Vulnerable	35	23	58
Near Threatened	528	26	554
TOTAL	621	69	690

Refer to appendix for data source and classification methodology.

Our road network also transects sensitive and protected environmental areas such as; wetlands of international importance (Ramsar wetlands); threatened and priority ecological communities; environmentally sensitive areas; Department of Parks and Wildlife managed areas; remnant areas of poorly represented native vegetation; Bush Forever Sites and habitat for three protected black cockatoo species; Baudin's Black Cockatoo, Carnaby's Black Cockatoo and the Forest Red-tailed Black Cockatoo. To view maps of these environmentally sensitive and protected areas in relation to our roads please refer to our website.

How we stay on track and accountable

We manage our operations using a systematic approach where all our activities are screened for potential environmental impacts. Environmental impacts are the consequences of implementing an action and can include the positive or negative changes to the physical (i.e. land, water and air), biological (i.e. flora and fauna), cultural (i.e. Aboriginal and European heritage and culture), socio-economic and human-health values of our environment.

Activities that are considered to have minimal or negligible risk of causing a negative environmental impact are not subject to further investigations and are implemented using standard management measures. Activities that do have the potential to cause a negative environmental impact are investigated in further detail through an Environmental Impact Assessment (EIA). Their recommendations are incorporated into an Environmental Management Plan (EMP) which is tailored to the proposed actions and the environmental values at risk.

We operate on a hierarchy of avoid, minimise, reduce and offset our environmental impacts. This is achieved primarily through changes in scope and design, and the development and implementation of an EMP and an Offset Proposal. The EMP outlines the conditions under which the actions will be undertaken to ensure that impacts are avoided, minimised and reduced as much as possible. An Offset Proposal is developed for actions that are likely to have significant residual environmental impacts that cannot be avoided. Offset Proposals outline the off-site actions that will be implemented in order to provide an overall environmental benefit to counterbalance the negative environmental consequences of the action.

We work closely with the Commonwealth Department of the Environment and Energy (DotEE), the Western Australian Environmental Protection Authority (EPA), the Western Australian Department of Environment Regulation (DER) and the Western Australian Department of Parks and Wildlife (DPaW) to identify suitable environmental offsets. Offsets that are approved by DotEE can be identified in the action's approval conditions which are available on their website. Offsets that are approved by the EPA, DER or DPaW are advertised on the Government of Western Australia Environmental Offsets Register.

Where the environmental impacts are likely to be significant we refer our projects to the relevant regulators for assessment. The regulator will make a decision whether or not to assess the project. Where the regulator does not assess the project, it is implemented in accordance with the relevant EMP and Offset Proposal if required. Where the regulator does assess the project, it is subject to a comprehensive EIA and may be open to extensive public and community consultation. We do not implement those projects assessed by the regulators until they are approved and the relevant conditions have been met.

Aboriginal Heritage

We acknowledge the traditional custodians of Western Australia's lands and aim to protect Aboriginal cultural values. We seek to achieve full compliance with statutory requirements and have developed an Aboriginal heritage process ensuring compliance with Western Australia's Aboriginal Heritage Act 1972. We also work closely with other agencies ensuring strong and consistent Aboriginal heritage processes are established and followed.

We aim to avoid and minimise impacts to Aboriginal heritage sites in all of our activities. This is achieved through our early Aboriginal Heritage Risk Assessments that was developed in compliance with the Department of Aboriginal Affairs Due Diligence Guidelines.

Key Achievements

New Environmental Policy

Our new policy supports environmental protection, impact minimisation, conservation of natural resources and commitment to enhanced environmental performance. The environmental policy was revised in May 2016 and is available on our website.

Environmental Management System

We appointed a full-time Environmental Management System co-ordinator and sought certification under the new ISO 14001:2015 standard on Environmental Management. Key changes between the ISO 14001:2004 and ISO 14001:2015 standards are a greater requirement for senior management to be involved in environmental management within the organisation, and a focus on continual improvement. In May 2016, we successfully achieved recertification for a further three years and we have been recommended for re-certification to the 14001:2015 standard.

Audits play a key role in ensuring that we stay on track and accountable. This year we completed 100 per cent of our planned Environmental Management System and state-wide clearing permit (CPS 818 and 817) audits.

Environment Online System

We have developed an online system for the management of approvals, reporting and compliance. This new system will result in improved efficiencies in record management, on-site monitoring and regulatory reporting. Following final testing it will be deployed prior to the end of 2016.

Environmental Management of Road Projects

This year we screened 357 projects for potential environmental impacts and escalated 235 of these projects for further investigations by Environmental Impact Assessment (EIA). This is the highest number of screening and EIA's completed over the past four years and coincided with significant changes in DotEE, EPA and DER processes including the Bilateral Agreement for Environmental Assessments (Assessment Bilateral) between the Commonwealth and Western Australian Government. The following table presents the number and assessment level of road projects in the past three years.

LEVEL OF ENVIRONMENTAL ASSESSMENT	2013	2014	2015
Number of road projects subjected to environmental screening	164	182	357
Number of road projects for which environmental impact assessment was conducted	97	87	235
Number of road projects referred for possible assessment under State or Commonwealth legislation	13	18	16
Number of road projects assessed under State or Commonwealth legislation	2	4	5

Data is based on calendar year.

Clearing, Revegetation and Offsets

One of our identified environmental impacts is the removal of native vegetation. Given the nature of our business, it is not always possible to avoid clearing native vegetation and after seeking to minimise and reduce our impact, we then seek to offset our impacts. Our methods to offset impacts to clearing native vegetation are primarily achieved in one of three ways and may include one or a combination of the following:

- ④ rehabilitating and revegetating degraded landscapes to provide a positive environmental outcome
- ④ the acquisition and addition of land to the conservation estate
- ④ the provision of funds to the Western Australian Offset Fund for the acquisition and addition of land to the conservation estate.

We work closely with the Department of Parks and Wildlife to protect and manage areas of habitat. In 2015 we revegetated 176 hectares of land, of which 67 hectares was revegetated as biodiversity offset. The table below demonstrates our approach and outlines our clearing, revegetation and offset activities over the past three years.

		2013	2014	2015
CLEARING (ha)		469	536	424
Total revegetation (ha)		425	297	176
Offset				
Revegetation (ha)	(a)	86	73	67
Land acquisition (ha)	(b)	2,498	74	None settled
(Value of land acquired (\$))		(18,840,775)	(370,119)	
Financial contribution (\$)		0	1,232,634	971,848
(Area of land to be acquired using the financial contribution (ha))	(c)	(0)	(334)	(216)
TOTAL OFFSET (ha)	(A+B+C)	2,584	480	283

Data is based on the calendar year

Note that total revegetation area includes both offset and non-offset revegetation.

Aboriginal Heritage Sites and Road Projects

This year we screened 388 projects for potential impacts to Aboriginal Heritage sites. Where it is not possible to avoid site impacts we seek consent from the Minister for Aboriginal Affairs under Section 18 of the *Aboriginal Heritage Act 1972*. The following table presents the numbers of road projects screened via Aboriginal Heritage Risk Assessments and the number of Section 18 Applications submitted for the past two years.

LEVEL OF ASSESSMENT	2014	2015
Aboriginal Heritage Risk Assessments	318	388
Section 18 Applications Submitted*	0	12

Data is based on calendar year.

Incident Reporting and Investigation

Our Environmental Incident reporting and investigation process was changed to reflect the risk classification process adopted across the Transport Portfolio agencies. Replacing the previous three categories are five categories of incident: catastrophic, major, moderate, minor and insignificant.

In 2015 there were two major and four moderate incidents. Of these, three related to clearing without an approval. Other incidents included damage to rare flora, a 150 litre diesel fuel spill and non-conformance with the Noongar Standard Heritage Agreement process. There were no penalties or financial sanctions relating to these incidents, which are being addressed through compliance improvement actions. Seven incidents classified as either moderate or major were caused by third parties, with the majority of these incidents relating to spills of contaminating materials primarily from vehicle collisions and accidents.

INCIDENTS	2013	2014	2015
Significant Incidents	7	5	6
3rd Party Incidents	3	4	7

Data is based on calendar year.

Minor and insignificant incidents have not been reported.

Incidents include incidents caused by contractors and subcontractors doing work under our control.

Sustainability Assessment in Projects and Operation

We have adopted the Infrastructure Sustainability (IS) rating tool for our highest value major projects. All infrastructure projects valued in excess of \$20 million will use the IS framework as part of development and evaluation. Those projects valued at more than \$100 million will undergo formal independent assessment and review. This system is Australia's only comprehensive rating system evaluating sustainability across design, construction and operation.

Stand-alone public sustainability reports are produced for our high-value projects with IS obligations. This year Gateway WA, Muchea-Wubin Integrated Project Services, Mitchell Freeway Extension and Tonkin Grade Separation submitted public Sustainability Reports.

Currently six projects are registered for an IS rating with one other undergoing a Pilot Assessment. During the year Gateway WA achieved an Excellent 'As Built' Rating.

PROJECT	CURRENT RATING PHASE	TARGET RATING LEVEL	STATUS
GNH Muchea - Wubin	Design	Commended	In progress
Gateway WA	Complete	Excellent	Verified Excellent
NorthLink WA - Tonkin Grade Separations	TGS - Design	Excellent	In progress
NorthLink Stage 2	Design	Excellent	Not yet started
Mitchell Freeway Extension	Design	Commended	In progress
Operations and Maintenance Pilot	Operation	Commended	In progress
Perth Freight Link	Planned	Planned	Planned

Carbon Reduction Plan - Climate Change Adaptation and Mitigation

Our assets, including roads and buildings are subject to the effects of climate change and need to be adapted to ensure they are available for the community in years to come. The way we do business potentially contributes to climate issues requiring us to consider more sustainable ways of managing and operating our assets. We have implemented a Carbon Reduction Plan and Target (5-15 per cent reduction of 2010 levels by 2020) focused on Scope One and Two emissions and have been progressing actions from our Climate Change Adaptation Plan since 2011. We have identified more than 50 kilometres of State roads requiring more detailed evaluation arising from the potential impacts of climate change. The indicative replacement value of this at risk infrastructure is in the order of \$108 million. Details of our initiatives and achievements in reducing emissions and energy consumption are found on our website under the Climate Change section.

Energy Usage and Greenhouse Gas

ENERGY TYPE	YEAR		
	2014	2015	2016
Electricity Usage (MJ)	113,991,430	102,319,321	112,676,588
Fuel and Gas Usage (MJ)	47,708,108	47,823,922	44,555,099

SCOPE 1 OR 2 AND 3	YEAR		
	2014	2015	2016
Fuel	3,345	3,339	2,833
Street and traffic lights	21,830	17,773	18,759
Buildings	4,561	5,109	4,978
Air Travel	318	255	263
Maintenance fuel use	9,038	9,803	8,405
Offsets	-4,501	-1,663	-2,879
TOTAL	34,591	34,616	32,359

SCOPE 1 OR 2 AND 3	YEAR		
	2014	2015	2016
Scope 1	3,209	3,202	3,000
Scope 2	24,065	21,583	23,571
Sub Total	27,274	24,785	26,571
Scope 3	11,819	12,037	11,073
Offsets	-4,501	-1,663	-2,879
TOTAL	25,553	23,122	23,692

*Note: Maintenance fuel usage and air travel are Scope 3 emissions

Emission levels are on target to achieve our 2020 goal. A total for our Scope One and Two emissions was not to exceed 29,891 t CO₂ which was achieved with our calculated emission levels of 26,571 t CO₂. The ongoing positive result is due to initiatives in our Carbon Reduction Plan and the continued roll out of LED traffic signal lighting on the road network. Future carbon emission reduction efforts will focus on street lighting. Please visit our website for Greenhouse Gas (GHG) emission ratios.

Materials for Road Building

Our main objective in resource conservation is to minimise the environmental impacts of materials used in road construction. We encourage our project partners to recycle and reuse materials and use recycled and 'environmentally labelled' materials in all their activities. Specifications and design guidelines have a focus on optimising durability and longevity of road construction materials to minimise replacement frequency, which also has benefits in reducing traffic disruption.

When obtaining road building materials we endeavour to avoid clearing natural vegetation, particularly high value vegetation. On-site materials unsuitable for use in road construction is used, as appropriate, for rehabilitating areas where road building materials have been obtained. We conduct research into the durability and longevity of materials and the use of waste materials such as recycled construction and demolition waste in construction practice.

Materials Extracted

INDICATOR	2014 (000)	2015* (000)	2016 (000)
IMPORTED ROAD CONSTRUCTION MATERIALS			
Sand (t)	881.2	276.3	354.0
Gravel (t)	1,187.3	761.9	1,506.8
Crushed rock (t)	75.8	316.4	409.5
Limestone (t)	25.1	119.5	142.0
Aggregate (t)	23.0	29.4	72.9
Asphalt (t)	59.0	202.7	5,750.2*
Other (t)	4,015.6	453.8	915.3
Kerbing, barriers, bridges and culverts Concrete (t)	22,162 (m ³)	53.1	1,064.8
Other (000s t)	14.5	21	7.4

2014 Data is based on calendar year.

*Figures have been restated from the last report

RESOURCES RECYCLED INDICATOR	2014	2015	2016
WASTE MATERIALS TO LANDFILL (TO WASTE)			
Kerbing (m)	11,884	0	1,097
Pavement/footpath (m2)	5,887	138	2,426
Existing seal (m2)	109,514	57,490	3,464
Unsuitable material (m3)	12,686	26,008	15,808
Other (m3)	1,928	22,199	3,675
	(000)	(000)	(000)
MATERIALS RECYCLED			
Rehabilitation Purposes (t) – unsuitable material	No Data	15.0	8.7
Sand (t)	No Data	474.2*	19.24
Road Base (t)	No Data	1.6	6.4
Asphalt/Profiling (t)	No Data	11.0	23.0
Steel (t)	No Data	0	0.2
Concrete (t)	No Data	1.4	0.3
Office Waste (t)	No Data	0	1.6
Other (t)	No Data	0	96.97
Total (000s t)	140.7	503.3	156.5

2014 Data is based on calendar year.

*Figures have been restated from the last report

Water

Water is a precious resource and our State continues to experience the effects of a drying climate. To make sure we do our part in conserving water we encourage practices that reduce our impact on water sources including improving water efficiency and overall water use, utilising recycled water and avoiding the use of potable water. By prioritising the use of non-potable water over scheme water during construction we aim to ease the burden of water scarcity within the communities we work in. The following shows our Water Use figures over the last three years.

TYPE	2014	2015	2016
Buildings (kl)	39,092*	32,840*	33,023
Construction Scheme (kl)	NA	9,071**	176,954
Construction Groundwater (kl)	NA	66,797.6**	13,720.60
Surface water or recycled water (kl)	0	15,240**	251.3

*Figures for Buildings 2014 & 2015 have been restated

**Note: a new reporting regime has been initiated for our projects. Some projects have been unable to report during this period

Property Management

The construction of the new Northam Regional Office is well underway and will demonstrate our commitment in achieving 5 Star Green Star Office V3 rating, 4.5 Star Energy Base Building rating and 4 Star Water rating. Features of this building include solar and ventilation passive design, double glazed panels, high roof and wall insulation performance, blinds to control and direct solar gain, solar hot water systems, water and energy efficient fixtures and fittings, LED lighting with occupancy and daylight sensors and a 30KW PV array system. Ceiling fans and temperature sensors will be used to minimise the use of mechanical heating and cooling. The landscaping around the building incorporates xeriscape and water-wise principles and addresses the site's solar and prevailing wind properties.

The refurbishment of Don Aitken Centre Level 3, 4 and 6 includes the installation of energy efficient LED lighting that will reduce the operational cost and environmental impact of the building. Level 4 is complete and occupied, with Level 3 being 90 per cent complete. Level 6 will be completed in the next financial year.


Refurbishments have also been designed at the South Hedland and Narrogin offices for implementation during 2016-17. These projects will see the installation of LED lighting and more efficient air conditioning systems. Solar panels have been fitted to 5 of our regional staff houses to maximise the amount of clean energy used. A feasibility study has commenced to explore the opportunity for the installation of a PV array system at the Narrogin office and Materials Engineering Branch Laboratory facilities.

Our Property Management is working closely with our Environment Branch to implement improved systems and to ensure the responsible environmental management of our vacant land portfolio.

Looking Ahead

- ④ Review Dieback management with the Department of Parks and Wildlife, the Centre for Phytophthora Science and Management at Murdoch University and ArborCarbon to look at determining if it can be effectively removed from a road base material.
- ④ We are working closely with the Departments of Premier and Cabinet, Planning, Environmental Regulation and the Office of the Environmental Protection Authority to deliver key outcomes of the Green Growth Plan as we look at impacts of 3.5 million Perth and Peel.
- ④ We will continue to ensure environmental management is addressed in the new contracts for the maintenance of our road asset through the development of Regional Environmental Management Plans, development and revision of operating guidelines and input into the direct management and Alliance Contracting procedures.

CASE STUDY



LED Upgrades to Traffic Signals

In an Australian first, all of Western Australia's traffic signals now operate with LED displays, following a six-year conversion program. The first set of traffic lights in Western Australia was installed at the West Perth subway in December 1953 closely followed by another four sets on William Street. Some 60 years later we have completed upgrades to the almost 1,000 sets of traffic signals throughout Western Australia.

These upgrades saw sustainable, cost effective and environmentally friendly LED (light-emitting diode) bulbs replace the existing krypton traffic signal lanterns. The signals at the intersection of Albany Highway, Hillview Terrace and Oats Street was the last site on the Electrical Services LED upgrade program, which coincidentally were upgraded in December 2015, 62 years after the first traffic lights were installed.

The shift toward LED lanterns provides our customers the following benefits:

- Ⓢ brighter displays with LED visible in all circumstances, even in full direct sunlight
 - Ⓢ improved efficiency with high luminous output, excellent viewing and readability
 - Ⓢ increased safety with more visible and more reliable displays
 - Ⓢ environmentally friendly with a reduced carbon footprint.
- Benefits also take us closer to our sustainable transport network goal, through:
- Ⓢ substantial savings, with a 75 per cent reduction in power consumption estimated
 - Ⓢ approximately \$6 million saved over 10 years in operation and maintenance costs
 - Ⓢ greenhouse gas emissions reduced by 49.9 per cent
 - Ⓢ significant reductions in materials sent to landfill
 - Ⓢ CO₂ emissions reduced by more than 22,000 tonnes across 10 years
 - Ⓢ maintenance contact hours reduced by 3,000 per year.

Enhancing Customer Relationships

Aim

To understand and address our customer and stakeholder needs by creating a consistent and centralised approach to communication across the organisation.

Approach

- ⦿ Working with our customers to understand what they need and value
- ⦿ Ensuring consistent communications
- ⦿ Seeking to improve our customers' experience
- ⦿ Demonstrating a proactive, whole of government approach to transport outcomes.

Key Performance Indicators

	TARGET	ACTUAL	STATUS
% Overall satisfaction with our performance	90	91	
% Customer Charter Index	90	99	
% Customer Centre enquiries resolved at first point of contact	80	86	

Key Achievements

- ⦿ Winner of the Customer Contact Centre Award (Under 30FTE) in the Auscontact Association National Awards.
- ⦿ Increase of Facebook following to over 26,000.
- ⦿ Improved access to information on key projects.
- ⦿ Improved access and information sharing through the use of images and alternative text on our Twitter accounts.
- ⦿ Continued high results in our Community Perception Survey.
- ⦿ Introduced self-service function at the Customer Information Centre.

Our goal is to provide consistent communications and services of value to our customers by understanding their needs. We strive, through profiling and segmenting, to understand how our customers use the network and what their information requirements are. Our new strategic customer research and analysis area improves data management ensuring customer-centred solutions for operational and strategic decisions. During the next 12 months we will be defining our customer segments and what each segment values in terms of transport outcomes. We will then be reviewing our information sources and channels with the aim of developing a revised customer engagement strategy.

How we stay on track and accountable

Customer Service Charter and Index

Our Customer Service Charter sets out our commitments to all Western Australian road users. It outlines minimum levels of service we provide and how we will work with members of the community to provide world class outcomes through a safe, reliable and sustainable road-based transport system. The Customer Charter Index measures how we are performing against our commitments and will be reviewed during the coming year to further meet customer needs. We track our performance against our standards each month and report publicly on these measures quarterly. This year's overall result is 99 per cent.

Community Perception Survey

Our Community Perception Survey conducted annually since 1994 gives us customer focused information on how the community perceives our overall performance and our performance in the areas of safety, maintenance and the provision of cycleways and pedestrian facilities. Our target for each measure is 90 per cent. This year's results range from 83 to 91 per cent, and are shown in the table along with previous three year's results.

SATISFACTION WITH:	2014 (%)	2015 (%)	2016 (%)
Our overall performance	94	96	91
Road safety	95	94	91
Provision of cycle ways & pedestrian facilities	85	76	83
Road maintenance	90	95	88

Congestion and demand for real time journey planning information remains a high priority in 2016.

Key Achievements

Customer Information Centre

We provide a 24 hour 365 days a year service through the Customer Information Centre (CIC). The CIC plays an important role in state-wide incident response and management providing timely and accurate information to the public. Our front-line customer service area is also an important information source for road network activity. Introducing self-service options on the phone continues to improve services for customers. While call volumes continue to increase, our reach to the community also continues to grow through our social media channels and online services. Refining the channels we use to engage our customers continues to be a priority

In September our CIC team won the National Customer Contact Centre Award (Under 30 FTE) in the Auscontact Association National Awards 2015. This award recognises the efforts of the CIC through measuring areas such as customer experience, value to the business, training and coaching, centre performance, staff engagement and systems used in the centre. This is the first time our CIC centre has won this award.

CUSTOMER CONTACT STATISTICS	2014	2015	2016
Telephone calls	117,105	119,400	124,664
No of calls self-serviced *			22,817
Email enquiries	21,118	21,270	21,046
%Customer Centre resolving of enquiries at first point of contact	84	91	86

**Introduced mid 2015 first year full reporting is 2016*

Customer Feedback

We value customer feedback and regularly report on and investigate trends and issues, to provide insights in helping to improve our business areas. We continue to see a large increase in the number of customer requests and a growing but smaller increase in complaints.

FEEDBACK TYPE	2014	2015	2016
Complaint	2,912	3,232	4,247
Customer request	1,712	3,450	6,349
Compliment	273	254	242
Business improvement	38	47	57
TOTAL	4,935	6,983	10,895

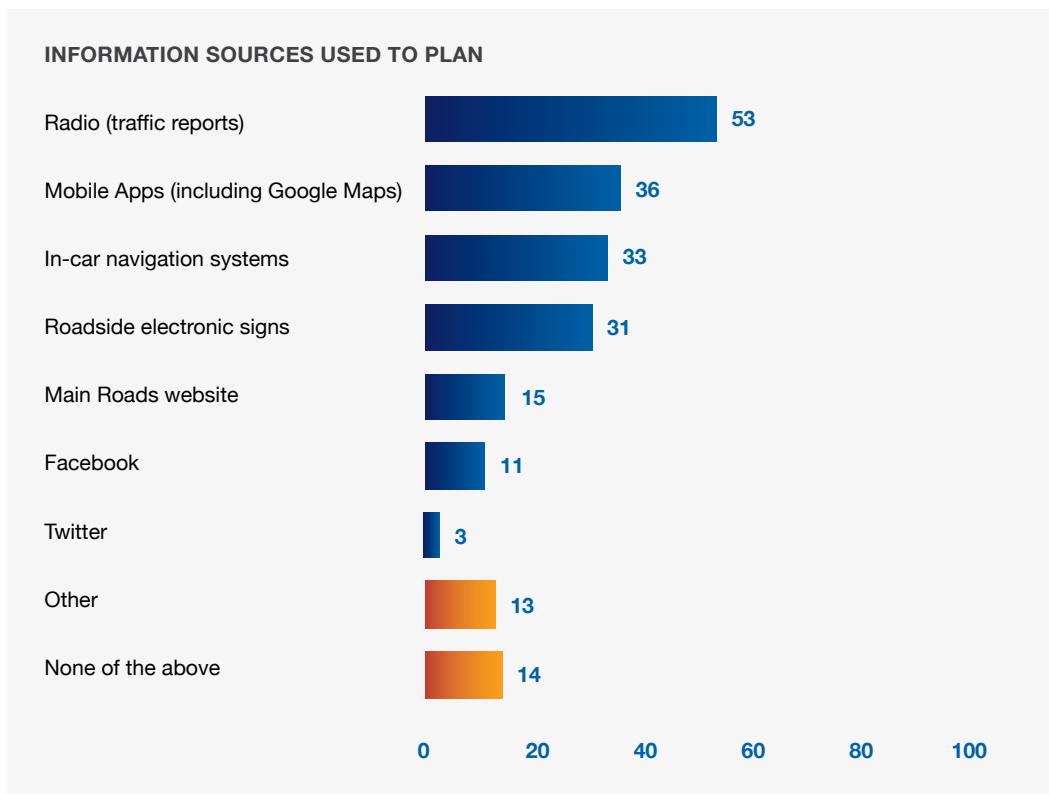
The top areas for complaint in 2016 were:

- ⦿ traffic signals
- ⦿ construction and projects
- ⦿ safety issues
- ⦿ speed zones
- ⦿ website.

For more information on our Complaints Handling Process, please refer to our Governance section.

Journey Planning

When we asked our customers what their primary source of information is for journey planning as part of this year’s Community Perception Survey they told us:



N= 1,376

Incident Management

Managing incidents is a key function we play in providing a safe and efficient road network for our customers. Our Crisis Management Team is activated during incidents and emergencies to:

- ④ provide traffic management at vehicle control points established by police, including closures and detours
- ④ manage resources to rotate and relieve crews at the vehicle control checkpoints
- ④ manage maintenance works to restore access and reinstate signs and guideposts damaged during an event
- ④ communicate closures, detours and other crucial journey planning information to customers and stakeholders.

Traffic incidents and unwanted debris on the road network can cause congestion at any part of the day. As Perth continues to grow so too does the demand on existing emergency services to aid in the management of these incidents. Our Incident Response Service provides quick clearance solutions to help keep traffic moving by safely reinstating roads back to normal conditions as quickly as possible after an incident

Our operating hours, coverage areas, and vehicle types will all be considered as part of our expansion of the Incident Response Service. In addition to the management of incidents in the metropolitan area the following is a summary of incidents from across the whole of the State over the last 12 months that we managed as part of the safe and efficient operation of the road network.

