

2017 ANNUAL REPORT



mainroads
WESTERN AUSTRALIA

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WELCOME

The 2016–17 Integrated Annual and Sustainability Report communicates our operational, financial and business performance for the financial year ended 30 June 2017. 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 once again committed to produce an online only annual report, minimising the impact on the environment and the cost of producing a printed version. We believe enhancing our information through up-to-date online content, and reports of our achievements across the past 12 months will aid understanding of our activities and achievements.

Reporting Frameworks

In preparing this report we have moved towards adopting the International Integrated Reporting Council (IIRC) Framework. Other reporting frameworks applied included:

- Global Reporting Initiative (GRI) G4 “Core” guidelines which adhere to the GRI principles of stakeholder inclusiveness, materiality, completeness and context
- *Financial Management Act 2006 (WA)* and Treasurer’s Instructions – Western Australia
- Financial statements that comply with Australian Accounting Standards.

Reporting Journey

In recent years we have further considered how to represent the value created by our activities, and this year’s report is our first attempt to more formally adopt the principles outlined in the IIRC Framework. Integrated reporting promotes a more cohesive approach to corporate reporting by explaining how we create value over time.

The intention is to show the benefits to all stakeholders including employees, customers, suppliers, business partners, local communities, legislators and policymakers. The aim is to look at value creation in the short, medium and long term and consider the six capitals identified in the framework and how they interact with each other and the impact on our internal and external environments.

With respect to our GRI reporting, we will move from GRI G4 to the GRI Standard over the coming 12 months. In the next few years we aim to develop our disclosure to “Comprehensive” level and have already commenced reporting against some indicators included at this level. This is part of our continuing commitment to GRI which provides the world’s most widely used standards on sustainability reporting and disclosure.

Whilst we are only at the beginning of this journey, we believe that adopting these standards and frameworks will enable businesses, governments, society and our community to make better decisions based on information that matters.

Comments and Feedback

Comments or feedback on the approach that we have adopted or any element of the annual report would be most welcome.

STATEMENT OF COMPLIANCE



To the Honourable Rita Saffioti, MLA
Minister for Transport; Planning; Lands

In accordance with section 63 of the *Financial Management Act 2006 (WA)*, 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 2017.

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

A handwritten signature in black ink, appearing to read 'Peter Woronzow'.

Peter Woronzow
Acting Managing Director of Main Roads
17 August 2017

A handwritten signature in black ink, appearing to read 'Richard Sellers'.

Richard Sellers
Commissioner of Main Roads
17 August 2017

OVERVIEW

This section provides an overview of our activities over the last 12 months and an overview of where to next:

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HIGHLIGHTS

The following are just some of the highlights from the last year. More information on each story and much more can be found throughout the report.



42

Work on our biggest road project well underway

Significant progress has been made on delivering the \$1.12 billion NorthLink WA initiative with the third and final contract awarded in January 2017 and a ground breaking ceremony held for the central section held in June 2017.



38

Improving travel times for more than 16,000 public transport users a day

This project has resulted in immediate and significant travel time reductions on our northern suburbs bus network for more than 16,000 public transport users each day.



35

Crash Treatment Program is effective

The program reduced the frequency and severity of all run-off-road crashes by 35 per cent and reduced run-off-road killed and serious injury crashes by 26 per cent after safety treatments were installed.



43

Mitchell Freeway extension uses new "Dog Bone" design

This \$236 million project expected to be opened to traffic by August 2017, extends the freeway by 6 km from Burns Beach Road to Hester Avenue and will ease congestion on local roads, improve traffic flow and stimulate investment to enhance further development of the area.



67

Using mining waste on roadworks

With a lack of suitable road-building materials on the Great Northern Highway between Halls Creek and Warmun, a trial was undertaken in the Kimberley Region to use mine waste rock from a local nickel mine.



39

Merging is like child's play

New line markings have been introduced at merge points which can be congestion hotspots on our freeways and highways in peak periods.



**CASE
STUDY**

FLOODING AFFECTS 60 PER CENT OF SOUTH WEST ROAD NETWORK

In late January and early February two weather events resulted in most of the state, covering an area the size of Western Europe, being declared a natural disaster area. The flooding was possibly the worst in 30 years with areas affected including the Kimberley, the Pilbara particularly Karratha, the Wheatbelt, Swan Valley and the far south coast in the Great Southern Region which experienced the most severe damage.

Great Southern Region

In the Great Southern Region more than 60 per cent of the road network sustained damage across areas including Jerramungup and Ravensthorpe. In addition, the Phillips River Bridge on South Coast Highway was washed away resulting in an 80 kilometre detour being established around the site while a sidetrack was constructed to minimise delays for road users. The newly sealed sidetrack at Phillips River was opened to traffic in late March 2017. Currently operating under speed restrictions, this arrangement will stay in place until construction of the new Phillips River Bridge is completed later this year.

South Coast Highway near Bedford Harbour Road was closed to all traffic when floodwaters up to 800 millimetres ponded over the highway at many locations. The ponding occurred because of the low topography of the site. To enable the highway to be reopened, work crews constructed causeways to build the level of the highway up above floodwater level. As well as enabling South Coast Highway to be reopened following the flood event, these works will minimise road closures if floods occur again.

Wheatbelt Region

In the Wheatbelt Region, major roads were affected by floodwaters and rolling road closures were in place over a two-week period. During the floods, the structural supports on the Williams River Bridge along Albany Highway became loose and as a result, over mass loads were temporarily diverted until strengthening works were carried out.

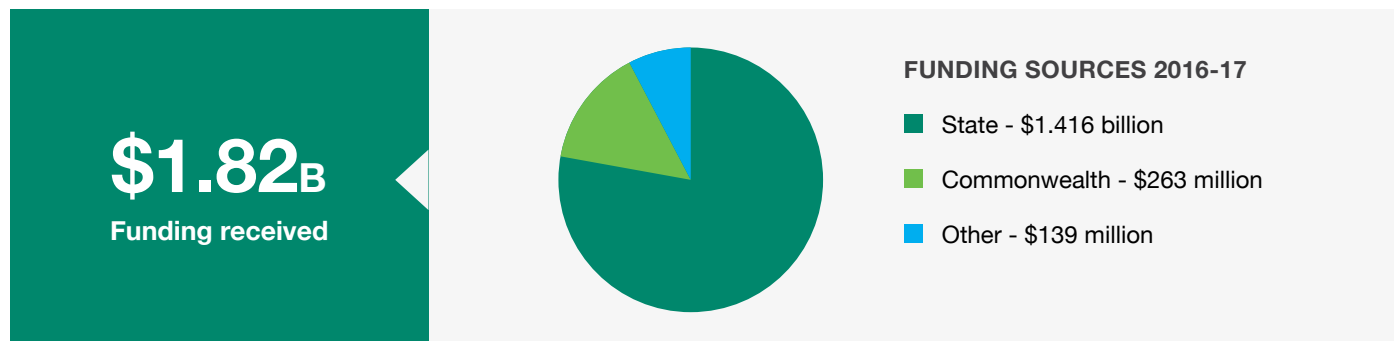
Our regions worked hard to make the network safe and to reopen routes to traffic as soon as possible. Where necessary, detours were established and emergency repairs began immediately. Significant temporary repairs were necessary at the most affected areas to make them safe for traffic.

Keeping the travelling public informed was a key objective during this period. The Travel Map on our website was continually updated and provided a good source of information for travellers and affected residents. We provided more than 400 tweets, and reached in excess of 132,000 people through our Facebook posts and Customer Information Centre, in addition to continually providing all media outlets with current information.

Works are ongoing across the state with recovery from this significant event continuing into the next financial year. The cost of the clean-up for the Great Southern and Wheatbelt regions is more than \$100 million, with State Roads in the Great Southern bearing more than \$20 million of these costs and \$5 million associated with State Roads in the Wheatbelt Region. Remaining costs have been borne by local governments across both regions.

OUR FINANCES

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



TOTAL ASSETS

	\$ billion
Roads	13.9
Land under roads	23.8
Bridges	3.8
Other infrastructure	1.6
Property and plant	0.5
Amounts receivable	2.2
Other assets	0.4
Total	46.3

TOTAL EXPENDITURE BY TYPE

	\$ million
Employee benefits and superannuation	67.5
Supplies and services	472.7
Depreciation expense and amortisation	368.8
Grants and subsidies	275.9
Other expenses	143.5
Capital expenditure	951.6

OUR WORKFORCE

Our workforce profile helps to illustrate who we are. More detailed information can be found in the Our People and Know-How section.

Full-time employees – 1010

Turnover rate – 6.2%

Male vs female – Male 69%, Female 31%

EMPLOYEE AGE PROFILE

Age	
<30	12.37%
30–39	20.81%
40–49	19.59%
50–59	28.58%

REGIONALLY BASED WORKFORCE

Region	Headcount
Great Southern	31
South West	58
Mid West – Gascoyne	45
Kimberley	30
Wheatbelt	40
Pilbara	24
Goldfields–Esperance	15

OUR PERFORMANCE

Timely, accurate and meaningful performance information is an essential part of good management and assists in ensuring accountability and transparency while aiding us in our decision-making. The communication of our performance is part of our commitment to sustainable reporting and good governance. This scorecard provides a summary of how well we are performing on a wide range of issues material to our business and our customers. Whilst this provides a snapshot, more detailed information and other informative measures are included throughout the report.

		2017 Target	2017 Actual	Status	
OPERATIONAL PERFORMANCE					
Road Safety Program					
% Community satisfaction of road safety		90	90	✓	
Black Spot location indicator		8.55	8.43	✓	
% Contracts completed on time		90	77	✗	
% Contracts completed on budget		90	93	✓	
Road Efficiency and Road System Management Programs					
% Community satisfaction		90	87	✓	
Road network permitted for use by heavy vehicles	B-double -27.5m %		96	97	✓
	Double RT -27.5m %		96	97	✓
	Double RT -36.5m %		78	80	✓
	Triple RT -53.5m %		44	45	✓
% Network configuration	Roads		90	92	✓
	Bridges	Strength	90	92	✓
		Width	96	96	✓
% Contracts completed on time		90	68	✗	
% Contracts completed on budget		90	93	✓	
Average \$ cost of network management per million vehicle kilometres travelled		5,578	5,291	✓	
State Development Program					
Average return on construction expenditure		4.5	3.2	⊕	
% Contracts completed on time		90	40	✗	
% Contracts completed on budget		90	100	✓	
Road Maintenance Program					
% Smooth Travel Exposure		97	96	✓	
% Community satisfaction road maintenance		90	84	⊕	
% Preventative maintenance indicator		85	87	✓	
Average \$ cost of network maintenance per lane-kilometre of road network		6,750	7,197	✓	

Yes ✓ No ✗ On watch ⊕

	2017 Target	2017 Actual	Status
Community Access Program			
% of the year that 100 per cent of Western Australia's State Road Network is available	95	92	✓
% Community satisfaction with cycleways and pedestrian facilities	90	87	✓
% Contracts completed on time	90	100	✓
% 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 CO ₂)	29,743	23,894	✓
Community Perception of Sustainability	90	85	✓
Improving Customer Experience			
% Community satisfaction with our overall performance	90	87	✓
% Calls self-serviced	20	16	⊕
Customer Centre resolving enquiries at first point of contact	80	73	⊕
Developing Our People and Know-How			
% Completion Individual Performance Agreements	100.0	94.0	⊕
Full-time equivalent (average)	1018.0	1009.8	✓
% Women in leadership positions, Level 6 and above	20.0	19.2	✓
% Staff who believe innovation has improved	45	48	✓
Enhancing Safety Health and Wellbeing			
Fatalities	0	0	✓
% Incident Rate	90	98	✓
Lost-time injury frequency rate	2	0.9	✓

Yes ✓ No ✗ On watch ⊕

COMMISSIONER'S FOREWORD



I am proud to present Main Roads Western Australia's 2016-17 Annual Report.

It's been a busy year for Main Roads and our focus on delivering Western Australians a sustainable road system that is safe, efficient, reliable and integrated with the rest of the transport network has never faltered.

I am especially proud of the agency's ability to adapt and evolve in response to the changing priorities and interests of our many stakeholders.

With dedicated and professional staff, Main Roads is well placed to fulfil its role in delivering and managing one of the nation's most expansive road networks and I am proud to lead an organisation recognised as being such a prominent infrastructure agency within State Government.

This dedication was certainly evident when we look at how our people responded to the devastating impact of the floods earlier this year on our customers and the road network when 60 percent of the South West road network was out of action.

It has been another year of significant milestones for Main Roads and this annual report highlights a number of significant achievements including finalising the award of contracts for NorthLink WA. This project, together with Gateway WA, will see Perth's freight corridors become some of the most productive and efficient road freight systems in Australia.

Management of traffic congestion continues to be one of our highest priorities with its impact on our already

car-dependant city seen on the road network in peak periods every day of the working week. We are seeing positive results from key projects delivered as part of the Traffic Congestion Management Program many of which are highlighted through this report.

Over the last twelve months we have continued to take a holistic view of the key role that transport plays in our State's economic growth. We have specifically focussed on the considerable benefits offered by a cohesive, integrated approach to the planning, investment and delivery of Western Australia's transport system.

Main Roads works very closely with our portfolio partners, the Department of Transport and Public Transport Authority, to plan transformational projects and ensure we are maximising the use of existing infrastructure and services to keep the State moving.

This approach is clear in the Transport @ 3.5 Million: the Perth and Peel Transport Plan for 3.5 Million People and Beyond. The plan, released in February 2017, identifies the long-term infrastructure requirements, network optimisation and travel demand management strategies needed to keep Perth and Peel moving as it grows towards a population of 3.5 million people.

In the coming year the Portfolio will continue to work together to review and revise the plan to include the State Government's METRONET and land use planning initiatives.

Roads are the most extensive part of the transport network and will continue to play an important role in the State's future transport system. As my first year as the Commissioner comes to a close, it is clear that this is an exciting time for Main Roads and our portfolio partners. There are many planned projects and innovative changes that will provide significant benefits to our communities and the State's economy over the coming years.

It is a privilege to lead such an organisation and to have the opportunity to showcase some of Main Roads' achievements over the past 12 months. I look forward to what I'm sure will be another productive year for transport in Western Australia in 2017-18.

A handwritten signature in black ink, appearing to read 'Richard Sellers'.

Richard Sellers
Commissioner of Main Roads



MANAGING DIRECTOR'S REVIEW

The transport system is an integral part of the everyday lives of Western Australians and, in a state as large and diverse as ours, it is a critical element. In February this year we saw how 'fragile' the state's single largest community asset can be when we experienced some of the worst flooding seen in the south of the state in more than 30 years. Crews from Main Roads along with our supply partners and local government colleagues reinstated more than 1,000 kilometres of road network in 88 Local Governments areas.

I was very proud of everyone in Main Roads who worked tirelessly to re-establish access for the community: creating detours and side tracks, building causeways, keeping the travelling public and local communities safe, and keeping communities informed of the condition of the road network as we assessed and repaired damage.

Our strategic direction 'Keeping WA Moving' continues to emphasise what is and will be important as we continue to focus on customers, movement, sustainability and safety. Following last year's focus on congestion and road safety, this year has seen the release of a new Sustainability Policy focused on six key aspects and a reinvigorated approach as we seek to improve customer experience. There is more information on these initiatives throughout this report.

Our Operational Performance

This year saw a record investment of \$2.28 billion through our six service areas as we continue to deliver safe, reliable and sustainable services to the community. The total value of our assets has reduced slightly to \$46.3 billion reflecting a general decline in land values across the state. Road Efficiency continues to be the largest of our investment programs as we seek to reduce congestion in the metropolitan area through works on Graham Farmer Freeway, Tonkin Highway and the recently completed Charles Street Bus Bridge Project.

In our rural areas, efficiency and productivity improvements include constructing road train assembly and parking facilities in the Mid West and Pilbara regions and widening road formations in the Pilbara and South West regions.

Work is well underway on delivering the \$1.12 billion NorthLink WA initiative which is our largest ever road project. It will provide a state-of-the-art transport link between Morley and Muchea reducing travel times and creating significant productivity benefits to the economy, industry, motorists and the local community. The third and final contract was awarded in January 2017 and a ground breaking ceremony for the central section was held in June.

The Mitchell Freeway extension to Hester Avenue is planned to be completed and opened to traffic in August 2017. Parts of Hester Avenue and Wanneroo Road will be upgraded to dual carriageway standard. Neerabup Road is also being extended from Connolly Drive to Wanneroo Road. Other notable works undertaken in the past 12 months include completion of the Russell Road interchange, and continuation of works on Great Northern Highway Stage 2 Muchea to Wubin, with traffic using the New Norcia Bypass since May. In addition the corridor for a future Bindoon Bypass has now been defined.

Road safety continues to be a serious concern with the road toll at the end of 2016 standing at 195, the highest number of fatalities in almost a decade. Already at the end of June this year 72 people have died on our roads. Our Road Safety Management System uses a holistic view seeking to manage the interaction between the road, travel speed, the vehicle and the road user.

I was very pleased to see the results from the independent review of our Run-off-Road Crash Treatment Program. Results show treatments reduced the frequency and severity of all run-off-road crashes by 35 per cent and reduced run-off-road killed and serious injury crashes by 26 per cent. We will continue to take important steps in new and innovative ways towards reducing road trauma, drawing on our own experiences and those of experts around the world.

Traffic congestion remains a high priority and we continue to trial and implement new treatments for congestion solutions on our roads. The Traffic Congestion Management Program has delivered a range of improvements across the metropolitan network. Traffic signal innovations have been implemented at more than 40 intersections and include yellow flashing caution lights, pedestrian countdown timers and right-turn filtering. A key milestone was the expansion of our Incident Response Services to seven-day coverage as well as patrolling more roads. During the past 12 months we have worked to optimise traffic signal timings at in excess of 400 sites on 23 routes across the metropolitan area resulting in improvements to journey times along the routes despite increases in traffic.

With road maintenance, we continue to responsibly manage the deferred maintenance task and we focus on reducing whole-of-life costs of our entire road network. Work progresses well as we transition from our Integrated Service Arrangements into our new maintenance contracts. Over the past 12 months we have finalised and confirmed the approach and contract model for each of our regional networks and have awarded the first two of a suite of 14 new contracts.

Business Activities

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 done in a safe, reliable and sustainable way. We can achieve this through strong environmental practices, well-focused customer activities and the right people in the right place at the right time.

We remain committed to responsible environmental stewardship and this year screened 298 projects of which 160 required further investigation through an Environmental Impact Assessment. In terms of Aboriginal heritage, we screened 451 projects of which 42 required further impact assessment resulting in 18 seeking further approval under the *Aboriginal Heritage Act 1972 (WA)*.

We are continuing to develop and evolve our approach to customers with our move from focusing on customer service to considering the entire customer experience.

This means placing even greater emphasis on all aspects of our engagement with our customers and stakeholders. Customers are a key focus of our strategic direction and we are committed to providing a transport network centred on what they need and value. Our community perception survey tells us that 87 per cent of the community are satisfied with our performance. However, there is always room for improvement.

This year our Reconciliation Action Plan has been redeveloped to align with a continued commitment to reconciliation in Australia. As part of our commitment to a diverse workforce we created the Senior Leadership Aboriginal Employment Initiatives Taskforce. The purpose of this group is to lead and champion facilitation of Aboriginal employment initiatives across Main Roads. This is a positive approach that stemmed from a challenge I initiated last year, generating strong interest and support across the organisation.

We held two employee surveys during the year. One was the regular Public Sector Commission employee survey which shows employee engagement across Main Roads has increased since our last survey in 2014 and is slightly higher than the public sector average. The second engagement survey was the Aon Hewitt Survey that enables us to benchmark against private industry and our public sector peers across Australasia. It was pleasing to see our engagement levels improve since 2012, the previous survey, and compare well to others in the sector. We have identified a small number of high priority initiatives that we will work on over the coming year as we seek to increase our employee engagement and satisfaction.



Future View

The next 12 months will be another big year for all of us at Main Roads and indeed across the Transport Portfolio. We have worked closely with government renegotiating funding arrangements associated with Perth Freight Link and for a new program as part of Boosting Jobs, Busting Congestion.

The Boosting Jobs, Busting Congestion package includes several large-scale road efficiency projects in the metropolitan area including Armadale Road Bridge over Kwinana Freeway, Wanneroo Road and Joondalup Drive grade separation, Roe Highway and Kalamunda Road interchange and delivering Perth's first Smart Freeway on Kwinana northbound. As part of the overall package, the Australian Government provided \$44.2 million towards a regional road safety program to improve road safety across Western Australia.

As part of our continuing effort to improve reliability and travel times across the metropolitan road network, a new state-of-the-art Road Network Operations Centre is being established. This fit for purpose facility will bring together operational teams currently located in East Perth and Northbridge. It will also accommodate Smart Freeway operations and other innovative technologies to manage road network performance.

I would like to thank everyone for their continued support. I am pleased with the efforts, determination, commitment and innovation that all in Main Roads have shown throughout the year. It's at times of adversity such as the recent floods that the ability to adapt and work together effectively has seen us continue to be successful in what we do. This attitude, underpinned by our values, sees us successfully complete projects, respond during emergency situations and work with the community to create innovative solutions for issues as they arise. I look forward to another challenging and exciting year ahead.



Peter Woronzow
Acting Managing Director of Main Roads



WHAT IS DRIVING US?

What is Driving Us?

Transport infrastructure and associated technology is constantly evolving. New trends are constantly emerging even as we start to understand and respond to what this technology means for us, our state and nationally.

Transport is an integral part of our state. Vast distances and sparse populations present complex challenges for productivity and sustained prosperity. While we might find some solutions work in urban areas, we have to think about what new discoveries and approaches might mean for all Western Australians.

Some of today's key challenges such as road safety and congestion will continue, but at the same time new opportunities will present themselves due to the development of technology, trends and emerging business models. The following is an overview of trends and emerging technologies that we are following to ensure Main Roads is ready to help all Western Australians be prepared for the future.

The Future of the Vehicle

Internationally we have seen global sales of electric vehicles (EV) increase significantly and the release of the Chevy Bolt in the US marked the first affordable EV with a range over 300 kilometres. With more models released over the next 12 months, EVs are becoming more important in the future of transport.

Following the recent closure of Hazlewood Power Station and the increasing number of new renewable energy projects recently announced in Australia, a clearer pathway to a cleaner energy future is emerging. In this context EVs provide a way to a cleaner transportation system, and are improving as the energy that charges them becomes cleaner.

During the past year we have seen Google create its Waymo brand, complete 3 million miles of fully

autonomous (driverless) testing and start to offer public trials in Phoenix. There are now more than 30 companies licensed to test autonomous vehicles on Californian roads, with a mix of traditional and newer vehicle manufacturers, technology companies and ride-sharing companies included. Progress means the likelihood of autonomous technology as part of our future is greater.

In positive signs, Australia is collectively trying to remove obstacles from this autonomous future, with the National Transport Commission and Austroads jointly releasing guidelines for trials of automated vehicles. Nationally, projects such as the Australian Driverless Vehicle Initiative (ADVI) are helping to progress autonomous vehicles, as are projects such as RAC's Intellibus and Curtin University's Kip bus.

The Future of Transportation

Autonomous vehicles enable significant opportunity with some analysts expecting that hailing a ride in city environments may be cheaper than owning and operating a vehicle. Cruise automation is one example of the convergence of new technologies. Testing of autonomous, electric vehicles in a ride-sharing context has already occurred, with Lyft recently sharing videos of their capability.

Mobility as a Service takes this one step further, allowing users to "plan and pay for all modes of public and private transportation within the city—be it by train, taxi, bus, carshare, or bikeshare". Users can opt to pay for transportation services as they go, or opt into a plan, much like mobile phone plans. Such a service has the potential to improve the accessibility of transport for all Australians although social justice under such an approach is an area for further conversation with the community.

Rise of the Machines

Use of machine learning and artificial intelligence is blossoming, with autonomous vehicles just one emerging area using artificial intelligence to solve problems. Amazon is another example, trialling AmazonGo in Seattle and using a combination of video analytics and artificial intelligence for 'just walk out' technology. This is where a retail store tracks, purchases and removes the need for customers to wait at a cashier.

Increasingly artificial intelligence techniques combined with low-cost sensors and improved connectivity are allowing organisations to solve new challenges and have different approaches to existing problems, including within the transport sector.

Why Look to the Future?

We expect an increasingly data-rich future, with new technologies and services available within the transport sector. By looking outside of our own organisation and understanding what others are doing we seek to comprehend, prepare for and be in the best place to adapt benefits from these new opportunities.

Keeping WA Moving

The strength of our strategic direction 'Keeping WA Moving' is its design to drive us beyond the traditional three-to-five-year planning horizon. Keeping WA Moving prepares us to be well positioned to respond in a fast-changing world. It sets a direction for 10, 20 and even 30 years in the future, recognising that we need to prepare now.

Keeping WA Moving helps us to achieve our Main Roads Aspiration "to provide world class outcomes for the customer through a safe, reliable and sustainable road-based transport system". Part of achieving this is being aware of what is happening across the world and positioning ourselves to take advantage of new and emerging opportunities as they evolve.

ABOUT US

This section provides an overview of who we are, how we create value, our approach to sustainability and the people who lead us:

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OUR MINISTER, LEGISLATION AND OPERATIONS

Responsible Minister

Honourable Rita Saffioti MLA
Minister for Transport; Planning; Lands

Enabling Legislation

The *Main Roads Act 1930 (WA)*, 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.

Extent of Operations

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 just over \$46 billion. We work closely with our portfolio

partners, Department of Transport and Public Transport Authority as well as local government to support the needs of all road users across the state by providing an integrated world-class road transport network.

We rely on our supply chain to deliver tasks critical to our overall success. We engage with a large number of suppliers of varying characteristics. Last year we engaged directly with over 4,000 suppliers and made in the order of \$1.785B in payments. Of our suppliers, 190 were government agencies (State or Local) and 7 were research bodies or universities. The remainder are classified as Contractors, Consultants or Suppliers and are predominately from the Western Australian economy. Our indirect supply chain is again more extensive with our construction projects engaging with multiple sub-contractors and suppliers.

MAIN ROADS OPERATES FROM EIGHT REGIONAL LOCATIONS THROUGHOUT THE STATE

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	3,473
Total	2,590	2,527	18,517

OUR ROLE AND BUSINESS STRATEGY

We have a clear Aspiration for our business:

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



Which will be achieved through four areas about creating a focus on delivering value:

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Customers	Movement
Sustainability	Safety



Through the provision of these services:

page 31

Road Safety	Road Efficiency	Road Management
Road Maintenance	State Development	Community Access



Based on the needs of our customers:

pages 68 to 76

Data and technical information	Feedback and involvement
Approvals and advice	Travel experience



Which are informed by the material issues that impact on us:

pages 25 & 26

Road Safety	Congestion and Freight Productivity	Good Public Policy
Value for Money	Workforce Safety & Health	Biodiversity
Regional Presence & Development	Compliance with Environmental Legislation	Local Communities



Measured by our key performance indicators:

pages 11 & 12

Community satisfaction	Return on construction expenditure	Network availability
Network configuration	Employee engagement	GHG emissions
Blackspot location indicator	Environmental Management System compliance	



Supported by our key resources and relationships:

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Customers	Our people	Know-how
Assets	Network performance	Natural Resources
Financial capital		



Underpinned by our values:





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Roads matter	Working together	Excellence in customer service
Embracing challenge	Professionalism	Family



Our Strategic Direction

'Keeping WA Moving' sets our strategic direction. To achieve our Aspiration these four areas create a focus on delivering value, based on the needs of our customers and stakeholders. They recognise the role our portfolio partners play and our role in helping to achieve an integrated transport solution for an efficient and user-centred state-wide transport network.

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

Our Values

Our values are the foundation upon which our Main Roads organisation is built. They represent our culture, guide our behaviours, influence decision-making and influence relationships with each other, our customers and partners. Our values are:

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

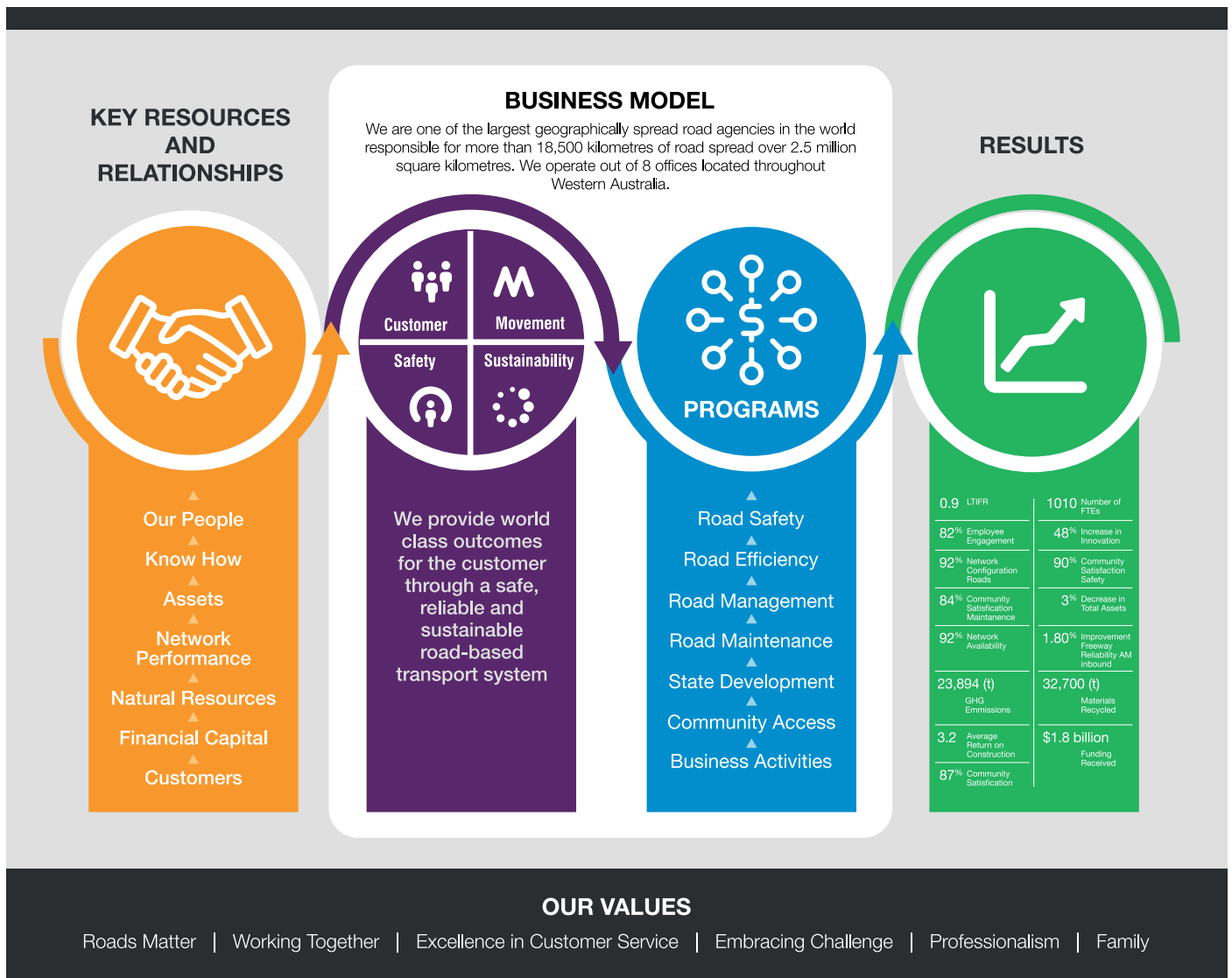
Embracing Challenge Anticipating and taking up challenges

Professionalism Providing high levels of expertise in delivering our services

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

CREATING VALUE

As part of improving our reporting practices we provide information aligned with principles in the Integrated Reporting (IR) Framework released by the International Integrated Reporting Council. The framework approaches corporate reporting by explaining how we create value over time. The framework is based around forms of capitals. For the purposes of our reporting we have identified these capitals as key resources and relationships that are inputs to our business. The business model reflects the achievement of our Aspiration through Keeping WA Moving, our strategic direction, which in turn drives the delivery of our services to the community resulting in the value we create through our activities.



Key Resources and Relationships

The International Integrated Reporting Council has introduced the concept of six capitals, indicating that an organisation relies on more than just financial and human resources to deliver value to its customers. As outlined in the Business Model we refer to the capitals we use as ‘key resources and relationships’. The following table shows the alignment between the capitals identified in the IR Framework:

Resource	Referred to in report	Capitals	What it means for our business
Our people	Our People and Know-how	Human	Strong leadership of a diverse and inclusive values-driven workforce that is operating in a safe environment and has the right skills, capability and training
Know-how		Intellectual	A strong culture that recognises and cultivates innovation taking up the challenges ahead
Assets	Achieving Government Goals	Manufactured	A well-maintained road-based transport network that is safe, reliable and sustainable centred on what our customers need and value
Network Performance			Improving the mobility of people and the efficiency of freight through a well-managed and reliable road network
Natural Resources	Managing the Environment	Natural	The environmental resources used in delivering our services
Financial capital	Financial Overview and Financial Statements	Financial	Sources of funding and appropriations utilised
Customers	Improving Customer Experience	Social and Relationship	Putting the customer and their experience at the centre of everything that we do

Essence of our Business Model

Our business model recognises that we operate across diverse geographical locations servicing the State of Western Australia. Through our strategic direction identified as part of Keeping WA Moving our four strategic areas create a focus on delivering value beyond the status quo. This is achieved through our outcome-based framework and using a Program Management approach to deliver six services aligned to the State Government’s Goals. The seventh element in the Business Model recognises activities from within the business that support the delivery of our services. Each of the services and support activities have their own section within this report.

Results

Results listed in the model recognise value created and directly relate to the key resources and relationships. Measures that reflect the value creation process exist for each of our services and business activities. This reporting will be refined further over the coming year as we seek stronger customer input into understanding what is valued.

Future Direction

We will continue to work with our customers and the leadership team to further refine and evolve our thinking around adopting and using the IR Framework. We support adopting the framework as it provides guidance on reporting how we interact with the external environment, our key resources and key relationships to create value over time.

OUR SUSTAINABLE APPROACH AND DEFINING MATERIALITY

This year marks one year since we released our new Sustainability Policy helping us to establish a clear set of principles focusing on creating lasting benefits socially, economically and environmentally. The policy reflects a maturity gained and is now aligned with the sustainability focus and outcomes identified in Keeping WA Moving. The policy was developed in consultation with our portfolio partners and industry stakeholders. It is underpinned by six key aspects which were guided by our policy objective, and these key aspects are considered material.

Key Aspects:

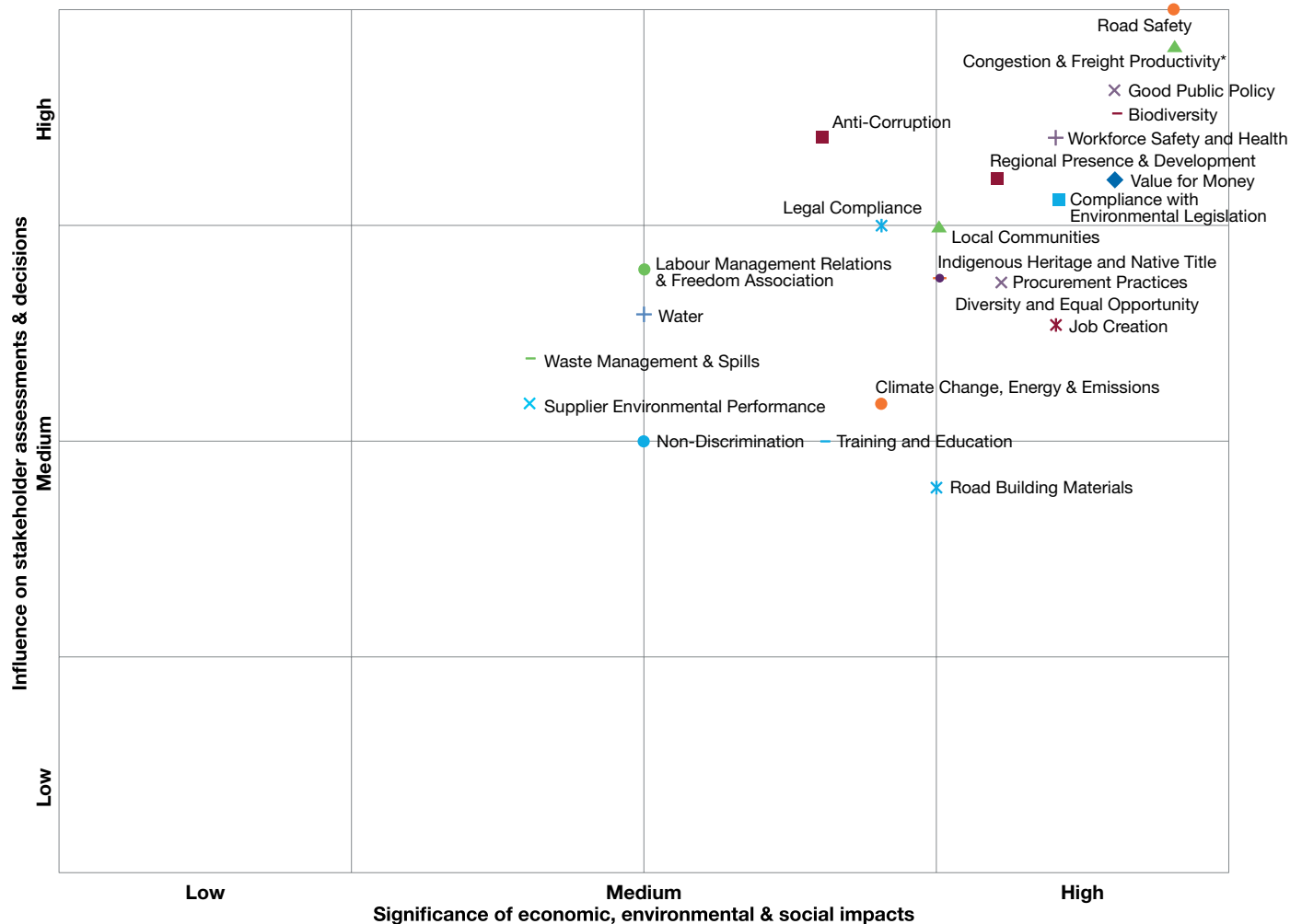
- Sustainable transport
- Climate change
- Environmental footprint
- Behaviour
- Governance and performance
- Funding and financing

Over the last year we have engaged 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. Further information on our approach to sustainability, including the updated policy, can be found on our website.

Defining materiality

We ensure the relevance and validity of all areas of our business and stakeholder relations through a biennial desktop materiality review, with results reported to the Corporate Executive. The review draws from our corporate and legislative commitments, key risks, corporate stakeholder engagement processes, media and Ministerial topics, and our peers' reporting practices. We have prepared this matrix in accordance with the Global Reporting Initiative (GRI) 'Core' and the requirements specified in the Public Sector Commission's Annual Reporting Framework. A GRI Content Index is available for reference on our website.

MATERIAL ASPECTS FOR SUSTAINABILITY – 2017



Addressing our most important material issues

The following describes our top material issues and our management approach to addressing them. For further information of how these topics relate to GRI refer to the GRI Content Index on our website.

Road Safety

Western Australia is the worst performing mainland Australian state with 7.03 road deaths per 100,000 population; over 40% above the national average. We believe no one should die or be seriously injured on the State's road network, and we will manage the network to minimise the likelihood of road trauma to all road users.

Resources and Relationships affected by this issue

Customers, Network Performance, Assets, Our People and Know-how

Congestion and Freight Productivity

It is one of our core objectives to reduce the impacts to our community and economy from congestion on the road network and provide better access for our freight customers.

Resources and relationships affected by this issue

Customers, Network Performance, Assets, Our People and Know-how

Good public policy

As a Statutory Authority it relies on our resources and know-how to ensure that we have clear, transparent and strong governance approaches that prevent undue influence in the administration of our role and ensure swift, efficient and effective implementation of government policies and strategies.

Resources and relationships affected by this issue

Customers, Assets, Our People and Know-how

Value for Money

We must make the most effective use of the government funding we receive to deliver our services to the community.

Resources and relationships affected by this issue

Customers, Assets, Our People, Know-how, Financial capital

Workforce Safety & Health

Our work environment means that our people, our suppliers and partners and our customers often interface with the road environment, moving traffic and heavy machinery in order to deliver our services.

Resources and relationships affected by this issue

Customers, Our People, Know-how, Assets, Network Performance

Biodiversity

Our actions have the potential to cause negative environmental impacts to our unique environment. Our State is widely recognised as having unique and special flora and fauna species, which can be impacted by our operations and our road network can transect sensitive and protected environmental areas.

Resources and relationships affected by this issue

Natural Resources, Our People, Know-how, Assets, Customers

Regional Presence and Development

We operate across a vast and isolated State and our rural operations can have significant impacts on regional towns', communities and their economies.

Resources and relationships affected by this issue

Customers, Our People, Know-how, Assets, Financial capital

Compliance with Environmental Legislation

Our activities may be subject to State and Federal Environmental Legislation and in some circumstances our projects depend upon being granted environmental approvals to proceed. We may face penalties, reputational damage or lose stakeholder and community confidence if we do not comply with our environmental obligations.

Resources and relationships affected by this issue

Natural Resources, Our People, Know-how, Assets, Financial capital, Customers

Local Communities

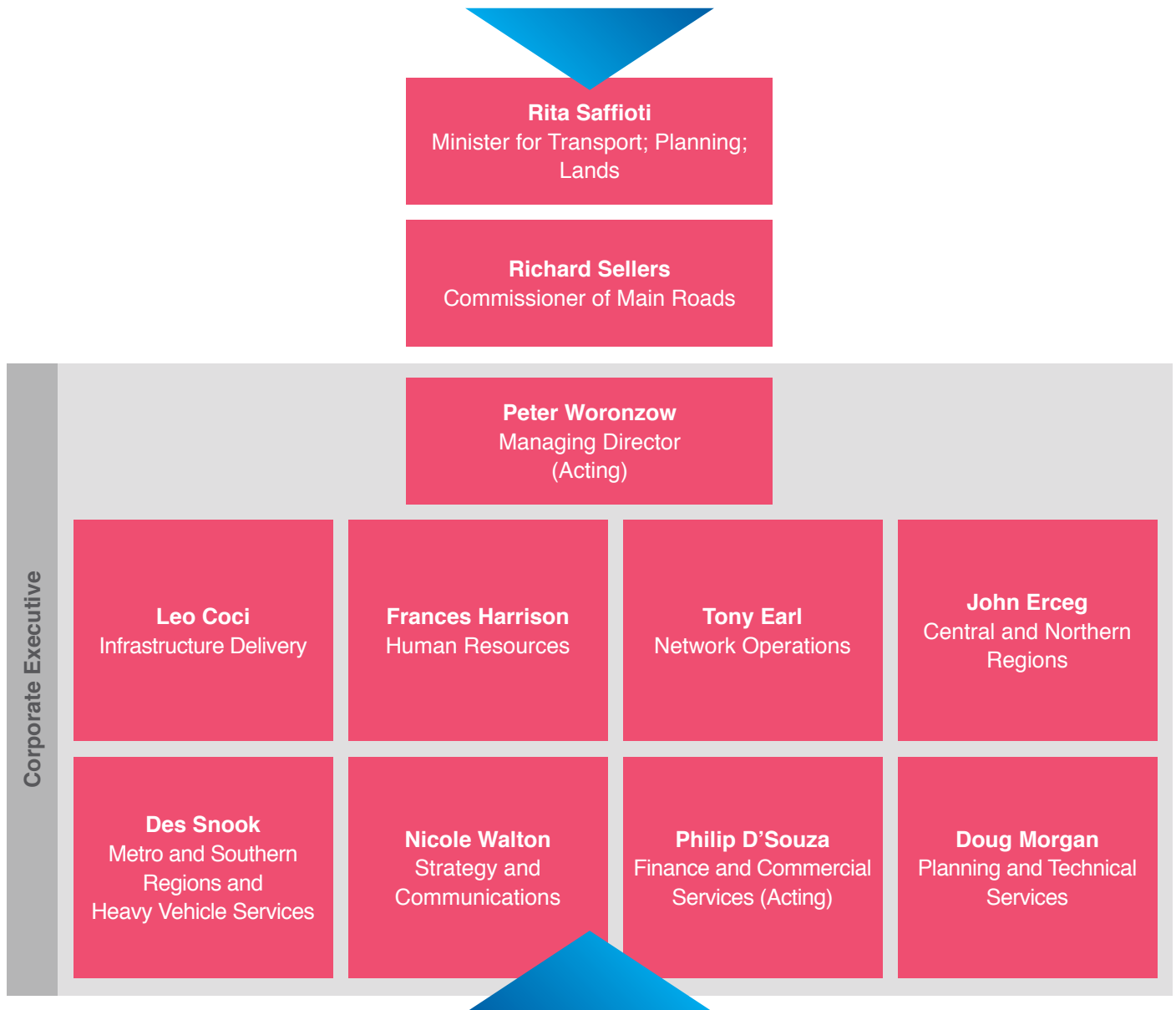
Our works and operations have significant impacts to the communities that live and work within their proximity. Acquisition of property, noise and business continuity are examples of issues that need to be carefully managed, require stakeholder engagement and impact us being good neighbours.

Resources and relationships affected by this issue

Customers, Our People, Know-how, Assets

OUR STRUCTURE

This diagram shows the relationship between our Minister, Commissioner, Managing Director and members of Corporate Executive. Executive is included in the leaders section and the Governance section.



Leadership Team Changes

We acknowledge the role of Reece Waldock, departing as our Commissioner after a distinguished career within the Western Australian Public Service. Richard Sellers, our new Commissioner, continues to provide guidance and direction to the entire portfolio to achieve an integrated transport system.

Over the past year Peter Woronzow has led the organisation's operational activities undertaking the role of Acting Managing Director. Phillip D'Souza has been acting as Executive Director Finance and Commercial Services and Chief Finance Officer, in the absence of Peter Woronzow. During the year we farewelled Pascal Felix after more than 12 years with Main Roads; Pascal led the Heavy Vehicle Services Directorate. Responsibility for this function has been moved to Metropolitan and Southern Regions Directorate, under the leadership of Des Snook.

OUR LEADERS

Executive is our peak decision-making body, comprised of our Managing Director and Executive Directors from all of our business units. Its objective is to set clear strategic direction to deliver government priorities and our Aspiration.



Peter Woronzow

Acting Managing Director
BA (Economics) GDPSM, CPA

Currently fulfilling the Managing Director role, Peter draws on extensive experience from roles throughout the organisation. Most recently, Peter has been responsible for managing financial, corporate and commercial solutions and has overseen the sustained financial prosperity of the organisation. He is a member of CPA Australia and is a Director on the Board of ARRB Group Ltd and Austroads Ltd.



Philip D'Souza

Acting Executive Director Finance and Commercial Services
BCom (Accounting and Finance), Grad Cert. L&M, CPA

Philip is currently undertaking the role of Chief Finance Officer overseeing provision of sustainable and innovative financial, investment, planning, business and commercial services. Philip is a member of CPA Australia and is a standing member on the Management Review and Audit Committee and the Transport Audit and Risk Committee.



Leo Coci

Executive Director Infrastructure Delivery
BEng (Hon), MBA

Leo has experience in and has held management roles in bridge design, road planning, project management and contract management. He is responsible for procurement and delivery of high-value, complex infrastructure for some of our largest projects across Western Australia. Leo is currently on the ISCA Board and is also leading Main Roads' internal Senior Leadership Aboriginal Employment Initiatives Taskforce.



Doug Morgan

Executive Director Planning and Technical Services
BEng (Electrical), MBA

Doug contributes to sustainable integrated transport through providing leadership in engineering, environmental and project development. Doug contributes to sustainable integrated transport through providing leadership in road planning and engineering, environmental services, spatial data management and project development. He has extensive knowledge in traffic and heavy vehicle operations and his role includes responsibility for network planning and road classification across the state.



Tony Earl
Executive Director Network Operations
Traffic Engineer

Tony is responsible for optimising the performance of the road network to facilitate safe and reliable movement of people and goods, with a focus on improving journey times and reliability in the metropolitan area. His extensive knowledge and experience through 40 years of dealing with road network performance improvement in London is a great asset in addressing the issue of congestion.



Frances Harrison
Executive Director Human Resources
BBus (HR), Grad Cert OH&SM

Frances brings extensive experience in the areas of human resources management and employee relations. Her expertise in translating strategic objectives into pragmatic and operable practices has been critical in leading her team. Frances recently completed the Company Directors Course through Australian Institute of Company Directors and continues to be an active member of the Australian Human Resources Institute.



Des Snook
Executive Director Metropolitan and Southern Regions
and Heavy Vehicle Services
BEng (Civil)

Des is responsible for providing asset management, maintenance and project delivery services to the Metropolitan, South West and Great Southern Regions. In addition, he has state-wide responsibility for electrical service assets, crisis and incident management, and railway crossing safety. Des also oversees Heavy Vehicle Services. He has extensive knowledge and experience in the management of network operations and road safety.



Nicole Walton
Executive Director Strategy and Communications
BACom, EMBA

Nicole has extensive experience in communications, marketing and strategic planning for a range of global and national businesses in 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-focused initiatives.



John Erceg
Executive Director Central and Northern Regions
BEng (Civil)

John is responsible for providing asset management, maintenance and project delivery across the central and northern areas of the state. He also has state-wide responsibility for asset management and regional contract delivery strategy, policy and functions. In addition to having worked throughout the state he has held leadership positions in heavy vehicle operations, Austroads and had international experience in network operations.

OPERATIONAL PERFORMANCE

This section of the report looks at the programs we provide and how we go about delivering our services to the community:





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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 is delivered using a Program Management approach to deliver six services aligned to State Government Goals. The identification of actions delivered through these services is influenced and driven by the four areas of focus identified in our strategic direction Keeping WA Moving.

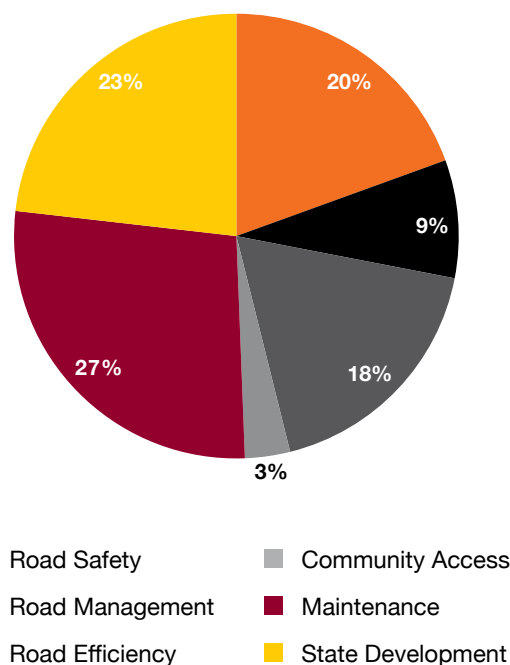
This table shows services and outcomes aligned with Government Goals and influenced by our strategic areas of focus.

Government Goal	Main Roads Services	Main Roads Outcome
	 Customer  Sustainability	 Movement  Safety
Results-based delivery	Road Safety	Providing a safe road environment
	Road Efficiency	Reliable and efficient movement of people and goods
	Road Management	
Stronger focus on regions	Road Maintenance	A well-maintained road network
State building – Major Projects	State Development	Facilitate economic and regional development
Social and environmental responsibility	Community Access	Improved community access and roadside amenity

Changes since last report

There have been no changes to our service and outcomes since the last report.

Main Roads Service	Program exp \$ Million
Road Safety	282.85
Road Management	124.60
Road Efficiency	262.55
Community Access	47.69
Maintenance	398.40
State Development	337.01
TOTAL	2,021.50



ROAD SAFETY

PROVIDING A SAFE ROAD ENVIRONMENT

	2015	2016	2017
Program expenditure	\$106m	\$187m	\$283m

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:

- State and national Black Spot projects
- Intersection improvements
- Overtaking lanes
- Rail crossings
- Bridge safety improvements
- Sealing shoulders and audible edge lines.

KEY PERFORMANCE INDICATORS

	Target	Actual	Status
% Community satisfaction for road safety	90	90	✓
% Contracts completed on time	90	77	✗
% Contracts completed on budget	90	93	✓

Looking Ahead

- Progress South Coastal Highway – Stage 2
- Complete 22 kilometres of shoulder-sealing works on South Western Highway
- Advance Toodyay Road upgrade – Country Road to Reen Road
- Upgrade Orrong Road and Francisco Street intersection Complete grade separation of Nicholson Road rail level crossing in Canning Vale

KEY PROJECTS

Project	Total Project Cost (\$million)	2016–17 Cost (\$ million)	Completion Date	Description
Goldfields–Esperance Region				
Great Eastern Highway – passing lanes	26.5	26.5	June 2017	15 passing lanes at locations between Southern Cross and Kalgoorlie
Goldfields Highway – various locations	5.4	5.4	June 2017	Widen road formation and install audible edge lines
Great Southern Region				
Albany Highway – passing lanes	21.5	7.4	May 2017	Passing lanes at Harold Road, Martagallap and Woogenellup
South Coast Highway – Stage 1 – Pfeiffer Road to Cheynes Beach Road	12.0	8.2	June 2018	Road realignment
Albany Highway – Fairdale Road to Watts Road	2.4	2.4	June 2017	Road widening and bridge reconstruction
Kimberley Region				
Victoria Highway	2.1	2.1	October 2016	Widen road formation
Strengthening of bridge over Logue River	3.1	3.1	October 2016	Bridge strengthening works
Metropolitan Region				
Electronic school zone signs	34.0	12.4	July 2017	Install 2,900 signs across the state
Marmion Avenue and Whitfords Avenue – intersection upgrade	12.0	6.4	December 2016	Additional through and turn lanes
Orrong Road and Archer Street – intersection upgrade	2.1	2.0	June 2017	Provide double right turn
Mid West – Gascoyne Region				
Improvements to Kumarina and Munarra Floodways on Great Northern Highway	9.4	9.4	February 2017	Improving floodways between Meekatharra and Newman
Brand Highway – various locations	3.3	3.3	June 2017	Widen road formation and install audible edge lines
North West Coastal Highway – widening and sealed shoulders	2.7	2.7	June 2017	Widen road formation
Pilbara Region				
Paraburdoo to Tom Price Road	1.6	1.6	December 2016	Widen road formation and install audible edge lines
South West Region				
South West Highway – North Walpole	9.0	2.7	March 2017	Widen road formation, improve clear zones and install painted edge lines
Wheatbelt Region				
Collie Lake King, Gibbs Siding Realignment	2.2	2.2	January 2017	Road realignment

Black Spot Programs

There are 107 projects funded by the State Black Spot Program, representing \$20.5 million investment:

- 18 projects on State Roads
- 89 projects on local roads.

There are 71 projects funded by the Australian Government Black Spot Program representing a \$18.83 million investment.

Railway Level Crossing Upgrade Program

The State has invested more than \$4 million to improve the safety of railway level crossings, on works such as upgrading:

- Red flash lights at seven crossings,
- Eight crossings fitted with new LED flash lights, and
- Active Flashing Yellow Warning signs at one crossing.

**CASE
STUDY**

CRASH TREATMENT PROGRAM IS EFFECTIVE

Single vehicle run-off-road crashes accounted for almost 60 per cent of all road deaths and serious injuries in regional and remote Western Australia between 2008 and 2012. To combat this, we initiated a Rural Run-off-Road Crash Program.

Funding for the program was obtained through the Road Trauma Trust Account and between 2012 and 2015 we successfully delivered road safety treatments to 984 kilometres of the rural State Road Network.

Road safety treatments delivered to reduce run-off-road crashes include installing audible edge lines that create noise and vibrate to alert inattentive road users. In addition, shoulder widening and sealing of gravel shoulders create an opportunity for drivers to recover safely in situations where the vehicle has left the road.

To determine the program's safety benefits and cost effectiveness in terms of savings to the community we had an independent review of the program conducted by the Curtin–Monash Accident Research Centre. The review found the frequency and severity of all run-off-road crashes was reduced by just over 35 per cent after the safety treatments were installed. We also found that there was a reduction of almost 26 per cent in run-off-road killed and serious injury crashes.