ROW LABELS	GOLDFIELDS ESPERANCE	GREAT SOUTHERN	KIMBERLEY	METRO	MID WEST GASCOYNE	PILBARA	SOUTH WEST	WHEATBELT	GRAND TOTAL
Road Crash	13	32	6	1,376	29	18	69	48	1,591
Debris / Trees / Lost Loads	2	19	1	833	3	3	37	23	921
Break Down / Tow Away	0	5	0	659	4	12	1	6	687
Bushfire	2	4	19	38	9	48	15	7	142
Flooding	5	9	12	21	11	15	3	12	88
Hazmat (including spills)	3	1	0	46	2	4	4	4	64
Animal / Livestock	2	2	1	34	0	5	2	2	48
Vehicle Fire	0	1	2	20	7	3	3	3	39

Social Media

In addition to our regular radio reports and early morning television crosses we also provide travel journey information on a range of digital channels. We continue to support various business areas, such as incident management, and find the best ways to reach our customers. The following is an overview of our existing methods and approaches.

Twitter

We continue to grow our following for both our Perth Traffic and WA Roads accounts with both used by other agencies and the media for real-time traffic updates. We now use images on Twitter for special event messaging and boosting customer engagement. Twitter continues to be a successful method of notifying road users of incidents or disruptions on the road network.

- 📍 Perth Traffic – 47,767 followers
- 📍 WA Roads – 10,727 followers

Facebook

Our Facebook account now provides updates on what we are doing around the State, keeping in touch with the Western Australian community. In the past year our Facebook ‘likes’ increased from 3,106 to 29,301. We attribute this increase to the sharing of road information with a wider audience during

significant incidents and also the wide range of topics covered ranging from road information to driving tips and the always popular ‘Throwback Thursday’ photos. During the year, our posts reached 6,675,184 customers.

Our South West Bushfire post reached 1,304,342 people

YouTube

YouTube showcases some of our services, network changes and images of some of our construction projects. Our YouTube subscribers increased by 121 in 2016 and we expect this to continue as we grow our content and continue to promote this service across our other mediums.

Instagram

Our Instagram account was established in January 2016 and complements our existing suite of digital channels reaching our socially connected WA community. In January, we initiated an Instagram account to widen our communication reach during the Waroona Bushfires. We have 1,121 followers and will continue developing our Instagram engagement with the community.

Looking Ahead

- 📍 Review and deploy the Customer Charter and Customer Engagement Strategy.
- 📍 Define and agree on customer segments and what they value.

CASE STUDY



Incident Management Plays a Key Role in Safe Customer Access

This year, we have experienced some of the most catastrophic weather conditions seen in decades. Smog, fires and flooding throughout the State have highlighted just how important timely intervention is to restore access and essential services, protect the community and environment and ensure safe and efficient travel for all road users.

Crisis and incident management forms one of our key functions as a vital Essential Service Network Operator for State emergency management. Made up of highly trained organisation leaders and specialists, our Crisis Management Team is activated during incidents and emergencies to:

- ④ provide traffic management at vehicle control points established by police
- ④ manage resources to rotate and relieve crews at the vehicle control checkpoints
- ④ manage maintenance works to restore access and reinstate damaged signs and guideposts
- ④ communicate closures, detours and other crucial journey planning information to customers.

The bushfires that hit the South West in January had a devastating effect on the Shires of Waroona and Harvey and were some of the most catastrophic seen in Western Australia for decades. The South West Region responded directly to the fires and managed traffic for road closures, including a major detour between Perth and Bunbury. The Region's Incident Management Team was activated for 24/7 operation to support the Waroona Command Centre. Traffic management support was also provided by Metropolitan, Wheatbelt and Great Southern Regions due to the large scale of the fire.

As the fires came under control, the South West crews worked with Department of Parks and Wildlife to clear fire affected trees in danger of falling onto roads and organise repairs to guideposts and traffic signs. They established a side track around Samson Brook Bridge which had collapsed to allow access for traffic along South Western Highway, and within two months the old bridge was replaced with a large concrete culvert. At the Corporate level the Crisis Management Team met twice daily during the fires to provide support where required and ensure a coordinated response and recovery effort.

Regular crisis management meetings, de-briefs and reviews with State and local agencies allow us to share lessons learnt and review processes to ensure continuous improvement. These improvements help us put in place measures that will prevent and mitigate impacts of commonly occurring incidents such as road covering smog that reduces visibility, leading to potentially dangerous driving situations.

All road users, regardless of experience, are vulnerable to extreme weather conditions and major incidents on the road network. When dealing with these incidents and emergencies, our Crisis Management Team consider and balance the road user experience with their responsibility to provide a safe and efficient transport network.

CASE STUDY



Northbridge Tunnel Multi-Agency Emergency Exercise

We work with our stakeholders to minimise the impact of potential major events and incidents in the Northbridge Tunnel.

On Sunday 1 November 2015 between 4.30am and midday we closed the Northbridge Tunnel in order to conduct a multi-agency emergency training exercise. We simulated a three car crash resulting in seven casualties.

One of the vehicles involved was transporting dangerous goods canisters, which began to leak, resulting in additional casualties. As part of the exercise, emergency crews were not aware that the damaged canisters were releasing a toxic gas due to the vehicle not being fitted with dangerous goods placards. The discovery of dangerous goods requires a specific Hazmat response.

Together with 50 of our staff, we worked with Lend Lease (Northbridge Tunnel operator), the Department of Fire and Emergency Services, Department of Environmental Regulation, Western Australian Police, St John Ambulance and the Department of Mines and Petroleum in responding to this simulation.

The emergency exercise in the Northbridge Tunnel was a great success and successfully tested the capacity of first responders, emergency crews and government agencies, preparing us for real life incident.

This was the third time that a multi-agency emergency exercise has taken place in the Northbridge Tunnel. These exercises improve how we communicate with our stakeholders and the timeliness of our response to ensure the safety of the public and minimise the resulting impacts on the community in the event of a major incident in the tunnel.

Engaging with our Stakeholders




Aim

To listen to our stakeholders and the community in order to guide and assist our decision-making processes and activities.

Approach

- ⦿ Encouraging a shared vision and commitment
- ⦿ Ensuring all key stakeholders are identified, included and well-informed
- ⦿ Facilitating active and positive cooperation and promoting the benefits of our projects and operations
- ⦿ Identifying and addressing stakeholder, community and industry concerns.

Key Performance Indicators

	TARGET	ACTUAL	STATUS
% Deploy CONNNECT (CRM to seven regional offices and begin reporting)	100	100	
% Website availability	99.5	99.8	
% emails actioned within 24 hours of receipt	100	98.5	

Key Achievements

- ⦿ New Customer Relationship Management System deployed.
- ⦿ New alliances leading to improved understanding and response to reduce the impacts of litter and illegal dumping on the road network.
- ⦿ Continuing strong support for our heavy vehicle information sessions.
- ⦿ First government agency to enter into and sign a Noongar Standard Heritage Agreement with the six native title claimant groups party to the South West Settlement Indigenous Land Use Agreement.

We are committed to working in a broad and inclusive way with stakeholders impacted by our activities and services. We seek to engage our stakeholders in activities, focusing on their needs. This chapter outlines some of the activities and ways we interact with our stakeholders as we deliver our services.

Our team of communications specialists works closely with Project Directors, Directorates, regional offices and stakeholder engagement groups to develop and deliver consistent, valuable and centralised communication on projects, works and events in our road network. Specialists research, create and develop communications plans and materials, and provide advice for our management teams. To ensure consistency in our approach we have centralised the provision of these services in one area as we continue to develop a highly skilled team of subject matter experts. This is leading us towards greater efficiencies as we engage with a range of stakeholder groups across the State.

How we stay on track and accountable

Customer Relationship Management System

We introduced CONNECT in early 2016 following the successful pilot of our fault-reporting process in 2014. The system is now in use by our customer teams in Perth and has been rolled out to seven of our regional offices. CONNECT supports consistent and centralised stakeholder communications and allows us to:

- ④ identify, plan, track and manage stakeholder and community engagement activities
- ④ monitor communications such as project updates
- ④ give stakeholder and customer insights to business areas for decision making
- ④ build business intelligence, tailoring our services and stakeholder experiences.

As the system is embedded across the State we will be able to extract and report on more detailed information around our interactions with stakeholder groups.

Key Achievements

We engage with the community on major projects where there are high levels of complexity and there are expected to be significant impacts that affect the community. In accordance with our Community Engagement Policy, each project has a Reference or Working Groups to represent the community. We advertise an Expression of Interest to the community to become members of these groups whose members are decided through a selection criteria process. More information is available on our website and the following is a snapshot of just several engagement activities that we held over the last year.

NorthLink WA Project Development

Communities from all areas gave extensive feedback and were involved in NorthLink WA, from 2014 to 2016. Activities included regular community and stakeholder reference groups and drop-in sessions, as well as targeted meetings and briefings with community groups, local government, schools and businesses. Input from more than 1,000 community and stakeholder representatives contributed to concept design. Contributions included noise and visual impacts, local area access and environmental concerns.

This \$1.12 billion Federal and State government investment will provide a vital, state-of-the-art transport link between Morley and Muecha. The initiative will reduce travel times and congestion, improve road safety and provide productivity benefits.

Coordinating the State Wide Litter Plan

We are working closely with key stakeholders, interested parties and community groups to implement a consistent litter management approach for the State while taking into account individual regional requirements. The approach is looking at a whole of State perspective, including considering the safety and congestion impacts of debris from unrestrained loads in the metropolitan area and targets five key concerns:

- ④ roadside litter collection
- ④ rest area management
- ④ illegal dumping
- ④ unsecured loads
- ④ abandoned vehicles.

As a result of work done to date the current Rest Areas policy has been updated to incorporate and capture innovative ways in collecting litter across the State including procurement of a road rake for the Metropolitan region and working with Local Government to use Sulo bins in regions that will see an improvement in service delivery whilst minimising additional costs. We are working closely with the Keep Australia Beautiful Council, Department of Parks and Wildlife, Waste Authority and Western Australian Local Government Association to develop closer partnerships to better tackle litter management cooperatively. The overall aim of this initiative encourages road users to take litter with them, where practical. Through awareness and participation, we are expecting reductions in litter and illegal dumping which has been increasing in volume across the State.

Heavy Vehicle Industry Information Sessions

Our state-wide sessions give information on administration and regulatory requirements for operating a Restricted Access Vehicle within Western Australia. Topics and issues raised by customers and front-line teams guide presentation content. The regional program, with sessions from Kununurra to Esperance addresses shortfalls in industry knowledge. One of the most popular components of our information sessions is the individual consultations where transport operators can discuss specific issues with our subject matter experts. Quarterly metropolitan information sessions continue to be well supported.

Aboriginal Heritage and Culture

We value the input and contribution of traditional owners in the identification of sites and seek their opinions on potential impacts. In protecting Aboriginal cultural values we also liaise with stakeholders, including prescribed Body Corporates, native title representative bodies, Aboriginal Corporations, community groups and traditional owners' informants.

This year we became the first government agency to enter into and sign a Noongar Standard Heritage Agreement with the six native title claimant groups party to the South West Settlement Indigenous Land Use Agreement. For more information refer to the Case Study.

Russell Road Upgrade for Aubin Grove Station

The \$120 million Aubin Grove Station project involved construction of a new station in the Kwinana Freeway median, and an upgrade of the Russell Road Interchange to cater for increasing traffic demands and to improve movement for buses and cars around the station. Major works associated with the new Aubin Grove Station and Russell Road Upgrade Project were completed in June and included three weekends of freeway and road closures to install station buildings, walls, bridge beams and footbridge spans.

A widespread communications program was implemented to keep road and rail users, residents and businesses informed of the likely impacts of the build. Managed in close collaboration with the Public Transport Authority, the program included social media, web updates, advertising, peak radio broadcasts, community briefings, emails to stakeholders, letter drops and electronic traffic signs. The City of Cockburn assisted by promoting the information through its communication channels. The targeted communication program delivered by this partnership worked so well that no community complaints were registered for the duration of the major works.

The communication effort resulted in a 32 per cent reduction of traffic volumes on the first weekend closure.

Advisory Groups

To ensure that our operations are open, accountable, fair and flexible, we collaborate with a wide range of customers and stakeholders who provide essential input to operational aspects of our business. The following lists our various advisory groups and the frequency of meetings.

ADVISORY GROUP	MEETING FREQUENCY PER ANNUM
Customer Service Advisory Council	Under review
Western Australian Road Construction and Maintenance Industry Advisory Group	2
Cycling and Pedestrian Advisory Group	12
Disability Advisory Group	3
State Road Funds to Local Government Advisory Committee	3
Traffic Management for Works on Roads Advisory Group	4
Traffic Management for Events Advisory Group	2

The ROADS Foundation

The ROADS Foundation is a locally based charity we support in collaboration with the Western Australian Local Government Association. This initiative delivers multiple economic and social benefits for the community, focusing on:

- ④ getting young people into employment and traineeships/ apprenticeships in the resources, construction, infrastructure and agriculture sectors through a unique community engagement model
- ④ training young people, Aboriginal employees and disadvantaged groups.
- ④ preparing and transitioning to job roles
- ④ providing extensive support upon employment to ensure long term retention and sustainability.

The foundation has been operating predominately in the roads and civil industry for the past ten years, however due to increasing interest from other sectors and the effectiveness of our community engagement and support models, the Board recently made the strategic decision to expand and include broader range of services, careers and opportunities. A rebranding project is currently in progress to address the broader focus and will be launched in August 2016. However, the independent not for profit organisation will continue to play a large role in the civil and roads sectors working closely with us to ensure all projects and major maintenance contracts have high levels of training development,

Aboriginal engagement and employment for the continued growth of the Western Australia workforce and local community development.

Disability Access and Inclusion Plan

Our Disability Access and Inclusion Plan (DAIP) was put in place to support the State Government's vision for a better quality of life for all Western Australians and implements, at an agency level, Australia's commitment to international human rights instruments such as the Convention on the Right of Persons with Disabilities. The plan adds further emphasis to the significant progress we have made in addressing the needs of people with disabilities since it was first launched in 1995. Staff and members of the public were widely consulted in developing the plan and initiatives. A new plan is currently being developed to ensure outcomes and strategies reflect current needs.

Looking Ahead

- ④ New Disability Access and Inclusion Plan.
- ④ Review stakeholder engagement success measures.
- ④ Review of Advisory Councils and reassess value provided to business areas.

CASE STUDY

Noongar Standard Heritage Agreement

In October 2015 we became the first government agency to sign a Noongar Standard Heritage Agreement. The agreement was signed as part of the South West Native Title Settlement, a settlement of resolution on native title involving Western Australia and the six registered native title claimant groups in the South West.

The South West Native Title Settlement (SWNTS) covers approximately 200,000 square kilometres, including the South West and Metropolitan regions and sections of the Wheatbelt, Great Southern and Midwest – Gascoyne regions. Noongar claim groups are:

- ⦿ Yued (Jurien, Moora, Lancelin, Gingin)
- ⦿ Gnaala Karla Boodja (Mandurah, Bunbury, Donnybrook)
- ⦿ South West Boojarah (Busselton, Dunsborough, Margaret River, Pemberton, Nannup)
- ⦿ Wagyl Kaip (Katanning, Gnowangerup, Albany)
- ⦿ Ballardong (York, Northam, Hyden, Kondinin)
- ⦿ Whadjuk (Perth Metropolitan area).

The SWNTS requires agencies to enter into Noongar Standard Heritage Agreements with the relevant Native Title groups. The Agreement establishes a detailed process and deliverables for consultation, timeframes to provide information and arbitration if parties fail to provide information within specified timeframes. It also provides a formal process for heritage consultations and surveys that must be followed in the south-western part of the State.

In exchange for a suite of benefits and recognition, the six native title groups, involving around 30,000 Noongar people, surrendered native title rights and released the State from compensation liability under the *Native Title Act 1993* (Cth). In October 2015 we led Western Australia's government agencies and became the first agency to sign the agreement with the six claimants.

This new arrangement means we are able to build stronger relationships with the Noongar people in the South West and adopt more collaborative processes ensuring heritage sites are identified and protected. We also expect improved efficiencies through more consistent and better understood processes, giving us shorter assessment timeframes and streamlined regulatory consent processes for projects.

A further seven heritage agreements have been made with other native title parties, including in the Midwest–Gascoyne Region (Wajarri Yamatji, Gnulli, Nanda, Malgana Shark Bay People, Yugunga-Nya native title claimants and holders) and Pilbara region (Njamal and Karriyarra native title claimants and holders).

Investing in People


Aim

To develop and invest in leaders that will genuinely challenge the status quo.

Approach

- ⦿ Developing a high performing culture of skilled professionals
- ⦿ Investing in innovation and knowledge sharing
- ⦿ Developing skills to meet current and future needs
- ⦿ An increased focus on staff development of commercial acumen.

Key Performance Indicators

	TARGET	ACTUAL	STATUS
Full time equivalents (average)	1,018	1,013.5	
%Women in leadership positions Level 6 and above	16	18.5	
% Completion Individual Performance Agreements	100	95	

Key Achievements

- ⦿ New Reconciliation Action Plan developed.
- ⦿ Revised and improved workforce planning process and tools deployed.
- ⦿ Innovation and Research Program continues to reap benefits.
- ⦿ Tackling red tape through the Removing Roadblocks campaign.

Investing in our people is key to creating an organisation where people embrace and accept those who inspire to bring innovative ideas, skills and perspectives to work. We seek to ensure that the right people are attracted to and retained to address our future business operations. We are currently identifying new skill sets for innovative solutions and world class practices for Western Australia.

Promoting Diversity and Equal Opportunity

We strive to create a rich, diverse workforce and place a strong emphasis on promoting equality to ensure our workplace is free from harassment, discrimination and that all employees have access to training, progression and promotion. Our Equal Employment Opportunity Management Plan, developed in accordance with Part IX of the *Equal Opportunity Act 1984*, provides guidance on activities we implement across the organisation.

	2014 (%)	2015 (%)	2016 (%)
Female	29.8	30.0	30.5
Culturally diverse background	17.4	18.8	17.2
People with disabilities	3.2	1.1	2.9
Indigenous Australians	1.8	0.7	0.8

Women in Leadership

We recognise and value the role of women in the workforce and gender diversity at all levels of the organisation as a business imperative. We continue to reach our target for the proportion of women in our workforce and slightly exceed our target for women in Level 6 positions and higher.

	2014 (%)	2015 (%)	2016 (%)
Women in the workforce	30	30	30.5
Women in Level 5 positions (permanent employees)	28	28	29.0
Women in Level 6 positions and above (permanent)	15	18	18.5
Women in acting opportunities	33	35	35.3

Our ongoing activities include:

- ⦿ professional development leadership programs for our women
- ⦿ Professional Women's speaker series, with guest speaker Director of the Cultural Code Connection Ingrid Cumming providing a powerful address on culture, values, decision-making and leadership as a young Whadjuk Noongar woman
- ⦿ employment advertisements promoting flexible working arrangements and encouraging women and people with diverse backgrounds to apply.

With a State government recruitment freeze in place during part of the last year some employment efforts were limited.

Reconciliation Action Plan and Indigenous Employment

This year our Reconciliation Action Plan has been redeveloped to align with a continued commitment to reconciliation in Australia. The Plan is currently under review by Reconciliation Australia and will be released later in the year. Acknowledgement of Country and Welcome to Country are now required for all our major events reflecting two of the many changes that have been identified in the Plan. Moving forward the Diversity Working Group will be focusing on identifying positions for Aboriginal and Torres Strait Islander Australians. Previously we aimed to increase Aboriginal and Torres Strait Islander employment (directly or indirectly) to three per cent. We have added a mandatory clause to our contracts stating “the Contractor must use its best endeavours to provide employment to Aboriginal and Torres Strait Islander people during the course of the project”. This confirms our commitment to go beyond any established targets as we work with our partners and suppliers to create new opportunities.

NAIDOC Week

Each year we take the opportunity to promote awareness and celebrate the history, culture and achievements of Aboriginal and Torres Strait Islander peoples during NAIDOC Week. This year our celebration included a Welcome to Country by Matthew McGuire and traditional dancing by Wadumbah Dance Group. This was followed by a bush tucker inspired morning tea sourced from Kuditj Café, an Aboriginal owned and locally based café. Similar events were held in our regional offices across the State.

Family Day

Our annual event, Family Day, promotes a healthy work-life balance and recognises the contributions staff make to the organisation. It involves each directorate and region putting together displays for visiting family and friends outlining past achievements, current and upcoming projects and events. We also seek involvement from the community, the day helps us to demonstrate our family values.

Attraction and Retention

Workforce Planning and Succession Planning

Our workforce planning process and tools have been simplified and improved to focus on succession planning, identification of high potential employees and of critical future skills gaps in the context of our current economic and fiscal environment. The enhanced tools and process enable us to engage with our Corporate Executive and Managers in a conversation around changing demands, knowledge management and identifying the right skills for the future. For a diverse, sustainable and commercially minded workforce we will emphasise:

- ④ succession management and talent pools identification of new capabilities required
- ④ skill and capability development with a particular focus on high potential employees
- ④ knowledge management in high risk functions.

Recruitment

Finalising restructures resulted in higher than average recruitment, particularly for the newly formed Network Operations Directorate, over a concentrated period. The annual number of positions advertised was average, despite a freeze on external recruitment between December 2015 and May 2016. The recruitment freeze resulted in withdrawal of nine positions prior to a written offer being made to recommended appointees. The table shows recruitment details over the last three years

	2014	2015	2016
Positions advertised	82	117	100
Applications received	1,532	2,340	1,808
Average applications per advertised positions	18.7	21.5	18.1

Developing our Employees

As we work to implement our Keeping WA Moving strategic direction, our focus is on growth and development opportunities to support our core capabilities and commitments underpinned by our Individual Performance Agreements (IPA).

Individual Performance Agreements

Individual Performance Agreements foster regular conversations about performance, behaviour and development. They help employees understand how work fits into the bigger picture. The IPA assists in clarifying roles and expectations for both managers and employees, identifies training opportunities and supports a strong manager–employee relationship and a performance culture. This year we had a 95 per cent completion rate.

Graduate Program

Our three year structured graduate program targets recent engineering graduates and provides them with development via job rotations across the business, coaching, mentoring with our senior leaders, and ongoing formal training. The training our graduates receive over the three years is part of a newly designed program that brings together graduates across the Transport Portfolio, to facilitate not only skills development but the building of networks across transport. The training covers three key areas: work readiness, technical, and commercial and leadership skills. With an excellent retention and success rate, our graduate program is designed to internally develop talent for our next generation workforce.

Innovation and Research Program

The Innovation and Research Program is another area that provides great opportunities for collaboration and encourages staff to learn, solve problems and explore new and innovative opportunities. Since its inception back in February 2015 the program has generated almost 70 ideas from across the State. There were 42 ideas generated last year. Using some simple economic assessment measures we were able to determine that over the last 12 months we believe that the Return on Investment of those funds is in the order of 11 per cent for projects that have been completed. This indicates a positive benefit cost ratio returning 3.2 dollars for every one dollar spent. Ideas and submissions span the four Keeping WA Moving focus areas.

In 2016-17 we will be talking to Directorates making them aware of the program, promoting the availability of the funds to undertake Innovation and Research related projects and encouraging areas to identify priority areas where research will help to overcome barriers in areas they are working in.

Removing Roadblocks

The objective of the Removing Roadblocks challenge is for employees to identify inefficient or illogical work practices that may inhibit productivity and innovation. Using a dedicated software package employees collaborate online to identify and develop solutions on how to work more effectively. We have elected to run a campaign for each area within the organisation taking a localised approach so that we are targeting specific bureaucratic processes within each work area

as well as looking for corporate improvements across the board. The software operates in a similar way to social media sites like Facebook which means that for many employees there is a level of familiarity and intuitive use leading to even greater engagement. The campaign will continue to be rolled out throughout the next 12 months as we look to work with employees to improve our work practices creating a more agile and flexible organisation.

Looking Ahead

- ④ Continue succession planning as we tackle our ageing workforce profile.
- ④ Profile and create a diverse succession pool focusing on future leaders, high potentials and critical skills gaps including having an emphasis on identifying positions for Aboriginal and Torres Strait Islander Australians.
- ④ Continue to promote the benefits of the Innovation and Research program encouraging areas to identify priority areas where research will help them to overcome barriers .
- ④ Deployment of a new Human Resources Management System that will allow payroll, recruitment, data and analytics and training to all function within the one system.
- ④ Continue the deployment of Removing Roadblocks as we fight red tape.

CASE STUDY



Route Manager Training Program

One of the new skills and capabilities that we are developing as part of our response to improving the operation of the road network is around route management. Route management is essentially seeking to gain the greatest efficiency possible for a particular route within the overall network.

To address this new skills requirement we developed a structured 18 month training program including rotational placements in various areas associated with operation of the overall metropolitan network. The program allows participants to complete technical aspects of work by gaining on the job training under the guidance of experienced practitioners.

One of the benefits of the program is the opportunity to challenge and influence existing business practices aimed at promoting improved performance. This dedicated program facilitates staff development and is helping us to build new skills as part of an overall succession planning and workforce management approach to meet new business needs.

At the end of the 18 month training program the participants will have the necessary skills required to fulfil their role as part of the Route Management Team. The program includes on the job learning through 16 rotations as participants gain skills in defined competencies during each placement. Technical training also supports on the job learning helping to reinforce the level of competency gained. This program has been developed using best practice examples from existing models used in other international transport agencies.

The project began in mid-2015 with the first cohort of trainees starting in February 2016. Four more trainees will be recruited from our graduate pool to commence in February 2017. This approach is just one more way in which we are ensuring that we have the right people with the right skills to meet the needs of the community.

Enhancing Safety, Health and Wellbeing




Aim

Consistently leading safe outcomes aimed at preserving the safety, health and wellbeing of our people.

Approach

To create consistent application of policies, standards and procedures across the organisation and with our business partners based on effective risk management to create a mature safety culture.

Key Performance Indicators

	TARGET	ACTUAL	STATUS
Fatalities	0	0	
Lost Time Injury frequency rate	2.0	1.3	
% of incidents closed out within 30 days	90	85	

Key Achievements

- ④ New Safety, Health and Wellbeing Framework and System.
- ④ Australian Standard AS/NZS 4801:2001 recertification.
- ④ Lifestyle improvement through health campaigns.
- ④ Improved safety for road workers.

Corporate Safety Health and Wellbeing Committee

This committee is part of the high level governance arrangement reflecting the importance we place on the safety of our workforce and is chaired by the Corporate Executive Director Human Resources. It also includes all members of Executive along with safety representatives from each Directorate. The role of the committee includes presiding over safety, health and wellbeing issues from high level strategy to reviews of individual incidents and acting as the primary occupational safety and health channel and reports on full-time and contracted employees to Corporate Executive. Achievements during the last 12 months include:

- ⦿ New Safety, Health and Wellbeing Framework and System
- ⦿ Australian Standard AS/NZS 4801:2001 recertification
- ⦿ Lifestyle improvement through health campaigns
- ⦿ Improved safety for road workers.