The independent research established that the net present-value return for the program was estimated at just over \$100 million, indicating there were cost savings to the community of \$2.10 for each \$1 invested. Review results are highly encouraging, demonstrating program effectiveness.

ROAD EFFICIENCY

PROVIDING RELIABLE AND EFFICIENT MOVEMENT OF PEOPLE AND GOODS

	2015	2016	2017
Program expenditure	\$749m	\$563m	\$263m

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:

- Widening of roads
- Strengthening of bridges
- Retrofitting to incorporate intelligent transport capabilities
- Delivering geometric improvements.

KEY PERFORMANCE INDICATORS

	Target	Actual	Status
% Network configuration - Roads	90	92	✓
% Contracts completed on time	90	68	✗
% Contracts completed on budget	90	93	✓

Looking Ahead

- Deliver infrastructure works from the Traffic Congestion Management Program
- Opening of the new Old Mandurah Traffic Bridge
- Upgrade 4-lane dual carriageway Armadale Road (Anstey Road – Tapper Road)
- Design and construct Wanneroo Road widening (Joondalup Drive to Flynn Drive)
- Progress Wanneroo Road and Ocean Road interchange
- Widening of Mitchell Freeway southbound (Cedric Street to Vincent Street)
- Progress Kwinana Freeway Smart Freeways/Intelligent Transport Systems (Canning Bridge to Narrows Bridge)
- Construction of an interchange between Roe Highway and Kalamunda Road
- Starting construction of the Bow River bridge
- Commencing the Wyndham Spur / Maggie's Jump Up project

KEY PROJECTS

Project	Total Project Cost (\$ million)	2016-17 Cost (\$ million)	Completion Date	Description
Metropolitan Region				
Graham Farmer Freeway / East Parade congestion works – Stage 5	13.0	7.4	December 2016	Provide additional through and turn lanes
Russell Road interchange	28.8	14.9	January 2017	Interchange upgrade
Kwinana Freeway – 3rd lanes – Stage 2	57.5	4.5	December 2016	Construct additional lanes – Roe Highway to Beeliar Drive / Armadale Road
Charles Street Bus Bridge and Busway Project	32.1	27.4	June 2017	Works carried out on behalf of Public Transport Authority
Mid West – Gascoyne Region				
Truck parking bays between Meekatharra and Kumarina	1.5	1.5	July 2017	Construction of heavy vehicle parking facilities
Pilbara Region				
North West Coastal Highway	4.2	4.2	June 2017	Widen road formation and install audible edge lines
Port Hedland – Bell Street	3.9	3.9	June 2017	Construction of road train assembly area
Great Northern Highway – various locations	2.1	2.1	February 2017	Widen road formation and install audible edge lines
South West Region				
South Western Highway – Donnybrook	5.4	1.5	March 2017	Widen road formation and install audible edge lines
South Western Highway – Balingup South Stage 2	2.9	2.7	March 2017	Reconstruct and Widen road formation
Coolup East Road	7.6	1.5	September 2016	Construction of bridge over Murray River
Wheatbelt Region				
Great Northern Highway – New Norcia Bypass	21.0	15.0	June 2017	Stage 2 – Muchea to Wubin
Narrogin Link Road – South Section	2.2	2.2	November 2016	Realignment of Collie Lake King Rd (Coalfields Rd)



**CASE
STUDY**

IMPROVING PUBLIC TRANSPORT TRAVEL TIMES

Working closely with the Public Transport Authority (PTA) we completed the Charles Street Bus Bridge and Busway Project on behalf of the PTA. Completion immediately resulted in significant travel time reductions on our northern suburbs bus network and in:

- Improved reliability of bus services throughout Northbridge
- Reduced traffic congestion along James Street west and the south end of Fitzgerald Street
- Enhanced on-time reliability for passengers and commuters
- Reduced travel times for bus passengers and improving travel time for other road users
- reduced bus operating costs.

To achieve these outcomes, the project team worked very closely with the City of Vincent, City of Perth, Bunning Lake Catchment Group and our Stakeholder Construction Reference Group to achieve collaborative outcomes that addressed community and stakeholder concerns. The project included designing and constructing 500 metres of new busway on Charles Street connected to a new bus bridge over Graham Farmer Freeway providing direct access to Perth Busport for around 16,000 public transport users every day.

This \$32 million project was completed on time in 18 months and incorporated other features such as a new southbound freeway off-ramp to Roe Street and pedestrian and cyclist facility enhancements on Charles Street in West Perth.

This project has significantly reduced bus and vehicle traffic from local roads and improved passenger and commuter travel time reliability. It has also improved accessibility and neighbourhood amenity for local residents and businesses in West Perth, North Perth and Northbridge. For more information on the project visit our website.



**CASE
STUDY**

MERGING IS LIKE CHILD'S PLAY

To help motorists adjust to new merge line markings we ran a five week education campaign to promote a new and improved way to merge. The campaign featured some of Perth's cutest toddlers, and the future drivers of tomorrow, teaching us the correct driver behaviour needed to merge safely and efficiently.

Jokes about merging and Western Australian drivers are well known but the reality is that merge points have often been congestion hotspots on our freeways and highways in peak periods. The problem stems from the need for free-flowing traffic to stop to allow for incoming vehicles, causing disruption to speed and traffic flow.

Prior to the dotted line markings at freeway and highway on-ramps, the vehicle in front would have right of way. This could cause confusion over vehicle priority, and created an issue as some drivers would speed to be placed in front.

As part of our Traffic Congestion Management Program we introduced dotted merge lines as a means of overcoming this problem with the aim of improving traffic flow enabling more effective merging. While new to Perth, this new way of merging is common practice in other Australian cities.

The campaign was supported by screenings in petrol stations, radio announcements, social media and portable electronic message signs at busy on-ramps on the freeway. To have another look at the merging message or to see the latest on our Traffic Congestion Management Program visit our website.

STATE DEVELOPMENT

FACILITATING ECONOMIC AND REGIONAL DEVELOPMENT

	2015	2016	2017
Program expenditure	\$123m	\$138m	\$337m

Government Goal

State building – major projects




Aim

Expand the road network in accordance with State and Commonwealth governments' 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	4.5	3.2	
% Contracts completed on time	90	40	
% Contracts completed on budget	90	100	

Looking Ahead

- Continue works on NorthLink WA - Swan Valley Bypass
- Complete works on Northlink WA – Tonkin Grade Separation
- Progress Murdoch Activity Centre – Murdoch Drive extensions to Roe Highway at Kwinana Freeway
- Advance grade separation of Wanneroo Road and Joondalup Drive
- Progress Armadale Road Bridge over Kwinana Freeway and extension to Northlake Road
- Widening Kwinana Freeway northbound Russell Road to Roe Highway
- Widening Karel Avenue (Farrington Road to Berrigan Avenue)
- Commence Kwinana Freeway – Manning Road on-ramp

KEY PROJECTS

Project	Total Project Cost (\$ million)	2016-17 Cost (\$ million)	Completion Date	Description
Great Southern Region				
Albany Highway – Down Road	1.6	1.6	December 2017	Construction of acceleration lane
Metropolitan Region				
Great Eastern Highway – Bilgoman Road to Mundaring Street	24.0	9.2	July 2017	Shoulder widening and intersection upgrades – Kinton Road to Mann street
Mitchell Freeway extension – Burns Beach Road to Hester Avenue	200.0	95.2	July 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	229.0	114.2	December 2017	Upgrade and grade separation between Collier Road and Benara Road
NorthLink WA – Swan Valley Bypass	787.0	97.7	September 2019	Construct new 37 km highway link from the Reid and Tonkin Highway intersection to Muchea
Wheatbelt Region				
Arthur River – intersection upgrade	7.5	7.5	June 2017	Construction of road deviation



**CASE
STUDY**

WESTERN AUSTRALIA'S BIGGEST ROAD PROJECT

NorthLink WA is the state's largest ever road project and will provide a state-of-the-art transport link between Morley and Muchea. It will reduce travel times and congestion and provide significant productivity benefits to the economy, industry, motorists and local communities. The project is an important part of the Transport @ 3.5 Million Plan which sets the vision for a generational change to Perth and Peel's transport network. The project will be constructed in three sections, known as:

- Southern Section, Guildford Road to Reid Highway
- Central Section, Reid Highway to Ellenbrook

Northern Section, Ellenbrook to Muchea. Significant progress has been made with contracts now awarded for all sections of the project. Work is well advanced on the southern section, whilst the Minister for Transport announced works commenced on the central section in June. Design work will begin on the northern section in the second half of 2017.

Overall the project will see Tonkin Highway upgraded to freeway standard between Collier Road and Reid Highway and a new 37-kilometre highway built between the Tonkin Highway and Reid Highway interchange and Muchea.

Stakeholder engagement has been a key focus in determining community benefits through the development phase, and is continuing during construction to minimise impacts on communities.

Commuters, tourists, freight and other road users travelling between Perth and the state's north currently use the Great Northern Highway. Traffic volumes on the highway are increasing, but there is limited opportunity for further upgrades. NorthLink WA will take the pressure off the Great Northern Highway by providing a new route for around 80 per cent of heavy vehicles.

Once complete, road users will enjoy a non-stop transport route between Morley and Muchea with improved journey times and productivity. For nearby communities, congestion on local roads will reduce as road users move to the better free-flowing route offered by this project improving community amenity.

In addition, four of our 15 most dangerous intersections will be replaced by state-of-the-art interchanges, including a freeway-to-freeway interchange at Tonkin and Reid highways. Throughout the length of the project a four-metre-wide pedestrian and cycle path will provide alternative transport for communities from the south, east and west to the north. This is an exciting and fast-moving project. For up-to-date information or to see a visualisation of what the result will be, visit our project web page.

CASE STUDY

MITCHELL FREEWAY EXTENSION USES NEW “DOG BONE” DESIGN

Mitchell Freeway is the primary transport route through Perth’s northern suburbs, having been extended in stages over the past 40 years. During that period, there has been rapid growth in the north-west metropolitan corridor averaging around 6,000 new residents per year.

This \$236 million project extends the freeway from Burns Beach Road to Hester Avenue and will ease congestion on local roads, improve traffic flow and stimulate investment to enhance further development of the area.

The project has been delivered under budget, providing six kilometres of dual carriageway, with capacity to expand to four lanes in the future, three new interchanges along with various improvements to surrounding roads. In addition shared paths for pedestrians and cyclists have been constructed.

A strong commitment to innovation and sustainability was imbedded in the project’s planning and delivery with a focus on reducing construction and maintenance costs and enhancing safety.

Reduced maintenance and running cost efficiencies of LED lighting installed along the freeway and principal shared paths will be measured to determine the suitability of retrofitting the existing lighting system along the freeway network.

We have also used a recycled and crushed glass sub base on a 150 metre section of Wanneroo Road to test for performance against quality and road lifecycle criteria. If it performs well the benefits will include reducing landfill and reliance on virgin quarry sites for limestone material.

Finally, we have implemented a design called a “Dog Bone” roundabout system to replace traffic signals at the Neerabup Road and Hester Avenue interchanges. This design will reduce maintenance costs, improve safety and traffic flow and reduce vehicle omissions. Project Director, Chris Raykos said “we have introduced these roundabouts and done away with signalised intersections on this project to improve safety and traffic flow while cutting installation and ongoing maintenance costs.”

DID YOU KNOW?



Approximately **90%** of project waste is recycled



Project mulch is **made in-house** from cleared vegetation



Over **300,000** endemic plants will be installed throughout the project area



Over **100** reptiles, **26** Bandicoots and **three** Brush-tail Possums were relocated prior to clearing activities



The design of the project’s bridge saved **1300t** of concrete and **108t** of steel reinforcement



A relocated Western shingleback (*Tiliqua rugosa*).



Bridge beams prior to installation



Fauna relocation

ROAD MAINTENANCE

PROVIDING A WELL-MAINTAINED ROAD NETWORK

	2015	2016	2017
Program expenditure	\$268m	\$345m	\$398m

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:

- 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	84	
% Preventative maintenance indicator	85	87	
Average \$ cost of network maintenance per lane kilometre of road network	6,750	7,197	

Looking Ahead

- Deploy new maintenance contracts
- Upgrade Cedric Street barrier
- Complete improvements to Roelands Hill section of Coalfields Highway

KEY PROJECTS

Project	Total Project Cost (\$ million)	2016-17 Cost (\$ million)	Completion Date	Description
Goldfields-Esperance Region				
Regional Project Maintenance	25.0	25.6	June 2017	Maintenance of the network
Great Southern Region				
Regional Project Maintenance	21.6	23.7	June 2017	Maintenance of the network
Albany Highway – Gordon River Bridge	1.5	1.5	October 2016	Bridge refurbishment
Kimberley Region				
Regional Project Maintenance	26.4	25.7	June 2017	Maintenance of the network
Metropolitan Region				
Regional Project Maintenance	78.9	80.4	June 2017	Maintenance of the network
Garratt Road – bridge repairs	5.0	4.0	August 2017	Pile repairs
Fremantle traffic bridge repairs	3.0	3.0	July 2017	Pile repairs
Street lighting cable and switchboard rehabilitation	10.8	2.8	June 2019	Various locations
Mid West – Gascoyne Region				
Regional Project Maintenance	31.3	31.7	June 2017	Maintenance of the network
Mid West – Gascoyne resurfacing program	9.2	9.2	June 2017	Spray seal, micro-surfacing and asphalt
Mid West – Gascoyne pavement rehabilitation program	3.3	3.3	June 2017	Various pavement rehabilitations
Pilbara Region				
Regional Project Maintenance	24.4	24.3	June 2017	Maintenance of the network
South West Region				
Regional Project Maintenance	20.9	29.7	June 2017	Maintenance of the network
Wheatbelt Region				
Regional Project Maintenance	30.6	32.2	June 2017	Maintenance of the network



**CASE
STUDY**

UPDATE ON NEW MAINTENANCE CONTRACTS

Over the past 12 months we have finalised and confirmed our new approach and contract model for each of our regional networks and we have successfully awarded the first two of 14 new contracts. Our new Asset Management Support Services Contract is in place providing our regions with support in operational asset management. As each of the existing arrangements expires, these new services will become available to each of our regions.

A key contract for the Kimberley direct-contracting trial has also been awarded and services began on 1 February 2017. This contract includes the provision of resources, plant, materials and traffic management services, as well as allowing for the delivery of other minor works packages as required. Our Kimberley Region road network includes 2,128 kilometres of road extending from the border with Northern Territory to the Sandfire Roadhouse between Port Hedland and Broome.

The key difference between the Kimberley contract and the contracts for other rural regions is that this contract provides resources aimed at routine maintenance and will sit alongside other planned maintenance contracts being rolled out for the region.

The next contracts to be awarded will be for Mid West – Gascoyne and Wheatbelt regions. Work is also progressing on the Request for Proposals and Expressions of Interest phases for the other regions in addition to state-wide contracts for bridges, electrical and line marking.

The review of our approach to delivering maintenance and minor works across the state followed five years of operating under our Integrated Service arrangements.

COMMUNITY ACCESS

IMPROVED COMMUNITY ACCESS AND ROADSIDE AMENITY

	2015	2016	2017
Program expenditure	\$42m	\$50m	\$48m

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
- Access for walking and cycling
- 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
% Year that 100 per cent of Main Roads State Road Network available	95	92	✓
% Community satisfaction with cycleways and pedestrian facilities	90	87	✓
% Contracts completed on budget	90	100	✓

Looking Ahead

- Upgrade Broome to Cape Leveque Road
- Deploy Bicycle Boulevard Program throughout the state
- Improve formation on Derby to Gibb River Road
- Opening of the Swan River Pedestrian Bridge

KEY PROJECTS

Project	Total Project Cost (\$ million)	2016–17 Cost (\$ million)	Completion Date	Description
Kimberley Region				
Broome to Cape Leveque Road upgrade	65.0	0.8	November 2020	Reconstruct and seal remaining unsealed section of road
Gibb River Road upgrade	3.1	3.1	June 2017	Reconstruct and widen seal east of Derby
Metropolitan Region				
Victoria Park Drive, Perth Stadium access road – install traffic signals	10.0	3.7	October 2017	Provision of intersections
Curtin Avenue and Forrest Street – Cottesloe	0.18	0.18	April 2017	Signalised pedestrian crossing
New Perth Stadium – Swan River Pedestrian Bridge	83.0	21.14	March 2018	Design and construct pedestrian bridge
Roe Highway – Principal Shared Path Bridge	5.70	5.8	July 2017	Design and construct bridge over Roe Highway and Orrong Road interchange



**CASE
STUDY**

PEDESTRIAN COUNTDOWN TIMERS FOR METRO AND REGIONAL AREAS

By making modifications to traffic signals we can improve pedestrian safety and traffic flow at a relatively small cost. This fits well with a key objective of the Traffic Congestion Management Program—to make the most of existing infrastructure.

Many successful initiatives involving traffic signal enhancements have been conducted as part of this program the most notable has been the introduction of pedestrian countdown timers.

The introduction of countdown timers, which replaced the flashing red person, informs pedestrians how many seconds they have left to cross the road. This means pedestrians are less likely to cross when there is not enough time to finish crossing safely, improving intersection efficiency for both pedestrians and motorists and helping motorists arrive more quickly at a destination.

After the initial trial in Perth CBD in 2014, countdown timers were expanded to 17 locations across the Perth metropolitan area. This year the program installed countdown timers to an even wider reach with 23 intersections covered including five regional sites—two in Geraldton, two in Kalgoorlie and one in Bunbury. The remaining 18 were installed at locations across the Perth metropolitan area.

Countdown timers are popular with pedestrians and motorists alike, positive feedback has been received since first installation. The countdown timers now form part of the approved Main Roads standards and will continue to be used to improve community safety and traffic flow as further sites are selected for improvements. For more information on where we have installed these devices or are planning to in the future visit our website.

ROAD MANAGEMENT

PROVIDING RELIABLE AND EFFICIENT MOVEMENT OF PEOPLE AND GOODS

	2015	2016	2017
Program expenditure	\$144m	\$150m	\$125m

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	87	✓
% Road network permitted for use by heavy vehicles B-Double -27.5m	96	97	✓
% Network configuration bridges strength	90	92	✓

Looking Ahead

- Deploy new Road Network Operations Centre
- Complete planning for construction of two-lane second carriageway for four kilometres on Reid Highway between Altone Road and West Swan Road
- Undertake planning and project development for Bunbury Outer Ring Road
- Commence project development for Leach Highway – upgrade of High Street between Carrington Street and Stirling Highway
- Undertake planning and project development for construction of a southbound on-ramp to Kwinana Freeway from Manning Road.

Network Operations – Achievements

Traffic Congestion Management Program

The Traffic Congestion Management Program was put in place to target low-cost, high-impact initiatives to get the most out of existing infrastructure while improving journey times for Perth road users. Many initiatives over the past 12 months made noticeable improvements to traffic flow. Initiatives include:

- Intersection upgrades at known congested hotspots including Graham Farmer Freeway and East Parade, Marmion Avenue and Hepburn Avenue, Marmion Avenue and Whitfords Avenue and Tonkin Highway and Kelvin Road
- Further roll-out of new merge lines at all highway on-ramps with accompanying driver education campaign to help improve driver behaviour enabling more effective merging
- Innovative approaches at more than 40 intersections, with traffic signals—including rolling out more flashing yellow ‘caution’ lights, pedestrian countdown timers and right-turn filtering
- Expansion of Incident Response Service to seven days and patrolling additional roads

Addinsight Pilot Project

We are installing 100 Bluetooth sensors to collect traffic data on the road network by using a system developed by our South Australian colleagues called ‘Addinsight’. This new and emerging technology, which is cheaper and less intrusive than existing technology, collects traffic data on the road network. The Bluetooth devices are placed at signalised intersections and freeway infrastructure to anonymously sense Bluetooth-enabled devices in passing vehicles within range. We will use this information to monitor travel time, identify excessive delays and prioritise problem sites and low-performance areas along a route. It will provide a valuable additional source of data for both historical network performance analysis and real-time operations. In the future, the system also has the capability to broadcast information to road users via an app creating a virtual Variable Message Sign.

Traffic Signal Timing Review Project

Even slight changes to signal timings can have significant benefits. Traffic signals require regular adjustment to stay up to date with changing traffic conditions and customer travel patterns. Over the past 12 months we have worked to optimise traffic signal timings at more than 400 sites on 23 routes across the metropolitan area, showing improvements to journey times along the routes despite increases in traffic demands. This year, the Traffic Signal Timing Improvement Project has achieved up to 14 per cent improvement on routes such as Great Eastern Highway eastbound from Farrall Road to Kalamunda Road in the PM peak.



Travel Time on Variable Message Signs

Travel time information will be published for road users on nine electronic freeway message signs on Kwinana and Mitchell Freeways. This information will assist road users in making informed on-route travel choices especially during busy times which helps to manage congestion and reduce driver frustration. The freeway travel-times are estimated using real-time traffic data from vehicle detection sensors embedded within the road surface. The information will show the estimated time in current traffic conditions that it will take to travel along the freeway to selected exit ramps.

Incident Management

Managing incidents is a key function in providing a safe and efficient road network for our customers. Traffic incidents and unwanted debris can cause congestion at any time of the day. Demand on existing emergency services to aid in managing these incidents has grown. Our Incident Response Service provides quick clearance solutions to help keep traffic moving by safely reinstating roads to normal conditions as quickly as possible after an incident. Following is a summary of incidents from across the state over the past 12 months. For more information on the expanded metropolitan incident management service refer to the case study.

Nature of incident	Goldfields– Esperance	Great Southern	Kimberley	Metro	Mid West – Gascoyne	Pilbara	South West	Wheatbelt	Total
Road Crash	13	22	3	1,495	31	18	81	52	1,715
Breakdown / Tow Away	3	3	2	1,336	3	9	4	8	1,368
Debris / Trees / Lost Loads	4	36	2	1,062	7	5	49	26	1,191
Flooding	20	16	18	37	21	31	4	19	166
Public Utilities (gas, water, power)	0	0	2	109	0	0	1	2	114
Bushfire	2	3	21	31	1	14	13	7	92
Animal / Livestock	2	6	1	58	0	9	3	3	82
Hazmat (including spills)	1	1	0	50	1	0	4	1	58
Vehicle Fire	0	4	0	36	3	5	3	1	52

Heavy Vehicle Achievements

In Western Australia road transport is one of the key factors behind the success of the resources and agricultural sectors which are major contributors to the nation's economy. As a state, we export 43 per cent of the nation's exports by value and 60 per cent by weight. Both sectors require large volume, long distance transport to support production and to export production outputs. The remote and long distance nature of our freight task means specific transport challenges arise due to vast distances, small population, climatic extremes and demanding road geometry. The use of innovation, data and technology is essential to ensure our economy continues to grow and contributes to the nation's prosperity.

Our challenge is to assist facilitation of trade through:

- Understanding global end-to-end supply chain trends
- Identifying and resolving first and last mile issues
- Reviewing legislation to enable government to become more agile and responsive
- Working closely with the transport industry and academia to embrace technology and provide a safe, competitive and productive freight environment
- Ensuring that we are providing safe heavy vehicle access, which takes into consideration all road users while ensuring asset sustainability.
- Vehicles in excess of 19 metres long, 4.3 metres high, 2.5 metres wide or greater than 42.5 tonnes gross mass are classed as Restricted Access Vehicles (RAV). We regulate RAV access to the State Road Network via a system of notices and permits, and are developing and implementing measures to improve efficiency, road safety, community amenity and the preservation of road infrastructure. Following are initiatives progressed over the past 12 months.

Efficient Movement of Freight, Road Safety and Protection of the Road Asset

The RAV Network Access Strategy has been developed in consultation with our colleagues at Department of Transport and the Western Australian Local Government Association. The RAV Network Access Strategy aims to deliver Strategic Road Freight Networks which will enable asset owners to focus limited maintenance funds to ensure the bulk of road freight movements are using roads that are fit for purpose. The State Road Network will be the primary freight route, with agreed local government roads forming the secondary freight network. We have been consulting with local governments across the state via our Regional Roads Group Forums. The long-term goal is for all roads forming part of the Strategic Road Freight Network to be upgraded to accommodate at least of RAV Network 7 or 36.5 metre long combinations.

Exploring Heavy Vehicle Technology

A trial of 36.5 metre long road train access was conducted in collaboration with the City of Kwinana from April 2016 to May 2017 to improve heavy vehicle access to Kwinana Industrial Area. Technology was used to monitor heavy vehicle movements and to trial a proof of concept for road maintenance contributions, using distance location data from in vehicle devices. During the trial, using 36.5 metre road trains for the transport task meant there was a reduction of up to 50 per cent in heavy vehicle movements, resulting in improved safety, efficiency and productivity. The maintenance contribution provided an understanding of the mechanisms and implications of administering a maintenance contribution scheme in a local government context and tested industry support and willingness to pay a road maintenance contribution where there is a productivity saving because of improved access. The learning, testing of assumptions and collection of road data generated through this trial will inform future work in the development of a sustainable model for maintenance contributions on state and local government roads.

Smart plate initiative

In December 2016, Main Roads in collaboration with Department of Transport (DoT), the Cisco Internet of Everything Innovation Centre, Curtin University, Edith Cowan University, Murdoch University and the University of Western Australia conducted a Heavy Vehicle Services hackathon over a two-week period. The event brought together nine teams from the four universities to research the viability of integrating the Global Navigation Satellite System and a mobile network enabled, self-powered devices into a heavy vehicle number plate and to provide a concept design. This 'SmartPlate' concept is a world first and will help to position Western Australia at the forefront of using technology to deliver safety-driven access and productivity initiatives. Using technology and approaches like this we will continue to work collaboratively with industry and other partners to deliver a range of innovative solutions aimed at increasing the safety, access and productivity of the heavy vehicle industry. An explanation of the project is available on our YouTube account.

Planning and Technical Achievements

Traffic Speed Deflectometer

New technology will enable us to undertake a snapshot of the condition of the entire road network, including strength, as an essential baseline for the new generation of network-wide maintenance contracts. In March 2017 we entered into a three-year arrangement with ARRB Group Ltd utilising recently acquired Danish technology to collect strength plus all other road condition data across the entire State Road Network. This technology has been used successfully in Europe and for approximately three years in Queensland, New South Wales and New Zealand.

Road agencies in Australia have used automated road condition data collection systems for almost two decades. Existing technology allowed us to capture rutting, roughness, texture, cracking and video data in a single vehicle travelling at the posted speed limit. However, the assessment of strength of the pavement, known as Falling Weight Deflection, had been limited to manual, stationary, point-based testing. This testing was slow, costly and required significant traffic management therefore data collection was only on a small sample of our network.

Armadale Road to North Lake Road Bridge

Over the past three years our planning team has undertaken detailed planning and traffic assessments to find options for a link between Armadale and North Lake Road, bypassing the traffic congestion in the Cockburn Central area. The recent announcement of funding for the Armadale Road to North Lake Road Bridge project is the culmination of this work, designed to deliver an effective solution supporting a world-class, safe, reliable and sustainable road-based transport system.

We undertook an assessment of the requirements for the transport and road network in the area, in close collaboration with stakeholders. This assessment identified and confirmed a new alignment was the preferred option. We then moved to the next stage developing a detailed concept for the new alignment. Our team considered a wide range of issues, including property impacts, access, drainage requirements and service impacts, and undertook consultation with key stakeholders including the City of Cockburn. The concept included innovative duck-and-dive grade separations with roundabouts at the two major intersections along the route. Early in 2017, the project was allocated funding and has now moved to the project development phase which will seek the required project approvals and clearances for construction to commence in 2019. For more information and the status of the project go to our website.



**CASE
STUDY**

EXPANDED INCIDENT RESPONSE SERVICE

As Perth continues to grow, so does demand on our services to respond in a timely manner to incidents and debris on our roads. The Incident Response Service (IRS) has expanded to operate on weekends and cover more roads, allowing us to keep up with demand and keep our customers moving. This, in turn, improves journeys for our road users across the State Road Network. The current 12-month trial expansion which commenced in late February 2017, includes

- New coverage for weekends, using the latest generation incident response vehicle and operations
- Comprehensive weekend coverage with both Saturday and Sunday covered from 7am to 6pm for Perth's freeways, highways and CBD roads
- Additional mid-week patrols, where applicable.

The changes grew from the Traffic Congestion Management Program evaluating the level of service and operating hours of our IRS, which was first launched in the Perth metropolitan network in November 2012. Prior to the service expansion IRS operations were Monday to Friday in Perth CBD from 7am to 6pm; Kwinana and Mitchell Freeways between Reid Highway interchange through to Roe Highway interchange from 5am to 7pm; and Graham Farmer Freeway and Northbridge Tunnel from 5.30am to 6.30pm

The first weekend of the expanded service saw IRS team members go above and beyond in the quest for excellent customer service. One of the nine incidents attended involved rescuing a woman whose motorised wheelchair had become bogged in deep sand at footpath works. The IRS team leapt into action, not only fixing the chair but assisting her in her journey home. Visit our website to see more information about the services the IRS team provide and to see videos of the teams in action.

BUSINESS ACTIVITIES

ACHIEVING THE GOVERNMENT'S GOALS

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

This section has information on how we:

Manage the environment	57
Improve customer experience	68
Develop our people and know-how	75
Enhance safety, health and wellbeing	81

MANAGING THE ENVIRONMENT

COMMITTED TO RESPONSIBLE ENVIRONMENTAL STEWARDSHIP

Aim

We are committed to protecting and enhancing the natural environmental and social values in all our activities.

Approach

Our staff and others working on our behalf will:

- Recognise the importance of the natural environmental and social values and the broader benefits that these values provide to the community
- Foster strategic relationships with community and other stakeholders to contribute to the management of environmental values
- Facilitate environmental governance of our activities to deliver broad community benefit through the inclusion of environmental requirements in planning, programming, constructing and maintaining processes
- Communicate publicly our environmental policy and our environmental performance.

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 CO ₂)	29,743	23,894	✓
Community perception of sustainability	90	85	✓

Looking Ahead

- Revising our state-wide clearing permit with the aim to improve the quality of assessment and the timeliness of processing. Any changes to the permit conditions will need to be publicly advertised before approval by the Minister
- Improving environmental management in our maintenance activities and in our projects by improving our environmental specifications and requirements
- Reviewing opportunities to minimise clearing in highly cleared landscapes whilst delivering safety improvements along the road network
- Increasing support and training in protecting Aboriginal heritage values, reflecting the high risks associated with our activities
- Developing the environmental module of EQ Safe, an electronic incident management system that will improve root cause analysis of incidents and non-conformance, and allow live dashboards of environmental and safety data to be produced.
- Developing sustainability performance measures
- Continuing with adoption and deployment of the Infrastructure Sustainability Ratings tool.

Our Unique Environment

As managers of the State Road Network we acknowledge that our actions have the potential to cause negative environmental impacts to Western Australia's unique environment. Our state is widely recognised as having unique and special flora and fauna species, which can be impacted by our operations. Significant numbers of threatened species are located or have habitats within the road reserve, as shown in the following table.

NUMBER OF THREATENED SPECIES WITH HABITATS LOCATED IN THE MAIN ROADS ROAD RESERVE

IUCN Classification	Flora	Fauna	Total
Critically endangered	31	2	33
Endangered	24	14	38
Vulnerable	27	25	52
Near Threatened	530	35	565
Total	612	76	688

Data for flora was obtained from Western Australian Herbarium and Threatened Priority Flora records maintained by the Department of Parks and Wildlife (DPAW) in June 2017. Data for fauna species was obtained from the state Threatened Fauna records maintained by DPAW in June 2017. Note that the majority of near threatened flora and fauna species are not recorded or reported. None of the flora and fauna species of least concern (i.e. no ranking) have been reported here.

The IUCN classification is based on the following state and Commonwealth classification of flora and fauna

IUCN Red List Ranking	State Classification	Commonwealth Classification
	As listed under the Western Australian Wildlife Conservation Act 1950	As listed under the Environmental Protection and Biodiversity Conservation Act 1986 (Cwth)
Critically endangered	Critically endangered	Critically endangered
Endangered	Endangered	Endangered
Vulnerable	Vulnerable	Vulnerable
Near Threatened	Priority 1, Priority 2, Priority 3 and Priority 4	No ranking
Least Concern	No ranking	No ranking

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; and areas with 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.

Approach to Minimising our Impacts

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

Activities that have the potential to cause a negative environmental impact are investigated in further detail through an Environmental Impact Assessment (EIA) to identify the type and extent of likely changes that the activity will have on the environment. Recommendations identified by the EIA are incorporated into an Environmental Management Plan (EMP) which is tailored to the proposed actions and the environmental values at risk. An 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 offsite actions that will be implemented to provide an overall environmental benefit to counterbalance the negative environmental consequences of the action. Offset Proposals are specific to the environmental values being impacted and are implemented in perpetuity.

Where the environmental impacts are likely to be significant, we refer our projects to the relevant regulators of assessment. The regulator will decide whether 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 approval conditions have been met.

Aboriginal Heritage

We acknowledge the traditional custodians of Western Australia's lands and aim to protect Aboriginal cultural values wherever possible. We seek to achieve full compliance with statutory requirements and have developed an Aboriginal heritage process that ensures compliance with Western Australia's *Aboriginal Heritage Act 1972*. We also work closely with other state government agencies including the Department of Aboriginal Affairs and the Department of Premier and Cabinet to ensure strong Aboriginal heritage processes are established and followed.

We aim to avoid, minimise and reduce impacts to Aboriginal heritage sites wherever practicable. All our activities are screened for potential impacts in compliance with Due Diligence Guidelines using our internal Aboriginal Heritage Risk Assessment. We value the input and contribution of traditional owners and seek, via site surveys and other consultation processes, their advice and opinions regarding potential impacts. In our endeavour to protect Aboriginal cultural values we also liaise with other stakeholders including Prescribed Body Corporates, Native Title Representative Bodies, other Aboriginal Corporations and direct engagement with relevant community groups and traditional owners' informants. Where it is not possible to avoid an impact on an Aboriginal site, Main Roads seeks consent to undertake works from the Minister for Aboriginal Affairs under section 18 of the *Aboriginal Heritage Act*.

How We Stay On Track and Accountable

Environmental Policy

Our Environmental Policy establishes principles of environmental protection, impact-minimisation, conservation of natural resources and commitment to enhanced environmental performance. It is implemented throughout the organisation through management systems and processes. The key objectives outlined in our policy are:

- Deliver our services in full compliance with the obligations of environmental legislation and policy, as a minimum standard
- Manage environmental impacts of our activities through the hierarchy of avoid, minimise, rehabilitate and offset
- Contribute to a sustainable transport system through the delivery of products and services that minimise environmental impacts, conserve natural resources and also achieve positive social and economic outcomes
- Implement, maintain and continually improve an effective environmental management system compliant with ISO 14001:2015 across Main Roads activities.

Environmental Management System

Our Environmental Management System (EMS) covers our processes and activities that have the potential to impact on the environment and ensures compliance with our environment and heritage compliance obligations. It provides the framework for driving environmental requirements throughout our leadership, planning, support, operation, performance evaluation and improvement actions. Through the implementation of our EMS we enhance our environmental performance, fulfil our compliance obligations and achieve our environmental objectives. We continue to maintain our EMS certification under ISO14001:2015 and made some key improvements this year including:

- Rolling out Regional Environmental Management Plans for each of our regions
- Reviewing the environmental content of the Rural Network Contracts
- Updating the environmental content of Specification 204
- Developing a template for Depot Management Plan
- Increasing internal audits to ensure environmental compliance with approval conditions.

Key Achievements

Environmental Management of Road Projects

This year we screened 298 projects for potential environmental impacts and determined that 160 of these projects required further investigations through an Environmental Impact Assessment. We referred 13 proposals to the Environmental Protection Authority or the Commonwealth with four projects assessed by the regulator. The table summarises the number and assessment level of our projects over the past three years.

Level of Environmental Assessment	2014	2015	2016
Number of road projects subjected to environmental screening	182	357	298
Number of road projects for which environmental impact assessment was conducted	87	235	160
Number of road projects referred for possible assessment under state and/or Commonwealth legislation	18	16	13
Number of road projects assessed under state or Commonwealth legislation	4	5	4

Data is based on calendar year.

Sustainability Assessment in Projects and Operations

Main Roads has adopted the Infrastructure Sustainability (IS) rating tool, Australia's only comprehensive rating system for evaluating sustainability across design, construction and operation of infrastructure, for our highest value major projects. All major infrastructure projects exceeding \$20 million utilise the IS framework as part of project development and evaluation. Three programs and one individual project have been registered for an IS Rating, with a further two in the process of submitting for a Design Rating. Stand-alone public sustainability reports are produced for our projects with IS obligations. This year Great Northern Highway Muchea to Wubin Stage 2 Upgrade, NorthLink WA – Southern Section: Guildford Road to Reid Highway and Northlink WA – Central Section: Reid Highway to Ellenbrook have submitted a public Sustainability report. For more information on IS and to view the project Sustainability reports please go to our website.

The following table lists all projects greater than \$100 million that have been formally registered for an IS rating and their current status.

Program	Project	Current Rating Phase	Target Rating	Tracking Status
Great Northern Highway Muchea to Wubin Stage 2 Upgrade	Muchea North	Design	Commended	Commended
	New Norcia Bypass	As Built	Commended	Excellent
	Walebing	Design	Commended	Commended
	Miling Bypass	Design	Commended	Commended
	Miling Straight	As Built	Commended	Excellent
	Pithara	Design	Commended	Commended
	Dalwallinu to Wubin	Design	Commended	Commended
NorthLink WA	NorthLink WA Southern Section	Design	Excellent	Excellent
	Northlink WA Central Section	Design	Excellent	-
	Northlink WA Northern Section	Design	Excellent	-
Mitchell Freeway	Mitchell Freeway Extension	Commended	Commended	Commended
Metropolitan Roads Improvement Alliance	Armadale Road	Not commenced	Excellent	-
	Murdoch Activity Centre	Not commenced	Excellent	-
	Wanneroo Road Duplication	Not commenced	Excellent	-

The following table provides information on projects valued between \$20 and \$100 million and subject to internal self-assessment using the IS rating tool and current status.

Project	Current Phase	Target	Tracking Status
Charles Street Bridge and Busway	As Built	Commended	Commended
Swan River Pedestrian Bridge	As Built	Commended	Excellent
Passing Lanes Great Eastern Highway (Southern Cross to Kalgoorlie)	Complete	Commended	Commended
Nicholson Road Bridge Over Rail	Design	Commended	Commended
North West Coastal Highway - Mia Mia to Barridale	Complete	Commended	Commended
Old Mandurah Traffic Bridge	Design	Commended	Commended

Clearing, Revegetation and Offsets

Given the nature of our business, it is not always possible to avoid the clearing of native vegetation and in 2016 we cleared approximately 487 hectares of native vegetation. Where avoidance is not possible, and after seeking to minimise and reduce our impacts, we then seek to offset our impacts. Offsetting impacts from clearing native vegetation is primarily achieved in one of three ways. It may include one or a combination of: rehabilitating and revegetating degraded landscapes to provide a positive environmental outcome; acquiring and adding land to the conservation estate; or providing funds to the Western Australian Offset Fund for the acquisition and addition of land to the conservation estate.

In 2016 we revegetated 287 hectares of land, of which 3 hectares was revegetated as an offset in perpetuity. We acquired 3,285 hectares of land for addition to the State's Conservation Estate. In 2016 we contributed \$3,077,979 to the Western Australian Offset Fund for the purchase and addition of 691 hectares of land to the conservation estate. Further information regarding approved project offsets can viewed via the Commonwealth website (<http://epbcnotices.environment.gov.au/publicnoticesreferrals/>) or the Government of Western Australia Environmental Offsets Register (<https://offsetsregister.wa.gov.au/public/home/>).

The following table summarises our clearing, revegetation and offset activities over the past three years.

		2014	2015	2016
Clearing (ha)		536	424	487
Total revegetation (ha)		297	176	287
Offset				
Revegetation (ha)	(a)	73	67	3
Land acquisition (ha)	(b)	74	None settled	3,285
(Value of land acquired (\$))		(370,119)		(16,642,883)
Financial contribution (\$)		1,232,634	971,848	3,077,979
(Area of land to be acquired using the financial contribution (ha))	(c)	(334)	(216)	(691)
Total offset (ha)	(a+b+c)	480	283	3,979

Data is for the calendar year.

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

Management of Aboriginal Heritage Sites in Road Projects

This year we screened 451 projects, via our internal Aboriginal Heritage Risk Assessment process, for potential impacts to Aboriginal Heritage Sites. Forty-two were subject to further assessment. These further assessments concluded that 18 projects might have an impact to Aboriginal sites of importance and were submitted for approval under section 18 of Western Australia's Aboriginal Heritage Act 1972.

	2014	2015	2016
Aboriginal Heritage Risk Assessments	318	388	451
Further Impact Assessment (Archaeology/Ethnography/Anthropology)	*	*	42
Section 18 Applications Granted**	0	12	18

*Data not reported in 2014 or 2015. Data is based on calendar year.

**Applications under the Western Australian Aboriginal Heritage Act 1972 granted between 1 January to 31 December.

Management of Environmental Incidents

Our environmental incident reporting and investigation process reflects the risk classification process adopted across the Transport Portfolio agencies, with five categories of incidents (catastrophic, major, moderate, minor and insignificant) replacing the three categories we previously used. In 2016 there were no incidents classified as catastrophic, two incidents classified as major and nine classified as moderate. The two major incidents were:

- Works commenced within a registered Aboriginal heritage site without obtaining prior approval under section 18 of the Aboriginal Heritage Act. Works were stopped immediately and the incident was reported to the Department of Aboriginal Affairs. Works recommenced once the appropriate approvals were received
- Works commenced prior to obtaining a permit for undertaking works within a development control area of the Swan and Canning River. Works were stopped immediately and the incident was reported to the Rivers and Estuaries Branch of Department of Parks and Wildlife. Works recommenced once the appropriate approval was received

The nine moderate incidents didn't incur any penalties or financial sanctions and we addressed these procedural failures through training, changes in processes and increased compliance audits to ensure they are not repeated.

In 2016 there were no third-party incidents classified as catastrophic, no incidents classified as major and four incidents classified as moderate. The four moderate incidents were related to spills of pollutants or contaminating materials.

Emissions and Energy

The development, operation and use of a road network consumes energy and generates emissions in numerous forms. The predominant impacts from energy and emissions fall outside our direct control and arise from use of the road network itself. Road transport makes up 15 per cent of Australia's total emissions and has been the highest growing source of emissions since 1990. We estimate that the road network generates carbon emissions at a rate of 295.6 tCO_{2-e} per million vehicle kilometres travelled (MKVT). In 2016-17 MKVT was 29,434 and thus emissions were approximately 8.7m tCO_{2-e} from use of the road network. Our current approach has focused on reducing our direct energy use and emissions generation but we are aware of our ability to influence outcomes from our contracts and from the road network use. For example, NorthLink WA has specified high fuel efficiency construction equipment to reduce diesel consumption and pollution. All diesel heavy duty and light vehicles need to comply with a minimum emissions standard. It is estimated that 1,200 tonnes of CO_{2-e} will be saved during construction.

Carbon Reduction Plan

We have a Carbon Reduction Plan and Target (5 to 15 per cent reduction on 2010 levels by 2020) focused on Scope One and Two emissions and have been progressing a Climate Change Adaptation Plan since 2011. Our total emissions across our facilities over the past year were 23,894 tCO_{2-e}, achieving our target which was to be below 29,743 tCO_{2-e}. A trial of highway standard LED street lights is being implemented on the Mitchell Freeway Extension. This trial has seen the adoption of 330 LED lights replacing the traditional High Pressure Sodium street lights. It is estimated that there will be a 20 per cent reduction in ongoing energy use or an annual saving of 56 tCO₂. We are looking to expand our focus for emissions reductions to managing the emissions generated on our projects and maintenance activities and encouraging our project partners to reduce emissions from their activities.

ENERGY USAGE AND GREENHOUSE GAS

Scope 1 or 2 and 3			
GHG source (tCO _{2-e})	2015	2016	2017
Fuel	3,339	2,833	2,860
Street and traffic lights	17,773	18,759	16,804
Buildings	5,109	4,978	4,230
Air travel	255	263	271
Maintenance fuel use	9,803	8,405	8,010
Offsets	-1,663	-2,879	-1,183
Total	34,616	32,359	30,992

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

Scope 1 or 2 and 3			
GHG Category (tCO _{2-e})	2015	2016	2017
Scope 1	3,202	3,000	3,046
Scope 2	21,583	23,571	20,848
Sub Total	24,785	26,571	23,848
Scope 3*	12,037	11,073	11,381
Offsets	-1,663	-2,879	-1,183
Total	23,122	23,692	22,711

ENERGY USE BY SOURCE

Energy source	2015	2016	2017
Electricity Usage (MJ) (within)	102,319,321	112,676,588	105,404,169
Fuel and Gas Usage (MJ) (within)	47,823,922	44,555,099	45,095,868
Maintenance (outside)	140,543,244	119,369,318	23,848
Projects (Outside)	–	–	182,667,872

Climate Change Adaptation

We have identified more than 50 kilometres of State Roads that have been assessed to warrant earlier, more detailed evaluation for the impacts of climate change. The indicative replacement value of this at-risk infrastructure is in the order of \$106 million. A key aspect of our Sustainability Policy is climate change. During the year a Key Aspect Management plan for Climate Change covering our standards and asset management practices was endorsed, with the intent to progressively adapt our infrastructure and business practice for our key climate risks. An example of the treatments in current infrastructure is the design of the Swan River Pedestrian Bridge which includes a rock wall providing foreshore protection which was designed to allow for overtopping and an additional 0.45m for potential river level rises due to sea level rise was adopted in overall bridge design and secondary structures.

Materials for Road Building

Natural materials are crucial in road building. Main Roads' philosophy on materials use is to minimise lifecycle impacts, including embodied energy, and follow the hierarchy of reduce, re-use where possible, and recycle materials to their highest end use possible. When obtaining road-building materials, we endeavour to avoid clearing natural vegetation. On-site materials unsuitable for use in road construction are used, as appropriate, for rehabilitating areas where road-building materials were obtained.

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. Treatment options focus on extending life of assets rather than replacement, including strengthening or stabilising in situ materials when they are no longer performing. The briefing note on our recycling practice provides guidance on current accepted recycling practice. Specifications for the use of recycled road building materials can be found on the Standards and Technical website.

IMPORTED ROAD CONSTRUCTION MATERIALS

Indicator	2015 (000)	2016 (000)	2017 (000)
Sand (t)	276.3	354.0	768.7
Gravel (t)	761.9	1,506.8	1,244.4
Crushed rock (t)	316.4	409.5	404.3
Limestone (t)	119.5	142.0	462.2
Aggregate (t)	29.4	72.9	83.8
Asphalt (t)	202.7	5,750.2	1,199.0
Other (t)	453.8	915.3	1.8
Kerbing, barriers, bridges and concrete culverts (t)	53.1	1,064.8	244.9
Other (t)	21.0	7.4	0.8

WASTE MATERIALS TO LANDFILL (WASTE)

Resources Recycled Indicator	2015 (000)	2016 (000)	2017 (000)
Kerbing (m)	0.0	1,097	8,947
Pavement/footpath (m ²)	138	2,426	442
Existing seal (m ²)	57,490	3,464	212
Unsuitable material (m ³)	26,008	15,808	3,607
Other (m ³)	22,199	3,675	2,559

MATERIALS RECYCLED

	2015 (000)	2016 (000)	2017 (000)
Rehabilitation purposes (t) – unsuitable material	15.0	8.7	4.3
Sand (t)	474.2	19.24	5.4
Road base (t)	1.6	6.4	0.0
Asphalt/Profiling (t)	11.0	23.0	12.2
Steel (t)	0.0	0.2	0.9
Concrete (t)	1.4	0.3	6.7
Office waste (t)	0.0	1.6	3.2
Other (t)	0.0	96.97	0.0
Total (t)	503.3	156.5	32.7

Data is based on calendar year.

Waste Management: Roadsides, Buildings and Facilities

Roadside waste across the entire state road network requires ever-increasing attention to control. We are collaborating with key stakeholders, interested parties and community groups to implement a consistent litter management approach for the state whilst taking into account individual regional requirements. A State Wide Litter Plan has been developed with the primary objectives to educate road users to take their litter with them and reduce the occurrence of litter and illegal dumping through greater public awareness, increased community buy-in and participation in litter reduction programs and behaviours.

Our commitment to improved waste management practices is evident in the design, construction, operation and ongoing management of our offices and depots. Our new Northam office is a great example of this, incorporating waste management principals in its design and construction to achieve 5-star Green Star and NABERS ratings. This resulted in 80 per cent of waste being diverted from landfill during demolition and construction. We also have a suite of waste avoidance strategies across our offices and waste management plans for our depots that include a variety of materials, such as asbestos, concrete, steel, aluminium, batteries and waste oil. The separation of general office waste and recyclables is encouraged by providing paper, battery and printer cartridge recycling facilities.

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. The following shows our water use figures over the past three years.

Type	2015	2016	2017
Buildings (kl)	32,840	32,851	39,432
Construction scheme (kl)	9,071	176,954	18,707
Construction groundwater (kl)	66,798	13,721	68,389
Surface water or recycled water (kl)	15,240	251	112,192



**CASE
STUDY**

USING MINING WASTE ON ROADWORKS

Due to a lack of suitable road-building materials on the Great Northern Highway between Halls Creek and Warmun, a trial was undertaken in the Kimberley Region using mine waste rock from the Savannah nickel mine. This material was crushed to produce a rock-base pavement material and was blended with suitable local naturally occurring materials.

Laboratory testing on trial materials ascertained the best performing blend ratios and an 800-metre trial section was selected on the Ord River Bridge approach at the southern end of the work site. The trial section was constructed in two parts, each 400 metres in length; one part was constructed by grader and the remaining part by rotary hoe, with both sections then being sealed.

The new pavement has been used for 12 months and has been subjected to above average rainfall and continues to perform well. Some of the benefits from using this material are:

- The large quantity of material available (500,000 tonne) at the location, so one crushing and screening contract can be established to deliver material for several projects at once.
- The absence of delays through seeking environment and heritage approvals.

- Premium-grade pavement material is used in an area of the road network that carries very heavy vehicles associated with mining activities. This should reduce maintenance.
- Costs are reduced as the mine site is in the area of need. Suitable naturally occurring base course gravels are very scarce and would otherwise have to be sourced from locations with longer cartage distances and higher costs.
- Construction costs are reduced because this material will not need stabilising, in contrast with other local materials that are generally substandard and require cement stabilising.

Testing continues and if results remain positive we can explore opportunities to expand this approach where it is an appropriate and viable solution.

IMPROVING CUSTOMER EXPERIENCE

Aim

Providing a transport network centred on what our customers need and value

Approach

- Working with our customers to understand what they need and value
- Ensuring consistent communications
- Seeking to improve our customers' experiences
- Encouraging shared vision and commitment
- Demonstrating a proactive, whole-of-government approach to transport outcomes

KEY PERFORMANCE INDICATORS

	Target	Actual	Status
% Overall satisfaction with our performance	90	87	✓
% of calls self services	20	16	⊕
% Customer Centre resolving enquires at first point of contact	80	73	⊕

Looking Ahead

- Deliver the “Improving Main Roads Digital Presence” project which seeks to ensure a digital presence effectively servicing customers' needs in a way that minimises resource requirements
- Engage with the community to review and further develop customer segments and needs
- Develop a corporate stakeholder engagement plan and measures to determine effectiveness
- Audit and review existing Advisory Groups

Introduction

Our goal is to provide consistent communications and services of value to our customers by understanding their needs. Through profiling and segmenting we seek to understand how our customers use the network and what their information requirements are. Over the next year we will be seeking input from our customers to assist in defining their needs and what they value in terms of transport outcomes. Customer experience has three key focus points.

- **Community engagement:** Moving towards partnering with the community through utilising the knowledge, views and expertise of the community to guide sustainable outcomes in our decision-making
- **Stakeholder engagement:** Partnering with stakeholders by utilising their knowledge, views and expertise to guide sustainable outcomes in our decision-making
- **Customer experience:** The holistic experience our customers and stakeholders have with us, recognising that they are likely to engage at different times in all categories of business and via multiple touch points. Good customer experiences create the strongest possible reputation within the community for Main Roads. We want to be recognised as an organisation with world-class outcomes for our customers, achieved through a safe, reliable and sustainable road-based transport system.



Customer Segments, Needs and Commitments

As part of the first phase of our Customer Experience Initiative we have identified the following customer segments:

- **Data and Technical Information**
Customers who want or require easy access to our data and information
- **Feedback and Involvement**
Customers who want to be heard and considered
- **Approvals and Advice**
Customers who want/need approval processes and/or advice
- **Travel Experience**
Customers who want a safe and reliable travel experience

The next steps of the Customer Experience Initiative are to validate, prioritise and weight the customer segments and to identify and test complimentary needs and commitments. We will then feed these into the redevelopment of our customer experience and the “Improving Main Roads Digital Presence” project.

Community Perception Survey

Our Community Perception Survey has been conducted annually for more than 20 years giving us information on how the community perceive overall performance in the areas of safety, maintenance and the provision of cycleways and pedestrian facilities. The following table shows this year's results.

Satisfaction with	2015 (%)	2016 (%)	2017 (%)
Our overall performance	96	91	87
Road safety	94	91	90
Provision of cycleways & pedestrian facilities	76	83	87
Road maintenance	95	88	84
Sustainability*	-	-	85

*Collected for the first time in 2017

As part of the survey we also asked the community to rate our performance on a range of factors. The following graph shows those results compared against last year's responses. Outcomes are similar, with a positive element being the increased satisfaction around managing traffic congestion.

OVERALL MEASURES

Total % Okay,
Good & Excellent

						2017	2016
Setting safe speed limits	5	12	14	48	22	84	83
Providing parking and rest areas for trucks	5	14	15	50	15	81	84
Keeping roadsides and verges well maintained	5	15	14	52	14	80	81
Providing dedicated lanes for busses and taxis	5	16	15	49	15	79	83
Providing easy to access, real time information on traffic delays, hazards and congestion	5	17	18	46	14	78	78
Providing infrastructure for heavy vehicles to access the road network	5	19	19	45	12	76	78
Building new roads and adding new lanes	7	18	16	47	12	75	81
Managing traffic congestion	11	27	19	36	7	62	58

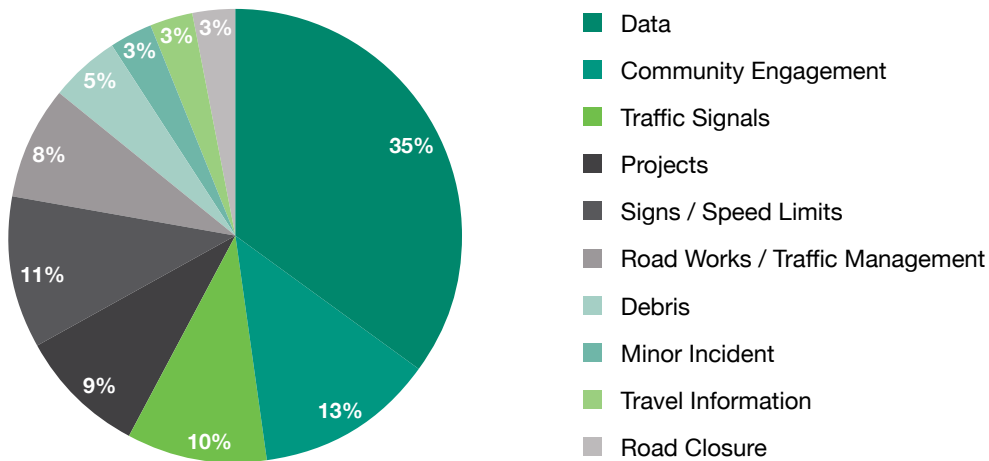
Terrible
 Poor
 Okay
 Good
 Excellent

Customer Feedback

We value customer feedback and regularly report on and investigate trends and issues, to provide insights for and to help 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. The types of feedback received from all sources across the past 12 months are shown below.