Our Framework

We launched a new Safety, Health and Wellbeing (SHW) Safety Management Framework in April 2016 to improve useability, consistency, integration and reporting functions. The new framework is structured under 12 new SHW Elements that outline the policies, procedures, guidelines and consultative mechanisms that make it easier for our staff to consistently lead safe outcomes according to Occupational Safety and Health legislation.

The framework is integrated with our quality management systems, promoting holistic business practice. Visit our Governance section for more information on our Integrated Management System.

Key Achievements

Proactive Safety, Health and Wellbeing

The most notable health campaign of the year was the 'Steve Troughton Highway to Health Challenge', with part of the name borrowed from our Managing Director. Of 181 participants, 78 per cent reported improvements in lifestyle, diet and workplace morale, while 48 per cent reported a positive impact on motivation and individual health. In the challenge,



teams of three employees or contractors earned points through the number of steps taken in daily walking and activity, plus health and exercise challenges.

Other initiatives throughout the year included:

- ⦿ flu vaccinations
- ⦿ skin screening
- ⦿ ergonomic assessments
- ⦿ nutrition seminars (lunch-and-learns)
- ⦿ cardiovascular plaque checks, a free Commonwealth Government initiative
- ⦿ exercise campaigns, including State government endorsed corporate sports and charity events such as the City to Surf and HBF Run for a Reason.

Traffic Management Safety

The interaction between traffic and our workers remains one of the highest priorities of our occupational health and safety profile. For this reason, we continue to explore innovative ways to improve the protection of workers, contractors and members of the public. Our safety initiatives and innovations include:

- ⦿ Robo-Sign
- ⦿ Truck Mounted Attenuators (TMA)
- ⦿ Telepath Voice Beacons
- ⦿ 'best practice' safety training days.

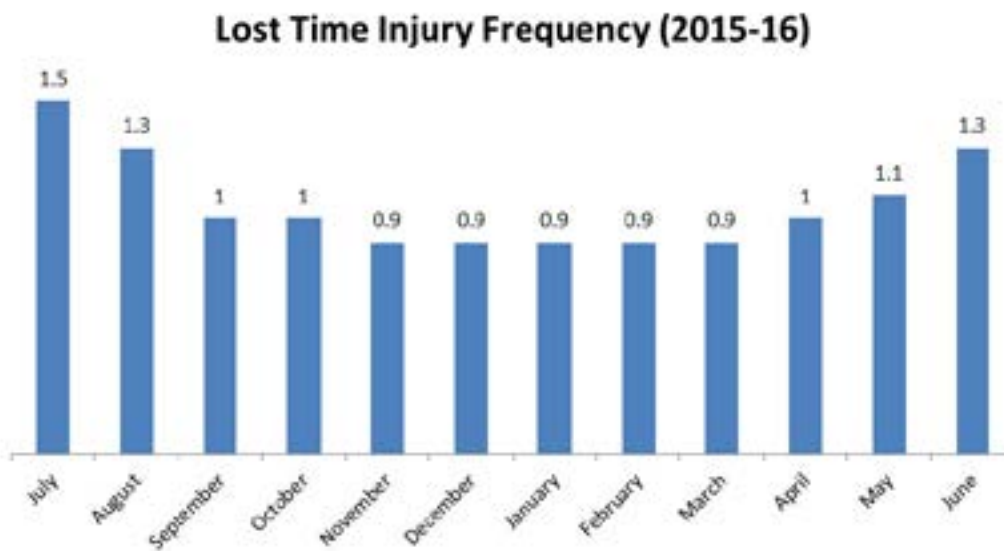
These measures are in addition to our consistent implementation of procedures and Traffic Management for Works on Road – Code of Practice.

Lost Time Injuries

Our time lost from injury and disease is dramatically reduced through diligent work under our Safety, Health and Wellbeing Framework. Lost time is classified as being for one full shift or longer. The table shows our lost time injury frequency rate over the last three years. It is clear that we met our target of 2.0 (or less) over the last 12 months.

	2014	2015	2016
Lost Time Injury	7.6	1.5	1.3

The following graph illustrates the LTIFR performance over the year:



LTI-FR is: (the number of LTI/Ds over the 12 months x 1,000,000) divided by the number of exposure hours worked during that 12 month period, Actual FY15/16 LTI-FR calculation is: (10 LTI's x 1,000,000) / 7,898,848 = 1.266 ~ rounded up to 1.3, Contractor LTI's and exposure hours are included in the our LTI-FR calculation

Workers' Compensation and Injury Management

Injury prevention and effective injury management are areas of focus in our Safety, Health and Wellbeing Framework. Following the principle of early return-to-work, we achieved a 21 per cent reduction in workers' compensation claims and improved claim closure rates.

From 11 workers' compensation claims lodged, one claim was declined and five closed with successful outcomes. Six claims remain open with return-to-work-plans in place. Of injured workers, 91 per cent returned to their full-time role within 13 weeks. All injured workers returned to work within 26 weeks after sustaining injury. These results support a trend of year-on-year reductions (as illustrated in the graph below), across a 10-year period.



Looking Ahead

- ⦿ Implement the iSafe project to improve safety, health, wellbeing, quality and environmental management outcomes.
- ⦿ Complete Critical Risk Reviews to continue delivering industry best practice on critical health and safety issues.
- ⦿ Continue reviews of standards, guidelines and forms for our Safety, Health and Wellbeing Framework.

CASE STUDY

Traffic Management Safety

Safe interaction between traffic and our workers is of the highest priority in our occupational health and safety profile.

We continue to explore and implement innovative ways of improving the protection of workers, contractors and members of the public.

As well as improving safety for the road user and workers, we design our initiatives to deliver efficient work practices. The table shows three specific road safety innovations that we have adopted over the last 12 months supporting our objectives:

INITIATIVE	DESCRIPTION	STATUS	KEY OUTCOMES	NEXT PHASE
Truck Mounted Attenuators (TMA's)	A 'crash cushion' device mounted on the rear of heavy vehicle to absorb impact of an errant vehicle (travelling up to 110km/hr). Protects workers from impact and minimises injury to errant driver and passengers	15 TMAs in use in Metropolitan and South West Regions; goal achieved to use in 90% of maintenance activities	TMAs set a new standard in road safety; four TMA strikes have occurred (due to errant vehicle). In each incident, the TMA's prevented fatalities & serious injuries. TMA's increase efficiency when installing traffic controls. Also reduces costs and damage to property and assets	Continue use in metropolitan maintenance activities; includes sweeping, mowing, litter collection, streetlight pole replacement, drainage works & vegetation maintenance
Telepath Voice Beacons (UHF CB Radio)	Mobile radio alert system that delivers tailorable 'roadworks ahead' alerts over Highway Channel 40. Commercial vehicles hear message when coming into range and can prepare to slow down	Embedded into Wheatbelt and Pilbara Regions (2015 -16); under trial in the Goldfields Region (commenced March 2016)	Highly effective; safety is enhanced as commercial drivers receive alert before seeing roadwork signs. Other public road users using Channel 40 (e.g. caravanners) also alerted	Ongoing embedment including tailoring operating procedures & extending use to unplanned road incidents in Goldfields Region
Robo-Sign	Remote control Stop/Slow signs for temporary traffic control	Currently in trial in the Goldfields Region (commenced June 2016)	Enhances safety for traffic controllers; removes traffic controller away from 'line-of-fire' and reduces risk of being struck by an errant driver	Ongoing trials including road-user compliance & battery life/recharge performance

These traffic management initiatives provide efficiencies for operations particularly where it is not practical to deploy temporary safety barriers, such as with short to medium term road works. Over the next 12 months we will continue to embed and enhance the use of these safety assets as a key part of the safety, health, wellbeing, and road safety strategies.

Governance

The Governance Institute of Australia defines good governance not only as the system by which organisations are controlled, but the mechanisms by which organisations and those who comprise them are held to account. Governance is therefore vital for our decision-making process because it demonstrates how and what we are changing to implement continuous improvement.

We use four key components identified by the Governance Institute of Australia as the basis for reporting and disclosing our activities being Transparency, Accountability, Stewardship and Integrity.

We exercise fairness, transparency and accountability in everything we do, over and above our legal obligations. The Governance Institute of Australia defines good governance not only as the

system by which organisations are controlled, but the mechanisms by which organisations and those who comprise them are held to account. Governance therefore is vital to making the right decisions.

In reviewing and considering our own corporate governance practices we consider the Public Sector Commission Guidelines as well as the application of ASX Corporate Governance Council principles within our own operating context. This creates an environment that values ethical behaviour, integrity and respect helping us to achieve excellence whilst creating value for our customers.

This year we have once again used the four key components identified by the Governance Institute of Australia as the basis for reporting and disclosing our activities.



Transparency

PAGE 87



Accountability

PAGE 90



Stewardship

PAGE 96



Integrity

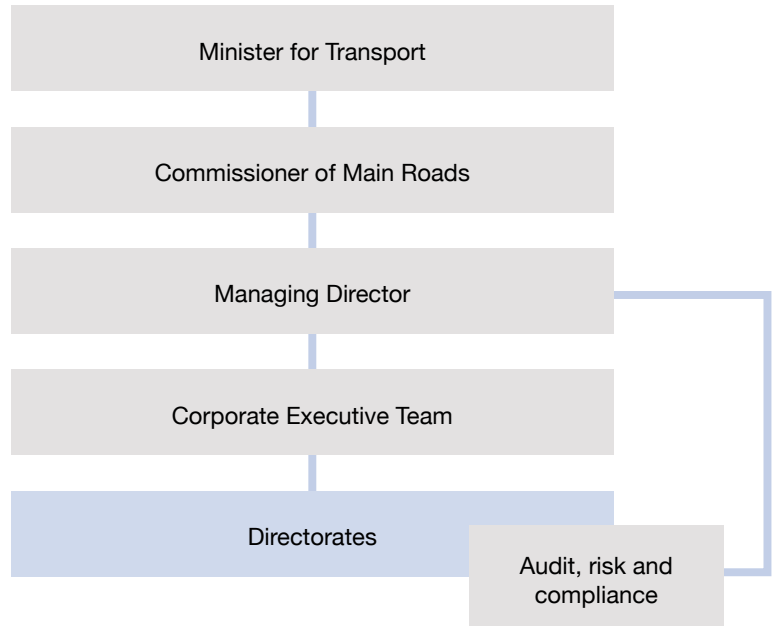
PAGE 98

Transparency

Being clear and unambiguous about the organisation's structure, operations and performance, both externally and internally, and maintaining a genuine dialogue with, and providing insight to, legitimate stakeholders and the market generally.





Our Governance Model

Our corporate governance model directs and manages our business activities to optimise performance, achieve regulatory compliance and deliver value for customers. The model and processes align values-driven management, which enables us to govern with integrity, accountability and transparency. Our Governance Model shows the relationships between our Minister, Commissioner, Managing Director and members of Corporate Executive.



Strategic Direction

Keeping WA Moving is our outcome-focused strategic direction guided by delivering value and meeting customers' future needs. Our four main focus areas recognise the role our portfolio partners' play and our role in helping to achieve an integrated transport solution for an efficient and user-friendly state-wide transport network.

FOCUS	WE ARE SEEKING TO	IT'S ABOUT
 Customers	Provide a transport network centred on what our customers need and value.	<ul style="list-style-type: none"> • Using data better to understand and communicate with our customers • Offering real time information that will improve the whole transport experience • Bringing people together to help us improve the transport system.
 Movement	Improve the mobility of people and the efficiency of freight.	<ul style="list-style-type: none"> • Realising economic benefits from improved freight productivity and corridor management • Improving the environment for cycling and walking, in other words looking beyond just vehicles • Using data to inform and make smarter choices • Looking at Intelligent Transport System access across the board whether it be in relation to public transport, increasing inter-modality or access to our natural resources • Ensuring the security of the transport networks in our regional communities.
 Sustainability	Develop a sustainable transport network that meets social, economic and environmental needs.	<ul style="list-style-type: none"> • Improving the utilisation of existing road infrastructure • Reducing carbon emissions and the impact of noise across our network • Creating high quality public spaces that enrich communities and encourage transport options which improve the health of our communities • Creating and identifying new funding and financing opportunities.
 Safety	Provide improved safety outcomes for all users of the transport network.	<ul style="list-style-type: none"> • Reducing carbon emissions and the impact of noise across our network • Integrating a holistic approach to road safety focussed on transformational change through a shared responsibility for a safe system based around the four cornerstones of safe road use; safe roads and roadsides, safe speeds and safe vehicles • Improving safety for vulnerable road users.

Internal Communication

We aim to improve channels of communication and provide accurate, pertinent and timely information to all staff state-wide. Transparent and timely communication promotes and enhances staff knowledge of the organisation and also trending economic, social and environmental topics affecting the State. We also boosted viewing of our iRoads intranet site more than 3 million page views for the year, a result of successful communications partnering within our organisation. Our next steps are to further evolve relationships with our regional staff and identify emerging digital technologies for enhancing engagement across the organisation.

Integrated Management System

Our Integrated Management System (IMS) includes our business systems and processes related to projects, contracts, supply, environment, occupational health and safety. This system has been certified under the Quality, Environment and Safety standards for a number of years. The integrated framework ensures a systematic approach to improving business performance and is based on quality management principles.

CURRENT CERTIFICATION	
Standard	Processes
Quality Management System ISO 9001:2008	Project Management Contract Management Supply Corporate
Environmental Management System ISO 14001:2015	Environmental
Safety, Health and Wellbeing Management AS/NZS 4801:2001	Safety, Health & Wellbeing

In May 2016 we successfully achieved recertification for a further three years, with only low level audit findings and improvement opportunities identified. Previously we were certified to the Environmental Management System (EMS) ISO 14001:2004. An updated standard was introduced in 2015 with certified organisations having until 2018 to transition to the new standard. We have been recommended for re-certification to the 14001:2015 standard.

Our Quality Management System is currently certified to ISO 9001:2008. Similar to environment, a revised standard was introduced in 2015 and we are working towards certification to the new edition in preparation for our next audit. Key changes in the new standards reflect an increased focus on leadership and commitment by 'Top Management', evaluation of performance and continual improvement. To accompany the revised standards, we have reviewed and reissued our Environment Policy Statement and a new Quality policy statement.

During the year we also started developing the management system for Road Safety to ISO 39001. Our aim is to be compliant with the new Standard during 2017 and incorporate it within our Integrated Management System.

Internal Audit

Our Management Review and Audit Branch ensure controls are in place to safeguard our assets and financial interests. It provides independent, objective assurance and consulting activities reporting to the Management Review and Audit Committee chaired by the Managing Director. This committee is part of the high level governance arrangement meets every quarter. The role of the committee includes considering the audits and reviews performed by the Management Review and Audit Branch, ensuring audits and reviews are conducted in accordance with the Annual Audit Plan and reviewing and approving the Annual Audit Plan. Achievements during the last 12 months include:

- ④ follow up audit of Integrated Service Arrangements Monthly Claims
- ④ review of IT Security
- ④ review of the ISA Assurance Framework
- ④ review of payroll.

Statutory Audit

The Auditor-General of Western Australia audits our financial statements and key performance indicators for controls, compliance and assurance. The annual, external assessments provided to both Houses of Parliament are an independent opinion on our financial statements and whether they are presented in accordance with Australian Accounting Standards, *Financial Management Act 2006* and the Treasurer's Instructions.

Accountability

Ensuring there is clarity of decision-making within the organisation, with processes in place to ensure that the right people have the right authority to make effective and efficient decisions with appropriate consequences for failure to follow those processes.

Corporate Executive

Corporate Executive is our peak decision making body. Its objective is to “set clear strategic direction to deliver government priorities, meet our aspirational purpose and achieve agreed performance goals”.

It achieves this by:

- ④ assisting in discharging the Managing Director’s responsibilities and to operate as an advisory body to the Managing Director
- ④ achieving the best outcomes from key decisions, developing executive commitment to key organisational priorities and modelling our values, guiding principles and behaviours to the organisation
- ④ setting strategy, oversight, decision-making and leadership and managing organisational performance to ensure capability to deliver its services
- ④ providing a forum to raise corporate related issues and seeking feedback and input from peers
- ④ being proactive, long term orientated and outcomes focused.

During the year Corporate Executive conducted a comprehensive review of its governance structure and decided to absorb the role and decision making of some Standing Committees within its monthly meetings, as a result the Corporate Development Committee and the Budget Committee were disbanded. For information on the Corporate Safety Health and Wellbeing Committee please refer to the Safety Health and Wellbeing chapter, details on the Management Review and Audit Committee are in the section on Transparency.

Delegation of Authority

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

Ministerial Directives

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

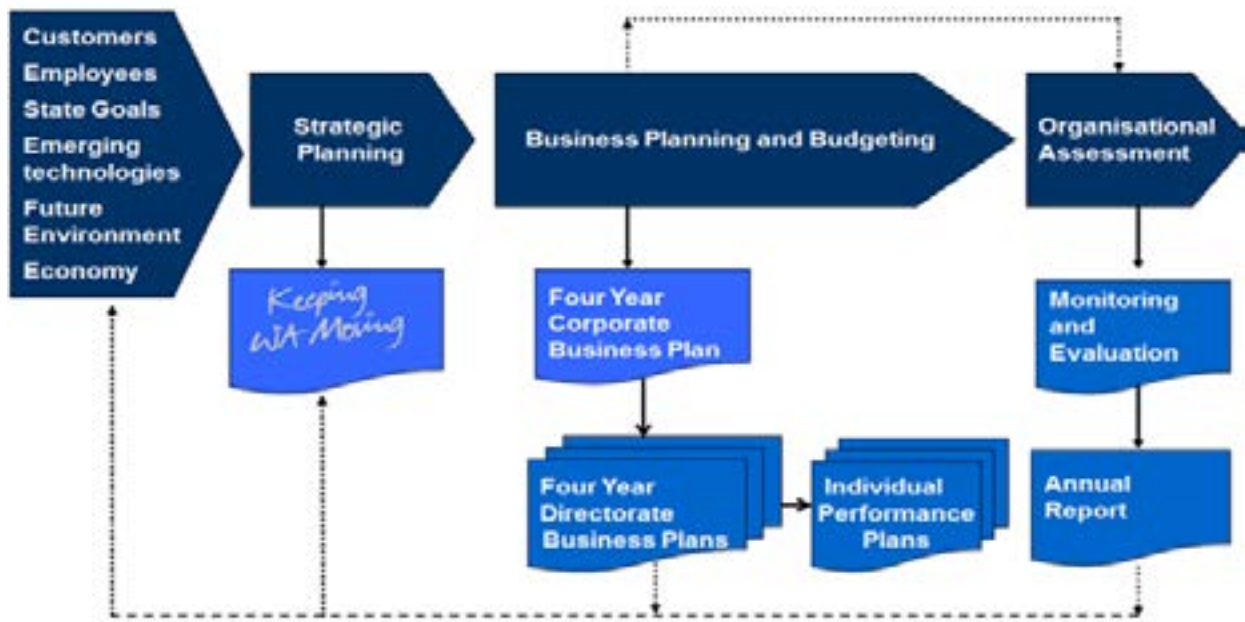
Performance Agreements

Performance agreements ensure clear goals are set and members of Corporate Executive are held accountable for delivering these objectives.

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

Corporate Business Plan 2016-20

Our Corporate Business Plan specifically identifies priorities, actions, targets and measures that must be considered as part of the development of Directorate and Branch Business Plans. Our integrated approach to planning is based on input from partners, stakeholders, customers and employees. The input is coordinated through our Strategic Plan, the Corporate Business Plan, Directorate and Branch Business Plans and ultimately all employees through Individual Performance Agreements, as shown in the chart. Our Corporate Business Plan aligns with our strategic direction and government goals and objectives. It is the basis for all Directorate and Branch Business Plans and ensures planning, delivery, maintenance and operational activities are aligned with our corporate direction.



We review our progress monthly, quarterly, biannually and annually. Reporting varies from online scorecards and dashboard style information through to staff communiques from Corporate Executive.

Risk Management

Our Risk Management Policy states that we “manage all risks so that our business outcomes are achieved and our reputation is protected”. Our systematic approach to enterprise-wide risk management centralises various corporate risk management procedures and processes from across the organisation. All employees have a responsibility to mitigate risk by managing and identifying risks that are a part of the work we undertake. We align our process to the Australian Standard AS/NZS ISO 31000:2009 – Risk Management. In addition, major capital works projects incorporate risk management processes to identify and manage project and operational risks where necessary.

Our Corporate Risk Management Reporting

We hold workshops across the organisation to identify key operational and strategic risks facing individual directorates and business units, as well as Main Roads as a whole. These workshops focus on the strategic and longer term impacts to our business. Mitigating actions to address these risks are incorporated within Directorate and Branch Business Plans and form part of the quarterly reporting and evaluation regime to Corporate Executive and across the organisation.

During the year we participated in a portfolio-wide review of the corporate risk reference tables with the Public Transport Authority and Department of Transport. For consistency and tracking, we agreed on a single

approach to high-level risk assessment and risk prioritisation across the three agencies. In addition, we contributed to a combined portfolio procurement of a single risk management system, led by the Department of Transport, to replace existing or outdated risk management systems across the three Transport portfolio agencies. This new approach will be rolled out during the next 12 months.

Financial Targets: Actuals Compared to Budget

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

	2015-16 TARGET ⁽¹⁾ \$000	2015-16 ACTUAL \$000	VARIATION ⁽²⁾ \$000
Total cost of services (expense limit)	1,157,876	1,113,449	(44,427)
Net cost of services	420,121	155,516	(264,605) ^(a)
Total equity	47,580,861	47,385,406	(195,455) ^(b)
Approved salary expense level	115,806	114,054	(1,752)
Agreed borrowing limit	5,766	-	(5,766) ^(c)

(1) As specified in the 2015-16 Budgets Statements.

(2) Further explanations are contained in Note 42 'Explanatory statements' to the financial statements.

(a) The variation in Net Cost of Services is mainly due to an increase in Commonwealth grants and contributions from additional infrastructure funding received to make up for the State's GST revenue shortfall.

(b) The variation in Total Equity mainly relates to revaluation of Infrastructure Assets being less than anticipated.

(c) The variation in Agreed borrowing limit is due to early repayment of the outstanding loan borrowings from Western Australian Treasury Corporation.

	2015-16 AGREED LIMIT \$000	2015-16 TARGET ⁽¹⁾ / ACTUAL ⁽²⁾ \$000	VARIATION ⁽³⁾ \$000
Agreed Working Cash Limit (at Budget)	41,265	41,265	n/a
Agreed Working Cash Limit (at Actuals)	41,265	40,231	(1,034)

(1) Target to reflect the agency's anticipated working cash for the relevant financial year.

(2) Actual to reflect the actual working cash held at the close of the financial year.

(3) Did not exceed agreed limit during the financial year.

Reporting to the Department of Treasury

We provide monthly, quarterly and annual financial statement information to the Department of Treasury, which is subject to external audit by the Office of the Auditor General. This is an independent check on the integrity of our financial reporting. We are also required to report annually against achievement of financial targets/financial measures in the Resource Agreement between the Commissioner of Main Roads, Managing Director of Main Roads, Minister for Transport and the Treasurer.

Management Reporting

Both Financial Reports and Program Management Reports are tabled monthly and quarterly at Corporate Executive. These report on projects and progress against key performance indicators. In addition, Regions and Branches conduct monthly finance reviews, with reports presented at Directorate Management meetings. Financial Performance reports are also reviewed quarterly by the Department of Transport – Portfolio Investment Coordination Branch, as part of portfolio financial reporting to the Minister for Transport.

Accounting and Financial Management Policies

A comprehensive Financial Management 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 policies and 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 and Notes. Our annual Strategic Asset Plan details our 10-year investment needs and drivers. The Strategic Asset Plan adheres to the Department of Treasury's Strategic Asset Management Framework. We assess projects for funding through submission of comprehensive Business Cases to the Road Planning Investment Committee and Corporate Executive 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 and calculated. This incorporates quantifiable economic data and is supplemented by simplified economic, environmental and social assessments.

The BCR records information on the benefits of a project on travel time savings, vehicle operating costs and smoother travel, safety, and maintenance. Other benefits and costs are considered via a multi-criteria analysis. Our approved priority Capital projects are then submitted to the Department of Transport's Portfolio Investment Steering Committee for rating and assessment against all Transport Portfolio priorities, with shortlisted priorities submitted to the Minister for Transport for approval as part of the Department of Treasury's Annual Budget Cycle. Capital works' financial progress is reported to the Corporate Executive on a monthly basis and to the Department of Transport's Transport Portfolio Investment Co-ordination Branch on a quarterly basis.

Managing our Records

Our approved Recordkeeping Plan, approved in 2010, provides overarching guidance in line with the changing needs of our workforce and how we do business. We are currently awaiting Commission approval of our draft replacement Plan. Our best practice recordkeeping processes meet the legislative requirements of the *State Records Act 2000 (WA)*.