Customer Requests

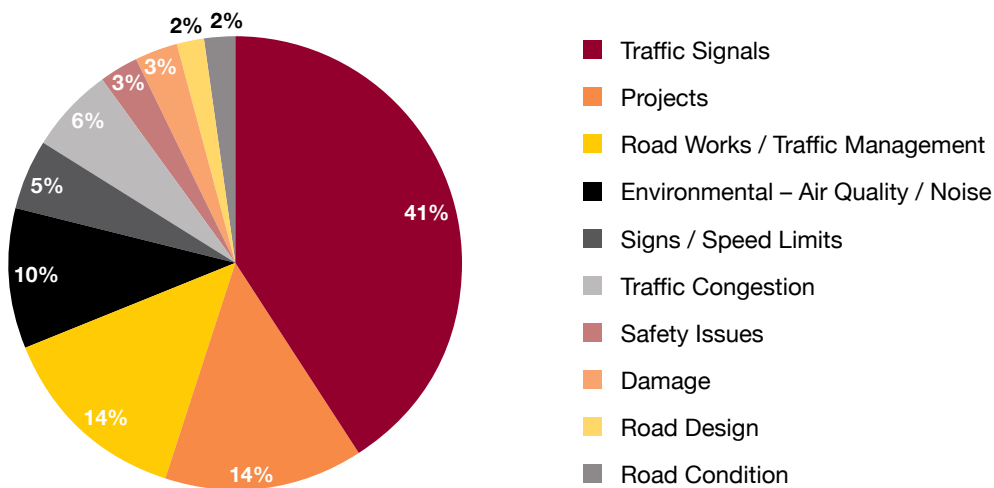
This year we received almost 7,000 customer requests. The top 10 categories are shown and represent almost 65 per cent of all customer requests.



N: 4187

Customer Complaints

This year we received almost 3,400 customer complaints. The top 10 categories are shown and represent almost 80 per cent of all customer complaints.



N: 2542

Customer Information

We provide a 24-hour-a-day, 365-day-a-year service through our 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.

Customer Contact Statistics	2015	2016	2017
Telephone calls	119,400	124,664	103,531
Number of calls self-serviced*		22,817	16,409
Email enquiries	21,270	21,046	30,474
% Enquiries to Customer Centre resolved at first point of contact	91	86	73

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

Complaints Handling Process

We provide an accessible, fair and equitable complaint handling process, meeting Australian Standard for Complaints Handling, AS ISO 10002 – 2006. Fifty per cent of respondents to last year's complaints survey judged our handling of their complaint as satisfactory. This figure is based on our monthly complaints handling survey which aims to:

- Check compliance to process and commitments
- Assess customer perception
- Identify staff training requirements
- Investigate and resolve reasons for non-compliance
- Identify opportunities to improve customer experiences.

For more information on complaints or to understand our commitment to follow through on your concerns, please visit our website.

Digital Channels

In addition to our regular radio updates and early morning television crosses we also provide travel journey information on a range of digital channels. We support business areas within Main Roads, such as incident management, as we find this the best way to reach our customers. Following is an overview of our digital communication approaches.

Website

Our website continues to be a popular source of information for the community with more than 1.74 million visitors to the website from more than 200 countries during the year. Popular content includes:

- Travel planning information, with Alerts being the most visited area of the site
- Heavy vehicle services
- Project information including NorthLink WA, Mitchell Freeway and Roe 8.

Twitter

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

- Perth Traffic – 56,700 followers and 4,885 tweets, earning 10.8 million impressions
- WA Roads – 14,100 followers and 1,034 tweets earning 1.58 million impressions

Facebook

On our Facebook account, updates of what we are doing around the state help us stay in touch with the community. In the past year our Facebook following grew to just over 41,000. Our posts reached more than 3 million customers with Throwback Thursday (#TBT) continuing to be a community favourite.

YouTube

YouTube showcases some of our services, network changes and fantastic images of some of our construction projects. Our YouTube subscribers increased by more than 50 per cent to 381 over the past 12 months 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, started in January 2016, complements our digital channels. We have more than 1,400 followers and will continue developing our Instagram engagement with the community.

LinkedIn

LinkedIn allows us to engage with those specifically interested in Main Roads business and services. More than 4,200 experts and professionals follow and share our posts, providing another channel in a suite of communications tools.

Review of Digital Experience

The *Improving Main Roads Digital Presence* project seeks to move Main Roads from a digital presence that has grown organically to service a number of identified customer needs, to a digital presence that effectively services our customer needs in a way that maximises return on investment. The project commenced in June 2016 and will continue throughout 2017-18.



**CASE
STUDY**

ROAD CREWS GO ABOVE AND BEYOND

It has been a busy year on our regional roads with our work crews going above and beyond providing excellent customer services for the community. The following are just a few of the stories from across the state.

- Paul Marston from our Goldfields Esperance Region assisted a couple on holidays who had two tyres blow out, the last of which left them stranded between Norseman and Cocklebiddy. “Paul was fantastic; he sourced a spare tyre and remained with us until we were mobile once again. He was courteous, good humoured, honourable and knowledgeable.”
- An interstate motorist caught in traffic following a truck crash at Nambeelup Brook Bridge, praised the South West Incident Response team. Following the incident on Forrest Highway, the Team handed out detailed printed instructions with directions to get back on-track after the detour. “Never have I experienced this, I am so appreciative of this service as a visitor who was not familiar with alternative routes.”
- Our Port Hedland maintenance crew were praised by the Shire of Ashburton for assisting with Traffic Management at a truck fire which started a bushfire on Great Northern Highway near Auski Roadhouse. The emergency response team were thankful for the “crew undertaking their role effectively, allowing firefighters to focus on the incident not the traffic”.
- Bruce Clarke and Andy Drummond-Hay (Central Earthmoving) were recognised for their kindness following their work on Brand Highway. “I had a near miss on Brand Highway just after Regan’s Ford. Andy and Bruce gave a great helping-hand, I would like to say thank you for having such kind people working for you.”
- A mum travelling along North West Coastal Highway during school holidays was advised by staff members Paul Ryder and Warren Briandis that her tyre was flat when she pulled in for fuel at the Billabong Roadhouse. Paul and Warren checked all the tyres and swapped the flat tyre with the spare. She wrote in asking us to “thank the boys very much for their assistance, please”.
- Paul Ryder, Mal Kelly and Steve Clark from our Carnarvon crew assisted a couple who became stranded after their vehicle and caravan rolled over on Minilya–Exmouth Road. The crew stayed with the couple until tow trucks arrived and, as this section of the network has no phone reception, used their satellite phones to call for help.
- A crew from Metropolitan North Maintenance carrying out programmed works on Roe Highway were thanked by Emergency Services following an incident in the area. After assessing the situation and contacting emergency services, the crew implemented a lane closure to protect those involved. Chris Hodgson who was nearby used the crew’s first aid kit to tend to an elderly couple who had been injured in the accident, reassuring them until emergency services arrived. The couple are now doing well and were incredibly grateful for the assistance of the crew.

We are proud of our teams and the assistance provided to road users as part of our teams’ day-to-day work managing and maintaining the road network.

DEVELOPING OUR PEOPLE AND KNOW-HOW

Aim

Develop and invest in leaders who 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 in relation to commercial acumen

KEY PERFORMANCE INDICATORS

	Target	Actual	Status
Full-time equivalents (average)	1018.0	1009.8	✓
%Women in leadership positions, Level 6 and above	20.0	19.2	✓
%Completion Individual Performance Agreements	100.0	94.0	✓
%Staff who believe Innovation has improved	45	48	✓

Looking Ahead

- Workforce and succession planning continue as we identify new skills and competencies for business challenges ahead. We are also ensuring good management approaches and knowledge transfer from our ageing workforce profile
- Creating a diverse succession pool focusing on future leaders, high potential and critical skills gaps including having an emphasis on identifying positions for Aboriginal and Torres Strait Islander Australians
- Actively committing to success in the six priority areas from our EEO and Diversity Plan
- Promoting benefits of the Innovation and Research program which encourages teams to identify priority research areas to overcome work barriers, along with continuing the Removing Roadblocks campaign to reduce our own internal red tape
- Deploying the final modules of our new integrated Human Resources Management System

Introduction

Investing in our people and their know-how is key to creating an organisation where people embrace and accept those who inspire and bring innovative ideas, skills and perspectives. We seek to ensure that the right people are attracted and retained to address our future business operations.

Promoting Diversity and Equal Opportunity

We strive to create a rich, diverse workforce and promote equality ensuring our workplace is free from harassment and discrimination, with all employees having access to training, progression and promotion. Following is an update on achievements in this area.

Equal Employment Opportunity Management Plan 2017–2020

Our Equal Employment Opportunity (EEO) Management Plan is developed in accordance with Part IX of the *Equal Opportunity Act 1984 (WA)* and aligns with the Office of Equal Employment Opportunity's outcome standards framework. A new EEO Management Plan was launched in 2017. Our Diversity Working Group will continue to implement the actions of the EEO Management Plan which is focusing on six specific areas:

- Women
- Aboriginal and Torres Strait Islander groups
- Youth
- LGBTIQ inclusion
- People with disabilities
- People from culturally diverse backgrounds.

Our statistics for key areas are below.

	2015 (%)	2016 (%)	2017 (%)
Female employees	30.0	30.5	31.1
Employees of culturally diverse background	18.8	17.2	19.6
Employees with a disability	1.1	2.9	2.1
Indigenous Australian employees	0.7	0.8	0.9

Women in Leadership

Main Roads recognises and values the role of women in the workforce and gender diversity at all levels of the organisation as a business imperative. The focus for the past year and the coming year is attracting, retaining and developing women in non-traditional roles and leadership positions. We recognise that women in positions instrumental to Main Roads' future will lead to increasing numbers of women in leadership roles.

	2015 (%)	2016 (%)	2017 (%)
Women in the workforce	30	30.5	31.1
Women in Level 5 positions (permanent employees)	28	29.0	29.0
Women in Level 6 and higher positions (permanent)	18	18.5	18.5
Women in acting opportunities	35	35.3	39.9

Ongoing activities include:

- Professional development opportunities for our women through leadership development programs
- Feedback from our Diversity Working Group on work practices and on initiatives requiring review to ensure inclusion
- Promotion of flexible working arrangements in job advertisements and encouraging women and people with diverse backgrounds to apply for roles.

Reconciliation Action Plan and Indigenous Employment

This year our Reconciliation Action Plan has been redeveloped. We have a continuing commitment to reconciliation in Australia. The Plan has been approved by Corporate Executive and widely promoted across the organisation. Acknowledgement of Country and Welcome to Country are now required for all major events and a guide to assist employees and guests speaking at our events is available. As part of our commitment to a diverse workforce representing the communities in which we work, a Senior Leadership Aboriginal Employment Initiatives Taskforce has been formed. This group is to lead and champion Aboriginal employment initiatives across Main Roads. Our Reconciliation Action Plan is available on our website.

NAIDOC Week

We recognise the importance of engaging our staff to 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 and a musical performance. This was followed by a bush tucker inspired afternoon tea sourced from Kuditj Café, an Aboriginal owned and locally based café. Similar events are celebrated around the state in our regional offices.

Recruitment and Workforce Planning

Recruitment activity over the past 12 months focused on Asset Management, Project Development, Project Delivery, Maintenance Management, Network Operations and specialised technical and engineering disciplines.

Building resources in these core functions is critical to support a demanding maintenance and construction program of works, delivery of the Traffic Congestion Management Program as well as building capability within the organisation as an 'informed purchaser'.

In addition, our workforce planning cycle was reinvigorated in 2017 and is focused on identifying and addressing key capability risks and gaps in these core areas. The workforce planning process involves a comprehensive environmental scan of the organisation and considers current capability, succession planning, recruitment forecasting and other capability development and resourcing strategies.

	2015	2016	2017
Positions advertised	117	100	156
Applications received	2,340	1,808	4,116
Average applications per advertised positions	21.5	18.1	26.0

Developing our Employees

Employee Engagement on the Rise

During the year we conducted two employee perception surveys, one called Shaping our Future and run by Aon Hewitt and the other conducted by the Public Sector Commission (PSC). Overall results were slightly improved on previous similar surveys. The PSC survey showed our employee engagement three points higher than the Western Australian government agency average and slightly ahead of our 2014 results. In the Shaping Our Future survey our score was slightly higher than the Australian and New Zealand public sector engagement average.

For the PSC survey, positive statements about our workplace culture that elicited high rates of consensus were: strong personal attachment to my organisation (Main Roads 82 per cent, broader Public Sector sample 68 per cent); workplace culture welcomes people from all diversity groups (Main Roads 91 per cent, broader Public Sector sample 86 per cent); and my work group is encouraged to come up with new and better ways of doing things (Main Roads 80 per cent, broader Public Sector sample 77 per cent).

Both the AON Hewitt and PSC surveys found areas for improving and creating stronger engagement. These include, broadly: more effective leadership, improving change management, and communicating information on changes to our organisation. During a state-wide presentation to all staff in June, the Managing Director agreed to identify two or three high priority topics for the executive team to focus on. Business areas were encouraged to explore engagement and understand each other's areas of strengths and weakness while creating customised or fit-for-purpose approaches to survey results.

Individual Performance Agreements (IPAs)

Individual Performance Agreements (IPAs) foster regular conversations about performance, behaviour and development. They help employees understand how work fits into the bigger picture. The IPAs assists in clarifying roles and expectations for both managers and employees and identifies training opportunities and supports a high performance-based culture. This year we had a 95 per cent completion rate with 85 per cent of all IPAs being closed out by the end of the year. Next year will see the introduction of improved processes around IPAs, focusing on career conversations.

Graduate Program

Our three-year structured graduate program has continued successfully developing skills, including work readiness, technical and commercial and leadership skills. Over the next year our focus will be on strategically engaging with higher education providers and professional associations on how to attract women into non-traditional studies including construction and engineering. We have set specific targets in regard to our female graduate intake for 2018 and beyond, to ensure our technical and leadership capability for the future is a diverse workforce.

Innovation and Research Program

The Innovation and Research Program provides opportunities for collaboration and encourages staff to learn, solve problems and explore new and innovative opportunities. Our BrightIdeas software package helps us to foster a high level of engagement throughout the year as people either participate in specific corporate challenges or submit their own ideas on innovative approaches. We also held our second annual Innovation Survey indicating significant improvements against our baseline survey. When asked "I will be supported if I try a new idea", 62 per cent of respondents said yes compared to 45 per cent last year. Forty-eight per cent of staff believed innovation had improved over the past 12 months compared to 35 per cent previously, and 80 per cent said their team had implemented some form of innovation in the past 12 months.

Improving Productivity by Removing Roadblocks

In March 2016, through the 'Removing Roadblocks' initiative, Main Roads put in place a forum for employees to make suggestions on improving our business. The objective is for employees to identify inefficient or illogical work practices that may inhibit productivity and innovation. Using Main Roads' ideas management system, employees collaborate online, through voting and commenting, to identify and develop solutions for working more effectively.

Challenges have been coordinated at directorate, region or branch level and customised to participants to encourage engagement. We have run 20 challenges with: nearly 900 employees logging on to view the challenges, more than 300 ideas submitted, almost 370 comments made, and in excess of 1,000 votes cast. Ideas fell into the general themes of 'Innovative Solutions', 'Financial Efficiencies' or 'Business Improvements', with each idea relating to one of the four strategic areas of focus from Keeping WA Moving.

The Nudge Foundation

Nudge (formerly The Roads Foundation) is a for-purpose charity focusing on getting young people into jobs and training opportunities in industries throughout the state.

Nudge is an employer support agency that specialises in making the process of training, employment and community engagement as simple as possible.

Main Roads along with the Western Australian Local Government Association are strong supporters of the foundation. It specialises in and can assist employers with the following areas:

- Aboriginal Employment—short and long term projects, recruiting locally
- Local workforce engagement and participation
- Employee retention and support
- Government Building Training Policy—trainees & apprentices
- Pre-contract community consultation
- Gender diversity focused employment
- Workforce planning and employment.

This initiative delivers economic and social benefits for the community. It emphasises placing young people in employment, traineeships and apprenticeships in the resources, construction, infrastructure and agricultural sectors through a unique community engagement model. The foundation has been operating, predominately in the road and civil industries, for the past 10 years,

Due to increasing interest from other sectors and the effectiveness of our community engagement and support models, the Board recently decided to include a broader range of services, careers and opportunities. While the revised strategic focus expands responsibilities, this independent, not-for-profit organisation will continue to play a large role in the civil and road sectors. It will work closely with us ensuring projects and major maintenance contracts have high levels of training development, Aboriginal engagement and employment for continuing growth of the Western Australia workforce and for local community development.

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 undertaking leading-edge road and transport research.

These organisations include:

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

We regularly conduct a 'Futures' reviews to identify new trends, technologies and business models from around the world that might impact the transport sector. This review is updated periodically to ensure currency and that we understand the global and local context in which we operate.



**CASE
STUDY**

RECOGNITION FOR LEADERSHIP IN ASPHALT

This year Les Marchant, our Manager Materials Engineering, was awarded the Australian Asphalt Pavement Association (AAPA) 2017 Western Australian Leadership Award. The Award recognises Les' contribution in working with industry in driving improvements, adoption and trialling of new and innovative approaches and quality control.

Most of our road network is constructed of local natural materials with thin bituminous surfacings which are tested for suitability along with audit testing during construction. Testing of bitumen binders, asphalt, concrete mixes and other complex engineering properties of materials is undertaken at our main laboratory in Welshpool.

Les has overseen and guided the establishment of the West Australian Road Research and Innovation Program (WARRIP). This four year program has a special focus on developing and guiding implementation of the latest pavement advancements, technologies and practices from interstate and overseas into Western Australia.

Under Les' guidance we have constructed the first asphalt pavement in Western Australia using EME2 high modulus asphalt. The EME2 asphalt was successfully placed by Downer at a project to upgrade the intersection of Tonkin Highway and Kelvin Road. EME2 is a very stiff asphalt developed in France which significantly reduces the thickness of full depth asphalt pavements and is expected to deliver construction cost savings of 20 percent on future projects in addition to improving productivity during pavement construction.

Reflecting the unique work done by our laboratory teams and to ensure that we are able to continue to meet the future needs of our business we are upgrading the infrastructure at our Welshpool JGG Punch Materials Laboratory. These improvements will increase our capability to understand new and emerging innovative pavement technologies; design and testing that are aimed at reducing road construction and maintenance costs. Construction work started in February 2017 and has been staged for completion by early 2018.

In accepting the Award Les personally thanked his team which he "said provided the organisation with the engineering and testing that made this ongoing work a success". In particular, Les acknowledged Steve Halligan and Chris Skantzos who manage the asphalt mix designs, specifications and the planning of the EME2 trial; Jon Griffin who oversees the WARRIP projects and Craig Phillips and Mark Hopgood who run an extremely professional audit and testing laboratory.

ENHANCING SAFETY, HEALTH AND WELLBEING

Aim

Consistently leading safe outcomes

Approach

Establish consistent application of policies, standards and procedures across the organisation and with our business partners based on effective risk management

KEY PERFORMANCE INDICATORS

	Target	Actual	Status
Fatalities	0	0	✓
Lost-time injury frequency rate	2	0.9	✓
Incident rate	0.58	0.36	✓
% of injured workers that returned to work – 13 weeks	90	75	✗
% of injured workers that returned to work – 26 weeks	100	100	✓

1. Frequency rate is (the number of LTI/Ds over the previous 12 months)* 1,000,000 divided by the number of hours worked during that 12 month period

2. Incidence rate is (the number of LTI/Ds divided by the number of employees)* 100

3. Severity rate is (the number of LTI/Ds that resulted in 60 days or more lost divided by the total number of LTI/Ds)* 100

4. Return to work within 13 weeks is (number of LTI/D with a RTW outcome within 13 weeks divided by the Number of LTI/Ds reported)* 100

5. Return to work within 26 weeks is (number of LTI/D with a RTW outcome within 26 weeks divided by Number of LTI/Ds reported)* 100

Looking Ahead

- Deployment of new EQSafe system, replacing our current manual health and safety processes and records. It will manage all events and hazards online. It also has the ability to assign and track actions of incidents, injuries, safety committee meetings, inspections and risks.
- Finalisation of a new, three-year Health, Safety and Wellbeing Action Plan to 2020
- Transition to new ISO45001 Standard for Health and Safety to be explored
- Review of existing safety, health and wellbeing documentation for predominantly low-risk office-based locations
- Continuation of addressing concerns over driving while fatigued

Our Framework

Our approach to safety, health and wellbeing is governed by our policy which applies the following principles in all that we do:

- We demonstrate safety leadership at all levels and support a culture of commitment and collaboration which actively improve work safety, health and wellbeing
- We are all responsible for safety and demand consistent performance from everyone we work with to manage all risks
- We all have the capability to exemplify positive safety, health and wellbeing standards to others in the workplace
- We recognise and consistently incorporate safety, health and wellbeing as an integral part of our business decisions and performance
- We work collaboratively to assess, review and improve our wellbeing.

Our framework is structured under 12 elements that outline policies, procedures, guidelines and consultative mechanisms for staff to consistently lead safe outcomes according to occupational safety and health legislation. This framework, now just over 12 months old, forms part of our third-party certified Integrated Management System.

Key Achievements and Tracking our Performance

Safety, Health and Wellbeing Framework (Safety Management Systems)

We have continued to review and update the safety, health and wellbeing corporate procedures that support our Safety Health & Wellbeing Policy and the “12 Element” safety management framework. Arising from this has been an improved Safe Work Instruction format that focuses on ease of use by work crews and is undergoing a trial in the Kimberley Region. It is hoped this will lead to an agency wide roll-out over the next 12 months. This along with other work on improving the framework will occur in the year ahead.

Developing a New Three-Year Safety Health and Wellbeing Action Plan

The year ahead continues the third instalment of our Safety Health & Wellbeing Three-Year Action Plan taking us through to 2020. The new Action Plan will build upon successes of the last 12 months achievements.

AS/NZS 4801:2001 OS&H Management System

Main Roads has again achieved recertification to Australian Standard 4801:2001 *Occupational Health and Safety Management System*, following an annual Integrated Management System audit (external audit) completed in April 2017. There were no major non-conformances identified during the audit. For our certified management system into the future, we are following progress on the new ISO 45001 Standard and preparing to transition to adoption when it becomes available.

Proactive Safety, Health and Wellbeing

The most notable health campaign was our “*Main Roads Highway to Health Challenge*” where employees and contractors were challenged to form teams of three and earn points by competing in steps taken, plus health and exercise challenges. There were a total of 40 teams and 123 participants in the challenge, with the top five teams doing a total of close to 12 million steps. To be precise: 11,880,535 steps or the equivalent of 9,053 kilometres over 2 months.

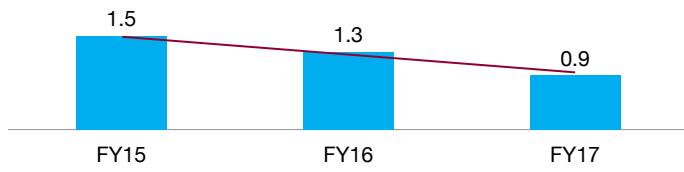
Our proactive approach to safety, health and wellbeing continues, including promoting our annual state-wide health and wellbeing program which is available all year. This includes flu vaccinations, skin screenings, workstation ergonomic reviews, along with exercise campaigns that had some staff participating in Corporate Sports, the City to Surf fun run and the HBF Run for a Reason.

New, Efficient Approach to Information

We have elected to name our new software system ‘EQSafe’, and launched a pilot in May 2017 with a full go-live planned for July 2017. This new off-the-shelf package will record and manage safety, health and wellbeing (SHW) events including hazards and incidents and associated performance reporting. Having previously managed safety through a combination of documents, spreadsheets, emails, registers and a series of forms listed on a safety intranet page, we had gone to tender in 2015 to find a new software solution to improve management of workplace SHW. As we scoped out the system we realised it would also assist managing and tracking other activities within the Integrated Management System and have since decided to incorporate tracking of environment and quality within the new system.

The new system will also lead to improvements in how we capture and report on our lead and lag indicators and will enable us to review trends more efficiently. As the system matures we will seek to procure and deploy the EQSafe mobile application making the system accessible to workers in the field and remote areas enabling our employees to report safety events as they happen.

LTIFR-3-YEAR TREND FY15 – FY17

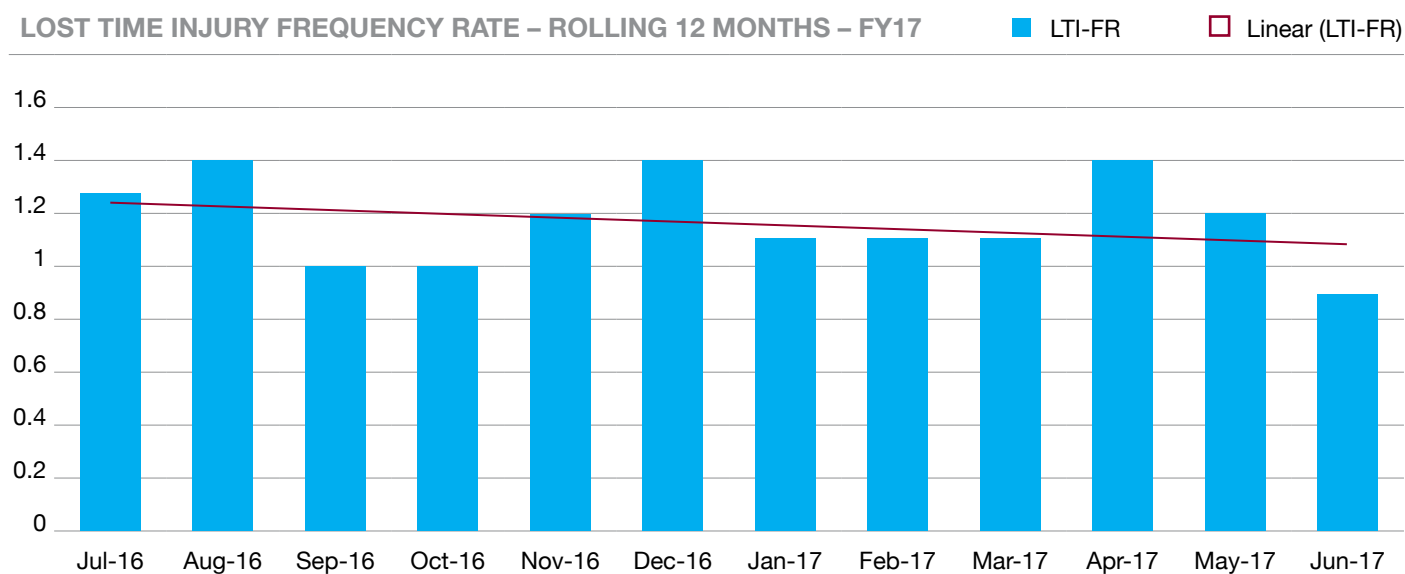


Lost-Time Injuries

We have continued to see a significant improvement of our lost-time injury frequency rates (LTIFR) over the past three years.

The following graph illustrates the LTIFR performance over the past 12 months

LOST TIME INJURY FREQUENCY RATE – ROLLING 12 MONTHS – FY17



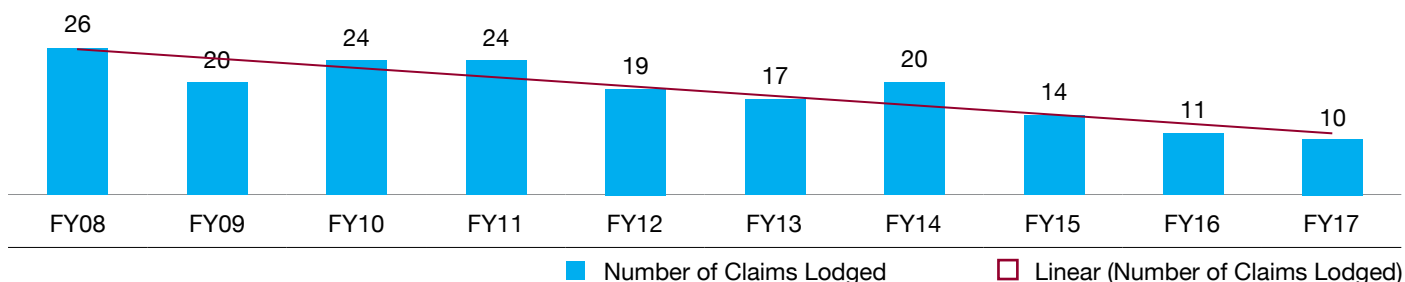
LTIFR is: (the number of LTI/Ds over the 12 months x 1,000,000) divided by the number of exposure hours worked during that 12 month period. Contractor LTI's and exposure hours are included in the Main Roads LTI-FR calculation.

Workers' Compensation and Injury Management

Injury prevention and effective injury management continue to be a key focus of our SHW Strategy. Following the principle of early return-to-work (RTW) we achieved a 9 percent reduction of workers compensation claims and improved the claim closure rates.

Of ten workers' compensation claims lodged in the year, one claim was declined, one claim was a retrospective asbestos claim, there were two hearing loss claims and the remaining six claims were for workplace injuries. Of the six workplace injury claims, two workers incurred nil lost time, three were able to return to full-time duties within 13-weeks (on a return to work plans) and one returned to full time duties within 26 weeks, also via a return-to-work plan.

LOST TIME INJURY FREQUENCY RATE – ROLLING 12 MONTHS – FY17





**CASE
STUDY**

ADDRESSING DRIVING FATIGUE

We manage and maintain a vast network that can sometimes require our crews to drive long distances, leading to increased risk of drowsiness and fatigue. Following a number of incidents over the past 12 months we set out to find a solution that would protect our employees and contractors. Following a suggestion submitted through our Innovation and Research Program, Corporate Executive approved carrying out a trial using Optalert Glasses. This innovative trial will be used to determine the effectiveness of mitigating this risk using technology developed through 20 years of research and which has proven successful across a range of national transport companies.

Optalert detection technology alerts drivers when they are becoming drowsy. Glasses worn by the driver monitor eye and eyelid movement, feeding the information into an in-vehicle computer which will sound an alarm when drowsiness is detected. The trial is aimed at reducing fatigue-related driving risks and will produce data allowing our crews to operate more safely and efficiently when working on the network.

Line marking crews in our Bunbury office and heavy vehicle escort wardens are the first to adopt the 12-month trial which if successful will see the Optalert technology rolled out across the state to those directly subject to fatigue and the risk of drowsy driving.

GOVERNANCE

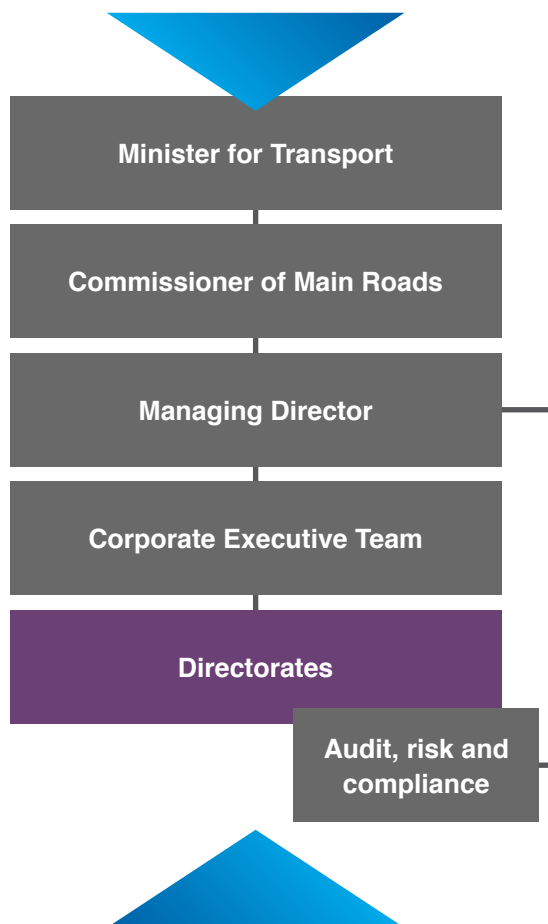
This section provides an overview of our approach to Governance.

Good governance is not only the system by which our organisation is controlled but the mechanism by which we are held to account. We seek to exercise fairness, transparency and accountability in everything we do, over and above our legal obligations. 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.

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OUR GOVERNANCE MODEL

Our corporate governance model directs and manages our business activities to optimise performance, achieve regulatory compliance and deliver value for customers aligned to values-driven management. Our Governance Model shows the relationships between our Minister, Commissioner, Managing Director and members of Corporate Executive.



EMPOWERING LEGISLATION

Main Roads Act

Main Roads Act 1930 (WA), 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.

Wider Legislation

Additional key legislation includes:

- *Land Administration Act 1997 (WA)* providing powers for the resumption of land
- Section 131 (Liability for damage to road infrastructure) of the *Road Traffic (Administration) Act 2008 (WA)*
- Regulation 297 of the *Road Traffic Code 2000* providing the Commissioner with the power to erect road signs and traffic signals, and install road marking
- Section 40 of the *Road Traffic (Vehicles) Act 2012 (WA)* providing the Commissioner with the authority to give an access approval for a complying restricted access vehicle to be on a road
- Section 33 of the *Road Traffic (Vehicles) Act* providing the Commissioner with the authority to modify a mass or dimension requirement, as provided 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.

GOVERNING BODIES

Corporate Executive

Corporate Executive is our peak decision-making body. Its objective is to “set clear strategic direction to deliver government priorities, meet our aspiration purpose and achieve agreed performance goals”. It achieves this in the following ways:

- Assisting in discharging the Managing Director’s responsibilities and to operate as an advisory body to the Managing Director
- 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
- Setting strategy, and overseeing decision-making and leadership, as well as managing organisational performance to ensure capability to deliver services
- Providing a forum to raise corporate-related issues and seeking feedback and input from peers
- Being proactive, long-term orientated and outcomes focused.

A profile of each member of executive is included in the Leadership section of this report.

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

In 2015 a review of the Governance structure resulted in some of the activities and decision-making of supporting committees being absorbed within the monthly corporate executive meetings. Two Standing Committees were retained and following is an overview of their role and activities.

Management Review and Audit Committee

This Committee assists the Managing Director and Corporate Executive ensuring management practices and controls are developed and maintained by all levels of management and leading to efficient and effective business performance of Main Roads. The Management Review and Audit Branch assists the Management Review and Audit Committee with controls in place for safeguarding assets and financial interests. The Management Review and Audit Committee provides independent, objective assurance and consulting activities; it reports audit activities on a quarterly basis through the Audit Committee chaired by the Managing Director.

Membership (Attendance)	Role
<p>Executive Members:</p> <ul style="list-style-type: none"> • Peter Woronzow (Chair): 3 • Philip D’Souza : 3 • Doug Morgan: 3 	<ul style="list-style-type: none"> • Considers audits and reviews of the Management Review and Audit Branch • Ensures audits and reviews are in accordance with the Annual Audit Plan • Reviews and approves the Annual Audit Plan

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 Executive Director Human Resources. It also includes all members of Corporate Executive along with safety representatives from each Directorate.

Membership (Attendance)	Role
<p>Executive Members:</p> <ul style="list-style-type: none"> • Frances Harrison (Chair): 6 • Doug Morgan: 6 • John Erceg: 6 • Des Snook: 3 • Leo Coci: 6 • Peter Woronzow: 2 • Craig Manton: 2 • Nicole Walton: 1 • Tony Earl: 6 • Belinda Stopic: 4 • Philip D'Souza: 6 <p>Many other non-executive standing members sit on this committee.</p>	<ul style="list-style-type: none"> • Presides over safety, health and wellbeing issues from high-level strategy to reviews of individual incidents • Acts as a primary Occupational Safety and Health channel and reports to Corporate Executive on full-time and contracted employees

More information on Main Roads health and safety activities is included in the Safety, Health and Wellbeing chapter.

Risk Management

Along with the Public Transport Authority and Department of Transport, Main Roads has implemented a portfolio-wide risk reference table. A single approach allows for consistency and tracking of high-level risk assessment and prioritisation across the three agencies.

Having aligned business risk to business planning Main Roads has reduced administration in this area allowing for resources to be spent on risk management as opposed to risk administration. This includes implementing current and one-year-out risk assessments as part of business risk workshops.

ANNUAL BUSINESS RISK MANAGEMENT PROCESS



An output is a risk management register for ongoing use by business areas

ONGOING MANAGEMENT VIA RISK REGISTER FROM THE WORKSHOP

Risk Register

- Updated with risks identified and assessed (rated) at risk workshops
- Updated with Risk Treatment Plans (or references to the Business Plan as appropriate)
- Kept up-to-date and managed through the year

ADDITIONAL GOVERNANCE DISCLOSURES

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 (WA)*, as amended, and the principle of public administration set out in section 7(d) of the *Public Sector Management Act 1994 (WA)*. 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.

Freedom of Information

The *Freedom of Information Act 1992 (WA)* gives the public a general right to apply for access to documents held by government agencies. An information statement has been produced in accordance with the requirements of the Freedom of Information Act and is available on our website. This statement provides a guide on how to apply for access to documents, as well as information about documents that may be available outside of freedom of information (FOI) processes. During the year, we received 50 FOI applications. Any FOI enquiries can be emailed to: foi@mainroads.wa.gov.au

Corruption Prevention

To prevent misappropriation of funds and inappropriate use of public property, we have strategies in place that include a comprehensive Annual Audit Plan for a balanced mix of financial, operational and information technology audits. In addition, Risk Management is considered an integral part of annual business planning, project planning and the overall management of safety and environment. Risks are managed and monitored at all levels.

Our Fraud and Corruption Control Plan clearly sets out 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.

Public Interest Disclosures

We are committed to the aims and objectives of the *Public Interest Disclosure Act 2003 (WA)*. 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 online for all staff.

Conduct and Ethics

All employees are expected to abide by the Public Sector Code of Ethics, Main Roads Code of Conduct, Main Roads Values and Corruption and Crime Procedures and Guidelines. When a complaint or a report of alleged inappropriate behaviour or misconduct is received, management is required to undertake an initial review of the information or complaint. 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.

As part of the overall Risk Management Framework, Main Roads is currently developing a comprehensive Integrity Framework that specifically addresses misconduct, fraud and corruption risks. The Integrity Framework will recognise the diverse activities necessary for effective fraud and corruption control across the organisation. The Framework adopts a systems based approach that will identify the interdependence of both internal and external factors affecting Main Roads and will enable ownership, evaluation and management of all fraud and corruption issues impacting the business.

Conflict of Interest, 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 have a Conflict of Interest and Gifts and Benefits Policy and a Register, maintained by the Manager Legal and Insurance Services.

We consider conflict of interest to include:

- Decisions that are biased, as a result of outside activities or private employment
- Outside activities that result in less than satisfactory work performance or cause breaches of standards such as those relating to occupational safety and health
- Information gained from official employment that is used for private gain
- Government resources that are used for private gain
- Government time that is used to pursue private interests
- Acceptance of gifts or benefits
- Disclosure of confidential information obtained during the course of duty
- Breach of ethics
- The granting or receiving of 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 including a section on personal interests in contracts. The Chief Finance Officer, Managing Director and Accountable Authority then sign a Management Representation letter to the Auditor General addressing categories including Internal Controls and Risk Management.

Other than usual 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.

Business Continuity Management

The Public Sector Commissioner's Circular 2015-03 and Treasurer's Instruction 825 (Risk Management and Security) require agencies to ensure Business Continuity Plans are in place enabling the agency to respond to and recover from any business disruption.

To ensure compliance, we have developed Business Continuity Action Plans. Business Continuity Management supports the values, principles and corporate focus of the agency's Risk Management Policy.

Benefits include:

- Increasing ability to minimise the consequences of any outage
- Ensuring timely resumption of vital services
- Fostering greater protection of agency reputation and public image
- Allocating effective and efficient use of assets, finances and resources
- Ensuring good corporate governance.

Some 40 branch Business Continuity Action Plans are now in place and an overarching Business Continuity Management Procedure completed.

Integrated Management System

The Main Roads integrated management system (IMS) has been certified to the Quality, Safety and Environment standards for approximately 16 years. The IMS covers key business processes, project, contract and supply processes and safety and environment standards. In April 2017 we successfully achieved re-certification to Safety and Environment standards and have been certified to the new Quality standard ISO9001:2015.

CURRENT CERTIFICATION

Standards	Processes
Quality Management System ISO9001:2015	Project Management Contract Management Supply Corporate
Safety Management System AS4801:2001	Safety, Health and Wellbeing
Environment ISO14001:2015	Environmental

To help achieve this result senior management approved IMS awareness training for the organisation to ensure that both management and employees were aware of their obligations as they relate to the IMS. This training has been welcomed by all attendees at various levels across the organisation and we will continue to deliver this training in the future.

During 2017 our focus has been to ensure continuous improvement in the IMS. Our activities have included:

- Clear governance for IMS matters that are required to be escalated to the Corporate Executive
- Executive sponsorship of the IMS and representation at Corporate Executive
- Regular ongoing feedback on IMS matters is sought from all directorates and regions
- IMS is now included in the online Corporate Induction. This introduces the scope of the IMS, terminology and the expectation for our new employees to be aware of our three management systems
- Process Owners Reference group discusses continuous improvement of our business processes and improved integration of the three management systems
- IMS Working Group – meet regularly to ensure audit findings are being addressed by the appropriate people
- IMS documents required by our external customers are available on our external website
- Quarterly IMS updates are provided to the organisation via the Program Management Office newsletter
- We have dedicated IMS custodians who champion the importance of meeting ISO standards in regions and directorates.

Looking ahead we will continue to improve our business outcomes using the IMS processes. Our asset management and road safety teams are also continuing to work on ensuring their processes comply with the relevant standards although at this stage we do not

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 2017.

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 (WA) from proper accounts and records to present fairly the financial transactions for the financial year ended 30 June 2017 and the financial position as at 30 June 2017.

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



Philip D'Souza
A/CHIEF FINANCE OFFICER
17 August 2017



Peter Woronzow
A/MANAGING DIRECTOR OF MAIN ROADS
17 August 2017



Richard Sellers
ACCOUNTABLE AUTHORITY
17 August 2017



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Parliament of Western Australia

COMMISSIONER OF MAIN ROADS

Report on the Financial Statements

Opinion

I have audited the financial statements of the Commissioner of Main Roads which comprise the Statement of Financial Position as at 30 June 2017, the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows for the year then ended, and Notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements are based on proper accounts and present fairly, in all material respects, the operating results and cash flows of the Commissioner of Main Roads for the year ended 30 June 2017 and the financial position at the end of that period. They are in accordance with Australian Accounting Standards, the *Financial Management Act 2006* and the Treasurer's Instructions.

Basis for Opinion

I conducted my audit in accordance with the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Main Roads in accordance with the *Auditor General Act 2006* and the relevant ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial statements. I have also fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in the audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Valuation of Infrastructure Assets

At 30 June 2017, the Commissioner had infrastructure assets totalling \$43.1 billion. These infrastructure assets are reported at fair value, estimated by an independent external valuation. This matter was significant to my audit because the balance is material and the valuation involved significant management judgement and estimation.

My audit procedures included assessing the competency, capability and objectivity of the valuers. I also assessed whether the terms of engagement of the valuers by the Commissioner may have affected their objectivity or limited the scope of their work. In addition, my procedures also considered the appropriateness of the valuation methodologies used and the key assumptions made during the valuation. The Commissioner's infrastructure asset and related valuation method are disclosed at notes 2(g) and 30 of the financial statements.

Payables

At 30 June 2017, the Commissioner had Payables totalling \$283.5 million, of which \$193.6 million related to accrued expenditure for major contracts and services. This was significant to my audit because the balance is subject to management judgement.

My audit procedures included assessing the validity of accrued expenses against relevant contracts, and the reasonableness of management's estimates of the percentage completion of projects. For liabilities arising from resumption of land, my procedures included reviewing related valuations. Payables are disclosed in note 2(r) and 34 of the financial statements.

Contingent liabilities

The Commissioner had total Contingent Liabilities of \$258.7 million at 30 June 2017. This was significant to my audit because the disclosure of contingent liabilities relating to claims, proceedings and investigations is complex and requires judgement, and the amount involved is material to the financial statements.

My audit procedures included reviewing management's assessment of the claims. I also considered evidence to confirm that any possible obligations were dependent on uncertain future events, or that an obligation could not be reliably measured or was not probable to require payment. Contingent liabilities are disclosed in note 40 of the financial statement.

Responsibility of the Commissioner 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, the *Financial Management Act 2006* 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.

In preparing the financial statements, the Commissioner is responsible for assessing the agency's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Western Australian Government has made policy or funding decisions affecting the continued existence of the Commissioner of Main Roads.

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. The objectives of my audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the agency's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Commissioner.
- Conclude on the appropriateness of the Commissioner's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the agency's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Commissioner regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

From the matters communicated with the Commissioner, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in the auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because of the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefit of such communication.

Report on Controls

Opinion

I have undertaken a reasonable assurance engagement on the design and implementation of controls exercised by the Commissioner of Main Roads. The 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 (the overall control objectives).

My opinion has been formed on the basis of the matters outlined in this report.

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 2017.

The Commissioner's Responsibilities

The Commissioner is responsible for designing, implementing and maintaining controls to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities are in accordance with the *Financial Management Act 2006*, the Treasurer's Instructions and other relevant written law.

Auditor General's Responsibilities

As required by the *Auditor General Act 2006*, my responsibility as an assurance practitioner is to express an opinion on the suitability of the design of the controls to achieve the overall control objectives and the implementation of the controls as designed. I conducted my engagement in accordance with Standard on Assurance Engagements ASAE 3150 *Assurance Engagements on Controls* issued by the Australian Auditing and Assurance Standards Board. That standard requires that I comply with relevant ethical requirements and plan and perform my procedures to obtain reasonable assurance about whether, in all material respects, the controls are suitably designed to achieve the overall control objectives and the controls, necessary to achieve the overall control objectives, were implemented as designed.

An assurance engagement to report on the design and implementation of controls involves performing procedures to obtain evidence about the suitability of the design of controls to achieve the overall control objectives and the implementation of those controls. The procedures selected depend on my judgement, including the assessment of the risks that controls are not suitably designed or implemented as designed. My procedures included testing the implementation of those controls that I consider necessary to achieve the overall control objectives.

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

Limitations of Controls

Because of the inherent limitations of any internal control structure it is possible that, even if the controls are suitably designed and implemented as designed, once the controls are in operation, the overall control objectives may not be achieved so that fraud, error, or noncompliance with laws and regulations may occur and not be detected. Any projection of the outcome of the evaluation of the suitability of the design of controls to future periods is subject to the risk that the controls may become unsuitable because of changes in conditions.

Report on the Key Performance Indicators

Opinion

I have undertaken a reasonable assurance engagement on the key performance indicators of the Commissioner of Main Roads for the year ended 30 June 2017. The key performance indicators are the key effectiveness indicators and the key efficiency indicators that provide performance information about achieving outcomes and delivering services.

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 the Commissioner of Main Roads' performance and fairly represent indicated performance for the year ended 30 June 2017.

The 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 internal control as the Commissioner determines necessary to enable the preparation of key performance indicators that are free from material misstatement, whether due to fraud or error.

In preparing the key performance indicators, the Commissioner is responsible for identifying key performance indicators that are relevant and appropriate having regard to their purpose in accordance with Treasurer's Instruction 904 *Key Performance Indicators*.

Auditor General's Responsibility

As required by the *Auditor General Act 2006*, my responsibility as an assurance practitioner is to express an opinion on the key performance indicators. The objectives of my engagement are to obtain reasonable assurance about whether the key performance indicators are relevant and appropriate to assist users to assess the agency's performance and whether the key performance indicators are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. I conducted my engagement in accordance with Standard on Assurance Engagements ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* issued by the Australian Auditing and Assurance Standards Board. That standard requires that I comply with relevant ethical requirements relating to assurance engagements.

An assurance engagement involves performing procedures to obtain evidence about the amounts and disclosures in the key performance indicators. It also involves evaluating the relevance and appropriateness of the key performance indicators against the criteria and guidance in Treasurer's Instruction 904 for measuring the extent of outcome achievement and the efficiency of service delivery. The procedures selected depend on my judgement, including the assessment of the risks of material misstatement of the key performance indicators. In making these risk assessments I obtain an understanding of internal control relevant to the engagement in order to design procedures that are appropriate in the circumstances.

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

My Independence and Quality Control Relating to the Reports on Controls and Key Performance Indicators

I have complied with the independence requirements of the *Auditor General Act 2006* and the relevant ethical requirements relating to assurance engagements. In accordance with ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements*, the Office of the Auditor General maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory 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 2017 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
21 August 2017

KEY PERFORMANCE INDICATORS

Introduction

Timely, accurate and meaningful 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 services.

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 measures support decision making by:

- Providing guidance and direction on how efficient and effective we are
- Indicating where improvements might be necessary
- Identifying potential areas of risk
- Determining if our customers are satisfied
- Measuring our success in delivering agreed Government goals and outcomes.

Our performance measures are integrated within a monthly evaluation and reporting process that is reviewed by our Corporate Executive Leadership team. There has not been any changes to the measures or methodology during the last year.

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 services that drive outcome based decision making to achieve the delivery of services to our customers. The following table shows the alignment of each Service against the Government's goals.

	Main Roads	Government Goal
Service	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

Understanding our measures

Community Perception

Four of the measures are derived from an annual Community Perceptions Survey that reflects the satisfaction levels of our customers in metropolitan and rural areas. Through the use of an external research company, the data was collected by way of an online survey supported by 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 1 370 people (637 in the Metropolitan area and 733 in rural areas). 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.

On Time and On Cost

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. With the implementation of a new reporting methodology we are now able to better reflect the performance of the on time and on cost indicator, therefore the comparative numbers were restated. 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 table provides a summary of our service outcomes and measures for each indicator showing the trend over time as well as providing a status report as to how the results for 2016-17 compared against the targets from the State Budget Papers. The remainder of this section provides commentary on the efficiency and effectiveness indicators for each of the six outcome based services.

SUMMARY OF KEY PERFORMANCE MEASURES AND OUTCOMES

	2014	2015	2016	2017 Target	2017 Actual	Ref	
Road Safety							
% Community satisfaction of road safety	95	94	91	90	90		
Black Spot location indicator	10	9.7	9.1	8.55	8.43		
% Contracts completed on time	96	94	91	90	77		
% Contracts completed on budget	93	94	87	90	93		
Road Efficiency and Road System Management							
% Community satisfaction	94	96	91	90	87		
Road network permitted for use by heavy vehicles	B-double -27.5m %	97	98	98	96	97	
	Double RT -27.5m %	97	97	97	96	97	
	Double RT -36.5m %	79	80	80	78	80	
	Triple RT -53.5m %	45	45	45	44	45	
% Network configuration	Roads	90	91	91	90	92	
	Bridges	Strength	89	89	90	90	92
		Width	94	95	96	96	96
% Contracts completed on time	86	72	98	90	68		
% Contracts completed on budget	82	100	98	90	93		
Average \$ cost of network management per million vehicle kilometres travelled	4,519	5,164	5,537	5,578	5,291		
State Development							
Average return on construction expenditure	5.4	5.6	4.2	4.5	3.2		
% Contracts completed on time	75	100	100	90	40		
% Contracts completed on budget	100	100	75	90	100		
Road Maintenance							
% Smooth Travel Exposure	n/a	96	n/a	97	96		
% Community satisfaction road maintenance	90	95	88	90	84		
% Preventative maintenance indicator	86	86	87	85	87		
Average \$ cost of network maintenance per lane-kilometre of road network	5,987	6,504	7,755	6,750	7,197		
Community Access							
% of the year that 100% of the Main Roads' State road network is available	97	93	89	95	92		
% Community satisfaction with cycleways and pedestrian facilities	85	76	83	90	87		
% Contracts completed on time	60	85	91	90	100		
% Contracts completed on budget	40	92	100	90	100		

ROAD SAFETY

Outcome: Providing a Safe Road Environment

This service 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:

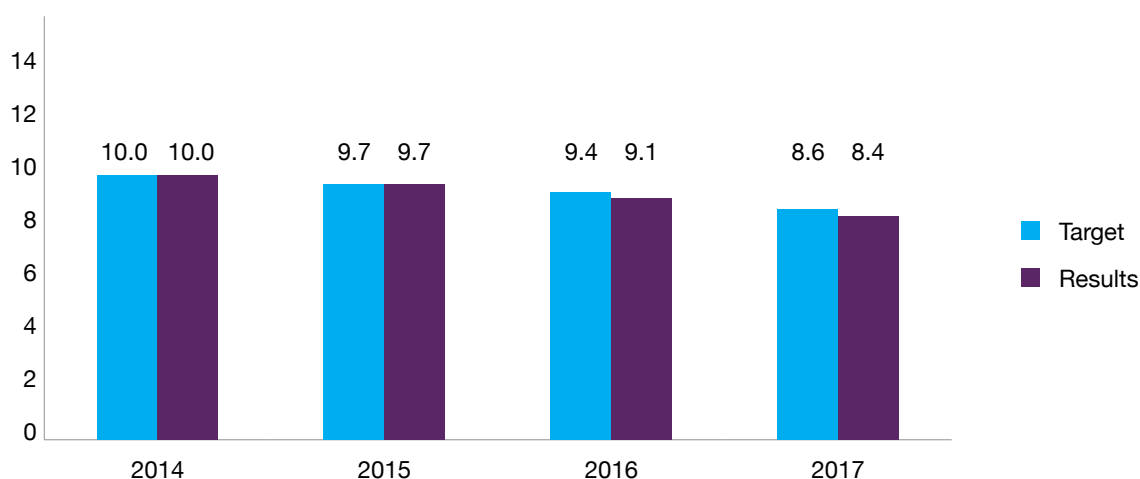
Effectiveness Indicators

Community Satisfaction with Road Safety

This indicator represents how satisfied the community is with Main Roads' overall performance in area of road safety. Although there has been a small drop since 2016, the survey results show that Main Roads remains on-target and is performing well, achieving a 90% okay or better rating. Metro was the only region to surpass the 90% target.

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, considering the amount of travel in the State. 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 Service. The result achieved was 77% of contracts delivered on time which is below our target 90%. Of the 16 projects that were late six were due to inclement weather whilst a further two were delayed as a result of awaiting environmental and heritage clearances. A further three were delayed by technical issues including rectifying bleeding bitumen and subterranean drainage issues whilst the third was due to additional works being undertaken. Of the remaining contracts one was late as a result of delayed delivery of supplies and the final delay arose from resources being diverted to address the flooding event in the South West. The final contract was delayed as a result of inclement weather, a variation at no cost has been issued but at the time of the preparing this report had not been processed

Percentage of Contracts Completed on Budget

This indicator represents the percentage of contracts that were delivered on budget in the Road Safety Service. The result achieved was 93% of contracts delivered on budget which is above the target of 90%. Five projects were over budget, one was due to additional costs addressing heritage matters and another was due to increased scope. The remaining three are subject to variations which at the time of preparing this report have not been approved.

EFFICIENCY AND ROAD SYSTEM MANAGEMENT

Outcome: Reliable and Efficient Movement of People and Goods

The Efficiency Service seeks to improve the efficiency, capacity and utilisation of the existing road network whilst the Road System Management Service 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 services 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. 87% of survey participants rated Main Roads' performance as okay or better. Although overall satisfaction remains high, 2017 marks the first time that the result has dropped below the target of 90%. Regionally, Kimberley and South West achieved the 90% target and Wheatbelt had the lowest overall performance rating of 63%.

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	2014	2015	2016	Target	2017
B Double - 27.5m	97	98	98	96	97
Double Road Train - 27.5m	97	97	97	96	97
Double Road Train - 36.5m	79	80	80	78	80
Triple Road Train - 53.5m	45	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, 92% 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

Like 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.

Strength - The results of this indicator show that 92% of the bridges meet the agreed criteria for strength against a target of 90%.

Width - In relation to width 96% of bridges meet the criteria against a target of 96%.

Efficiency Indicators

Percentage of Contracts Completed on Time

This indicator represents the percentage of contracts that were delivered on time in the Road Efficiency Service. Whilst the target was established at 90%, the result achieved was 68% of contracts delivered on time. Of the nine contracts that were late two were the subject of inclement weather which had a flow on impact to two related contracts that were dependent upon works being completed. Of the remaining contracts, one was late due to delays in service relocations by utilities, one was delayed due to awaiting environmental clearances, one was delayed as a result of change in design and the remaining two were late due to the contractor correcting deficiencies identified during handover.