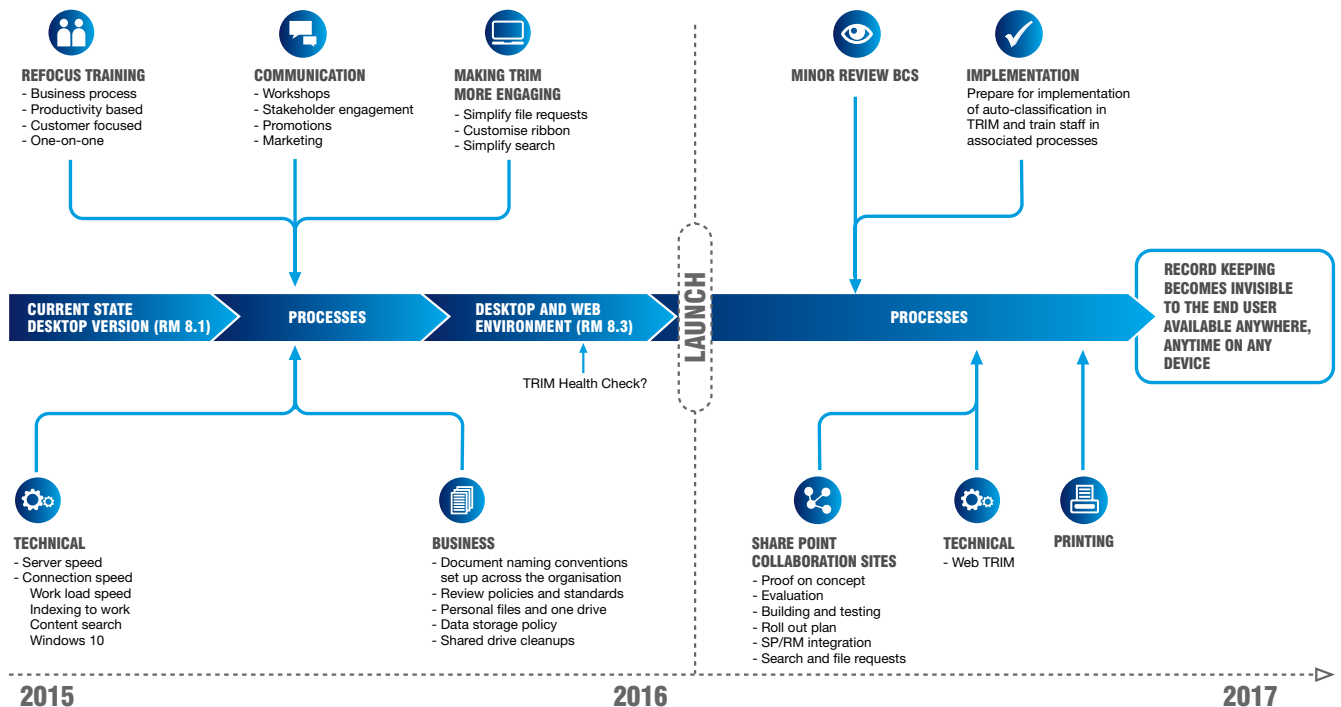
We received the State Records Commission Award for Excellence in Compliance Reporting at the 2015 Lonnie Awards. Our Recordkeeping Framework assists in educating employees on our records program and provides a solid foundation for service delivery to our customers and stakeholders in a planned and informed manner. We have adopted Australian Standard AS ISO 15489 – Records Management for best practice recordkeeping, and actively use the State Records Commission standards and principles.

Future Trends

TRIM is our electronic recordkeeping system, the TRIM Roadmap is a key component of a ‘less paper’ initiative. System suitability and dependability is important to the success of the business with such an initiative. The ‘less paper’ initiative is about collaboratively working in a digital world. To meet this aim, we are:

- 🕒 launching the latest version of TRIM
- 🕒 creating electronic forms and workflows
- 🕒 working more productively using our existing technology
- 🕒 reviewing our printers and how we use them
- 🕒 using a digital file transfer system for large electronic files
- 🕒 making Corporate Executive meetings “paperless”.

TRIM ROAD MAP



Items and documents stored to TRIM over recent financial years' indicate that there is steady ongoing use of the recordkeeping system by staff with system audit logs indicating that over 75 per cent of employees actively use TRIM regularly. A bulk scanning and document processing application called KOFAX has been used since the closure of Shared Services to semi-automate the capture and storage of hardcopy and electronic invoices to TRIM for further processing. We are progressively extending the use KOFAX to other forms of incoming correspondence such as statements, credit notes, supplier creation forms, plans, maps, reports and general correspondence.

Hardcopy correspondence scanned and captured to TRIM through this system is disposed of in accordance with the General Disposal Authority for Source Records. The KOFAX system is now undergoing User Acceptance Testing for upgrade to the latest version, known as Total Agility 7 (TA7) to achieve further automation. Once bedded down, a business review will be conducted with a view to enabling all incoming correspondence to be scanned and processed digitally.

We undertook a range of additional initiatives to continue supporting best practice recordkeeping:

- ③ creation of a Business Information Reference Group to develop smarter, more efficient ways of working using existing technology through the 'less paper initiative'
- ③ to ensure ongoing legal disposal of records a qualified experienced archivist has been employed
- ③ to support an ongoing authorised approval process for records disposal the Main Roads Retention and Disposal Schedule RD 2014016 was submitted and gained approval from the State Records Commission
- ③ Office of Road Safety digital and hardcopy records have been transitioned out to the new Road Safety Commission
- ③ audit re-certification of records processes and documentation has been undertaken to support the Integrated Management System
- ③ a Records Communication Plan supported by the Managing Director was implemented to market the value of capturing evidence of business activity and automation of work processes
- ③ records policy changes required to achieve conformance with the new Recordkeeping Framework have been documented
- ③ the Records Training Program has been reviewed with a focus on business processes to better meet future needs for managing information
- ③ a three-year work program has been renewed to improve recordkeeping across the organisation
- ③ a quarterly meeting with our Portfolio partners has continued for information and knowledge sharing concerning records management.
- ③ active involvement in business system design and provision of advice concerning records management, system integration requirements and system needs has been maintained.

Training Program

Cultivating and consolidating employee knowledge of best practice recordkeeping is paramount in preserving our corporate memory. To achieve this, we offer a range of training services and opportunities including:

- ③ induction training for all new employees, contractors and consultants addressing recordkeeping responsibilities and compliance with our Recordkeeping Plan
- ③ online recordkeeping awareness courses to support the capture of records as evidence of business activity and knowledge of system use
- ③ full day hands-on TRIM training, also offered on a one-on-one basis including support through remote online assistance
- ③ one hour intensive short courses
- ③ an annual records seminar for metropolitan, regional and Transport Portfolio staff to share and discuss issues, concerns and best practices. This program was recognised as an exemplary business case in the State Records Commission 2015 Annual Report
- ③ regular publication of updates to policies, procedures, quick reference guides, FAQs, news items, service provision and contact points on our intranet site.

Stewardship

Developing and maintaining an enterprise-wide recognition that the organisation is managed for the benefit of the customer, taking reasonable account of the interest of other legitimate stakeholders.

Strategic Research

We undertake significant activity to develop and enhance our collective knowledge of economic, environmental and social topics. We do this through close collaboration and partnership with industry and research institutions which undertake leading-edge road and transport research, such as:

- ④ Austroads
- ④ ARRB Group Ltd
- ④ WA Road Research and Innovation Program
- ④ Planning and Transport Research Centre
- ④ Sustainable Built Environment National Research Centre.

We conducted a Futures review to identify new trends, technologies and business models that might impact the transport sector from around the world. This review will be updated periodically to ensure it remains fresh and that we understand the global and local context in which we operate. Visit our website for more information.

Complaints Handling Process

We provide an accessible, fair and equitable complaints handling process, meeting Australian Standard for Complaints Handling, AS ISO 10002 – 2006. Fifty per cent of respondents to our complaints survey, last year, judged our handling of their complaint as satisfactory. We conduct a monthly complaints handling survey to:

- ④ check compliance to process and commitments
- ④ assess customer perception
- ④ identify staff training requirements
- ④ investigate and resolve reasons for non-compliance
- ④ identify opportunities to improve customer experiences.

Information regarding our process is provided to staff through our intranet and to our customers through our website [\[link\]](#).

Social Media Guidelines

Our Social Media Guidelines raise employee awareness of their responsibilities when using social media, whether in a professional or private capacity. The Guidelines help employees to identify opportunities where social media can improve communication for events and campaigns.

Sustainable Procurement and Buy Local

We apply the Western Australian Government’s Buy Local Policy and prefer 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. This year we started engaging with Aboriginal businesses to provide works, goods and services. In addition, we give recognition to our contractors who employ or engage Aboriginal people and businesses.

Our procurement efforts go beyond the requirements of the State Supply Commission policies, including the Sustainable Procurement Policy. This policy requires demonstration that sustainability has been considered in procuring goods and services.

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. The table shows percentages of work locally awarded over the last three years.

Freedom of Information

Certain documents can be obtained under the *Freedom of Information Act 1992* (the Act). 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 documents from us under the Act as well as information or documents available without a formal application. During the year, we received 51 applications. 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 contributions by staff to enhance administrative and management practices and strongly support disclosures being made by staff regarding improper conduct. The Public Interest Disclosure Guidelines are available on line to all staff.

Awarded to businesses located within the ‘prescribed distance’ of a regional delivery point as defined in the Buy Local Policy

2013 (%)		2014 (%)		2015 (%)	
METRO	REGIONAL	METRO	REGIONAL	METRO	REGIONAL
n/a	71	n/a	57	n/a	51

Awarded to a ‘local business’ as defined in the Buy Local Policy (Target 80%)

METRO	REGIONAL	METRO	REGIONAL	METRO	REGIONAL
96	100	99	91	91	88

Integrity

Developing and maintaining a culture committed to ethical behaviour and compliance with the law.

Our Values and Code of Conduct

Our Code of Conduct has been updated from 18 pages to 3 concise pages, to assist staff and understand behaviour expected of them. Critical subjects remain the same, with a focus on seven key conduct areas. The revision aligns the Code of Conduct with our strategic direction Keeping WA Moving and Public Sector Commission requirements. It also achieves closer alignment across the Transport Portfolio.

Ethical and Responsible Decision Making

To support ethical and responsible decision-making, Corporate Executive receives appropriate and timely information before meetings. This information includes status reports for each directorate, a Safety, Health and Wellbeing Status Report, financial management information and Quarterly Standing Reports for a range of committees.

Each Directorate's business plan is linked to the Keeping WA Moving and Corporate Business Plan. This coordinates our activities and aligns activities with our strategy. We report risk identification and management data quarterly and organisational performance information in a monthly online Scorecard. The Accountable and Ethical Decision-Making training course is compulsory for all new employees and is delivered via e-learning.

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 that provides a balanced mix of financial, operational and information technology audits. In addition, Risk Management is considered an integral part of the annual business planning. Risks are managed and monitored at all levels.

We have also deployed a Fraud and Corruption Control Plan and a Fraud and Corruption Policy, which together clearly set out the relevant policies and obligations for all employees with respect to preventing, mitigating and reporting instances of fraud and corruption. These documents are available to all employees via the iRoads intranet site.

Conflicts of Interest and Acceptance of Gifts and Benefits

Our Code of Conduct requires all employees 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 interest occurs, it should always be resolved in favour of the public interest rather than personal interest. We also have a Conflict of Interest and Gifts and Benefits Policy and Register, maintained by the Manager Legal and Insurance Services. We consider conflict of interest to include:

- ④ decisions that are biased as a result of outside activities or private employment
- ④ outside activities that result in less than satisfactory work performance or cause breaches of standards such as those relating to occupational safety and health
- ④ information gained from official employment that is used for private gain
- ④ government resources that are used for private gain
- ④ government time that is used to pursue private interests

- ⊕ acceptance of gift or benefits
- ⊕ disclosure of confidential information obtained during the course of duty
- ⊕ breach of ethics
- ⊕ granting/receiving favours for political, status, relationship, personal or business advantage
- ⊕ actions jeopardising government and Main Roads policies and procedures
- ⊕ actions which place Main Roads at risk.

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

Other than normal contracts of employment of service, no senior officers, firms of which senior officers are members or entities in which senior officers have substantial interests, had any interests in existing or proposed contracts with us during the financial year.

Our Conflict of Interest and Gifts and Benefits Policy states that Main Roads employees and Contract Personnel engaged by Main Roads must not:

- ⊕ be influenced, or perceived to be influenced, by the offer or receipt of gifts or benefits
- ⊕ engage in actions where a conflict of interest, or perceived conflict, arises in the course of their duty or contract obligations.

Where a Conflict of Interest (whether actual, potential or perceived) has been identified strict procedures including declaration to the Manager Legal and Insurance Services must be followed.

Misconduct and Inappropriate Behaviour

All employees are expected to abide by the:

- ⊕ Public Sector Code of Ethics
- ⊕ Main Roads' Code of Conduct
- ⊕ Main Roads' Values
- ⊕ Corruption and Crime Procedures and Guidelines

When a complaint or a report of alleged inappropriate behaviour or misconduct is received, management is required to take action through internal processes. An initial review of the information or complaint is undertaken to understand the nature and severity of the alleged behaviour. The outcome of this review determines the most appropriate action which may include:

- ⊕ discipline
- ⊕ grievance resolution
- ⊕ performance management
- ⊕ Corruption and Crime Commission Procedures
- ⊕ improvement actions.

These processes may necessitate an investigation into the behaviour to enable a fair and equitable decision to be made on the outcomes. Misconduct as defined by the Corruption and Crime Commission must be reported to the Commission.

Compliance with Public Sector Standards and Ethical Codes

There were no compliance issues that arose during the year regarding the Public Sector Standards. There were multiple discipline processes and disciplinary actions relating to breaches of the Code of Conduct and Public Sector Code of Ethics. Steps to enhance processes to ensure compliance include:

- ⊕ providing information about Public Sector Standards and Codes of Conduct on our intranet and in our induction material
- ⊕ writing to applicants for recruitment, selection and appointment processes with details on how to access the Public Sector Standards
- ⊕ ongoing training to recruitment and selection panel members to ensure compliance with relevant Public Sector Standards
- ⊕ providing a network of Contact and Grievance Officers across the State
- ⊕ reviewing and auditing all related policies, procedures and guidelines to ensure compliance with Public Sector Standards.

Ethical Procurement

Our procurement policies and procedures comply with the requirements of the State Supply Commission and are certified to AS/NZS 9001:2008. Policies are documented in the Procurement Management Manual and all tendering and contract administration procedures are documented in the Tendering and Contract Administration Manual. An

ongoing compliance program ensures these policies and procedures are implemented.

A Tender Committee, with two of our experienced senior officers and two senior external government officials, provides additional assurance that procurement actions comply with policies and standards for high-risk and potentially contentious procurements.

Procurement Grievances

No grievances were received during the past year, indicating our procurement processes continue to be fair and equitable. A procedure for dealing with procurement grievances 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, should they be lodged by contractors. The table below lists our Top 10 major suppliers or contractors and their award value over the past year.

MAJOR SUPPLIERS/CONTRACTORS	2015-16 AWARDS VALUE (GST EXCL)
John Holland Pty Ltd	\$176.1
Georgiou Group Pty Ltd	\$66.4
McConnell Dowell Constructors Pty Ltd	\$27.4
Brierty Limited	\$22.0
York Civil Pty Ltd	\$21.3
BMD Constructions Pty Ltd	\$17.7
Decmil Australia Pty Ltd	\$14.0
Watpac Civil & Mining Pty Ltd	\$13.7
Highway Construction/Albem Operations JV	\$10.1
MACA Civil Pty Ltd	\$9.1

We engage with a large number of suppliers of varying characteristics. In total over the last financial year we engaged directly with 1,216 suppliers and made in the order of \$1.54 billion in payments. Suppliers consisted of:

- ④ 142 government agencies
- ④ 10 research bodies or universities
- ④ 1,064 classified as contractors.

However, our indirect supply chain is far more extensive. This can be evidenced by the characteristics of major projects such as Gateway WA where this project alone engaged with 489 Contractors and 424 Suppliers.

Unauthorised Use of Credit Cards

We hold 321 corporate credit cards with transactions reviewed for personal use by incurring and certifying officers during statement processing.

In 2016 four cardholders had personal expenditure, all identified by the cardholder prior to the official review. Two instances occurred due to inadvertent use of the corporate card instead of their personal card. The other two due to EFTPOS machines selecting the card while still in the cardholder's wallet or bag. As all are apparently genuine errors no disciplinary action has been taken. Each officer reimbursed the money within five days of identifying the error.

- ⦿ Aggregate amount of personal use expenditure for the reporting period \$107.73
- ⦿ Aggregate amount of personal use expenditure settled by the due date \$107.73
- ⦿ Aggregate amount of personal use expenditure after the period \$0.00
- ⦿ Aggregate amount of personal use expenditure outstanding at balance date \$0.00.

Pricing Policies of Services Provided

Our supply of goods and services represent 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. Any relevant Pricing Policies we set are developed in accordance with the Department of Treasury's Costing and Pricing Government Services Guidelines.

Government Building Training Policy

State Government Building and Construction Contracts

MEASURE	NUMBER
Active contracts within the scope of the GBT Policy in the reporting period	2
Contracts granted a variation to the target training rate in the reporting period	0
Head contractors involved in the contracts	2
Construction apprentices/trainees required to meet target training rate across all contracts	38
Construction apprentices/trainees employed by head contractors and the subcontractors they are using for the contracts	41
Contracts which met or exceed the target training rate	1

State Government Maintenance Contracts

The new policy, effective from 1 October 2015, has not been applied retrospectively to our maintenance contracts (Integrated Services Arrangements), which were implemented during 2010 and 2011. Whilst the Policy includes an option for agencies to consider transitioning existing contracts to the new Policy, it has not been deemed necessary with replacement contracts being implemented over the next two years. The new contracts will apply the policy.

Expenditure on Advertising, Marketing Research, Polling and Direct Mail (Electoral Act 1907)

STATEMENT OF EXPENDITURE REQUIRED UNDER SECTION 175ZE OF THE ELECTORAL ACT 1907

In accordance with Section 175ZE of the Electoral Act 1907, Main Roads Western Australia incurred \$1,291,300 during 2015-16 in advertising, market research, polling, direct mail and media advertising. Expenditure was incurred in the following areas:

ADVERTISING AGENCIES	\$	DIRECT MAIL ORGANISATIONS	\$
303 Mullenlowe Group Pty Ltd	315,900.00	Lasermail Pty Ltd	4,100.00
A Team Printing Pty Ltd	600.00	Direct Mail Organisations Total	4,100.00
Adcorp Australia Ltd	106,500.00		
Albany Chamber Of Commerce	3,700.00	MARKET RESEARCH ORGANISATIONS	\$
Daniels Printing Craft	16,100.00	Hatchd Digital	18,100.00
Executive Media Pty Ltd	4,000.00	Metrix Consulting Pty Ltd	44,000.00
Expo Document	1,800.00	Painted Dog Research Pty Ltd	7,000.00
Icon Illustration	5,100.00	Market Research Organisations Total	69,100.00
Linkedin	13,200.00		
Linkletters	10,800.00	POLLING ORGANISATIONS	NIL
Litsupport Pty Ltd	2,400.00		
Picasso Print And Design	4,000.00	MEDIA ADVERTISING ORGANISATIONS	\$
Premiere Events	3,500.00	Angry Chicken Publishing Pty Ltd	10,800.00
Preservation Framers	300.00	Carat Australia Media Services Pty Ltd	460,800.00
Quality Press WA	4,100.00	Community Spirit Newspaper Inc.	200.00
Snap East Perth	14,200.00	Facebook	3,800.00
State Law Publisher	4,400.00	Hootsuite Media Inc.	50.00
The Brand Agency	184,600.00	Media Highway	50.00
Advertising Agencies Total	695,200.00	Minuteman Press Perth	2,400.00
		Mitchell Communication Group Ltd	2,900.00
		Optimum Media Decisions (WA) Ltd	39,600.00
		Regional Publishers	800.00
		Southern Cross Austereo	1,500.00
		Media Advertising Organisations Total	522,900.00
		Grand Total	1,291,300.00



Performance Measures

Statement of Certification

Key Performance Indicators

We hereby certify that the key performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the Commissioner of Main Roads performance and fairly represent the performance of the Commissioner of Main Roads for the financial year ended 30 June 2016.

Financial Statements

The accompanying financial statements of the Commissioner of Main Roads have been prepared in compliance with the provisions of the *Financial Management Act 2006* from proper accounts and records to present fairly the financial transactions for the financial year ending 30 June 2016 and the financial position as at 30 June 2016.

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

Name
A/CHIEF FINANCE OFFICER
19 August 2016

Peter Woronzow
A/MANAGING DIRECTOR OF MAIN ROADS
19 August 2016

Nina Lyhne
A/ACCOUNTABLE AUTHORITY
19 August 2016



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Parliament of Western Australia

COMMISSIONER OF MAIN ROADS

Report on the Financial Statements

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

The financial statements comprise the Statement of Financial Position as at 30 June 2016, the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and Notes comprising a summary of significant accounting policies and other explanatory information.

Opinion

In my opinion, the financial statements are based on proper accounts and present fairly, in all material respects, the financial position of the Commissioner of Main Roads at 30 June 2016 and its financial performance and cash flows for the year then ended. They are in accordance with Australian Accounting Standards and the Treasurer's Instructions.

Commissioner's Responsibility for the Financial Statements

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

Auditor's Responsibility for the Audit of the Financial Statements

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

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

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

Report on Controls

I have audited the controls exercised by the Commissioner of Main Roads during the year ended 30 June 2016.

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

Opinion

In my opinion, in all material respects, the controls exercised by the Commissioner of Main Roads are sufficiently adequate to provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions during the year ended 30 June 2016.

Commissioner's Responsibility for Controls

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

Auditor's Responsibility for the Audit of Controls

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

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

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

Report on the Key Performance Indicators

I have audited the key performance indicators of the Commissioner of Main Roads for the year ended 30 June 2016.

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

Opinion

In my opinion, in all material respects, the key performance indicators of the Commissioner of Main Roads are relevant and appropriate to assist users to assess Main Roads' performance and fairly represent indicated performance for the year ended 30 June 2016.

Commissioner's Responsibility for the Key Performance Indicators

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

Auditor's Responsibility for the Audit of Key Performance Indicators

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

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


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

Independence

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

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

This auditor's report relates to the financial statements and key performance indicators of the Commissioner of Main Roads for the year ended 30 June 2016 included on the Main Roads website. The Main Roads management is responsible for the integrity of the Main Roads website. This audit does not provide assurance on the integrity of the Main Roads website. The auditor's report refers only to the financial statements and key performance indicators described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements or key performance indicators. If users of the financial statements and key performance indicators are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial statements and key performance indicators to confirm the information contained in this website version of the financial statements and key performance indicators.


COLIN MURPHY
AUDITOR GENERAL
FOR WESTERN AUSTRALIA
Perth, Western Australia
25 August 2016

Key Performance Indicators

Introduction

Good performance information is an essential part of good management and assists in ensuring accountability, transparency and aids us in our decision making. At Main Roads we use performance measurement to gain insight into, and make judgements about, the effectiveness and efficiency of our programs, processes and people.

We measure our progress in meeting strategic goals and outcomes, gather and analyse performance data and then use that data to drive improvements and successfully measure the deployment of actions into outcomes. Our performance measures support decision making by:

- ⦿ providing useful information on how efficient and effective our core processes are
- ⦿ signalling if improvements are necessary
- ⦿ identifying potential risk areas
- ⦿ determining if our customers and stakeholders are satisfied and if we are meeting our own and the Government’s goals.

We have a well-established outcome based performance measurement framework that seeks to measure our success in delivering agreed Government goals and outcomes. Our performance measures are integrated within a monthly evaluation process that is reviewed by our Corporate Executive Leadership team.

Alignment with Government Goals

Main Roads contributes towards the achievement of four goals identified by the Western Australian Government. We achieve the delivery of these goals through an outcome based Program Management approach. There are six programs, or services, that drive outcome based decision making to achieve the delivery of services to our customers. The following table shows the alignment of each Program against the Government’s goals.

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

Changes Since Last Report

In July 2015 the Minister for Road Safety announced the establishment of the Road Safety Commission, which replaces the Office of Road Safety and creates a new stand-alone authority. This means that Main Roads no longer includes the Office of Road Safety program as part of its outcome based measures.

The only other change to our Outcome Based Measures is that we have also taken a new approach to the collection of our customer perception survey data. This year wherever possible we have moved to on-line survey responses rather than the traditional telephone based surveys. A further explanation is provided below.

Understanding Community Perception Measures

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

Through the use of an external research company, the data was collected by way of online interviews using a developed structured questionnaire and some telephone interviews in regional areas to ensure the minimum sample target was reached. The results are based upon a random and representative sample of 1 376 people (625 in the Metropolitan area and 751 in rural areas with a minimum of 100 from each Region). When extending these results to estimate the percentage of satisfied Western Australians, the overall sampling error is +/- 2.64% at the 95% confidence interval. The data is also weighted to reflect the actual population distribution based on ABS statistics.

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

Understanding On Time and On Cost Measures

The delivery of infrastructure in a State that is as climatically and geologically diverse as Western Australia provides many challenges. Eight of our efficiency measures are based on reporting against the delivery of our contracts in terms of time and cost. To recognise the complexity in achieving this, and consistent with approaches taken in other road agencies, all reporting against these measures includes a 10% margin when calculating the final outcome.

Structure

The following provides a summary of our program outcomes and measures for each indicator showing the trend over time as well as providing a status report as to how the results for 2015-16 compared against the targets from the State Budget Papers. The remainder provides commentary on the efficiency and effectiveness indicators for each of the six outcome based programs.