Percentage of Contracts Completed on Budget

This indicator represents the percentage of contracts that were delivered on budget in the Road Efficiency Service. The result achieved was 93% of contracts delivered on cost which is above the target of 90%. Of the two contracts that were over budget one involved design difficulties whilst the second was due to minor rectifications required during resealing.

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 \$5,291 per million vehicle kilometres travelled is lower than the target of \$5,578. The trend for this measure is due to a higher MVKT than estimated in the budget papers.

STATE DEVELOPMENT

Outcome: Facilitating Economic and Regional Development

This service 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 Service and Road Efficiency Service for which a BCR has been calculated. The BCR came behind target for 2016-17 with an expenditure weighted average result of 3.2 being achieved against the target of 4.5.

Efficiency Indicators

Percentage of Contracts Completed on Time

This indicator represents the percentage of contracts that were delivered on time in the State Development Service. The result achieved was 40% of contracts being delivered on time against a target of 90%. Of the three contracts that were late one was due to inclement weather, one was delayed due to the discovery of hazardous materials during construction and the final project is still in progress at the time of preparing this report.

Percentage of Contracts Completed on Budget

This indicator represents the percentage of contracts delivered on budget in the State Development Service. There are no contracts over budget for this Service therefore the result achieved was 100% which is above the target of 90%.

ROAD MAINTENANCE

Outcome: Providing a Well Maintained Road Network

This service 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:

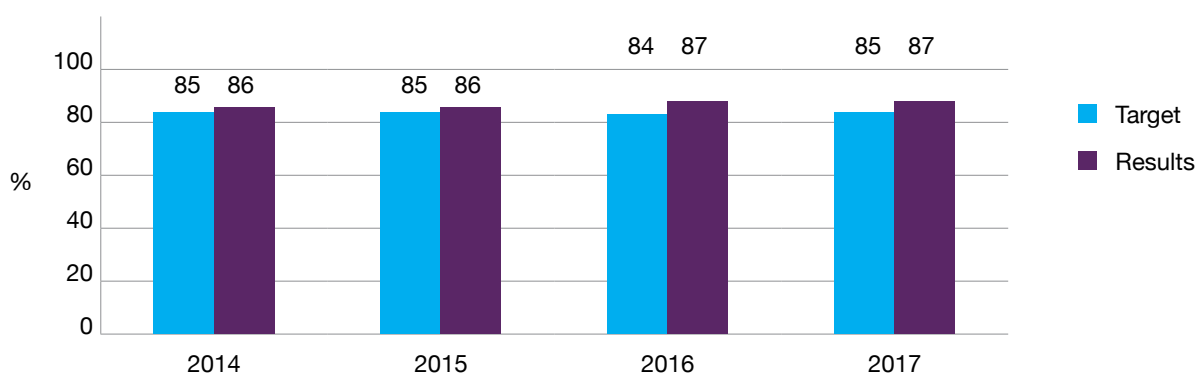
Effectiveness Indicators

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. 84% of survey participants rate our performance as okay or better, continuing the downwards trend from 2015. South West was the only region who recorded an improvement and the Metro region achieved the highest result of 88%.

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 85% and is consistent with the last four years results.



Smooth Travel Exposure

Smooth travel exposure is an indicator which shows the percentage of travel undertaken on the state road network meeting specific roughness criteria. It is therefore an important measure of the effectiveness of road maintenance expenditure. This year 96% of the total travel on sealed state roads was undertaken on roads that meet the roughness standard. This is consistent with previous year's results, however it is still under the established target of 97%.

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 against the target with the result being 7% higher than estimated. Contributing factors towards the higher result included additional unfunded resealing works in the South West and Great Southern regions, and unforeseen additional maintenance work (above the programmed budget) and additional maintenance work due to the impact of a natural disaster in January/February 2017 which impacted large areas of the State.

COMMUNITY ACCESS

Outcome: Improving Community Access and Roadside Amenity

This service 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, bushfires and major road crashes, 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 92% of the year which exceeds the 85% target. The historical figures have needed to be restated as to reflect the exclusion of unsealed roads from the calculation of this KPI.

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. Of the four community satisfaction indicators, Cycleways and Pedestrians is the only one to show an upward trend, with 87% of participants rating it as okay or better in 2017. Regionally, results in the Metro, Kimberley, Great Southern and South West have all improved since 2016.

Efficiency Indicators

Percentage of Contracts Completed on Time

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

Percentage of Contracts Completed on Budget

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

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STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2017

	Note	2017 \$000	2016 \$000
COST OF SERVICES			
Expenses			
Employee benefits expense	6	67,556	62,855
Supplies and services	8	472,690	416,517
Depreciation expense of infrastructure assets	9	363,669	340,308
Depreciation and amortisation expense of other assets	10	5,140	5,171
Finance costs	11	-	3
Grants and subsidies	12	275,923	188,925
Other expenses	13	143,486	99,670
Total cost of services		1,328,464	1,113,449
Income			
<i>Revenue</i>			
Sale of goods and services	15	11,234	9,861
Commonwealth grants and contributions	16	263,474	776,652
Contributions to roadworks	17	93,090	108,942
Grants from other bodies	18	22,409	41,662
Interest revenue	19	5,210	10,051
Other revenue	20	10,939	12,350
Total revenue		406,356	959,518
<i>Gains</i>			
Gain/(loss) on disposal of non-current assets	21	(3,257)	(1,585)
Total gain		(3,257)	(1,585)
Total income other than income from State Government		403,099	957,933
NET COST OF SERVICES		925,365	155,516
Income from State Government	22		
Service appropriation		923,910	876,638
Services received free of charge		1,846	1,337
Other funds received from State Government		150,849	107,911
Total income from State Government		1,076,605	985,886
SURPLUS/(DEFICIT) FOR THE PERIOD		151,240	830,370
OTHER COMPREHENSIVE INCOME			
Items not reclassified subsequently to profit or loss			
Changes in asset revaluation surplus	36	(1,916,165)	266,407
Total other comprehensive income		(1,916,165)	266,407
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		(1,764,925)	1,096,777

See also note 47 '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

as at June 2017

	Note	2017 \$000	2016 \$000
ASSETS			
Current Assets			
Cash and cash equivalents	37	91,984	83,452
Restricted cash and cash equivalents	23	183,136	376,755
Receivables	24	97,589	82,031
Amounts receivable for services	25	30,303	60,606
Inventories	26	3,379	3,863
Prepayments	27	13,894	10,507
Non-current assets classified as held for sale	28	1,579	7,439
Total Current Assets		421,864	624,653
Non-Current Assets			
Receivables	24	1,147	3,873
Amounts receivable for services	25	2,214,931	1,927,246
Inventories	26	1,912	2,215
Prepayments	27	1,157	436
Property, plant and equipment	29	477,030	547,464
Infrastructure	30	43,126,425	44,589,402
Intangible assets	32	13,498	14,481
Total Non-Current Assets		45,836,100	47,085,117
TOTAL ASSETS		46,257,964	47,709,770
LIABILITIES			
Current Liabilities			
Payables	34	283,493	292,242
Provisions	35	33,177	27,236
Total income from State Government		316,670	319,478
Non-Current Liabilities			
Provisions	35	5,034	4,886
Total Non-Current Liabilities		5,034	4,886
TOTAL LIABILITIES		321,704	324,364
NET ASSETS		45,936,260	47,385,406
EQUITY			
Contributed equity	36	4,574,692	4,258,913
Reserves		27,670,467	29,586,632
Accumulated surplus/(deficit)		13,691,101	13,539,861
TOTAL EQUITY		45,936,260	47,385,406

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 2017

	Note	Contributed equity \$000	Reserves \$000	Accumulated surplus/(deficit) \$000	Total equity \$000
Balance at 1 July 2015	36	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
Balance at 1 July 2016		4,258,913	29,586,632	13,539,861	47,385,406
- Surplus/(deficit)		-	-	151,240	151,240
- Other comprehensive income		-	(1,916,165)	-	(1,916,165)
Total comprehensive income for the period		-	(1,916,165)	151,240	(1,764,925)
Transactions with owners in their capacity as owners:					
- Capital appropriations		307,721	-	-	307,721
- Other contributions by owners		31,608	-	-	31,608
- Distributions to owners		(23,550)	-	-	(23,550)
Total		315,779	-	-	315,779
Balance at 30 June 2016		4,574,692	27,670,467	13,691,101	45,936,260

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 2017

	Note	2017 \$000	2016 \$000
CASH FLOWS FROM STATE GOVERNMENT			
Service appropriation		605,922	587,682
Capital appropriation		307,721	294,173
Holding account drawdown		60,606	54,063
Road Trauma Trust Fund		87,158	71,240
Natural disaster funds		50,681	32,257
Royalties for Regions Fund		11,832	11,080
Net cash provided by State Government		1,123,920	1,050,495
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee benefits		(67,884)	(63,725)
Supplies and services		(461,970)	(400,305)
Grants and subsidies		(209,667)	(180,654)
GST payments on purchases		(145,679)	(153,945)
Finance costs		-	(226)
Receipts			
Sale of goods and services		119,364	100,323
Commonwealth grants and contributions		263,475	776,652
Interest received		6,685	7,630
GST receipts on sales		22,562	18,196
GST receipts from taxation authority		120,671	135,482
Other receipts		7,948	6,232
Rent received		3,752	3,599
Net cash provided by/(used in) operating activities	37	(340,743)	249,259
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments			
Purchase of non-current assets		(21,272)	(25,113)
Purchase of infrastructure assets		(958,064)	(999,332)
Receipts			
Proceeds from sale of non-current assets		11,815	3,228
Net cash provided by/(used in) investing activities		(967,521)	(1,021,217)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments			
Repayment of borrowings		-	(5,766)
Net cash provided by/(used in) financing activities		-	(5,766)
Net increase/(decrease) in cash and cash equivalents		(184,344)	272,771
Cash and cash equivalents at the beginning of the period		460,207	282,018
Cash balance transferred to Other State Agencies		(743)	(94,582)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	37	275,120	460,207

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 2017

1 AUSTRALIAN ACCOUNTING STANDARDS

General

The Commissioner of Main Roads' (Main Roads) financial statements for the year ended 30 June 2017 have been prepared in accordance with Australian Accounting Standards. The term 'Australian Accounting Standards' includes Standards and Interpretations issued by the Australian Accounting Standards Board (AASB).

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

Early adoption of standards

Main Roads cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 Application of Australian Accounting Standards and Other Pronouncements. There has been no early adoption of any other Australian Accounting Standards that have been issued or amended (but not operative) by Main Roads for the annual reporting period ended 30 June 2017.

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 reporting period.

(c) Reporting entity

The reporting entity comprises the Commissioner of Main Roads.

(d) Contributed equity

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

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

(e) Income

Revenue recognition

Revenue is recognised and measured at the fair value of consideration received or receivable. 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.

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 2017 is based on the depreciated replacement cost determined at 30 June 2017 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.

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.

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:

Pavement and drainage:

Gravel roads	12 years
Metropolitan asphalt roads	40 years
Rural sealed roads	50 years
Seals	7 to 19 years
Bridges	60 to 100 years
Road furniture	5 to 50 years

Property, Plant & Equipment:

Buildings	25 to 40 years
Plant and vehicles	5 to 10 years
Equipment and furniture	5 to 10 years
Computer hardware and software ^(a)	3 to 5 years

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

Road earthworks generally have an infinite life. 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 in accordance with UIG Interpretation 1055 'Accounting for Road Earthworks'.

Land is not depreciated.

(h) Intangible assets

Capitalisation/expensing of assets

Acquisitions of intangible assets costing \$5,000 or more and internally generated intangible assets costing \$50,000 or more are capitalised. The cost of utilising the assets is expensed (amortised) over their useful 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.

(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

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 34 'Payables') represent the amount due to staff but unpaid at the end of the reporting period. Accrued salaries are settled within a fortnight of the reporting period 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 26 'Inventories'.

(q) Receivables

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

(r) Payables

Payables are recognised 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

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 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 fund 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.

(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.

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 reporting period.

(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 34 '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.

Operating lease commitments

Main Roads has entered into a number of leases for buildings for branch office accommodation. Some of these leases relate to buildings of a temporary nature and it has been determined that the lessor retains substantially all the risks and rewards incidental to ownership. Accordingly, these leases have been classified as operating leases.

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 reporting period.

Long Service Leave

Several estimations and assumptions used in calculating Main Roads' long service leave provision include expected future salary rates, discount rates, employee retention rates and expected future payments. Changes in these estimations and assumptions may impact on the carrying amount of the long service leave provision.

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 2016 that impacted on Main Roads.

- AASB 1057** *Application of Australian Accounting Standards*
This Standard lists the application paragraphs for each other Standard (and Interpretation), grouped where they are the same. There is no financial impact.
- AASB 2014-3** *Amendments to Australian Accounting Standards Accounting for Acquisitions of Interests in Joint Operations [AASB 1 & 11]*
This Standard lists the application paragraphs for each other Standard (and Interpretation), grouped where they are the same. There is no financial impact.
- AASB 2014-4** *Amendments to Australian Accounting Standards Clarification of Acceptable Methods of Depreciation and Amortisation [AASB 116 & 138]*
The adoption of this 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 2014-9** *Amendments to Australian Accounting Standards Equity Method in Separate Financial Statements [AASB 1, 127 & 128]*
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. As Main Roads has no joint ventures and associates, the application of the Standard has no financial impact.
- AASB 2015-1** *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]*
These amendments arise from the issuance of International Financial Reporting Standard Annual Improvements to IFRSs 2012-2014 Cycle in September 2014, and editorial corrections. The Standard has no financial impact for Main Roads
- AASB 2015-2** *Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 101 [AASB 7, 101, 134 & 1049]*
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.
- AASB 2015-6** *Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities*
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. There is no financial impact.
- AASB 2015-10** *Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 & 128*
This Standard defers the mandatory effective date (application date) of amendments to AASB 10 & AASB 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. There is no financial impact.

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 or by an exemption from TI 1101. By virtue of a limited exemption, Main Roads has early adopted AASB 2015 7 Amendments to Australian Accounting Standards – Fair Value Disclosures of Not for Profit Public Sector Entities. Where applicable, Main Roads plans to apply these Australian Accounting Standards from their application date.

		Operative for reporting periods beginning on/after
AASB 9	<p><i>Financial Instruments</i></p> <p>This Standard supersedes AASB 139 Financial Instruments: Recognition and Measurement, 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 Amendments to Australian Accounting Standards. 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.</p> <p>Main Roads income is principally derived from appropriations which will be measured under AASB 1058 Income of Not for Profit Entities and will be unaffected by this change. However, the Main Roads has not yet determined the potential impact of the Standard on 'User charges and fees' and 'Sales' revenues. In broad terms, it is anticipated that the terms and conditions attached to these revenues will defer revenue recognition until Main Roads has discharged its performance obligations.</p>	1 Jan 2019
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> <p>Whilst the impact of AASB 16 has not yet been quantified, the entity currently has operating lease commitments for \$5826K. The worth of non cancellable operating leases which Main Roads anticipates most of this amount will be brought onto the statement of financial position, excepting amounts pertinent to short term or low value leases. Interest and amortisation expense will increase and rental expense will decrease.</p>	1 Jan 2019
AASB 1058	<p><i>Income of Not-for-Profit Entities</i></p> <p>This Standard clarifies and simplifies the income recognition requirements that apply to not for profit (NFP) entities, more closely reflecting the economic reality of NFP entity transactions that are not contracts with customers. Timing of income recognition is dependent on whether such a transaction gives rise to a liability, or a performance obligation (a promise to transfer a good or service), or, an obligation to acquire an asset. Main Roads has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2019

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. 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 by Main Roads to determine the application or potential impact of the Standard.</p>	1 Jan 2018
AASB 2014-5	<p><i>Amendments to Australian Accounting Standards arising from AASB 15</i></p> <p>This Standard gives effect to the consequential amendments to Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 15. Main Roads has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2018
AASB 2014-7	<p><i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)</i></p> <p>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.</p>	1 Jan 2018
AASB 2014-10	<p><i>Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [AASB 10 & 128]</i></p> <p>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. The mandatory effective date (application date) for the Standard has been deferred to 1 January 2018 by AASB 2015-10. Main Roads has determined that the Standard has no financial impact.</p>	1 Jan 2018

AASB 2015-8	<p><i>Amendments to Australian Accounting Standards – Effective Date of AASB 15</i></p> <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. For Not For Profit entities, the mandatory effective date has subsequently been amended to 1 January 2019 by AASB 2016-7. Main Roads has not yet determined the application or the potential impact of AASB 15.</p>	1 Jan 2019
AASB 2016-2	<p><i>Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107</i></p> <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>	1 Jan 2017
AASB 2016-3	<p><i>Amendments to Australian Accounting Standards – Clarifications to AASB 15</i></p> <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>	1 Jan 2018
AASB 2016-4	<p><i>Amendments to Australian Accounting Standards – Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities</i></p> <p>This Standard clarifies that the recoverable amount of primarily non-cash- generating assets of not-for-profit entities, which are typically specialised in nature and held for continuing use of their service capacity, is expected to be materially the same as fair value determined under AASB 13 Fair Value Measurement . Main Roads has not yet determined the application or the potential impact.</p>	1 Jan 2017
AASB 2016-7	<p><i>Amendments to Australian Accounting Standards Deferral of AASB 15 for Not for Profit Entities</i></p> <p>This Standard amends the mandatory effective date (application date) of AASB 15 and defers the consequential amendments that were originally set out in AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15 for not for profit entities to annual reporting periods beginning on or after 1 January 2019, instead of 1 January 2018. There is no financial impact.</p>	1 Jan 2017
AASB 2016-8	<p><i>Amendments to Australian Accounting Standards Australian Implementation Guidance for Not for Profit Entities</i></p> <p>This Standard inserts Australian requirements and authoritative implementation guidance for not for profit entities into AASB 9 and AASB 15. This guidance assists not-for-profit entities in applying those Standards to particular transactions and other events. There is no financial impact.</p>	1 Jan 2019
AASB 2017-2	<p><i>Amendments to Australian Accounting Standards Further Annual Improvements 2014-2016 Cycle</i></p> <p>This Standard clarifies the scope of AASB 12 by specifying that the disclosure requirements apply to an entity’s interests in other entities that are classified as held for sale, held for distribution to owners in their capacity as owners or discontinued operations in accordance with AASB 5. There is no financial impact.</p>	1 Jan 2017

6 EMPLOYEE BENEFITS EXPENSE

	2017 \$000	2016 \$000
Wages and salaries	52,750	49,230
Annual leave	5,230	4,636
Long service leave	2,184	1,950
Fringe benefits tax	1,139	1,382
	61,303	57,198
Superannuation - defined contribution plans ^(a)	6,253	5,657
	67,556	62,855

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

7 COMPENSATION OF KEY MANAGEMENT PERSONNEL

Main Roads has determined that key management personnel include Cabinet Ministers and senior officers of Main Roads. However, Main Roads is not obligated to reimburse for the compensation of Ministers and therefore no disclosure is required. The disclosures in relation to Ministers' compensation may be found in the Annual Report on State Finances. The remuneration of the incumbent Commissioner of Main Roads is met by the Department of Transport.

Total compensation for key management personnel, comprising members and senior officers, of Main Roads for the reporting period are presented within the following bands:

	2017 \$000	2016 \$000
COMPENSATION OF MEMBERS OF THE ACCOUNTABLE AUTHORITY		
Compensation Band (\$)		
0 – 10,000	2	1
COMPENSATION OF SENIOR OFFICERS		
Compensation Band (\$)		
410,001 – 420,000	–	1
330,001 – 340,000	1	–
260,001 – 270,000	1	1
250,001 – 260,000	–	2
240,001 – 250,000	–	2
230,001 – 240,000	2	1
220,001 – 230,000	2	–
210,001 – 220,000	1	3
200,001 – 210,000	1	–
190,001 – 200,000	1	–
160,001 – 170,000	1	–
10,001 – 20,000	1	–
	\$000	\$000
Short term employee benefits	2,029	2,316
Post employment benefits	264	237
Other long term benefits	10	7
Termination benefits	–	–
The total remuneration of senior officers	2,303	2,560

8 SUPPLIES AND SERVICES

	2017 \$000	2016 \$000
Insurance ^(a)	4,386	4,217
Plant hire charges ^(b)	5,508	5,036
Electricity, gas and water	8,428	7,945
Building maintenance and equipment ^(c)	7,416	5,934
Advertising	328	465
Communications	4,890	5,074
Consultants and contractors ^(d)	419,841	367,941
Consumables	1,674	1,313
Materials	4,297	6,008
Other	15,922	12,584
	472,690	416,517

(a) Include payments to RiskCover

(b) Include payments to Department of Transport and Department of Finance

(c) Include payments to Department of Finance

(d) Include payments to Department of Transport and Water Corporations

9 DEPRECIATION EXPENSE OF INFRASTRUCTURE ASSETS

	2017 \$000	2016 \$000
Roads – earthworks	809	805
Roads – pavements and drainage	180,869	171,651
Roads – seal	98,634	89,993
Bridges	58,609	57,135
Road furniture	24,748	20,724
	363,669	340,308

10 DEPRECIATION AND AMORTISATION EXPENSE OF OTHER ASSETS

	2017 \$000	2016 \$000
Depreciation		
Plant, equipment and vehicles	5,149	4,478
Buildings	6,978	6,788
Total depreciation	12,127	11,266
Amortisation		
Intangible assets	2,818	3,685
Total amortisation	2,818	3,685
Total depreciation and amortisation	14,945	14,951
Less: depreciation capitalised to infrastructure	(9,805)	(9,780)
	5,140	5,171

11 FINANCE COSTS

	2017 \$000	2016 \$000
Interest expense	-	3

12 GRANTS AND SUBSIDIES

	2017 \$000	2016 \$000
Grants and subsidies to local government and other bodies ^(a)	204,928	186,714
Grants of non-current assets to other bodies	70,995	2,211
	275,923	188,925
<i>(a) Include payments made to Department of Parks and Wildlife</i>		

13 OTHER EXPENSES

	2017 \$000	2016 \$000
Non-current assets retired/replaced ^(a)	55,422	99,371
Write-down of non-current assets classified as held for sale ^(b)	796	299
Write-down of infrastructure works in progress ^(c)	87,268	-
	143,486	99,670

(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.

(c) Infrastructure work in progress written down relating to the Government decision to discontinue work on the Roe Highway Extension Stage 8 and Stage 9.

14 RELATED PARTY TRANSACTIONS

Main Roads is a wholly-owned public sector entity that is controlled by the State of Western Australia. In conducting its activities, the Authority is required to pay various taxes and levies based on the standard terms and conditions that apply to all tax and levy payers to the State and entities related to the State.

Related parties of Main Roads include:

- All Ministers and their close family members, and their controlled or jointly controlled entities;
- All senior officers and their close family members, and their controlled or jointly controlled entities;
- Other departments and public sector entities, including related bodies included in the whole of government consolidated financial statements;
- Associates and joint ventures, that are included in the whole of government consolidated financial statements; and
- The Government Employees Superannuation Board (GESB)

Significant transactions with government related entities

Significant transactions include:

- Service appropriations (Note 22)
- Capital appropriations (Note 36)
- Services received free of charge from other government agencies (Note 22)
- Income from Road Trauma Trust Fund (Note 22)
- Income from Natural disaster fund (Note 22)
- Income from Royalties for Regions Fund (Notes 22 and 36)
- Superannuation payments to GESB (Note 6)
- Remuneration for services provided by the Auditor General (Note 44)
- Payments for vegetation clearing permits required for road construction to Department of Environment Regulation amounting \$1.9 million (Note 30)
- Payments for property management expenses and fleet leasing to the Department of Finance amounting \$20.4 million (Notes 8 and 29)
- Commitments of \$4.1 million future lease payments to the Department of Finance (Note 39)
- Payments mainly for road maintenance to Department of Parks and Wildlife amounting \$1.4 million (Note 12)
- Payments mainly for reimbursement of professional services to Department of Transport amounting \$1.4 million (Notes 8 and 30)
- Payments mainly for land acquisition used for road construction to State Solicitor's Office amounting \$33.7 million (Notes 29 and 30)
- Payments mainly for land acquisition used for road construction to WA Planning Commission amounting \$2.8 million (Note 30)
- Payments mainly for service relocation enabling road construction to Western Power amounting \$10.9 million (Note 30)
- Insurance payments of \$2.3 million to Riskcover fund (Note 8)
- Payments mainly for service relocation enabling road construction and maintenance to Water Corporation amounting \$1.9 million (Notes 8 and 30)
- Payments mainly received as contribution to roadworks from Public Transport Authority amounting \$52.8 million (Note 17)
- Payments mainly received as contribution to roadworks from Metropolitan Redevelopment Authority amounting \$4.5 million (Note 17)

- Payments mainly received by selling assets to Housing Authority amounting \$1.4 million (Note 21)
- Payments mainly received from Department of Transport by providing service and as contribution to roadworks amounting \$13.8 million (Note 15 and 17)
- Payments mainly received from WA Police as contribution to roadworks amounting \$1.1 million (Note 17)

Material transactions with related parties

No material transactions were identified between Main Roads and Ministers or senior officers or their close family members or their controlled (or jointly controlled) entities during the year

15 SALE OF GOODS AND SERVICES

	2017 \$000	2016 \$000
Sale of goods and services ^(a)	11,234	9,861

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 2016-17 are summarised at note 46 'Indian Ocean Territories'.

(a) Includes payments received from Department of Transport

16 COMMONWEALTH GRANTS AND CONTRIBUTIONS

	2017 \$000	2016 \$000
Land Transport Infrastructure Projects	260,755	773,859
Interstate Road Transport Act 1985	2,719	2,793
	263,474	776,652

(a) Include payments made to Department of Parks and Wildlife

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 2017, \$207.948 million of the National Land Transport Act 2014 grants recognised as revenue remained unspent on approved projects (at 30 June 2016 the amount was \$376.772 million). Refer to note 2(e) 'Income'.

17 CONTRIBUTIONS TO ROADWORKS

	2017 \$000	2016 \$000
Contributions to roadworks ^(a)	93,090	108,942

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'.

(a) Includes payments received from Public Transport Authority, Metropolitan Redevelopment Authority, Western Australian Police and Department of Transport

18 GRANTS FROM OTHER BODIES

	2017 \$000	2016 \$000
Grants from local government authorities and other bodies		
Transferred infrastructure assets at fair value	8,420	1,048
Local Government contribution to traffic signal construction	967	2,034
Developers contribution to roadworks	13,022	38,580
	22,409	41,662

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 2017: Abraham Street Bridge over Mount Magnet Road and Railway (Greater Geraldton).

The developers contribution to roadworks relate to construction costs met by private developers on roads owned by Main Roads. Roadworks include road construction and intersection improvements (Great Northern Highway near Boodarie).

19 INTEREST REVENUE

	2017 \$000	2016 \$000
Land Transport Infrastructure Projects interest revenue	5,192	10,038
Other interest revenue	18	13
	5,210	10,051

20 OTHER REVENUE

	2017 \$000	2016 \$000
Rental income	3,705	3,616
Assets not previously recognised	-	3,415
Other	7,234	5,319
	10,939	12,350

21 NET GAIN/(LOSS) ON DISPOSAL OF NON CURRENT ASSETS

	2017 \$000	2016 \$000
Net proceeds from disposal of non-current assets		
Land acquired for roadworks ^(a)	9,482	2,597
Land and buildings	2,758	603
Plant, equipment and vehicles	23	41
	12,263	3,241

(a) Includes payments received from Housing Authority

	2017 \$000	2016 \$000
Carrying amount of non-current assets disposed		
Land acquired for roadworks	12,099	4,177
Land and buildings	3,413	643
Plant, equipment and vehicles	8	6
	15,520	4,826
Net gain/(loss)	(3,257)	(1,585)

22 INCOME FROM STATE GOVERNMENT

	2017 \$000	2016 \$000
Service appropriation		
Motor vehicle licence fees	596,065	578,397
Untied funds	321,199	291,195
Motor vehicle permit fees	6,221	6,644
Salaries and Allowances Act 1975	425	402
	923,910	876,638
Services received free of charge from other State government agencies during the period		
Land Information Authority (Landgate)	618	714
Department of the Attorney General (State Solicitor's Office)	1,083	623
Road Safety Commission	66	-
Department of Mines and Petroleum	79	-
	1,846	1,337
Other funds received from State Government		
Road Trauma Trust Fund	90,393	75,352
Natural disaster funds	60,180	32,257
Royalties for Regions Fund	276	302
	150,849	107,911
Total Income from State Government	1,076,605	985,886

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 for cars and light vehicles are raised under the Road Traffic Act 1974. The total licence fees collected in 2016-17 was \$842.741 million (2015-16: \$831.150 million). An amount of \$596.065 million (2015-16: \$578.397 million) was received as a service appropriation and the balance of \$246.676 million (2015-16: \$252.753 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 2016-17 was \$382.244 million (2015-16: \$332.615 million). This includes a service appropriation of \$321.199 million (2015-16: \$291.195 million) and a capital contribution of \$61.045 million (2015-16: \$41.420 million). The service appropriation includes a cash component of \$3.211 million (2015-16: \$2.238 million) and a \$317.988 million (2015-16: \$288.957 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 Office of Emergency Management 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.