Summary of Key Performance Measures and Outcomes

		2013	2014	2015	2016 TARGET	2016 ACTUAL	
ROAD SAFETY PROGRAM							
% Community Satisfaction of road safety		94	95	94	90	91	
Black Spot location indicator		10.3	10	9.7	9.4	9.1	
% of contracts completed on time		70	100	94	90	91	
% of contracts completed on budget		95	94	94	90	98	
ROAD EFFICIENCY AND ROAD SYSTEM MANAGEMENT PROGRAMS							
% Community Satisfaction		94	94	96	90	91	
Road network permitted for use by heavy vehicles	B Double -27.5m %	97	97	98	96	98	
	Double RT -27.5m %	97	97	97	96	97	
	Double RT-36.5m %	79	79	80	78	80	
	Triple RT-53.5m %	44	45	45	44	45	
% Network configuration	Roads	89	90	91	90	91	
	Bridges	Strength	88	89	89	89	90
		Width	95	94	95	95	96
% of contracts completed on time		86	89	72	90	100	
% of contracts completed on budget		100	84	100	90	97	
Average \$ cost of network management per million vehicle km travelled		3,907	4,256	4,829	5,349	5,358	
STATE DEVELOPMENT PROGRAM							
Average return on construction expenditure		3.1	5.4	5.6	4.3	4.2	
% of contracts completed on time		100	75	100	90	100	
% of contracts completed on budget		100	100	100	90	100	

Summary of Key Performance Measures and Outcomes

	2013	2014	2015	2016 TARGET	2016 ACTUAL
ROAD MAINTENANCE PROGRAM					
% Smooth Travel Exposure	97	n/a	96	n/a	n/a
% Community Satisfaction road maintenance	84	90	95	90	88
% Preventative maintenance indicator	87	86	86	84	87
Average \$ cost of network maintenance per lane kilometre of road network	6,827	5,493	6,075	7,700	7,518
COMMUNITY ACCESS PROGRAM					
% of the year that 100% of the Main Roads' State road network is available	94	96	87	85	87
% Community satisfaction with cycleways and pedestrian facilities	83	85	76	90	83
% of contracts completed on time	80	75	83	90	91
% of contracts completed on budget	80	50	92	90	100

Road Safety

Outcome: Providing a Safe Road Environment

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

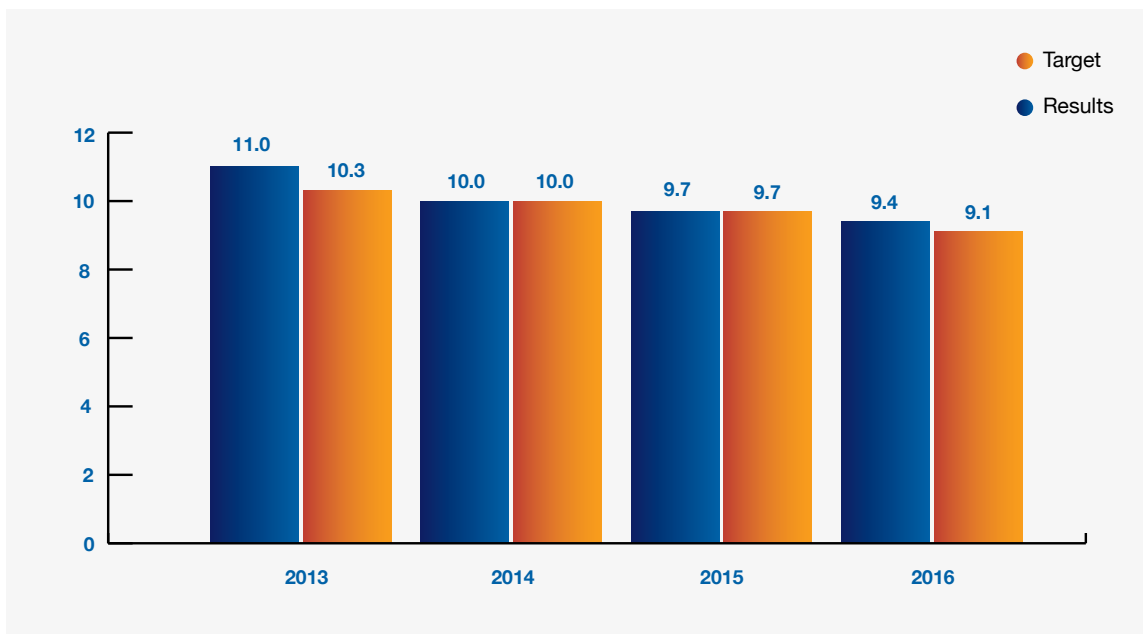
Effectiveness Indicators

Community Satisfaction with Road Safety

This indicator represents how satisfied the community is with Main Roads’ overall performance in the area of road safety. The survey results show that although Main Roads’ usually high performance has dropped since 2015, the result of 91% of survey participants rating it as okay or better remains above the target of 90%. Ratings across the regions have remained fairly steady and above the target of 90%. Goldfields Esperance showed the greatest area of improvement.

Black Spot Location Indicator

The indicator gives a measure of the number of locations on the road network that meet State Black Spot criteria based on an analysis of crash history. The measure uses a sliding window to determine whether the number of locations eligible for funding is increasing or decreasing, taking into account the amount of travel in the State. Last year the results for the four year period 2009 to 2012 were recast to incorporate new information made available by the Australian Bureau of Statistics that amends the vehicle kilometres travelled input. This resulted in the 2015 result being amended from 9.2 to 9.7. Including this revised information ensures that the results over time remain accurate and comparable. The four year trend continues to show a gradual decline in the number of eligible black spot locations with the current result once again being the lowest recorded since the implementation of the Black Spot program in 2001, coming in below the estimated target.



Efficiency Indicators

Percentage of Contracts Completed on Time

This indicator represents the percentage of contracts that were delivered on time in the Road Safety Program. The result achieved was 91% of contracts delivered on time which is above the target 90%. Of the four contracts that were late two are still in progress. Of the remaining two, one was late as a result of the contractor not allocating sufficient resources to the project and no extension of time was granted. The final contract was delayed whilst corrective works were put in place, an extension of time was not granted for the period of these works.

Percentage of Contracts Completed on Budget

This indicator represents the percentage of contracts that were delivered on budget in the Road Safety Program. The result achieved was 98% of contracts delivered on cost which is above the target of 90%. One contract was over budget, this arose from an increase in the scope of works for the project along with delays arising from bad weather and increased costs for moving electrical services. The contract is currently being reviewed to determine if further variations should be issued however, at the time of preparing this report it remains over budget.

Efficiency and Road System Management

Outcome: Reliable and Efficient Movement of People and Goods

The Efficiency Program seeks to improve the efficiency, capacity and utilisation of the existing road network whilst the Road System Management Program seeks to optimise real-time management of the network, provide traveller information, asset management planning and to support service delivery throughout the organisation.

Together these programs contribute to achieving the outcome. We demonstrate this through the following measures:

Effectiveness Indicators

Community Satisfaction

This indicator represents how satisfied the community is with Main Roads' overall performance in the management and operation of the State road network. The survey results show that Main Roads overall performance remains high with 91% of respondents rating Main Roads' performance as okay or better exceeding the target of 90%. Survey results show that overall performance ratings are broadly consistent across the regions. The only two regions to drop below the target of 90% were South West and Wheatbelt.

Road Network Permitted for use by Heavy Freight Vehicles

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

TYPE OF VEHICLE	2013	2014	2015	TARGET	2016
B Double - 27.5m	97	97	98	96	98
Double Road Train - 27.5m	97	97	97	96	97
Double Road Train - 36.5m	79	79	80	78	80
Triple Road Train - 53.5m	44	45	45	44	45

Network Configuration-Roads

This indicator shows the percentage of travel undertaken on roads meeting specific criteria for seal width, carriageway width and curve rating. The indicator gives a measure of the ability of Main Roads to plan for and maintain roads to desirable standards. In 2016, 91% of travel was undertaken on roads meeting the seal width, carriageway width and curve rating criteria which is in line with the target of 90%. The results over the four-year period are relatively consistent and demonstrate that Main Roads continues to plan and program works to address roads that are below the criteria.

Network Configuration - Bridges

Similar to the roads measure, bridges are assessed for strength and width using agreed investigatory criteria. The monitoring of bridge strength and width needs to ensure a safe and efficient road network relating to improved access and transport efficiencies. These measures are indicators for the number of bridges that meet, or are above, the investigatory criteria, recorded as a percentage of the total number of bridges on main roads and highways. Therefore, the percentage of bridges meeting these network configuration criteria should continue to rise but only slightly in future years. All bridges that do not meet the investigatory criteria for strength or width are considered in assessing, scoping and prioritising works, as part of the ten year bridge strategy.

- ④ **Strength** - The results of this indicator show that 90% of the bridges meet the agreed criteria for strength against a target of 89%.
- ④ **Width** - In relation to width 96% of bridges meet the criteria against a target of 95%.

Efficiency Indicators

Percentage of Contracts Completed on Time

This indicator represents the percentage of contracts that were delivered on time in the Road Efficiency Program. Whilst the target was established at 90%, the result achieved was 100% of contracts delivered on time.

Percentage of Contracts Completed on Budget

This indicator represents the percentage of contracts that were delivered on budget in the Road Efficiency Program. The result achieved was 97% of contracts delivered on cost which is above the target of 90%.

One contract was over budget, following assessment by the contract manager a contract variation will be issued however, at the time of preparing this report it remains over budget.

Average Cost of Network Management

This indicator measures the financial efficiency of the Road System Management program in terms of cost per million vehicle kilometres travelled to manage the road system. In order to compare current figures with previous years all figures have been adjusted and reported in terms of current year's dollars. In respect of the current year the result of \$5,358 per million vehicle kilometres travelled is higher than the target of \$5,349. The trend for this measure continues to reflect an increase in the provision of services particularly arising from the focus on addressing congestion with non-built solutions.

State Development

Outcome: Facilitating Economic and Regional Development

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

Effectiveness Indicators

Return on Construction Expenditure

New road and bridge construction networks add to the capacity of the road network. Return on Construction Expenditure is based on Benefit Cost Ratio (BCR) estimates of a set of projects undertaken each year. It indicates the extent to which road and bridge construction expenditure will deliver future economic benefits to the community. This indicator represents the expenditure weighted BCR for the State Development Program and Road Efficiency program for which a BCR has been calculated. The BCR came in on target for 2015-16 with an expenditure weighted average result of 4.2 being achieved against the target of 4.3.

Efficiency Indicators

Percentage of Contracts Completed on Time

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

Percentage of Contracts Completed on Budget

This indicator represents the percentage of contracts that were delivered on budget in the State Development Program. The result achieved was

100% of contracts being delivered on budget against a target of 90%.

Road Maintenance

Outcome: Providing a Well Maintained Road Network

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

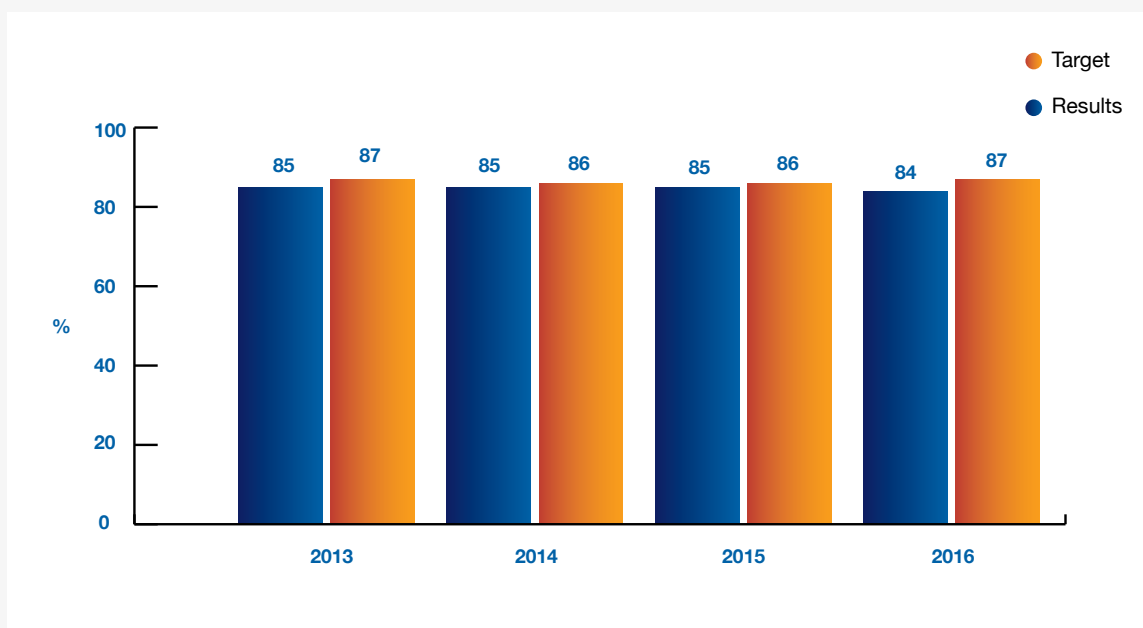
Effectiveness Indicators

Community Satisfaction of Road Maintenance

This indicator represents how satisfied the community is with Main Roads overall performance in the maintenance of the State road network. The survey results show that Main Roads rating has decreased since last year with 88% of survey participants rating it as okay or better, coming in below the target of 90% for the first time in three years. Regionally, the highest ratings were in the Pilbara and Metropolitan region, which both improved over the last year.

Preventative Maintenance Indicator

The Preventative Maintenance Indicator provides a measure of the proportion of sealed state road network which has a surfacing age younger than its optimal target age. The indicator provides a measure of proactive maintenance undertaken on the network on an annual basis, sections of the network with a surfacing age younger than target age are classified as 'Good'. This year the analysis shows that 87% of the network is considered good which is above the target of 84% and is consistent with the last four years results.



Smooth Travel Exposure

This indicator is based on the percentage of travel undertaken on the State road network meeting specific roughness criteria. In 2011 it was agreed to only capture the data used for this reporting on a biennial basis. The period 2015-16 is a non-reporting period, the next result will be reported in 2016-17.

Efficiency Indicators

Average Cost of Network Maintenance per Lane Kilometre of Road Network

This indicator identifies the financial efficiency of road and roadside maintenance works by showing the cost per lane kilometre to maintain acceptable travel conditions on the State roads. In determining the cost basis expenditure on structures and infrastructure depreciation has been excluded. In order to compare current figures with previous years all figures have been adjusted and reported in terms of current year's dollars which can influence the trend result. This year's result shows a variance of just over 2% against the target with the result being lower than estimated. One contributor towards the lower result is that the projected increase in lane kilometres did not occur, in fact due to transfers of roads to Local Government the number of lane kilometres actually reduced. Another contributing factor again was the impact of unfunded natural disasters accounting for around 4% of costs.

Community Access

Outcome: Improving Community Access and Roadside Amenity

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

Effectiveness Indicators

Unplanned Road Closure on the State Road Network

Generally 100% of Main Roads Road sealed network is available to all road users; however, there are unplanned road closures due to a number of reasons including flooding, cyclones, major bushfires and

major road accidents, which may vary in duration. The availability of the sealed road network is measured as a percentage of calendar days that the whole network is available to the road user. Closure is determined by measuring the number of whole days (24 hours commencing from the time the road is closed) that any section of the sealed road network is closed. This year the road network was available 87% of the year which exceeds the 85% target.

Community Satisfaction with Cycleways and Pedestrian Facilities

This indicator represents how satisfied the community is with Main Roads' performance in the construction, maintenance and management of cycleways and pedestrian facilities. The survey result shows that Main Roads rating has improved since last year achieving 83% of survey participants rating it as okay or better, the highest result of the past four years. Perceptions across the regions have largely increased since last year however Kimberley, South West and Wheatbelt have all experienced declines from last year.

Efficiency Indicators

Percentage of Contracts Completed on Time

This indicator represents the percentage of contracts that were delivered on time in the Community Access Program. The result achieved was 91% of contracts delivered on time which is above the target of 90%. Only one contract was late and this was due to a delay in the commissioning of lighting along a principal shared path on Guildford Road, an extension of time was not granted to the contractor for the delay.

Percentage of Contracts Completed on Budget

This indicator represents the percentage of contracts delivered on budget in the Community Access Program. The result achieved was 100% which is above the target of 90%.



Financial Statements and Notes

Statement of Comprehensive Income.....	117
Statement of Financial Position.....	118
Statement of Changes in Equity.....	119
Statement of Cash Flow.....	120
Notes to the Financial Statements.....	121
Schedule of Income and Expenses by Service.....	181

Statement of Comprehensive Income

For the year ended 30 June 2016

	Note	2016 \$000	2015 \$000
COST OF SERVICES			
Expenses			
Employee benefits expense	6	62,855	65,593
Supplies and services	7	416,517	440,573
Depreciation expense of infrastructure assets	8	340,308	254,263
Depreciation and amortisation expense of other assets	9	5,171	4,284
Finance costs	10	3	476
Grants and subsidies	11	188,925	197,844
Other expenses	12	99,670	18,852
Total cost of services		1,113,449	981,885
Income			
Revenue			
Regulatory fines	13	-	99,787
Sale of goods and services	14	9,861	11,304
Commonwealth grants and contributions	15	776,652	547,545
Contributions to roadworks	16	108,942	78,328
Grants from other bodies	17	41,662	13,772
Interest revenue	18	10,051	2,756
Other revenue	19	12,350	18,838
Total revenue		959,518	772,330
Gains			
Gain/(loss) on disposal of non-current assets	20	(1,585)	1,628
Total gains		(1,585)	1,628
Total income other than income from State Government		957,933	773,958
NET COST OF SERVICES		155,516	207,927
Income from State Government	21		
Service appropriation		876,638	830,568
Services received free of charge		1,337	5,616
Other funds received from State Government		107,911	36,006
Total income from State Government		985,886	872,190
SURPLUS/(DEFICIT) FOR THE PERIOD		830,370	664,263
OTHER COMPREHENSIVE INCOME			
Items not reclassified subsequently to profit or loss			
Changes in asset revaluation surplus	36	266,407	1,865,619
Total other comprehensive income		266,407	1,865,619
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		1,096,777	2,529,882

See also note 50 'Schedule of Income and Expenses by Service'.

The Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Statement of Financial Position

For the year ended 30 June 2016

	Note	2016 \$000	2015 \$000
ASSETS			
Current Assets			
Cash and cash equivalents	37	83,452	186,970
Restricted cash and cash equivalents	22	376,755	95,048
Receivables	23	82,031	51,443
Amounts receivable for services	24	60,606	54,063
Inventories	25	3,863	2,421
Prepayments	26	10,507	21,435
Non-current assets classified as held for sale	27	7,439	7,150
Total Current Assets		624,653	418,530
Non-Current Assets			
Receivables	23	3,873	96
Amounts receivable for services	24	1,927,246	1,698,895
Inventories	25	2,215	1,855
Prepayments	26	436	1,330
Property, plant and equipment	28	547,464	567,204
Infrastructure	29	44,589,402	43,729,691
Intangible assets	31	14,481	17,725
Total Non-Current Assets		47,085,117	46,016,796
TOTAL ASSETS		47,709,770	46,435,326
LIABILITIES			
Current Liabilities			
Payables	33	292,242	326,348
Borrowings	34	-	5,766
Provisions	35	27,236	28,999
Total Current Liabilities		319,478	361,113
Non-Current Liabilities			
Provisions	35	4,886	4,561
Total Non-Current Liabilities		4,886	4,561
TOTAL LIABILITIES		324,364	365,674
NET ASSETS		47,385,406	46,069,652
EQUITY			
Contributed equity	36	4,258,913	4,039,936
Reserves		29,586,632	29,320,225
Accumulated surplus/(deficit)		13,539,861	12,709,491
TOTAL EQUITY		47,385,406	46,069,652

The Statement of Financial Position should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

For the year ended 30 June 2016

	Note	CONTRIBUTED EQUITY \$000	RESERVES \$000	ACCUMULATED SURPLUS/(DEFICIT) \$000	TOTAL EQUITY \$000
Balance at 1 July 2014	36	3,759,621	27,454,606	12,045,228	43,259,455
- Surplus/(deficit)		-	-	664,263	664,263
- Other comprehensive income		-	1,865,619	-	1,865,619
Total comprehensive income for the period		-	1,865,619	664,263	2,529,882
Transactions with owners in their capacity as owners:					
- Capital appropriations		325,471	-	-	325,471
- Other contributions by owners		16,193	-	-	16,193
- Distributions to owners		(61,349)	-	-	(61,349)
Total		280,315	-	-	280,315
Balance at 30 June 2015		4,039,936	29,320,225	12,709,491	46,069,652
Balance at 1 July 2015		4,039,936	29,320,225	12,709,491	46,069,652
- Surplus/(deficit)		-	-	830,370	830,370
- Other comprehensive income		-	266,407	-	266,407
Total comprehensive income for the period		-	266,407	830,370	1,096,777
Transactions with owners in their capacity as owners:					
- Capital appropriations		294,173	-	-	294,173
- Other contributions by owners		11,545	-	-	11,545
- Distributions to owners		(86,741)	-	-	(86,741)
Total		218,977	-	-	218,977
Balance at 30 June 2016		4,258,913	29,586,632	13,539,861	47,385,406

The Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Statement of Cash Flows

For the year ended 30 June 2016

	Note	2016 \$000	2015 \$000
CASH FLOWS FROM STATE GOVERNMENT			
Service appropriation		587,682	622,261
Capital appropriation		294,173	325,471
Holding account drawdown		54,063	47,553
Road Trauma Trust Fund		71,240	-
Natural disaster funds		32,257	35,210
Royalties for Regions Fund		11,080	10,183
Net cash provided by State Government		1,050,495	1,040,678
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee benefits		(63,725)	(70,480)
Supplies and services		(400,305)	(441,828)
Grants and subsidies		(180,654)	(189,237)
GST payments on purchases		(153,945)	(146,675)
Finance costs		(226)	(403)
Receipts			
Sale of goods and services		100,323	94,594
Commonwealth grants and contributions		776,652	547,545
Regulatory fines		-	99,787
Interest received		7,630	2,622
GST receipts on sales		18,196	11,333
GST receipts from taxation authority		135,482	133,814
Other receipts		6,232	12,394
Rent received		3,599	3,978
Net cash provided by/(used in) operating activities	37	249,259	57,444
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments			
Purchase of non-current assets		(25,113)	(27,452)
Purchase of infrastructure assets		(999,332)	(957,948)
Receipts			
Proceeds from sale of non-current assets		3,228	5,849
Net cash provided by/(used in) investing activities		(1,021,217)	(979,551)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments			
Repayment of borrowings		(5,766)	(5,000)
Net cash provided by/(used in) financing activities		(5,766)	(5,000)
Net increase/(decrease) in cash and cash equivalents		272,771	113,571
Cash and cash equivalents at the beginning of the period		282,018	168,447
Cash balance transferred to Other State Agencies		(94,582)	-
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	37	460,207	282,018

The Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

For the year ended 30 June 2016

1. Australian Accounting Standards

General

The Commissioner of Main Roads' (Main Roads) financial statements for the year ended 30 June 2016 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*. Partial exemption permitting early adoption of AASB 2015-7 *Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities* has been granted. Aside from AASB 2015-7, 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 2016.

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 2006* 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*

Notes to the Financial Statements

For the year ended 30 June 2016

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. 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.

Royalties for Regions funds are recognised as revenue at fair value in the period in which Main Roads obtains control over the funds. Main Roads obtains control of the funds at the time the funds are deposited into Main Roads' bank account.

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.

Notes to the Financial Statements

For the year ended 30 June 2016

Subsequent measurement

Subsequent to initial recognition of 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 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 buildings is determined by reference to the cost of replacing the remaining future economic benefits embodied in the asset, i.e. 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. Fair value for restricted use land is determined by comparison with market evidence for land with similar approximate utility (high restricted use land) or market value of comparable unrestricted land (low restricted use land).

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 or rates obtained by professional estimators specialising in road infrastructure works) 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 2016 is based on the depreciated replacement cost determined at 30 June 2016 calculated using construction unit rates determined by a professional quantity surveying firm and multiplying these by the units that form the infrastructure asset. A cost index (ABS Road and Bridge Construction Cost Index) has been applied to principal shared paths and certain road furniture assets 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 under roadways, and road reserves, including land under footpaths, nature strips and median strips) 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.

Notes to the Financial Statements

For the year ended 30 June 2016

The most significant assumptions and judgements in estimating fair value are made in assessing whether to apply the existing use basis to assets and in determining estimated economic 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 under roads' 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 on a class of assets basis

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 and drainage:	
- Metropolitan asphalt roads	40 years
- Sealed rural roads	50 years
- Gravel roads	12 years
Seals	12 to 19 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

Notes to the Financial Statements

For the year ended 30 June 2016

utilising the assets is expensed (amortised) over their useful lives. 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, except drainage easements, 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
<i>(a) Software that is not integral to the operation of any related hardware</i>	

Computer software and licences

Software that is an integral part of the related hardware is recognised as property, plant and equipment. Software that is not an integral part of the related hardware is recognised 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. Where an asset measured at cost is written down to recoverable amount, an impairment loss is recognised in profit or loss. Where a previously revalued asset is written down to recoverable amount, the loss is recognised as a revaluation decrement in other comprehensive income. As Main Roads is a not-for-profit entity, unless a specialised 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.

Notes to the Financial Statements

For the year ended 30 June 2016

(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 33 '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 asset replacement.

(p) Inventories

Inventories held for distribution (for roadworks) are measured at cost, adjusted when applicable for any loss of service potential. 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.

Notes to the Financial Statements

For the year ended 30 June 2016

(r) Payables

Payables are recognised at the amounts payable 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 the 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

Annual leave is not expected to be settled wholly within 12 months after the end of reporting period and is therefore considered to be 'other long term employee benefits'. The annual leave liability 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 defer settlement of the liability for at least 12 months after the end of the reporting period.

Long service leave

Long service leave is not expected to be settled wholly within 12 months after the end of the reporting period and is therefore 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

Notes to the Financial Statements

For the year ended 30 June 2016

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.

Superannuation

The Government Employees Superannuation Board (GESB) and other funds providers administer public sector superannuation arrangements in Western Australia in accordance with legislative requirements. Eligibility criteria for membership in particular schemes for public sector employees vary 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.

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 have been able to choose their preferred superannuation fund provider. Main Roads makes contributions to GESB or other fund providers on behalf of 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 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.

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

Superannuation expense is recognised in the profit or loss of the Statement of Comprehensive Income and comprises employer contributions paid to the GSS (concurrent contributions), the WSS, the GESBS, or other superannuation funds. The employer contribution paid to the GESB in respect of the GSS is paid back into the Consolidated Account by the GESB.

(v) Assets and services received free of charge or for nominal cost

Assets or services received free of charge or for nominal cost that Main Roads would otherwise purchase if not donated, are recognised as income at the fair value of the assets or services where they can be reliably measured. A corresponding expense is recognised for services received. Receipts of assets are recognised in the Statement of Financial Position.

Notes to the Financial Statements

For the year ended 30 June 2016

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 33 'Payables'.

3. Judgements made by management in applying accounting policies

The preparation of financial statements requires management to make judgements about the application of accounting policies that have a significant effect on the amounts recognised in the financial statements. Main Roads evaluates these judgements regularly.

Fair Value Measurement

In determining the fair value of land, buildings and infrastructure, Main Roads adopts the valuation techniques applied by professional valuers and

quantity surveying firms. Refer to note 2(g) for further details.

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 under roads, are measured at 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 2015 that impacted on Main Roads.

Notes to the Financial Statements

For the year ended 30 June 2016

AASB 2013-9	Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments.
	Part C of this Standard defers the application of AASB 9 to 1 January 2017. The application date of AASB 9 was subsequently deferred to 1 January 2018 by AASB 2014-1. Main Roads has not yet determined the application or the potential impact of AASB 9.
AASB 2014-8	Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) – Application of AASB 9 (December 2009) and AASB 9 (December 2010) [AASB9 (2009 & 2010)]
	This Standard makes amendments to AASB 9 Financial Instruments (December 2009) and AASB 9 Financial Instruments (December 2010), arising from the issuance of AASB 9 Financial Instruments in December 2014. Main Roads has not yet determined the application or the potential impact of AASB 9.
AASB 2015-3	Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality.
	This Standard completes the withdrawal of references to AASB 1031 in all Australian Accounting Standards and Interpretations, allowing that Standard to effectively be withdrawn. There is no financial impact.

Voluntary changes in accounting policy

Refinement of Road Assets Components to separately identify road seals

Main Roads has undertaken a review of its road infrastructure asset components, specifically relating to road surfaces. Previously Main Roads has valued the road pavement, drainage and surfaces as a combined asset component. After reviewing the developments in data capture, systems and delivery arrangements for roadworks, it was concluded that Main Roads was in a position to enhance its financial reporting by categorising road surfaces as a separate asset component. Road surfaces were deemed to have useful lives that were distinctly different from the pavement and business improvements have made it possible to independently value and account for road surfaces on an ongoing basis. As a result, effective from 1 July 2015, Main Roads has established policies and procedures to value road surfaces as a discrete asset component, better define and capture road surface replacement expenditure and separately depreciate the road surface asset.

The decision to further componentise the road asset has been treated as a voluntary change in accounting policy in accordance with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors.

The isolation of road surface assets will enhance the quality of the valuation of infrastructure through the inclusion of better estimates for depreciated

replacement cost of road surfaces. The result will include having financial reports that are more reliable and relevant with improved alignment to actual asset consumption. The change will improve the relevance of the financial statements for asset management decision making as well as enhancing compliance with AASB 116 Property, Plant and Equipment.

The change in accounting policy has been applied from 1 July 2015 and has not been applied retrospectively as it was impractical to do so. The effects of the policy change on previous years are not determinable. Prior to 1 July 2015, sufficient data was not collected as specified under the changed policy to allow for the calculation of prior year opening balances. The policy change includes prescriptive definitions to isolate road surface expenditure and this information was not sought or is available for prior years.

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.

Notes to the Financial Statements

For the year ended 30 June 2016

		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 mandatory application date of this Standard is currently 1 January 2018 after being amended by AASB 2012-6, AASB 2013-9, and, AASB 2014-1 <i>Amendments to Australian Accounting Standards</i>. Main Roads has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2018
AASB 15	<p><i>Revenue from Contracts with Customers</i></p> <p>This Standard establishes the principles that Main Roads shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. Main Roadst has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2018
AASB 16	<p><i>Leases</i></p> <p>This Standard introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Main Roads has not yet determined the application or the potential impact of the standard.</p>	1 Jan 2019
AASB 1057	<p><i>Application of Australian Accounting Standards</i></p> <p>This Standard lists the application paragraphs for each other Standard (and Interpretation), grouped where they are the same. There is no financial impact.</p>	1 Jan 2016
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.</p> <p>The mandatory application date of this Standard has been amended by AASB 2012-6 and AASB 2014-1 to 1 January 2018. Main Roads has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2018
AASB 2014-1	<p><i>Amendments to Australian Accounting Standards</i></p> <p>Part E of this Standard makes amendments to AASB 9 and consequential amendments to other Standards. It has not yet been assessed to determine the application or potential impact.</p>	1 Jan 2018

Notes to the Financial Statements

For the year ended 30 June 2016

		OPERATIVE FOR REPORTING PERIODS BEGINNING ON/AFTER
AASB 2014-3	<i>Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations [AASB 1 & 11]</i>	1 Jan 2016
	Main Roads establishes Joint Operations in pursuit of its objectives and does not routinely acquire interests in Joint Operations. Therefore, there is no financial impact on application of the Standard.	
AASB 2014-4	<i>Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation [AASB 116 & 138]</i>	1 Jan 2016
	The adoption of the new Standard has no financial impact for Main Roads as depreciation and amortisation is not determined by reference to revenue generation, but by reference to consumption of future economic benefits.	
AASB 2014-5	<i>Amendments to Australian Accounting Standards arising from AASB 15</i>	1 Jan 2018
	This Standard gives effect to the consequential amendments to Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 15. The mandatory application date of this Standard has been amended by AASB 2015-8 to 1 January 2018. Main Roads has not yet determined the application or the potential impact of the Standard.	
AASB 2014-7	<i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)</i>	1 Jan 2018
	This Standard gives effect to the consequential amendments to Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 9 (December 2014). Main Roads has not yet determined the application or the potential impact of the Standard.	
AASB 2014-9	<i>Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements [AASB 1, 127 & 128]</i>	1 Jan 2016
	This Standard amends AASB 127, and consequentially amends AASB 1 and AASB 128, to allow entities to use the equity method of accounting for investments in subsidiaries, joint ventures and associates in their separate financial statements. Main Roads has not yet determined the application or the potential impact of the Standard.	
AASB 2014-10	<i>Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [AASB 10 & 128]</i>	1 Jan 2016
	This Standard amends AASB 10 and AASB 128 to address an inconsistency between the requirements in AASB 10 and those in AASB 128 (August 2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture. Main Roads has not yet determined the application or the potential impact of the Standard.	

Notes to the Financial Statements

For the year ended 30 June 2016

OPERATIVE FOR REPORTING PERIODS BEGINNING ON/AFTER

AASB 2015-1	<p><i>Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 Cycle [AASB 1, 2, 3, 5, 7, 11, 110, 119, 121, 133, 134, 137 & 140]</i></p>	1 Jan 2016
	<p>These amendments arise from the issuance of International Financial Reporting Standard Annual Improvements to IFRSs 2012–2014 Cycle in September 2014, and editorial corrections. Main Roads has not yet determined the application or the potential impact of the Standard.</p>	
AASB 2015-2	<p><i>Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, 101, 134 & 1049]</i></p>	1 Jan 2016
	<p>This Standard amends AASB 101 to provide clarification regarding the disclosure requirements in AASB 101. Specifically, the Standard proposes narrow-focus amendments to address some of the concerns expressed about existing presentation and disclosure requirements and to ensure entities are able to use judgement when applying a Standard in determining what information to disclose in their financial statements. There is no financial impact.</p>	
AASB 2015-6	<p><i>Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, 124 & 1049]</i></p>	1 Jul 2016
	<p>The amendments extend the scope of AASB 124 to include application by not-for-profit public sector entities. Implementation guidance is included to assist application of the Standard by not-for-profit public sector entities. Main Roads will be required to make related party disclosures, though there is no financial impact.</p>	
AASB 2015-8	<p><i>Amendments to Australian Accounting Standards – Effective Date of AASB 15</i></p>	1 Jan 2017
	<p>This Standard amends the mandatory effective date (application date) of AASB 15 Revenue from Contracts with Customers so that AASB 15 is required to be applied for annual reporting periods beginning on or after 1 January 2018 instead of 1 January 2017. Main Roads has not yet determined the application or the potential impact of AASB 15.</p>	
AASB 2015-10	<p><i>Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 & 128</i></p>	1 Jan 2016
	<p>This Standard defers the mandatory effective date (application date) of amendments to AASB 10 & 128 that were originally made in AASB 2014-10 so that the amendments are required to be applied for annual reporting periods beginning on or after 1 January 2018 instead of 1 January 2016. Main Roads has not yet determined the application or the potential impact of AASB 2014-10.</p>	

Notes to the Financial Statements

For the year ended 30 June 2016

OPERATIVE FOR REPORTING PERIODS BEGINNING ON/AFTER

AASB 2016-2	<p><i>Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107</i></p>	1 Jan 2017
	<p>This Standard amends AASB 107 Statement of Cash Flows (August 2015) to require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. There is no financial impact.</p>	
AASB 2016-3	<p><i>Amendments to Australian Accounting Standards – Clarifications to AASB 15</i></p>	1 Jan 2018
	<p>This Standard clarifies identifying performance obligations, principal versus agent considerations, timing of recognising revenue from granting a licence, and, provides further transitional provisions to AASB 15. Main Roads has not yet determined the application or the potential impact.</p>	

Notes to the Financial Statements

For the year ended 30 June 2016

	2016 \$000	2015 \$000
6. EMPLOYEE BENEFITS EXPENSE		
Wages and salaries	49,230	51,504
Annual leave	4,636	4,833
Long service leave	4,636	2,058
Fringe benefits tax	1,382	934
	57,198	59,329
Superannuation - defined contribution plans ^(a)	5,657	6,264
	62,855	65,593

(a) Defined contribution plans include West State, Gold State and GESBS and other eligible funds.

7. SUPPLIES AND SERVICES		
Consultants and contractors	372,175	389,774
Materials	6,008	4,736
Plant hire charges	5,036	4,185
Postage, stationery and reprographics	854	739
Telecommunications	5,074	4,824
Building maintenance and equipment	4,959	3,247
Electricity, gas and water	7,945	7,321
Contributions	101	33
Legal costs	467	1,460
Advertising	465	4,107
Rates and taxes	349	408
Insurance	4,216	5,038
Other	8,868	14,701
	416,517	440,573

Notes to the Financial Statements

For the year ended 30 June 2016

	2016 \$000	2015 \$000
8. DEPRECIATION EXPENSE OF INFRASTRUCTURE ASSETS		
Roads – earthworks	805	824
Roads – pavements, drainage and seal	261,644	179,932
Bridges	57,135	55,947
Road furniture	20,724	17,560
	340,308	254,263
9. DEPRECIATION AND AMORTISATION EXPENSE OF OTHER ASSETS		
Depreciation		
Plant, equipment and vehicles	4,478	2,618
Buildings	6,788	6,041
TOTAL DEPRECIATION	11,266	8,659
Amortisation		
Intangible assets	3,685	2,887
TOTAL AMORTISATION	3,685	2,887
TOTAL DEPRECIATION AND AMORTISATION	14,951	11,546
Less: depreciation capitalised to infrastructure	(9,780)	(7,262)
	5,171	4,284
10. FINANCE COSTS		
Interest expense	3	476
11. GRANTS AND SUBSIDIES		
Grants and subsidies	186,714	185,734
Grants of non-current assets to other bodies	2,211	12,110
	188,925	197,844

Notes to the Financial Statements

For the year ended 30 June 2016

	2016 \$000	2015 \$000
12. OTHER EXPENSES		
Non-current assets retired/replaced (a)	99,371	18,304
Write-down of non-current assets classified as held for sale (b)	299	548
	99,670	18,852

(a) Non-current assets replaced or retired during the year have been expensed at their carrying amount.

(b) Non-current assets held for sale measured at lower of carrying amount and fair value less selling costs.

13. REGULATORY FINES		
Regulatory fines	-	99,787

In 2014/15, the revenue represented all moneys from photographic based vehicle infringement notices collected via Department of Transport and Department of the Attorney General. The collections were credited to the Road Trauma Trust Account which was administered by the Office of Road Safety in accordance with the *Road Safety Council Act 2002*.

From 1 July 2015, the regulatory fines are now reported through the Road Safety Commission.

14. SALE OF GOODS AND SERVICES		
Sale of goods and services	9,861	11,304

This amount represents works undertaken for other public and private bodies and includes the recovery of expenditure from the Commonwealth Department of Infrastructure 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 2015-16 are summarised at note 49 'Indian Ocean Territories'.

15. COMMONWEALTH GRANTS AND CONTRIBUTIONS		
Land Transport Infrastructure Projects	773,859	544,633
Interstate Road Transport Act 1985	2,793	2,912
	776,652	547,545

Land Transport Infrastructure Projects

Grants are received from the Commonwealth Government through the *National Land Transport Act 2014*. 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 National Road Projects.

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 2016, \$376.772 million of the *National Land Transport Act 2014* grants recognised as revenue remained unspent on approved projects (at 30 June 2015 the amount was \$15.414 million). Refer to note 2(e) 'Income'.

Notes to the Financial Statements

For the year ended 30 June 2016

	2016 \$000	2015 \$000
16. CONTRIBUTIONS TO ROADWORKS		
Contributions to roadworks	108,942	78,328
<p>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'.</p>		
17. GRANTS FROM OTHER BODIES		
Grants from local government authorities and other bodies		
Transferred infrastructure assets at fair value	1,048	1,516
Local Government contribution to traffic signal construction	2,034	691
Developers contribution to roadworks	38,580	11,565
	41,662	13,772
<p>Transferred infrastructure assets at fair value are transfers from Local Government and other bodies to State Government based on formal proclamation. The following assets were transferred during 30 June 2016 : Intersection improvements (Wanneroo Road & Flynn Drive), Katanning Saleyards access entry (Kojonup-Pingrup Road) and intersection improvements (South Coast Highway & Chartwell Lane)</p> <p>The developers contribution to roadworks relate to construction costs met by private developers on roads owned by Main Roads. Roadworks include land contribution (Gateway WA), land contribution (Vasse Bypass), road reconstruction (Marble Bar Road), Baldivis Service Centre access (Kwinana Freeway).</p>		
18. INTEREST REVENUE		
Land Transport Infrastructure Projects interest revenue	10,038	-
Road Trauma Trust Account interest revenue	-	2,737
Other interest revenue	13	19
	10,051	2,756
19. OTHER REVENUE		
Rental income	3,616	3,915
Return of previous year grants	-	763
Other contributions (a)	-	190
Assets not previously recognised	3,415	4,311
Other	5,319	9,659
	12,350	18,838

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

Notes to the Financial Statements

For the year ended 30 June 2016

	2016 \$000	2015 \$000
20. NET GAIN/(LOSS) ON DISPOSAL OF NON CURRENT ASSETS		
Net proceeds from disposal of non-current assets		
Land acquired for roadworks	2,597	5,542
Land and buildings	603	298
Plant, equipment and vehicles	41	69
	3,241	5,909
Carrying amount of non-current assets disposed		
Land acquired for roadworks	4,177	3,957
Land and buildings	643	309
Plant, equipment and vehicles	6	15
	4,826	4,281
Net gain/ (loss)	(1,585)	1,628
21. INCOME FROM STATE GOVERNMENT		
Service appropriation		
Motor vehicle licence fees	578,397	606,463
Untied funds	291,195	216,322
Motor vehicle permit fees	6,644	7,393
Salaries and Allowances Act 1975	402	390
	876,638	830,568
Services received free of charge from other State government agencies during the period:		
Land Information Authority (Landgate)	714	4,629
Department of the Attorney General (State Solicitor's Office)	623	789
Department of Housing	-	184
Department of Water	-	6
Department of Finance	-	8
	1,337	5,616

Notes to the Financial Statements

For the year ended 30 June 2016

	2016 \$000	2015 \$000
Other funds received from State Government		
Road Trauma Trust Fund	75,352	-
Natural disaster funds	32,257	35,210
Royalties for Regions Fund	302	796
	985,886	872,190

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 budgeted depreciation expense for 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 2015-16 was \$831.150 million (2014-15: \$804.267 million). An amount of \$578.397 million (2014-15: \$606.463 million) was received as a service appropriation and the balance of \$252.753 million (2014-15: \$197.804 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 2015-16 was \$332.615 million (2014-15: \$343.989 million). This includes a service appropriation of \$291.195 million (2014-15: \$216.322 million) and a capital contribution of \$41.420 million (2014-15: \$127.667 million). The service appropriation includes a cash component of \$2.238 million (2014-15: \$8.015 million) and a \$288.957 million (2014-15: \$208.307 million) non cash component.

Motor vehicle permit fees

The vehicle standards for dimensions and mass are prescribed under the *Road Traffic (Vehicles) Regulations 2014*. 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 the regulations.

Other funds received from State Government

Road Trauma Trust Fund

Funds provided by Road Safety Commission to undertake road projects improving road safety in Western Australia.

Natural disaster funds

Funds provided by Department of the Premier and Cabinet for the re-opening and re-instatement of roads damaged by declared natural disasters.

Royalties for Regions Fund

The recurrent funds are committed to projects and programs in WA regional areas.

Notes to the Financial Statements

For the year ended 30 June 2016

	2016 \$000	2015 \$000
22. RESTRICTED CASH AND CASH EQUIVALENTS		
Current		
Contractor's deposits	708	756
Land Transport Infrastructure Projects	376,037	-
Road Trauma Trust Account	-	93,975
Commonwealth Paid Parental Leave Scheme	10	9
Royalties for Regions Fund	-	308
	376,755	95,048

Contractor's deposits

Amounts withheld from contractors payments pending satisfactory completion of works.

Land Transport Infrastructure Projects

Funds provided as part of National Partnership on Infrastructure Projects in Western Australia.

Road Trauma Trust Account

Cash held in this Account is to be used only for the purposes as prescribed in note 47 '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.

Royalties for Regions Fund

Unspent funds are committed to projects and programs in WA regional areas.

Notes to the Financial Statements

For the year ended 30 June 2016

	2016 \$000	2015 \$000
23. RECEIVABLES		
Current		
Trade debtors	12,556	6,480
Other debtors	4,274	2,538
Allowance for impairment of receivables	(2,247)	(2,023)
Trade debtors – unbilled receivables	22,721	11,045
GST receivable	32,013	33,137
Accrued revenue	12,714	266
TOTAL CURRENT	82,031	51,443
Non-current		
Trade debtors	3,873	96
Total non-current	3,873	96
TOTAL RECEIVABLES	85,904	51,539
Reconciliation of changes in the allowance for impairment of receivables:		
Balance at start of year	2,023	2,077
Doubtful debts expense	353	125
Amounts written off during the year	(129)	(163)
Impairment losses reversed during the period	-	(16)
BALANCE AT END OF YEAR	2,247	2,023

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

24. AMOUNTS RECEIVABLE FOR SERVICES (HOLDING ACCOUNT)		
Current	60,606	54,063
Non-current	1,927,246	1,698,895
	1,987,852	1,752,958

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

Notes to the Financial Statements

For the year ended 30 June 2016

	2016 \$000	2015 \$000
25. INVENTORIES		
Current		
Inventories held for distribution:		
- Construction and maintenance materials	338	215
- Electrical Stores	3,525	2,206
TOTAL CURRENT	3,863	2,421
Non-current		
Inventories held for distribution:		
- Construction and maintenance materials	2,215	1,855
TOTAL NON-CURRENT	2,215	1,855
26. PREPAYMENTS		
Current		
Prepayments	10,507	21,435
TOTAL CURRENT	10,507	21,435
Non-current		
Prepayments	436	1,330
TOTAL NON-CURRENT	436	1,330
27. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE		
Freehold land and buildings		
Opening balance	7,150	638
Assets reclassified as held for sale	5,395	11,326
Assets removed from current disposal program	-	-
Assets sold	(4,807)	(4,265)
Write-down of assets from carrying value to fair value less selling costs	(299)	(549)
CLOSING BALANCE	7,439	7,150

Information on fair value measurements is provided in Note 30.

Notes to the Financial Statements

For the year ended 30 June 2016

	2016 \$000	2015 \$000
<p>Main Roads disposes freehold land and buildings where it is no longer required for road construction, outside the defined road planning requirement or no longer required for operational purposes. If the freehold land and buildings are not required by Government, then they are sold at public auction or tender in the first instance and thereafter by private treaty. Non-current assets classified as held for sale are expected to settle within 12 months.</p>		
28. PROPERTY, PLANT AND EQUIPMENT		
Land		
At fair value ^(a)	93,082	109,568
	93,082	109,568
Buildings		
At fair value ^(a)	101,751	99,402
Accumulated depreciation	(332)	(175)
	101,419	99,227
Buildings under construction		
Construction costs	7,352	9,982
	7,352	9,982
Plant, equipment and vehicles		
At cost	39,578	34,794
Accumulated depreciation	(23,628)	(21,199)
	15,950	13,595
Surplus assets		
At fair value ^(a)	112,649	105,692
	112,649	105,692
Land acquired for roadworks		
At fair value ^(a)	217,012	229,140
	217,012	229,140
TOTAL PROPERTY, PLANT AND EQUIPMENT	547,464	567,204

Notes to the Financial Statements

For the year ended 30 June 2016

(a) Land, buildings, surplus assets and land acquired for roadworks were revalued as at 1 July 2015 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 2016 and recognised at 30 June 2016.

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 2014 to 1 July 2015. These properties have been valued based on the average percentage increase for the Metro and Rural areas respectively over the period 1 July 2014 to 1 July 2015. 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 2015. In undertaking the revaluation, fair value was determined by reference to market values of Freehold land \$93.082 million (2014-15: \$109.568 million) and Buildings \$101.419 million (2014-15: \$99.227 million).

To ensure the valuations provided by Valuation Services were compliant at 30 June 2016 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 2015 (date of valuation) to 31 March 2016.

TSY reviewed the information and determined that the change in fair values from 1 July 2015 (date of valuation) to 31 March 2016 were not likely to have a material impact on the fair values of these assets as recognised at 30 June 2016.

Information on fair value measurements is provided in Note 30.

Notes to the Financial Statements

For the year ended 30 June 2016

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.

2016	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	109,568	99,227	9,982	13,595	105,692	229,140	567,204
Additions	2,095	404	15,280	6,440	97	543	24,859
Disposals	-	(12)	-	(12)	-	-	(24)
Classified as held for sale	2,119	(556)	-	-	(1,663)	(5,294)	(5,394)
Held for sale removed from disposal program	-	-	-	-	-	-	-
Transfers	(3,244)	16,824	(17,910)	436	2,673	1,221	-
Transfer (to) / from infrastructure	-	-	-	-	1,425	(3,404)	(1,979)
Equity contribution / (distribution)	26	-	-	(16)	226	1	237
Revaluation increments / (decrements)	(17,482)	(7,680)	-	-	2,840	(7,251)	(29,573)
Impairment losses	-	-	-	-	-	-	-
Assets not previously recognised	-	-	-	-	1,359	2,056	3,415
Depreciation	-	(6,788)	-	(4,493)	-	-	(11,281)
CARRYING AMOUNT AT END OF YEAR	93,082	101,419	7,352	15,950	112,649	217,012	547,464

Notes to the Financial Statements

For the year ended 30 June 2016

2015	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	104,019	101,610	6,238	8,331	96,403	213,094	529,695
Additions	11,543	72	7,395	7,588	3,223	4,857	34,678
Disposals	(455)	-	-	(22)	(5)	-	(482)
Classified as held for sale	(330)	(354)	-	-	(2,821)	(7,773)	(11,278)
Held for sale removed from disposal program	-	-	-	-	-	-	-
Transfers	770	2,565	(3,651)	316	-	-	-
Transfer (to) / from infrastructure	200	-	-	-	916	6,463	7,579
Equity contribution / (distribution)	42	-	-	-	-	281	323
Revaluation increments / (decrements)	(6,219)	1,375	-	-	6,404	9,477	11,037
Impairment losses	-	-	-	-	-	-	-
Assets not previously recognised	(2)	-	-	-	1,572	2,741	4,311
Depreciation	-	(6,041)	-	(2,618)	-	-	(8,659)
CARRYING AMOUNT AT END OF YEAR	109,568	99,227	9,982	13,595	105,692	229,140	567,204

Notes to the Financial Statements

For the year ended 30 June 2016

	2016 \$000	2015 \$000
29. INFRASTRUCTURE		
Roads and principal shared paths		
Earthworks at fair value	13,377,621	13,018,650
Accumulated depreciation	(3,058,958)	(3,078,276)
	10,318,663	9,940,374
Pavement and drainage at fair value	8,819,496	9,597,806
Accumulated depreciation	(4,793,891)	(5,549,511)
	4,025,605	4,048,295
Seals at fair value ^(a)	1,526,196	-
Accumulated depreciation	(910,296)	-
	615,900	-
Land under roads		
At fair value	24,382,292	24,211,137
	24,382,292	24,211,137
Bridges		
At fair value	5,497,075	5,269,313
Accumulated depreciation	(1,570,624)	(1,522,786)
	3,926,451	3,746,527
Road furniture		
At fair value	559,947	435,410
Accumulated depreciation	(195,305)	(178,793)
	364,642	256,617

Notes to the Financial Statements

For the year ended 30 June 2016

	2016 \$000	2015 \$000
Infrastructure work in progress		
At cost	955,849	1,526,741
	955,849	1,526,741
<hr/>		
TOTAL INFRASTRUCTURE	44,589,402	43,729,691

(a) refer to Note 5 Disclosure of changes in accounting policy and estimates

The value of roads and principal shared paths (earthworks, drainage, pavements and seals), bridges and road furniture at 30 June 2016 is based on the depreciated replacement cost determined at 30 June 2014 by Main Roads. A review of the cost index (ABS Road and Bridge Construction Cost Index or rates obtained by professional estimators specialising in road infrastructure works) revealed no material movement during the financial year. Main Roads have determined it unnecessary to adjust replacement cost as the asset values do not differ materially.

Land under roads was revalued at 30 June 2016 using 1 July 2015 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.

Reconciliations of the carrying amounts of infrastructure at the beginning and end of the reporting period are set out in the table below.

Notes to the Financial Statements

For the year ended 30 June 2016

2016	ROADS AND PRINCIPAL SHARED PATHS \$000	LAND UNDER ROADS \$000	BRIDGES \$000	ROAD FURNITURE \$000	WORK IN PROGRESS \$000	TOTAL \$000
Carrying amount at start of year	13,988,669	24,211,137	3,746,527	256,617	1,526,741	43,729,691
Additions	-	-	-	-	962,510	962,510
Retirements	(93,388)	-	(2,049)	(2,849)	-	(98,286)
Transfers	1,148,797	17,169	239,108	128,328	(1,533,402)	-
Transfer (to) / from land acquired for roadworks	-	1,979	-	-	-	1,979
Revaluation increments / (decrements)	159,779	136,192	-	11	-	295,982
Highways and main roads reclassified as local roads	(2,211)	-	-	-	-	(2,211)
Local roads classified as highways and main roads	21,630	15,300	-	4,732	-	41,662
Equity contribution / (distribution)	(659)	515	-	(1,473)	-	(1,617)
Assets not previously recognised	-	-	-	-	-	-
Depreciation	(262,449)	-	(57,135)	(20,724)	-	(340,308)
CARRYING AMOUNT AT END OF YEAR	14,960,168	24,382,292	3,926,451	364,642	955,849	44,589,402

Notes to the Financial Statements

For the year ended 30 June 2016

2015	ROADS AND PRINCIPAL SHARED PATHS \$000	LAND UNDER ROADS \$000	BRIDGES \$000	ROAD FURNITURE \$000	WORK IN PROGRESS \$000	TOTAL \$000
Carrying amount at start of year	13,752,974	22,342,031	3,728,185	258,710	1,124,546	41,206,446
Additions	-	-	-	-	1,001,410	1,001,410
Retirements	(15,831)	-	(2,201)	(391)	125	(18,298)
Transfers	455,746	16,663	97,645	30,294	(600,348)	-
Transfer (to) / from land acquired for roadworks	-	(3,978)	-	-	(3,601)	(7,579)
Revaluation increments / (decrements)	(743)	1,855,478	-	(201)	-	1,854,534
Highways and main roads reclassified as local roads	(10,082)	-	(1,567)	-	-	(11,649)
Local roads classified as highways and main roads	9,665	-	-	3,218	1,073	13,956
Equity contribution / (distribution)	(22,304)	943	(19,588)	(17,453)	3,536	(54,866)
Assets not previously recognised	-	-	-	-	-	-
Depreciation	(180,756)	-	(55,947)	(17,560)	-	(254,263)
CARRYING AMOUNT AT END OF YEAR	13,988,669	24,211,137	3,746,527	256,617	1,526,741	43,729,691

Information on fair value measurements is provided in Note 30.

Notes to the Financial Statements

For the year ended 30 June 2016

30. FAIR VALUE MEASUREMENTS				
ASSETS MEASURED AT FAIR VALUE:	LEVEL 1	LEVEL 2	LEVEL 3	FAIR VALUE AT END OF PERIOD
2016	\$000	\$000	\$000	\$000
Non-current assets classified as held for sale (Note 27)	-	7,439	-	7,439
Land (Note 28)	-	87,181	5,901	93,082
Buildings (Note 28)	-	85,398	16,021	101,419
Surplus assets (Note 28)	-	70,491	42,158	112,649
Land acquired for roadworks (Note 28)	-	168,925	48,087	217,012
Infrastructure (Note 29)	-	-	43,633,553	43,633,553
	-	419,434	43,745,720	44,165,154
ASSETS MEASURED AT FAIR VALUE:	LEVEL 1	LEVEL 2	LEVEL 3	FAIR VALUE AT END OF PERIOD
2015	\$000	\$000	\$000	\$000
Non-current assets classified as held for sale (Note 27)	-	7,150	-	7,150
Land (Note 28)	-	103,786	5,782	109,568
Buildings (Note 28)	-	84,952	14,275	99,227
Surplus assets (Note 28)	-	64,582	41,110	105,692
Land acquired for roadworks (Note 28)	-	168,807	60,333	229,140
Infrastructure (Note 29)	-	-	42,202,950	42,202,950
	-	429,277	42,324,450	42,753,727

Valuation techniques to derive Level 2 fair values

Level 2 fair values of Non-current assets held for sale, Land, Buildings, Surplus assets and Land acquired for roadworks are derived using the market approach. Market evidence of sales prices of comparable land and buildings in close proximity is used to determine price per square metre.

Non-current assets held for sale have been written down to fair value less costs to sell. Fair value has been determined by reference to market evidence of sales prices of comparable assets.

Notes to the Financial Statements

For the year ended 30 June 2016

Fair value measurements using significant unobservable inputs (Level 3)

	NON-CURRENT ASSET HELD FOR SALE	LAND	BUILDINGS	SURPLUS ASSETS	LAND ACQUIRED FOR ROADWORKS	INFRASTRUCTURE
2016	\$000	\$000	\$000	\$000	\$000	\$000
Fair value at start of period	-	5,782	14,275	41,110	60,333	42,202,950
Additions	-	-	1,989	1,875	2,227	1,577,558
Revaluation increments/ (decrements) recognised in Profit or Loss	-	-	-	-	-	-
Revaluation increments/ (decrements) recognised in Other Comprehensive Income	-	(9)	137	1,781	(6,587)	295,982
Transfers from/(to) Level 2	-	128	259	(2,089)	(3,669)	-
Disposals	-	-	(13)	(502)	(4,217)	(102,629)
Depreciation expense	-	-	(626)	(17)	-	(340,308)
FAIR VALUE AT END OF PERIOD		5,901	16,021	42,158	48,087	43,633,553
TOTAL GAINS OR LOSSES FOR THE PERIOD INCLUDED IN PROFIT OR LOSS, UNDER 'OTHER GAINS'	-	-	-	-	-	-

Notes to the Financial Statements

For the year ended 30 June 2016

	NON-CURRENT ASSET HELD FOR SALE	LAND	BUILDINGS	SURPLUS ASSETS	LAND ACQUIRED FOR ROADWORKS	INFRASTRUCTURE
2015	\$000	\$000	\$000	\$000	\$000	\$000
Fair value at start of period	65	5,469	14,451	37,933	51,030	40,081,900
Additions	-	151	124	683	8,696	616,015
Revaluation increments/ (decrements) recognised in Profit or Loss	-	-	-	-	-	-
Revaluation increments/ (decrements) recognised in Other Comprehensive Income	-	-	325	2,205	1,678	1,854,534
Transfers from/(to) Level 2	-	162	13	489	85	-
Disposals	(65)	-	-	(170)	(1,156)	(95,236)
Depreciation expense	-	-	(638)	(30)	-	(254,263)
FAIR VALUE AT END OF PERIOD		5,782	14,275	41,110	60,333	42,202,950
TOTAL GAINS OR LOSSES FOR THE PERIOD INCLUDED IN PROFIT OR LOSS, UNDER 'OTHER GAINS'	-	-	-	-	-	-

Valuation processes

There were no changes in valuation techniques during the period.

Transfers in and out of a fair value level are recognised on the date of the event or change in circumstances that caused the transfer. Transfers are generally limited to assets newly classified as non-current assets held for sale as Treasurer's Instructions require valuations of land, buildings and infrastructure to be categorised within Level 3 where the valuations will utilise significant Level 3 inputs on a recurring basis.

Land, surplus assets and land acquired for roadworks (Level 3 fair values)

Fair value for restricted use land is based on comparison with market evidence for land with low level utility (high restricted use land). The relevant comparators of land with low level utility is selected by the Western Australian Land Information Authority (Valuation Services) and represents the application of a significant Level 3 input in this valuation methodology. The fair value measurement is sensitive to values of comparator land, with higher values of comparator land correlating with higher estimated fair values of land.

Notes to the Financial Statements

For the year ended 30 June 2016

Buildings (Level 3 fair values)

Fair value for existing use specialised building assets is determined by reference to the cost of replacing the remaining future economic benefits embodied in the asset, i.e. the depreciated replacement cost. Depreciated replacement cost is the current replacement cost of an asset less accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired economic benefit, or obsolescence, and optimisation (where applicable) of the asset. Current replacement cost is generally determined by reference to the market observable replacement cost of a substitute asset of comparable utility and the gross project size specifications.

Infrastructure (Level 3 fair values)

Fair value for infrastructure assets is determined by reference to the cost of replacing the remaining future economic benefits embodied in the asset, i.e. the depreciated replacement cost. Depreciated replacement cost is the current replacement cost of an asset less accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired economic benefit, or obsolescence, and optimisation (where applicable) of the asset. Current replacement cost is determined 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 or rates obtained by professional estimators specialising in road infrastructure works) to ensure asset values do not materially differ from fair value.

Significant Level 3 inputs used by Main Roads are derived and evaluated as follows:

Selection of land with restricted utility

Fair value for restricted use land is determined by comparison with market evidence for land with low level utility. Relevant comparators of land with low level utility are selected by the Western Australian Land Information Authority (Valuation Services).

Historical cost per square metre floor area (m²)

The cost of constructing specialised buildings with similar utility area extracted from financial reports of Main Roads, then indexed by movements in CPI.

Consumed economic benefit/obsolescence of asset

These are estimated by the Western Australian Land Information Authority (Valuation Services).

Historical cost per cubic metre (m³)

The fair value of road infrastructure comprising of earthworks, pavements (including drainage and seals), bridges and road furniture is calculated using construction unit rates determined by a professional quantity surveying firm and multiplying these by the units that form the infrastructure asset.

Historical cost per cubic metre (m³)

The fair value of road infrastructure comprising of principal shared paths and certain road furniture are extracted from financial records of Main Roads and indexed by movements in the ABS Road and Bridge Construction cost index.

Selection of land adjoining road reserve

The fair value of road infrastructure comprising of land under roads is determined by comparison with the unimproved land values for land tax purposes maintained by the Western Australian Land Information Authority (Valuation Services).

Notes to the Financial Statements

For the year ended 30 June 2016

Basis of Valuation

In the absence of market-based evidence, due to the specialised nature of some non-financial assets, these assets are valued at Level 3 of the fair value hierarchy on an existing use basis. The existing use basis recognises that restrictions or limitations have been placed on their use and disposal when they are not determined to be surplus to requirements. These restrictions are imposed by virtue of the assets being held to deliver a specific community service.

DESCRIPTION	FAIR VALUE 2016 \$000	FAIR VALUE 2015 \$000	VALUATION TECHNIQUE(S)	UNOBSERVABLE INPUTS
Land, Surplus asset and Land acquired for roadworks	96,146	107,225	Market approach	Selection of land with similar approximate utility
Buildings	16,021	14,275	Depreciated replacement cost	Historical cost per square metre floor area (m ²) Consumed economic benefit/ obsolescence of asset
Infrastructure (Earthworks)	10,318,663	9,940,374	Depreciated replacement cost	Historical cost per square metre floor area (m ²)
Infrastructure (Pavements including drainage and seals)	4,641,505	4,048,295	Depreciated replacement cost	Historical cost per square metre floor area (m ²)
Infrastructure (Bridges)	3,926,451	3,746,527	Depreciated replacement cost	Historical cost per square metre floor area (m ²)
Infrastructure (Road furniture)	364,642	256,617	Depreciated replacement cost	Consumed economic benefit/ obsolescence of asset
Infrastructure (Land under roads)	24,382,292	24,211,137	Market approach	Selection of land adjoining road reserve

Reconciliations of the opening and closing balances are provided in Notes 28 and 29.

Notes to the Financial Statements

For the year ended 30 June 2016

	2016 \$000	2015 \$000
31. INTANGIBLE ASSETS		
Computer software and licences		
At cost	26,154	27,321
Accumulated amortisation	(11,682)	(9,605)
	14,472	17,716
Drainage easements		
At cost	9	9
	9	9
TOTAL INTANGIBLE ASSETS	14,481	17,725
Reconciliations:		
Computer software and licences		
Carrying amount at start of year	17,716	18,065
Additions	1,521	2,538
Disposals	(1,080)	-
Transfers	-	-
Amortisation expense	(3,685)	(2,887)
CARRYING AMOUNT AT END OF YEAR	14,472	17,716

32. IMPAIRMENT OF ASSETS

There were no indications of impairment to property, plant and equipment, infrastructure or intangible assets at 30 June 2016.

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.

Notes to the Financial Statements

For the year ended 30 June 2016

	2016 \$000	2015 \$000
33. PAYABLES		
Current		
Trade creditors	7,692	5,512
Major contracts and services	207,432	207,651
Property acquisitions	45,451	83,759
Contractors retention	708	756
Funds in advance	26,157	24,940
Performance bonds / surety	244	44
Accrued salaries	4,558	3,686
TOTAL CURRENT	292,242	326,348
34. BORROWINGS		
Current		
WA Treasury Corporation borrowings	-	5,766
TOTAL CURRENT	-	5,766
35. PROVISIONS		
Current		
Employee benefits provisions		
- Annual leave	12,162	12,812
- Long service leave	14,936	16,022
	27,098	28,834
Other provisions		
- Employment on-costs	138	165
	27,236	28,999

Notes to the Financial Statements

For the year ended 30 June 2016

	2016 \$000	2015 \$000
Non-current		
Employee benefits provisions		
- Long service leave	4,861	4,535
	4,861	4,535
Other provisions		
- Employment on-costs	25	26
	4,886	4,561

(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	8,829	9,265
More than 12 months after the end of the reporting period	3,333	3,547
	12,162	12,812

(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	4,604	5,701
More than 12 months after the end of the reporting period	15,193	14,856
	19,797	20,557

(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.

Notes to the Financial Statements

For the year ended 30 June 2016

	2016 \$000	2015 \$000
Employment on-cost provision		
Carrying amount at start of period	191	368
Additional provisions recognised	(28)	(177)
Payments/other sacrifices of economic benefits	-	-
Unwinding of the discount	-	-
CARRYING AMOUNT AT END OF PERIOD	163	191

36. EQUITY

The Western Australian 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	4,039,936	3,759,621
Contributions by owners		
Capital contributions	294,173	325,471
Other contributions by owners		
Royalties for Regions Fund - Regional Infrastructure and Headwork Account	10,778	9,387
Royalties for Regions Fund - Regional Community Services Account	-	-
Transfer of net assets from other agencies		
- Public Transport Authority	-	5,341
- Western Australian Planning Commission	515	1,435
- Department of Lands	252	-
- Water Corporation	-	30
TOTAL CONTRIBUTIONS BY OWNERS	305,718	341,664

Notes to the Financial Statements

For the year ended 30 June 2016

	2016 \$000	2015 \$000
Distributions to owners		
Transfer of net assets to other agencies		
- Public Transport Authority	(2,133)	(47,362)
- Department of Parks & Wildlife	-	(163)
- Department of Lands	-	(13,824)
- Road Safety Commission	(84,608)	-
TOTAL DISTRIBUTIONS TO OWNERS	(86,741)	(61,349)
BALANCE AT END OF PERIOD	4,258,913	4,039,936
RESERVES		
Asset revaluation surplus		
Balance at start of period	29,320,225	27,454,606
Net revaluation increments/(decrements)		
- Earthworks, Drainage, Pavements and Seals	159,779	(743)
- Bridges	-	-
- Land under roads	136,192	1,855,478
- Road Furniture	11	(201)
- Land and Buildings	(29,575)	11,085
BALANCE AT END OF PERIOD	29,586,632	29,320,225
ACCUMULATED SURPLUS/(DEFICIT)		
Balance at start of period	12,709,491	12,045,228
Result for the period	830,370	664,263
Income and expense recognised directly in equity	-	-
BALANCE AT END OF PERIOD	13,539,861	12,709,491
TOTAL EQUITY AT END OF PERIOD	47,385,406	46,069,652

Notes to the Financial Statements

For the year ended 30 June 2016

	2016 \$000	2015 \$000
37. 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	83,452	186,970
Restricted cash and cash equivalents	376,755	95,048
	460,207	282,018
Reconciliation of net cost of services to net cash flows provided by/(used in) operating activities		
Net cost of services	(155,516)	(207,927)
Non-cash items:		
Depreciation expense - infrastructure	340,308	254,263
Depreciation and amortisation expense - other fixed assets	5,171	4,284
Grants to other bodies	2,211	12,110
Grants received from other bodies	(41,662)	(13,772)
Services received free of charge	1,337	5,432
Infrastructure assets retired/replaced	99,670	18,852
Assets not previously recognised	(3,415)	(4,311)
Adjustment for other non-cash items	-	-
Net (gain)/loss on sale of property, plant and equipment	1,585	(1,628)
(Increase)/decrease in assets:		
Receivables ^(a)	(32,096)	4,284
Inventories	(1,802)	22
Prepayments	11,822	9,992

Notes to the Financial Statements

For the year ended 30 June 2016

	2016 \$000	2015 \$000
Increase/(decrease) in liabilities:		
Payables (a)	21,353	(17,735)
Employee benefits	(831)	(4,375)
Net GST receipts/(payments) (b)	135,481	133,814
Change in GST in receivables/payables (c)	(134,357)	(135,861)
NET CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES	249,259	57,444

(a) Note that the Australian Taxation Office (ATO) receivable/payable in respect of GST and the receivable/payable in respect of the sale/purchase of non-current assets are not included in these items as they do not form part of the reconciling items.

(b) This is the net GST paid/received, i.e. cash transactions.

(c) This reverses out the GST in receivables and payables.

38. SERVICES PROVIDED FREE OF CHARGE

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

Department of Transport - accommodation costs and provision of traffic modelling services	9	154
Department of Planning - provision of traffic modelling services	3	22
Public Transport Authority - provision of professional services	1	13
Department of Parks and Wildlife - bridge inspection services	-	14
Services provided free of charge to other agencies	2	1
Road Safety Commission - accommodation cost and provision of corporate services	440	-
	455	204

39. COMMITMENTS

Non-cancellable operating lease commitments

Commitments for minimum lease payments are payable as follows:

Within 1 year	4,760	4,473
Later than 1 year and not later than 5 years	3,347	4,437
Later than 5 years	105	173
	8,212	9,083

Notes to the Financial Statements

For the year ended 30 June 2016

	2016 \$000	2015 \$000
The commitments below are inclusive of GST.		
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	379,601	589,502
Later than 1 year and not later than 5 years	80,994	117,794
Later than 5 years	-	1
	460,595	707,297
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	343,474	399,096
Later than 1 year and not later than 5 years	97,919	436,292
Later than 5 years	-	972
	441,393	836,360
40. 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	22,835	67,552
Resumption claims in dispute	177,900	229,979
	200,735	297,531

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 and recognised 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 and recognised by Main Roads in accordance with an independent valuation.

Notes to the Financial Statements

For the year ended 30 June 2016

	2016 \$000	2015 \$000
--	---------------	---------------

Contaminated sites

Under the *Contaminated Sites Act 2003*, Main Roads is required to report known and suspected contaminated sites to the Department of Environment Regulation (DER). In accordance with the Act, DER 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 five suspected contaminated sites to DER. Three were classified as possibly contaminated - investigation required and two 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.

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

Contingent assets		
The following contingent assets are additional to the liabilities included in the financial statements:		
Contract in dispute	200	119
	200	119

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 is based on best estimates available.

41. 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.

42. EXPLANATORY STATEMENTS

All variances between estimates (original budget) and actual results for 2016, and between the actual results for 2016 and 2015 are shown below. Narratives are provided for key variations selected from observed major variances, which are generally greater than:

- 5% and \$19.6 million for the Statements of Comprehensive Income and Cash Flows; and,
- 5% and \$25.0 million for the Statement of Financial Position.

Notes to the Financial Statements

For the year ended 30 June 2016

	VARIANCE NOTE	ORIGINAL BUDGET 2016	ACTUAL 2016	ACTUAL 2015	VARIANCE BETWEEN ESTIMATE AND ACTUAL	VARIANCE BETWEEN ACTUAL RESULTS FOR 2016 AND 2015
STATEMENT OF COMPREHENSIVE INCOME		\$000	\$000	\$000	\$000	\$000
Expenses						
Employee benefits expense		76,725	62,855	65,593	(13,870)	(2,738)
Supplies and services	1, A	516,010	416,517	440,573	(99,493)	(24,056)
Depreciation expense of infrastructure assets	B	333,490	340,308	254,263	6,818	86,045
Depreciation and amortisation expense of other assets		8,793	5,171	4,284	(3,622)	887
Finance costs		400	3	476	(397)	(473)
Grants and subsidies		195,214	188,925	197,844	(6,289)	(8,919)
Other expenses	2, C	27,244	99,670	18,852	72,426	80,818
TOTAL COST OF SERVICES		1,157,876	1,113,449	981,885	(44,427)	131,564
Income						
Revenue						
Regulatory fines	3,D	115,317	-	99,787	(115,317)	(99,787)
Sale of goods and services		-	9,861	11,304	9,861	(1,443)
Commonwealth grants and contributions	4,E	525,368	776,652	547,545	251,284	229,107
Contributions to roadworks	5,F	71,076	108,942	78,328	37,866	30,614
Grants from other bodies	6,G	-	41,662	13,772	41,662	27,890
Interest revenue		10	10,051	2,756	10,041	7,295
Other revenue		11,534	12,350	18,838	816	(6,488)
TOTAL REVENUE		723,305	959,518	772,330	236,213	187,188
Gains						
Gain/(loss) on disposal of non-current assets		200	(1,585)	1,628	(1,785)	(3,213)
TOTAL GAINS		200	(1,585)	1,628	(1,785)	(3,213)
TOTAL INCOME OTHER THAN INCOME FROM STATE GOVERNMENT		723,505	957,933	773,958	234,428	183,975
NET COST OF SERVICES		434,371	155,516	207,927	(278,855)	(52,411)
INCOME FROM STATE GOVERNMENT						
Service appropriation	H	882,701	876,638	830,568	(6,063)	46,070
Services received free of charge		2,700	1,337	5,616	(1,363)	(4,279)
Other funds received from State Government	7,I	14,758	107,911	36,006	93,153	71,905
TOTAL INCOME FROM STATE GOVERNMENT		900,159	985,886	872,190	85,727	113,696
SURPLUS/(DEFICIT) FOR THE PERIOD		465,788	830,370	664,263	364,582	166,107
OTHER COMPREHENSIVE INCOME						
Items not reclassified subsequently to profit or loss						
Changes in asset revaluation surplus	8,J	-	266,407	1,865,619	266,407	(1,599,212)
TOTAL OTHER COMPREHENSIVE INCOME		-	266,407	1,865,619	266,407	(1,599,212)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		465,788	1,096,777	2,529,882	630,989	(1,433,105)

Notes to the Financial Statements

For the year ended 30 June 2016

	VARIANCE NOTE	ORIGINAL BUDGET 2016	ACTUAL 2016	ACTUAL 2015	VARIANCE BETWEEN ESTIMATE AND ACTUAL	VARIANCE BETWEEN ACTUAL RESULTS FOR 2016 AND 2015
		\$000	\$000	\$000	\$000	\$000
STATEMENT OF FINANCIAL POSITION						
ASSETS						
<i>Current Assets</i>						
Cash and cash equivalents	9,K	179,631	83,452	186,970	(96,179)	(103,518)
Restricted cash and cash equivalents	10,L	81,042	376,755	95,048	295,713	281,707
Receivables	11,M	52,257	82,031	51,443	29,774	30,588
Amounts receivable for services		60,606	60,606	54,063	-	6,543
Inventories		2,994	3,863	2,421	869	1,442
Prepayments		29,515	10,507	21,435	(19,008)	(10,928)
Non-current assets classified as held for sale		638	7,439	7,150	6,801	289
TOTAL CURRENT ASSETS		406,683	624,653	418,530	217,970	206,123
<i>Non-Current Assets</i>						
Receivables		115	3,873	96	3,758	3,777
Amounts receivable for services	N	1,927,246	1,927,246	1,698,895	-	228,351
Inventories		1,304	2,215	1,855	911	360
Prepayments		3,242	436	1,330	(2,806)	(894)
Property, plant and equipment	12	508,823	547,464	567,204	38,641	(19,740)
Infrastructure		45,057,538	44,589,402	43,729,691	(468,136)	859,711
Intangible assets		18,134	14,481	17,725	(3,653)	(3,244)
TOTAL NON-CURRENT ASSETS		47,516,402	47,085,117	46,016,796	(431,285)	1,068,321
TOTAL ASSETS		47,923,085	47,709,770	46,435,326	(213,315)	1,274,444
LIABILITIES						
<i>Current Liabilities</i>						
Payables	O	304,023	292,242	326,348	(11,781)	(34,106)
Borrowings		766	-	5,766	(766)	(5,766)
Provisions		33,287	27,236	28,999	(6,051)	(1,763)
TOTAL CURRENT LIABILITIES		338,076	319,478	361,113	(18,598)	(41,635)
<i>Non-Current Liabilities</i>						
Provisions		4,148	4,886	4,561	738	325
TOTAL NON-CURRENT LIABILITIES		4,148	4,886	4,561	738	325
TOTAL LIABILITIES		342,224	324,364	365,674	(17,860)	(41,310)
NET ASSETS		47,580,861	47,385,406	46,069,652	(195,455)	1,315,754
EQUITY						
Contributed equity	13,P	4,521,843	4,258,913	4,039,936	(262,930)	218,977
Reserves		29,928,039	29,586,632	29,320,225	(341,407)	266,407
Accumulated surplus/(deficit)	Q	13,130,979	13,539,861	12,709,491	408,882	830,370
TOTAL EQUITY		47,580,861	47,385,406	46,069,652	(195,455)	1,315,754

Notes to the Financial Statements

For the year ended 30 June 2016

	VARIANCE NOTE	ORIGINAL BUDGET 2016	ACTUAL 2016	ACTUAL 2015	VARIANCE BETWEEN ESTIMATE AND ACTUAL	VARIANCE BETWEEN ACTUAL RESULTS FOR 2016 AND 2015
		\$000	\$000	\$000	\$000	\$000
STATEMENT OF CASH FLOW						
CASH FLOWS FROM STATE GOVERNMENT						
Service appropriation	R	593,744	587,682	622,261	(6,062)	(34,579)
Capital appropriation	14,S	425,414	294,173	325,471	(131,241)	(31,298)
Holding account drawdown		54,063	54,063	47,553	-	6,510
Road Trauma Trust Fund	15	-	71,240	-	71,240	71,240
Natural disaster funds		14,250	32,257	35,210	18,007	(2,953)
Royalties for Regions Fund		14,868	11,080	10,183	(3,788)	897
NET CASH PROVIDED BY STATE GOVERNMENT		1,102,339	1,050,495	1,040,678	(51,844)	9,817
CASH FLOWS FROM OPERATING ACTIVITIES						
<i>Payments</i>						
Employee benefits		(76,725)	(63,725)	(70,480)	13,000	6,755
Supplies and services	16,T	(462,858)	(400,305)	(441,828)	62,553	41,523
Grants and subsidies		(178,379)	(180,654)	(189,237)	(2,275)	8,583
GST payments on purchases	17	(101,946)	(153,945)	(146,675)	(51,999)	(7,270)
Finance costs		(400)	(226)	(403)	174	177
<i>Receipts</i>						
Sale of goods and services	18	72,018	100,323	94,594	28,305	5,729
Commonwealth grants and contributions	19,U	525,368	776,652	547,545	251,284	229,107
Regulatory fines	20,V	115,317	-	99,787	(115,317)	(99,787)
Interest received		10	7,630	2,622	7,620	5,008
GST receipts on sales		1,808	18,196	11,333	16,388	6,863
GST receipts from taxation authority	21	99,892	135,482	133,814	35,590	1,668
Other receipts		8,334	6,232	12,394	(2,102)	(6,162)
Rent received		3,200	3,599	3,978	399	(379)
NET CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES		5,639	249,259	57,444	243,620	191,815
CASH FLOWS FROM INVESTING ACTIVITIES						
<i>Payments</i>						
Purchase of non-current assets		(13,922)	(25,113)	(27,452)	(11,191)	2,339
Purchase of infrastructure assets	22	(1,075,070)	(999,332)	(957,948)	75,738	(41,384)
<i>Receipts</i>						
Proceeds from sale of non-current assets		14,500	3,228	5,849	(11,272)	(2,621)
NET CASH PROVIDED BY/(USED IN) INVESTING ACTIVITIES		(1,074,492)	(1,021,217)	(979,551)	53,275	(41,666)
CASH FLOWS FROM FINANCING ACTIVITIES						
<i>Payments</i>						
Repayment of borrowings		(5,000)	(5,766)	(5,000)	(766)	(766)
NET CASH PROVIDED BY/(USED IN) INVESTING ACTIVITIES		(5,000)	(5,766)	(5,000)	(766)	(766)
Net increase/(decrease) in cash and cash equivalents		28,486	272,771	113,571	244,285	159,200
Cash and cash equivalents at the beginning of the period		232,187	282,018	168,447	49,831	113,571
Cash balance transferred to Other State Agencies		-	(94,582)	-	(94,582)	(94,582)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		260,673	460,207	282,018	199,534	178,189

Notes to the Financial Statements

For the year ended 30 June 2016

Major Estimate and Actual (2016) Variance Narratives

- 1 Supplies and services was underspent by \$99.5 million (19.3%) mainly due to transfer out of the Office of Road Safety, works on the Swan River Pedestrian Bridge and capitalised operational overheads.
- 2 Other expenses exceeded estimates by \$72.4 million (265.8%) due to increased infrastructure retired or replaced as major capital projects were completed including Gateway WA, Great Northern Highway - Batty Bog to Walebing and Great Eastern Highway - Bullabulling to Coolgardie.
- 3 Regulatory fines was overestimated by \$115.3 million (100.0%) as the revenue is now reported through the Road Safety Commission.
- 4 Commonwealth grants and contributions exceeded estimates by \$251.3 million (47.8%) due mainly to the additional infrastructure funding received during the financial year.
- 5 Contributions to roadworks exceeded estimates by \$37.9 million (53.3%) due mainly to the cost on unanticipated third party roadworks for both public and private bodies.
- 6 Grants from other bodies exceeded estimates by \$41.7 million (100.0%) due mainly to road assets transferred to Main Roads from local government and other bodies. Please refer to Note 17.
- 7 Other funds received from State Government exceeded estimates by \$93.2 million (631.2%) due mainly to revenue recognition of grant funding from the Road Trauma Trust Account.
- 8 Changes in asset revaluation surplus exceeded estimates by \$266.4 million (100.0%) due mainly to fair value reassessment of land under roads.
- 9 Cash and cash equivalents was overestimated by \$96.2 million (53.5%) due mainly to less than anticipated receipts of Commonwealth milestone payments.
- 10 Restricted cash and cash equivalent exceeded estimates by \$295.7 million (364.9%) due to unanticipated receipt of additional infrastructure funding from the Commonwealth less transfer of the Road Trauma Trust Fund to the Road Safety Commission. Funded projects include Mitchell Freeway Extension - Burns Beach Road to Hester Avenue and Tonkin Highway Grade Separations.
- 11 Receivables exceeded estimates by \$29.7 million (56.9%) due to higher sundry debtor arrangements with third parties to deliver infrastructure projects.
- 12 Property, plant and equipment exceeded estimates by \$38.6 million (7.6%) due mainly to more land for future roadworks acquired in the financial year.
- 13 Contributed equity was overestimated by \$262.9 million (5.8%) due to decreased capital appropriation received in the financial year and equity transfers of assets and liabilities to the Road Safety Commission.
- 14 Capital appropriation was overestimated by \$131.2 million (30.9%) due to funds replaced by additional infrastructure funding from the Commonwealth.
- 15 Road Trauma Trust Fund exceeded estimates by \$71.2 million (100.0%) mainly due to the recognition of grants revenue from the Road Trauma Trust Account.
- 16 Supplies and services overestimated by \$62.6 million (13.5%) mainly due to transfer out of the Office of Road Safety, works on the Swan River Pedestrian Bridge and capitalised operational overheads.
- 17 GST payment on purchases exceeded estimates by \$52.0 million (51.0%) due mainly to higher than anticipated GST payments on purchases.
- 18 Sales of goods and services was exceeded estimates by \$28.3 million (39.3%) due to a higher level of work performed on behalf of third parties.
- 19 Commonwealth grants and contributions exceeded estimates by \$251.3 million (47.8%) due mainly to the additional infrastructure funding received during the financial year.

Notes to the Financial Statements

For the year ended 30 June 2016

- 20 Regulatory fines was overestimated by \$115.3 million (100.0%) as the revenue is now reported through the Road Safety Commission.
- 21 GST receipts from taxation authority exceeded estimates by \$35.6 million (35.6%) due to higher than anticipated GST receipts from taxation authority.
- 22 Purchase of infrastructure assets was underspent by \$75.7 million (7.0%) due to major projects not meeting original milestones.

Major Actual (2016) and Comparative (2015) Variance Narratives

- A Supplies and services was decreased by \$24.1 million (5.5%) due mainly to transfer out of the Office of Road Safety and resurfacing of roads that were previously recognised as maintenance cost is now capitalised separately as an asset category.
- B Depreciation expense of infrastructure increased by \$86.0 million (33.8%) due mainly to the change in accounting policy to recognise road seals separately.
- C Other expenses increased by \$80.8 million (428.7%) due to increased infrastructure retired or replaced as major capital projects were completed including Gateway WA, Great Northern Highway - Batty Bog to Walebing and Great Eastern Highway - Bullabulling to Coolgardie.
- D Regulatory fines decreased by \$99.8 million (100.0%) as the revenue is now reported through the Road Safety Commission.
- E Commonwealth grants and contributions increased by \$229.1 million (41.8%) due mainly to the additional infrastructure funding received during the financial year.
- F Contributions to roadworks increased by \$30.6 million (39.1%) due mainly to the cost on unanticipated third party roadworks for both public and private bodies.
- G Grants from other bodies increased by \$27.9 million (202.5%) due mainly to road assets transferred to Main Roads from local government and other bodies. Please refer to Note 17.
- H Service appropriation increased by \$46.1 million (5.5%) due mainly to higher infrastructure depreciation funded through non-cash appropriation.
- I Other funds received from State Government increased by \$71.9 million (199.7%) due mainly to revenue recognition of grants receipts from the Road Trauma Trust Account.
- J Changes in asset revaluation surplus decreased by \$1.6 billion (85.7%) due to minimal fair value movements of land under road assets.
- K Cash and cash equivalents decreased by \$103.5 million (55.4%) due to utilisation of funds for capital projects.
- L Restricted cash and cash equivalent increased by \$281.7 million (296.4%) due to additional infrastructure funding received from the Commonwealth less transfer of the Road Trauma Trust Fund to the Road Safety Commission. Funded projects include Mitchell Freeway Extension - Burns Beach Road to Hester Avenue and Tonkin Highway Grade Separations.
- M Receivables increased by \$30.5 million (59.4%) due to higher sundry debtor arrangements with third party to deliver infrastructure projects.
- N Amounts receivable for services was increased by \$228.4 million (13.4%) due to a increasing values of infrastructure assets.
- O Payables decreased by \$34.2 million (10.5%) due mainly to reduction in land resumption liabilities.
- P Contributed equity increased by \$219.0 million (5.4%) due to capital appropriation received in the financial year less equity transfers of assets and liabilities to the Road Safety Commission.

Notes to the Financial Statements

For the year ended 30 June 2016

- Q Accumulated surplus increased by \$830.4 (6.5%) due mainly to higher income received from State Government.
- R Service appropriation decreased by \$34.6 million (5.6%) mainly due to transfer out of the Office of Road Safety and works on the Swan River Pedestrian Bridge.
- S Capital appropriation was decreased by \$31.3 million (9.6%) due to deferral of some capital projects.
- T Supplies and services decreased by \$41.5 million (9.4%) due mainly to transfer out of the Office of Road Safety and resurfacing of roads that were previously recognised as maintenance cost is now capitalised separately as an asset category.
- U Commonwealth grants and contributions increased by \$229.1 million (41.8%) due to the additional infrastructure funding received during the financial year.
- V Regulatory fines decreased by \$99.8 million (100.0%) as the revenue is now reported through the Road Safety Commission.

Notes to the Financial Statements

For the year ended 30 June 2016

43. 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 43(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 43(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. The borrowings due to WATC was fully repaid during the 2015-16 financial year.

Notes to the Financial Statements

For the year ended 30 June 2016

	2016 \$000	2015 \$000
(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	83,452	186,970
Restricted cash and cash equivalents	376,755	95,048
Loans and receivables ^(a)	2,041,743	1,771,360
Financial Liabilities		
Financial liabilities measured at amortised cost	292,242	332,114

(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.

Notes to the Financial Statements

For the year ended 30 June 2016

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

Ageing analysis of financial assets

	CARRYING AMOUNT	NOT PAST DUE AND NOT IMPAIRED	PAST DUE BUT NOT IMPAIRED					IMPAIRED FINANCIAL ASSETS
			UP TO 1 MONTH	1-3 MONTHS	3 MONTHS TO 1 YEAR	1-5 YEARS	MORE THAN 5 YEARS	
2016	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Cash and cash equivalents	83,452	83,452	-	-	-	-	-	-
Restricted cash and cash equivalents	376,755	376,755	-	-	-	-	-	-
Receivables ^(a)	53,891	50,140	1,418	66	20	-	-	2,247
Amounts receivable for services	1,987,852	1,987,852	-	-	-	-	-	-
	2,501,950	2,498,199	1,418	66	20	-	-	2,247
2015								
Cash and cash equivalents	186,970	186,970	-	-	-	-	-	-
Restricted cash and cash equivalents	95,048	95,048	-	-	-	-	-	-
Receivables ^(a)	18,402	14,170	1,171	1,007	30	-	-	2,024
Amounts receivable for services	1,752,958	1,752,958	-	-	-	-	-	-
	2,053,378	2,049,146	1,171	1,007	30	-	-	2,024

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

Notes to the Financial Statements

For the year ended 30 June 2016

Liquidity risk and interest rate exposure

The following table details Main Roads' interest rate exposure and the contractual maturity analysis of financial assets and financial liabilities. The maturity analysis section includes interest and principal cash flows. The interest rate exposure section analyses only the carrying amounts of each item.

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

	INTEREST RATE EXPOSURE					MATURITY DATE				
	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE	CARRYING AMOUNT	FIXED INTEREST RATE	VARIABLE INTEREST RATE	NON-INTEREST BEARING	NOMINAL AMOUNT	UP TO 1 MONTH	1-3 MONTHS TO 1 YEAR	1-5 YEARS	MORE THAN 5 YEARS
2016	%	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
FINANCIAL ASSETS										
Cash and cash equivalents	-	83,452	-	-	83,452	83,452	83,452	-	-	-
Restricted cash and cash equivalents	2.29	376,755	-	376,755	-	376,755	376,755	-	-	-
Receivables (a)	-	53,891	-	-	53,891	53,891	53,891	-	-	-
Amounts receivable for services	-	1,987,852	-	-	1,987,852	1,987,852	6,800	17,000	17,000	36,806
		2,501,950	-	376,755	2,125,195	2,501,950	520,898	17,000	36,806	222,794
FINANCIAL LIABILITIES										
Payables	-	292,242	-	-	292,242	292,242	292,242	-	-	-
WATC Loan	-	-	-	-	-	-	-	-	-	-
		292,242	-	-	292,242	292,242	292,242	-	-	-

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

	INTEREST RATE EXPOSURE					MATURITY DATE				
	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE	CARRYING AMOUNT	FIXED INTEREST RATE	VARIABLE INTEREST RATE	NON-INTEREST BEARING	NOMINAL AMOUNT	UP TO 1 MONTH	1-3 MONTHS TO 1 YEAR	1-5 YEARS	MORE THAN 5 YEARS
2015	%	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
FINANCIAL ASSETS										
Cash and cash equivalents	-	186,970	-	-	186,970	186,970	186,970	-	-	-
Restricted cash and cash equivalents	2.70	95,048	-	-	308	95,048	95,048	-	-	-
Receivables (a)	-	18,402	-	94,740	18,402	18,402	18,402	-	-	-
Amounts receivable for services	-	1,752,958	-	-	1,752,958	1,752,958	10,200	9,600	34,263	203,277
		2,053,378	-	94,740	1,958,638	2,053,378	310,620	9,600	34,263	203,277
FINANCIAL LIABILITIES										
Payables	-	326,348	-	-	326,348	326,348	326,348	-	-	-
WATC Loan	5.57	5,766	5,766	-	-	6,073	1,851	-	1,825	2,397
		332,114	5,766	-	326,348	332,421	328,199	-	1,825	2,397

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

Notes to the Financial Statements

For the year ended 30 June 2016

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	-25 BASIS POINTS		+25 BASIS POINTS	
		SURPLUS	EQUITY	SURPLUS	EQUITY
2016	\$000	\$000	\$000	\$000	\$000
FINANCIAL ASSETS					
Restricted cash and cash equivalents	376,755	(942)	(942)	942	942
TOTAL INCREASE/(DECREASE)		(942)	(942)	942	942
2015					
FINANCIAL ASSETS					
Restricted cash and cash equivalents	94,740	(237)	(237)	237	237
TOTAL INCREASE/(DECREASE)		(237)	(237)	237	237

Fair values

All financial assets and liabilities recognised in the Statement of Financial Position, whether they are carried at cost or fair value, are recognised at amounts that represent a reasonable approximation of fair value unless otherwise stated in the applicable notes.

Notes to the Financial Statements

For the year ended 30 June 2016

44. 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:

Remuneration Band (\$)	2016	2015
0 – 10,000	1	1
	\$000	\$000
Base remuneration and superannuation	-	-
Annual leave and long service leave accruals	-	-
Other benefits	-	-
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.

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

Notes to the Financial Statements

For the year ended 30 June 2016

Remuneration of senior officers

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

REMUNERATION BAND (\$)	2016	2015
70,001 – 80,000	-	1
200,001 – 210,000	-	1
210,001 – 220,000	3	1
220,001 – 230,000	-	2
230,001 – 240,000	1	3
240,001 – 250,000	2	-
250,001 – 260,000	2	-
260,001 – 270,000	1	-
310,001 – 320,000	-	1
410,001 – 420,000	1	1
	\$000	\$000
Base remuneration and superannuation	2,480	2,592
Annual leave and long service leave accruals	19	(248)
Other benefits	73	82
The total remuneration of senior officers	2,572	2,363

Total remuneration includes the superannuation expense incurred by Main Roads in respect of senior officers.

	2016 \$000	2015 \$000
45. REMUNERATION OF AUDITOR		
Remuneration of members of the accountable authority		
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	225	220
Other audits	22	47
	247	267

Notes to the Financial Statements

For the year ended 30 June 2016

	2016 \$000	2015 \$000
46. AFFILIATED BODIES		
The Board of the WA Pavement Asset Research Centre (WAPARC) has agreed to lapse the agreement and is no longer an affiliated body. No payments were made to WAPARC during the financial year.		
47. SPECIAL PURPOSE ACCOUNTS		
Road Trauma Trust Account ^(a)		
In accordance with section 12 of the <i>Road Safety Council Act 2002</i> , the purpose of the Account is to receive and hold funds from parliamentary appropriations, all moneys 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	93,975	72,309
Receipts	-	103,358
Payments	-	(81,692)
Transfer to Road Safety Commission ^(b)	(93,975)	-
BALANCE AT THE END OF THE FINANCIAL YEAR	-	93,975
<i>(a) Established under section 16(1)(b) of FMA.</i>		
<i>(b) From 1 July 2015, The Road Trauma Trust Account is now reported through the Road Safety Commission</i>		
48. SUPPLEMENTARY FINANCIAL INFORMATION		
Write-offs		
Bad debts – damage to roads, bridges and road furniture	130	163
Fixed asset stocktake discrepancies	-	3
Damage to public property	5	3
Inventory – stocktake discrepancies and obsolete/contaminated materials	-	-
	135	169
Gifts of public property		
Gifts of public property provided by Main Roads	19	11
	19	11

Notes to the Financial Statements

For the year ended 30 June 2016

	2016 \$000	2015 \$000
Restricted Access Vehicle Permits ^(a)		
Regulatory fees	6,624	7,326
Transfer payments	6,644	7,326
Cash held in lieu of transfer	20	39

(a) Main Roads collects the Restricted Vehicle Access permits fees in accordance with Road Traffic (Vehicles) Regulations 2014. The receipts are paid into the Consolidated Fund and is subsequently appropriated to Main Roads.

49. 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 2015-16 are summarised below:

Amount brought forward for recovery	(44)	(45)
Amount received during the year	-	(39)
	(44)	(84)
Expenditure during the year	19	40
AMOUNT CARRIED FORWARD FOR RECOVERY	(25)	(44)

50. SCHEDULE OF INCOME AND EXPENSES BY SERVICE

SCHEDULE OF INCOME AND EXPENSES BY SERVICE FOR 2014-15 AND 2015-16 (ALL AMOUNTS IN \$'000)	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		
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016
COST OF SERVICES																			
<i>Expenses</i>																			
Employee benefits expense	4,311	3,580	55,409	54,337	12,551	16,173	1,241	1,030	8,420	8,236	3,892	2,446	-	2,637	(22,785)	(23,030)	62,855	65,593	
Supplies and services	159,984	133,730	63,775	58,645	532,057	730,463	43,919	36,993	401,340	345,387	131,691	120,884	-	6,037	(916,249)	(991,566)	416,517	440,573	
Depreciation of infrastructure assets	-	-	-	-	-	-	-	-	340,308	254,263	-	-	-	-	-	-	340,308	254,263	
Depreciation and amortisation of other assets	596	402	451	348	1,787	1,928	161	109	1,738	1,181	438	316	-	-	-	-	5,171	4,284	
Finance costs	-	45	-	39	2	214	-	12	1	131	-	35	-	-	-	-	3	476	
Grants and subsidies	25,994	(27,518)	3,120	5,181	29,187	16,788	6,345	5,126	142,642	114,147	4,704	1,984	-	75,061	(23,067)	7,075	188,925	197,844	
Other expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	99,670	18,852	99,670	18,852	
Total cost of services	190,885	110,239	122,755	118,550	575,584	765,566	51,666	43,270	894,265	723,529	140,725	125,665	-	83,735	(862,431)	(988,669)	1,113,449	981,885	
INCOME																			
<i>Revenue</i>																			
Regulatory fines	-	-	-	-	-	-	-	-	-	-	-	-	-	99,787	-	-	-	-	99,787
Sale of goods and services	-	68	2,021	2,111	1	23	23	-	7,784	9,080	32	22	-	-	-	-	9,861	11,304	
Commonwealth grants and contributions	5,722	5,722	5,870	-	458,470	458,469	223,236	-	49,342	49,342	34,012	34,012	-	-	-	-	776,652	547,545	
Contributions to roadworks	3,018	1,252	41	3,410	25,330	39,859	39,343	14,151	31,097	17,937	10,113	1,719	-	-	-	-	108,942	78,328	
Grants from other bodies	4,025	1,136	2,588	843	12,136	5,445	1,089	308	18,857	5,146	2,967	894	-	-	-	-	41,662	13,772	
Interest revenue	971	2	624	1	2,928	8	263	-	4,549	7	716	1	-	2,737	-	-	10,051	2,756	
Other revenue	1,193	1,473	767	1,094	3,597	7,062	323	399	5,590	6,674	880	1,159	-	977	-	-	12,350	18,838	
Total revenue	14,929	9,653	11,911	7,459	502,462	510,866	264,277	14,858	117,219	88,186	48,720	37,807	-	103,501	-	-	959,518	772,330	
<i>Gains</i>																			
Gain on disposal of non-current assets	(153)	134	(98)	100	(463)	644	(41)	36	(717)	608	(113)	106	-	-	-	-	(1,585)	1,628	
Total gains	(153)	134	(98)	100	(463)	644	(41)	36	(717)	608	(113)	106	-	-	-	-	(1,585)	1,628	
Total income other than income from State Government	14,776	9,787	11,813	7,559	501,999	511,510	264,236	14,894	116,502	88,794	48,607	37,913	-	103,501	-	-	957,933	773,958	
NET COST OF SERVICES	176,109	100,462	110,942	110,991	73,585	254,056	(212,570)	28,376	777,763	634,735	92,118	87,752	-	(19,766)	(862,431)	(988,669)	155,516	207,927	
INCOME FROM STATE GOVERNMENT																			
Service appropriation	55,090	106,001	169,880	120,925	(356,278)	46,678	50,003	15,564	886,996	518,531	70,947	22,869	-	-	-	-	876,638	830,568	
Capital appropriation	47,722	35,537	774	1,199	172,446	195,622	8,698	9,976	32,146	3,597	39,821	34,383	-	-	(301,607)	(280,314)	-	-	
Services received free of charge	129	463	83	344	389	2,220	35	126	606	2,099	95	364	-	-	-	-	1,337	5,616	
Other funds received from State Government	75,352	-	302	796	-	-	-	-	32,257	35,210	-	-	-	-	-	-	107,911	36,006	
Total income from State Government	178,293	142,001	171,039	123,264	(183,443)	244,520	58,736	25,666	952,005	559,437	110,863	57,616	-	-	(301,607)	(280,314)	985,886	872,190	
SURPLUS/DEFICIT FOR THE PERIOD	2,184	41,549	60,097	12,273	(257,028)	(9,536)	(271,306)	(2,710)	174,242	(75,298)	18,745	(30,136)	-	19,766	560,824	708,355	830,370	664,263	

Road Facts Summary Sheet

ROAD INDUSTRY FACT SUMMARY	WA	AUSTRALIA	WA (%)
Area (square km)	2,526,575	7,687,809	32.9
Population	2,590,259	23,777,777	10.9
Licensed drivers and riders ¹	1,778,046	N/A	
Vehicles on register including motor cycles	2,185,409	18,007,767	12.1
Annual vehicle kilometres travelled (100 million VKT) ²	280.6	2,456.5	11.4
Road length excluding DPaW roads (kilometres)	149,167	N/A	
Fatalities (for calendar year 2015)	161	1 210	13.3
Fatalities/100 million VKT	0.6	0.5	
Fatalities /100 000 persons	6.2	5.1	
Fatalities/10 000 vehicles	0.7	0.7	
Serious injuries (for calendar year 2015)	1,636	N/A	
Serious injuries/100 million VKT	5.8	N/A	
Serious injuries /100 000 persons	63.1	N/A	
Serious injuries/10 000 vehicles	7.5	N/A	

1 : Active licences only 2 : Main Roads Estimates N/A : Not available DPaW : Department of Park and Wildlife

SOURCES	
Area	ABS Regional Population Growth, Australia (Cat. No. 3218.0) - Mar 2016
Population	ABS Regional Population Growth, Australia (Cat. No. 3218.0) - Mar 2016
Licensed Drivers	Drivers and Vehicle Services, Department of Transport - 30 June 2015
Vehicles on Register	ABS Motor Vehicle Census (Cat. No. 9309.0) - 31 January 2015
Road Length	Main Roads Corporate System (IRIS) - 29 June 2015
Fatalities	Main Roads Crash System and BITRE Road Deaths Australia - 31 December 2015
Serious Injuries	Main Roads Crash System - 31 December 2015

ROAD CLASSIFICATION (AS AT 30 JUNE 2016)	SEALED (KM)	UNSEALED (KM)	TOTAL (KM)	SEALED (%)
National Land Transport Routes	5,114	0	5,114	100
Highways	5,785	108	5,893	98
Main Roads	6,728	778	7,506	90
Sub-Total	17,627	886	18,513	95
Local Roads regularly maintained	39,027	88,975	128,002	30
Local Roads not regularly maintained	57	994	1,051	5
Sub-Total	39,084	89,969	129,053	30
Roads managed by DPaW	331	36,547	36,878	1
Total WA Road Network	57,042	127,402	184,444	31

SOURCES

Corporate and Local Extracts as at 28 June 2016 from Main Roads Corporate System (IRIS)
Department of Park and Wildlife

Department of Park and Wildlife

NOTES

Local road lengths are reported information received from Local Government.

Local roads with cross section type "unconconstructed" or "unknown" have been excluded.

Privately maintained roads have been excluded.

Glossary

WORD	DEFINITION
Bitumen	A viscous liquid or solid impure mixture, consisting 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 to the use of vehicles, inclusive of shoulders and auxiliary lanes.
Community Engagement	Involving communities when prioritising and developing services in their own area. This includes consultation as well as more active processes so that communities can help to formulate plans or influence local developments.
Corporate Governance	The way we balance compliance against risk-taking as we direct, control and are held accountable for our 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.
Freeway	A divided highway for through-traffic with no access for traffic between interchanges and with grade separation at all intersections.
Grade Separation	The separation of road, rail or other traffic so that crossing movements, which would otherwise conflict, are at different elevations
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.
Individual Performance Agreement	Supports the ongoing learning and development of employees and provides a framework for performance management.
Incidence rate	The number of Loss Time Injury/Diseases divided by the number of employees *100.
Main Road	A principal road in the road system.
Maintenance	The work 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	The 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 such as road maintenance costs per kilometre in a region. This can then be compared to other regions and monitored.

Glossary

WORD	DEFINITION
Realignment	A change in the geometric form of the original centre-line of a carriageway with respect to the vertical and horizontal axes.
Seal	A thin surface layer of sprayed bitumen.
Stakeholder	Individuals or groups of people with a direct interest, involvement or investment in something.
Strategy	How a broad objective will be approached.
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 our activities, decision-making and investment processes.

Acronyms

BCR	Benefit Cost Ratio
CIC	Customer Information Centre
CPS	Community Perception Survey
DAIP	Disability Access and Inclusion Plan
EDMS	Electronic Document Management System
EEO	Equal Employment Opportunity
EIA	Environmental Impact Assessment
FTE	Full-Time Equivalent
GRI	Global Reporting Initiative
HVS	Heavy Vehicle Services
IPA	Individual Performance Agreement
IS	Infrastructure Sustainability
ISA	Integrated Services Arrangements
ITS	Intelligent Transport System
KPIs	Key Performance Indicators
KSI	Killed and Serious Injury
LED	Light-emitting diode
LTI/D	Lost Time Injury/Disease
OSHMS	Occupational Safety and Health Management System
PSPs	Principal Shared Paths
ROSMA	Road Safety Management System
RAVS	Restricted Access Vehicle System
RTTA	Road Trauma Trust Account
SHW	Safety, Health and Wellbeing
WiM	Women in Management

Contact Information

24 hour Customer Information Centre: 138 138
Heavy Vehicles Operations Helpdesk: 138 486
Website: www.mainroads.wa.gov.au
Hearing Impaired TTY: 133 677

Metropolitan Offices

Head Office

Don Aitken Centre, Waterloo Crescent, East Perth, WA 6004
PO Box 6202, East Perth, WA 6892
enquiries@mainroads.wa.gov.au

Media Relations/Public Affairs

Enquiries: 0419 907 230
media@mainroads.wa.gov.au

Materials Engineering

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

Heavy Vehicle Permits

525 Great Eastern Highway, Redcliffe, WA 6104
PO Box 374, Welshpool DC WA 6986
hvo@mainroads.wa.gov.au

Metropolitan Regional Branch

59 Albany Highway, Victoria Park, WA 6100
PO Box 6202, East Perth WA, 6892

Regional Offices

Goldfields-Esperance

83 Piesse Street, Boulder, WA 6432
(08) 9080 1400

Great Southern

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

Kimberley

Derby Office
Wodehouse Street, Derby, WA 6728
(08) 9158 4333

Kununurra Office

Messmate Way, Kununurra WA 6743
(08) 9168 4777

Mid West-Gascoyne

Geraldton Office
Eastward Road, Geraldton, WA 6531
(08) 9956 1200

Carnarvon Office

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

Pilbara

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

South West

Robertson Drive, Bunbury, WA 6231
(08) 9725 5677

Wheatbelt

Northam Office
Peel Terrace, Northam, WA 6401
(08) 9622 4777

Narrogin Office

Mokine Road, Narrogin, WA 6312
(08) 9881 0566