23 RESTRICTED CASH AND CASH EQUIVALENTS

	2017 \$000	2016 \$000
Current		
Contractor's deposits	1,363	708
Land Transport Infrastructure Projects	181,672	376,037
Commonwealth Paid Parental Leave Scheme	4	10
Royalties for Regions Fund	97	–
	183,136	376,755

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.

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.

24 RECEIVABLES

	2017 \$000	2016 \$000
Current		
Trade debtors	23,754	12,556
Other debtors	2,719	4,274
Allowance for impairment of receivables	(2,205)	(2,247)
Trade debtors – unbilled receivables	26,511	22,721
GST receivable	30,824	32,013
Accrued revenue	15,986	12,714
Total current	97,589	82,031
Non-current		
Trade debtors	1,147	3,873
Total non-current	1,147	3,873
Total receivables	98,736	85,904

	2017 \$000	2016 \$000
Reconciliation of changes in the allowance for impairment of receivables:		
Balance at start of period	2,247	2,023
Doubtful debts expense	127	353
Amounts written off during the year	–	(129)
Impairment losses reversed during the period	(169)	–
Balance at end of period	2,205	2,247

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

25 AMOUNTS RECEIVABLE FOR SERVICES (HOLDING ACCOUNT)

	2017 \$000	2016 \$000
Current	30,303	60,606
Non-current	2,214,931	1,927,246
	2,245,234	1,987,852

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

26 INVENTORIES

	2017 \$000	2016 \$000
Current		
Inventories held for distribution:		
- Construction and maintenance materials	212	338
- Electrical Stores	3,167	3,525
Total current	3,379	3,863
Non-current		
Inventories held for distribution:		
- Construction and maintenance materials	1,912	2,215
Total non-current	1,912	2,215

27 PREPAYMENTS

	2017 \$000	2016 \$000
Current		
Contractor's advance	12,578	7,922
Prepaid insurance	1,316	2,585
Total current	13,894	10,507
Non-current		
Contractor's advance	–	–
Prepaid insurance	1,157	436
Total non-current	1,157	436

28 NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

	2017 \$000	2016 \$000
Freehold land and buildings		
Opening balance	7,439	7,150
Assets reclassified as held for sale	11,448	5,395
Assets removed from current disposal program	(1,000)	-
Assets sold	(15,512)	(4,807)
Write-down of assets from carrying value to fair value less selling costs	(796)	(299)
Closing balance	1,579	7,439

Information on fair value measurements is provided in Note 31.

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.

29 PROPERTY, PLANT AND EQUIPMENT

	2017 \$000	2016 \$000
Land		
At fair value ^(a)	73,348	93,082
	73,348	93,082
Buildings		
At fair value ^(a)	89,133	101,751
Accumulated depreciation	(80)	(332)
	89,053	101,419
Buildings under construction		
Construction costs ^(b)	4,953	7,352
	4,953	7,352
Plant, equipment and vehicles		
At cost	40,634	39,578
Accumulated depreciation	(26,921)	(23,628)
	13,713	15,950
Surplus assets		
At fair value ^(a)	98,383	112,649
	98,383	112,649
Land acquired for roadworks		
At fair value ^(a)	197,580	217,012
	197,580	217,012
Total property, plant and equipment	477,030	547,464

(a) Land, buildings, surplus assets and land acquired for roadworks were revalued as at 1 July 2016 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 2017 and recognised at 30 June 2017.

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 2015 to 1 July 2016. These properties have been valued based on the average percentage increase for the Metro and Rural areas respectively over the period 1 July 2015 to 1 July 2016. 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 2016. In undertaking the revaluation, fair value was determined by reference to market values of Freehold land \$73.348 million (2015-16: \$93.082 million) and Buildings \$89.053 million (2015-16: \$101.419 million).

Information on fair value measurements is provided in Note 31.

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.

2017	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	93,082	101,419	7,352	15,950	112,649	217,012	547,464
Additions ^(a)	1,283	–	15,272	2,801	(95)	1,003	20,264
Disposals	–	(599)	–	(8)	(3)	–	(610)
Classified as held for sale	(1,396)	(1,733)	–	121	(7,272)	(168)	(10,448)
Held for sale removed from disposal program	–	–	–	–	–	–	–
Transfers	412	17,259	(17,671)	–	–	–	–
Transfer (to) / from infrastructure	(9,834)	–	–	–	5,077	(177)	(4,934)
Equity contribution / (distribution)	71	(167)	–	(2)	–	–	(98)
Revaluation increments / (decrements)	(10,270)	(20,178)	–	–	(11,943)	(20,090)	(62,481)
Impairment losses	–	–	–	–	–	–	–
Assets not previously recognised	–	–	–	–	–	–	–
Depreciation	–	(6,948)	–	(5,149)	(30)	–	(12,127)
Carrying amount at end of year	73,348	89,053	4,953	13,713	98,383	197,580	477,030

(a) Include payments made to Department of Finance and State Solicitor's Office

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

30 INFRASTRUCTURE

	2017 \$000	2016 \$000
Roads and principal shared paths		
Earthworks at fair value	12,669,429	13,377,621
Accumulated depreciation	(2,943,369)	(3,058,958)
	9,726,060	10,318,663
Pavement and drainage at fair value	8,856,036	8,819,496
Accumulated depreciation	(5,166,385)	(4,793,891)
	3,689,651	4,025,605
Seals at fair value	1,392,851	1,526,196
Accumulated depreciation	(820,634)	(910,296)
	572,217	615,900
Land under roads		
At fair value	23,820,634	24,382,292
	23,820,634	24,382,292
Bridges		
At fair value	5,459,264	5,497,075
Accumulated depreciation	(1,640,727)	(1,570,624)
	3,818,537	3,926,451
Road furniture		
At fair value	555,434	559,947
Accumulated depreciation	(206,510)	(195,305)
	348,924	364,642
Infrastructure work in progress		
At cost	1,150,402	955,849
	1,150,402	955,849
Total Infrastructure	43,126,425	44,589,402

The value of roads and principal shared paths (earthworks, drainage, pavements and seals), bridges and road furniture at 30 June 2017 is based on the depreciated replacement cost determined at 30 June 2017 by Main Roads. A comprehensive revaluation has been applied as at 30 June 2017 using construction unit rates obtained from professional quantity surveying firms which represent the fair value to replace the assets, and applying these against the units for each infrastructure category.

For principal shared paths, the value at 30 June 2017 has been determined by applying a cost index (ABS Road and Bridge Construction cost index) on the depreciated replacement cost to ensure the asset value does not materially differ from fair value.

Land under roads was revalued at 30 June 2017 using 1 July 2016 values supplied by the Western Australian Land Information Authority (Valuation Services).

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.

2017	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	14,960,168	24,382,292	3,926,451	364,642	955,849	44,589,402
Additions ^(a)	–	–	–	–	943,596	943,596
Retirements	(37,563)	–	(16,118)	(1,139)	–	(54,820)
Transfers	455,013	19,151	130,097	63,235	(667,496)	–
Transfer (to) / from land acquired for roadwork	–	(4,900)	–	–	9,834	4,934
Revaluation increments / (decrements)	(1,110,605)	(562,205)	(132,669)	(48,285)	–	(1,853,764)
Highways and main roads reclassified as local roads	(17,747)	(10,024)	(43,224)	–	–	(70,995)
Local roads classified as highways and main road	11,588	30	8,259	2,532	–	22,409
Equity contribution / (distribution)	7,386	(3,710)	4,350	(7,313)	(4,114)	(3,401)
Assets not previously recognised	–	–	–	–	–	–
Write-down of infrastructure work in progress	–	–	–	–	(87,267)	(87,267)
Depreciation	(280,312)	–	(58,609)	(24,748)	–	(363,669)
Carrying amount at end of year	13,987,928	23,820,634	3,818,537	348,924	1,150,402	43,126,425

(a) Include payments to Department of Environment Regulations, Department of Transport, State Solicitor's Office, WA Planning Commission, Western Power and Water Corporation

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 ^(a)	–	–	–	–	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 roadwork	–	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 road	21,630	15,300	–	4,732	–	41,662
Equity contribution / (distribution)	(659)	515	–	(1,473)	–	(1,617)
Assets not previously recognised	–	–	–	–	–	–
Write-down of infrastructure work in progress	–	–	–	–	–	–
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

Information on fair value measurements is provided in Note 31.

31 FAIR VALUE MEASUREMENTS

Assets measured at fair value:	Level 1	Level 2	Level 3	Fair value at end of period
2017	\$000	\$000	\$000	\$000
Non-current assets classified as held for sale (Note 28)	–	1,579	–	1,579
Land (Note 29)	–	67,221	6,127	73,348
Buildings (Note 29)	–	74,948	14,105	89,053
Surplus assets (Note 29)	–	63,396	34,987	98,383
Land acquired for roadworks (Note 29)	–	152,101	45,479	197,580
Infrastructure (Note 30)	–	–	41,976,023	41,976,023
	–	359,245	42,076,721	42,435,966

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 28)	–	7,439	–	7,439
Land (Note 29)	–	87,181	5,901	93,082
Buildings (Note 29)	–	85,398	16,021	101,419
Surplus assets (Note 29)	–	70,491	42,158	112,649
Land acquired for roadworks (Note 29)	–	168,925	48,087	217,012
Infrastructure (Note 30)	–	–	43,633,553	43,633,553
	–	419,434	43,745,720	44,165,154

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.

Fair value measurements using significant unobservable inputs (Level 3)

	Non-current asset held for sale \$000	Land \$000	Buildings \$000	Surplus assets \$000	Land acquired for roadworks \$000	Infrastructure \$000
2017						
Fair value at start of period	–	5,901	16,021	42,158	48,087	43,633,553
Additions	–	–	23	931	201	685,718
Revaluation increments / (decrements) recognised in Profit or Loss	–	–	–	–	–	–
Revaluation increments / (decrements) recognised in Other Comprehensive Income	–	162	(888)	(4,750)	(5,139)	(1,853,764)
Transfers from / (to) Level 2	–	64	(63)	(3,321)	2,330	–
Disposals	–	–	(138)	(4)	–	(125,815)
Depreciation expense	–	–	(850)	(27)	–	(363,669)
Fair value at end of period	–	6,127	14,105	34,987	45,479	41,976,023
Total gains or losses for the period included in profit or loss, under 'Other Gains'	–	–	–	–	–	–

	Non-current asset held for sale \$000	Land \$000	Buildings \$000	Surplus assets \$000	Land acquired for roadworks \$000	Infrastructure \$000
2016						
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'	–	–	–	–	–	–

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.

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.

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).

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.

Information about significant unobservable inputs (Level 3) in fair value measurements

Description	Fair value 2017 \$000	Fair value 2016 \$000	Valuation technique(s)	Unobservable inputs
Land, Surplus asset and Land acquired for roadworks	86,593	96,146	Market approach	Selection of land with similar approximate utility
Buildings	14,105	16,021	Depreciated replacement cost	Historical cost per square metre floor area (m ²)
				Consumed economic benefit/obsolescence of asset
Infrastructure (Earthworks)	9,726,060	10,318,663	Depreciated replacement cost	Historical cost per cubic metre (m ³)
Infrastructure (Pavements including drainage and	4,261,868	4,641,505	Depreciated replacement cost	Historical cost per cubic metre (m ³)
Infrastructure (Bridges)	3,818,537	3,926,451	Depreciated replacement cost	Historical cost per cubic metre (m ³)
Infrastructure (Road furniture)	348,924	364,642	Depreciated replacement cost	Consumed economic benefit/obsolescence of asset
Infrastructure (Land under roads)	23,820,634	24,382,292	Market approach	Selection of land adjoining road reserve

Reconciliations of the opening and closing balances are provided in Notes 29 and 30.

32 INTANGIBLE ASSETS

	2017 \$000	2016 \$000
Computer software and licences		
At cost	27,989	26,154
Accumulated amortisation	(14,500)	(11,682)
	13,489	14,472
Drainage easements		
At cost	9	9
	9	9
Total intangible assets	13,498	14,481

RECONCILIATIONS

Computer software and licences		
Carrying amount at start of period	14,472	17,716
Additions	1,835	1,521
Disposals	-	(1,080)
Transfers	-	-
Amortisation expense	(2,818)	(3,685)
Carrying amount at end of period	13,489	14,472

33 IMPAIRMENT OF ASSETS

A fraction of road seal on the road network and a bridge was impaired as part of the impairment assessment of property, plant and equipment, infrastructure and intangible assets at 30 June 2017.

Road Seal

There were 266 road seal assets impaired by reducing useful life. These road seal assets are planned to be fully or partially retired during next financial year.

Bridge

Hay Street Road Bridge over Mitchell Freeway is impaired reducing the useful life by 40 years. The bridge was hit several times as a result of road vehicles violating the height restriction. This will result in additional depreciation expenditure over the bridge's remaining useful life.

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.

34 PAYABLES

	2017 \$000	2016 \$000
Current		
Trade creditors	7,174	7,692
Major contracts and services	193,631	207,432
Property acquisitions	33,527	45,451
Contractors retention	641	708
Funds in advance	43,091	26,157
Performance bonds / surety	319	244
Accrued salaries	5,110	4,558
Total current	283,493	292,242

35 PROVISIONS

	2017 \$000	2016 \$000
Current		
<i>Employee benefits provisions</i>		
Annual leave	12,445	12,162
Long service leave	14,726	14,936
	27,171	27,098
<i>Other provisions</i>		
Employment on-costs	262	138
Site restoration	5,744	–
	6,006	138
Total Current	33,177	27,236
Non-current		
<i>Employee benefits provisions</i>		
Long service leave	4,986	4,861
<i>Other provisions</i>		
Employment on-costs	48	25
Total Non-current	5,034	4,886

- (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:

	2017 \$000	2016 \$000
Within 12 months of the end of the reporting period	9,345	8,829
More than 12 months after the end of the reporting period	3,100	3,333
	12,445	12,162

- (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:

	2017 \$000	2016 \$000
Within 12 months of the end of the reporting period	3,869	4,604
More than 12 months after the end of the reporting period	15,843	15,193
	19,712	19,797

- (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

- (d) Main Roads has a legal obligation to restore the site cleared for the purposes of constructing Roe Highway Extension (Stage 8). The timing and amount of economic outflow is uncertain and estimates are based on the contractor's professional judgement. The associated expense is disclosed in Note 30 Infrastructure Work In Progress.

Movements in other provisions

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

	2017 \$000	2016 \$000
Employment on-cost provision		
Carrying amount at start of period	163	191
Additional provisions recognised	147	(28)
Payments/other sacrifices of economic benefits	-	-
Unwinding of the discount	-	-
Carrying amount at end of period	310	163
Site restoration cost provision		
Carrying amount at start of period	-	-
Additional provisions recognised	5,744	-
Payments/other sacrifices of economic benefits	-	-
Unwinding of the discount	-	-
Carrying amount at end of period	5,744	-

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.

	2017 \$000	2016 \$000
Contributed equity		
Balance at start of period	4,258,913	4,039,936
Contributions by owners		
Capital contributions	307,721	294,173
Other contributions by owners		
Royalties for Regions Fund - Regional Infrastructure and Headwork Account	11,556	10,778
Transfer of net assets from other agencies		
Public Transport Authority	19,932	-
Western Australian Planning Commission	-	515
Department of Lands	120	252
Total contributions by owners	339,329	305,718
Distributions to owners		
Transfer of net assets to other agencies		
Public Transport Authority	(23,332)	(2,133)
Department of Lands	(216)	-
Road Safety Commission	(2)	(84,608)
Total distributions to owners	(23,550)	(86,741)
Balance at end of period	4,574,692	4,258,913
RESERVES		
Asset revaluation surplus		
Balance at start of period	29,586,632	29,320,225
Net revaluation increments/(decrements)		
Earthworks, Drainage, Pavements and Seals	(1,110,605)	159,779
Bridges	(132,669)	-
Land under roads	(562,205)	136,192
Road Furniture	(48,285)	11
Land and Buildings	(62,401)	(29,575)
Balance at end of period	27,670,467	29,586,632
Accumulated surplus/(deficit)		
Balance at start of period	13,539,861	12,709,491
Result for the period	151,240	830,370
Income and expense recognised directly in equity	-	-
Balance at end of period	13,691,101	13,539,861
Total Equity at end of period	45,936,260	47,385,406

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:

	2017 \$000	2016 \$000
Cash and cash equivalents	91,984	83,452
Restricted cash and cash equivalents	183,136	376,755
	275,120	460,207

RECONCILIATION OF NET COST OF SERVICES TO NET CASH FLOWS PROVIDED BY/(USED IN) OPERATING ACTIVITIES

Net cost of services	(925,365)	(155,516)
Non-cash items:		
Depreciation expense - infrastructure	363,669	340,308
Depreciation and amortisation expense - other fixed assets	5,140	5,171
Grants to other bodies	70,995	2,211
Grants received from other bodies	(22,409)	(41,662)
Services received free of charge	1,846	1,337
Infrastructure assets retired/replaced	143,486	99,670
Assets not previously recognised	-	(3,415)
Adjustment for other non-cash items	-	-
Net (gain)/loss on sale of property, plant and equipment	3,257	1,585
(Increase)/decrease in assets:		
Receivables ^(a)	(97)	(32,096)
Inventories	787	(1,802)
Prepayments	(4,108)	11,822
Increase/(decrease) in liabilities:		
Payables ^(a)	20,522	21,353
Employee benefits	345	(831)
Net GST receipts/(payments) ^(b)	120,977	135,481
Change in GST in receivables/payables ^(c)	(119,788)	(134,357)
Net cash provided by/(used in) operating activities	(340,743)	249,259

(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:

	2017 \$000	2016 \$000
Department of Transport - accommodation costs and provision of traffic modelling services	31	9
Department of Planning - provision of traffic modelling services	68	3
Public Transport Authority - provision of professional services	186	1
Services provided free of charge to other agencies	3	2
Road Safety Commission - accommodation cost and provision of corporate services	-	440
	288	455

39 COMMITMENTS

Non-cancellable operating lease commitments

Commitments for minimum lease payments are payable as follows:

	2017 \$000	2016 \$000
Within 1 year	3,421	4,760
Later than 1 year and not later than 5 years	2,405	3,347
Later than 5 years	-	105
	5,826	8,212

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:

	2017 \$000	2016 \$000
Within 1 year	589,636	379,601
Later than 1 year and not later than 5 years	490,048	80,994
Later than 5 years	-	-
	1,079,684	460,595

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:

	2017 \$000	2016 \$000
Within 1 year	351,462	343,474
Later than 1 year and not later than 5 years	45,991	97,919
Later than 5 years	-	-
	397,453	441,393

40 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Contingent liabilities

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

	2017 \$000	2016 \$000
Contract claims in dispute	9,310	22,835
Resumption claims in dispute	249,411	177,900
	258,721	200,735

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.

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 twenty one suspected contaminated sites to DER. Five sites were classified as contaminated - remediation required, seven were classified as possibly contaminated - investigation required, two were classified as remediated for restricted use, three reports were found to be unsubstantiated, one site had its Memorial withdraw & three sites are still awaiting classification. 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

Contingent assets

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

	2017 \$000	2016 \$000
Contracts in dispute	-	200
	-	200

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 STATEMENT

All variances between estimates (original budget) and actual results for 2017, and between the actual results for 2017 and 2016 are shown below. Narratives are provided for key variations selected from observed major variances, which are generally greater than:

- 5% and \$22.3 million for the Statements of Comprehensive Income and Cash Flows; and,
- 5% and \$25.0 million for the Statement of Financial Position.

	Variance Note	Original Budget 2017 \$000	Actual 2017 \$000	Actual 2016 \$000	Variance between estimate and actual \$000	Variance between actual results for 2017 and 2016 \$000
Statement of Comprehensive Income						
Expenses						
Employee benefits expense		74,767	67,556	62,855	(7,211)	4,701
Supplies and services	1 A	534,307	472,690	416,517	(61,617)	56,173
Depreciation expense of infrastructure assets	B	371,314	363,669	340,308	(7,645)	23,361
Depreciation and amortisation expense of other assets		3,392	5,140	5,171	1,748	(31)
Finance costs		-	-	3	0	(3)
Grants and subsidies	2 C	175,514	275,923	188,925	100,409	86,998
Other expenses	3 D	43,461	143,486	99,670	100,025	43,816
Total cost of services		1,202,755	1,328,464	1,113,449	125,709	215,015
Income						
Revenue						
Sale of goods and services		-	11,234	9,861	11,234	1,373
Commonwealth grants and contributions	4 E	667,765	263,474	776,652	(404,291)	(513,178)
Contributions to roadworks	5	54,288	93,090	108,942	38,802	(15,852)
Grants from other bodies		13,141	22,409	41,662	9,268	(19,253)
Interest revenue		10	5,210	10,051	5,200	(4,841)
Other revenue		13,785	10,939	12,350	(2,846)	(1,411)
Total revenue		748,989	406,356	959,518	(342,633)	(553,162)
Gains						
Gain/(loss) on disposal of non-current assets		200	(3,257)	(1,585)	(3,457)	(1,672)
Total gains		200	(3,257)	(1,585)	(3,457)	(1,672)
Total income other than income from State Government		749,189	403,099	957,933	(346,090)	(554,834)
NET COST OF SERVICES		453,566	925,365	155,516	471,799	769,849
Income						
Service appropriation	F	937,533	923,910	876,638	(13,623)	47,272
Services received free of charge		2,700	1,846	1,337	(854)	509
Other funds received from State Government	6 G	112,976	150,849	107,911	37,873	42,938
Total income from State Government		1,053,209	1,076,605	985,886	23,396	90,719
SURPLUS/(DEFICIT) FOR THE PERIOD		599,643	151,240	830,370	(448,403)	(679,130)
OTHER COMPREHENSIVE INCOME						
Items not reclassified subsequently to profit or loss						
Changes in asset revaluation surplus		-	(1,916,165)	266,407	(1,916,165)	(2,182,572)
Total other comprehensive income		-	(1,916,165)	266,407	(1,916,165)	(2,182,572)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		599,643	(1,764,925)	1,096,777	(2,364,568)	(2,861,702)

	Variance Note	Original Budget 2017 \$000	Actual 2017 \$000	Actual 2016 \$000	Variance between estimate and actual \$000	Variance between actual results for 2017 and 2016 \$000
Statement of Financial Position						
ASSETS						
Current Assets						
Cash and cash equivalents		313,969	91,984	83,452	(221,985)	8,532
Restricted cash and cash equivalents		79,822	183,136	376,755	103,314	(193,619)
Receivables		49,368	97,589	82,031	48,221	15,558
Amounts receivable for services		67,617	30,303	60,606	(37,314)	(30,303)
Inventories		2,421	3,379	3,863	958	(484)
Prepayments		21,435	13,894	10,507	(7,541)	3,387
Non-current assets classified as held for sale		7,150	1,579	7,439	(5,571)	(5,860)
Total Current Assets		541,782	421,864	624,653	(119,918)	(202,789)
Non-Current Assets						
Receivables		96	1,147	3,873	1,051	(2,726)
Amounts receivable for services		2,177,617	2,214,931	1,927,246	37,314	287,685
Inventories		1,855	1,912	2,215	57	(303)
Prepayments		1,330	1,157	436	(173)	721
Property, plant and equipment	7 H	565,214	477,030	547,464	(88,184)	(70,434)
Infrastructure	8	46,474,706	43,126,425	44,589,402	(3,348,281)	(1,462,977)
Intangible assets		11,461	13,498	14,481	2,037	(983)
Total Non-Current Assets		49,232,279	45,836,100	47,085,117	(3,396,179)	(1,249,017)
TOTAL ASSETS		49,774,061	46,257,964	47,709,770	(3,516,097)	(1,451,806)
LIABILITIES						
Current Liabilities						
Payables		322,122	283,493	292,242	(38,629)	(8,749)
Provisions		28,483	33,177	27,236	4,694	5,941
Total Current Liabilities		350,605	316,670	319,478	(33,935)	(2,808)
Non-Current Liabilities						
Provisions		4,469	5,034	4,886	565	148
Total Non-Current Liabilities		4,469	5,034	4,886	565	148
TOTAL LIABILITIES		355,074	321,704	324,364	(33,370)	(2,660)
NET ASSETS		49,418,987	45,936,260	47,385,406	(3,482,727)	(1,449,146)
EQUITY						
Contributed equity		4,503,601	4,574,692	4,258,913	71,091	315,779
Reserves	9 I	30,762,023	27,670,467	29,586,632	(3,091,556)	(1,916,165)
Accumulated surplus/(deficit)		14,153,363	13,691,101	13,539,861	(462,262)	151,240
TOTAL EQUITY		49,418,987	45,936,260	47,385,406	(3,482,727)	(1,449,146)

	Variance Note	Original Budget 2017 \$000	Actual 2017 \$000	Actual 2016 \$000	Variance between estimate and actual \$000	Variance between actual results for 2016 and 2015 \$000
Statement of Cash Flow						
CASH FLOWS FROM STATE GOVERNMENT						
Service appropriation		619,545	605,922	587,682	(13,623)	18,240
Capital appropriation	10	251,453	307,721	294,173	56,268	13,548
Holding account drawdown		60,606	60,606	54,063	-	6,543
Road Trauma Trust Fund		72,730	87,158	71,240	14,428	15,918
Natural disaster funds		39,726	50,681	32,257	10,955	18,424
Royalties for Regions Fund		27,205	11,832	11,080	(15,373)	752
Net cash provided by State Government		1,071,265	1,123,920	1,050,495	52,655	73,425
CASH FLOWS FROM OPERATING ACTIVITIES						
Payments						
Employee benefits		(74,767)	(67,884)	(63,725)	6,883	(4,159)
Supplies and services	J	(481,155)	(461,970)	(400,305)	19,185	(61,665)
Grants and subsidies	11 K	(159,474)	(209,667)	(180,654)	(50,193)	(29,013)
GST payments on purchases	12	(101,946)	(145,679)	(153,945)	(43,733)	8,266
Finance costs		-	-	(226)	-	226
Receipts						
Sale of goods and services	13	55,230	119,364	100,323	64,134	19,041
Commonwealth grants and contributions	14 L	667,765	263,475	776,652	(404,290)	(513,177)
Interest received		10	6,685	7,630	6,675	(945)
GST receipts on sales		1,808	22,562	18,196	20,754	4,366
GST receipts from taxation authority		99,892	120,671	135,482	20,779	(14,811)
Other receipts		10,585	7,948	6,232	(2,637)	1,716
Rent received		3,200	3,752	3,599	552	153
Net cash provided by/(used in) operating activities		21,148	(340,743)	249,259	(361,891)	(590,002)
CASH FLOWS FROM INVESTING ACTIVITIES						
Payments						
Purchase of non-current assets		(15,925)	(21,272)	(25,113)	(5,347)	3,841
Purchase of infrastructure assets	15	(1,229,267)	(958,064)	(999,332)	271,203	41,268
Receipts						
Proceeds from sale of non-current assets		14,500	11,815	3,228	(2,685)	8,587
Net cash provided by/(used in) investing activities		(1,230,692)	(967,521)	(1,021,217)	263,171	53,696
CASH FLOWS FROM FINANCING ACTIVITIES						
Payments						
Repayment of borrowings		(766)	-	(5,766)	766	5,766
Net cash provided by/(used in) financing activities		(766)	-	(5,766)	766	5,766
Net increase/(decrease) in cash and cash equivalents		(139,045)	(184,344)	272,771	(45,299)	(457,115)
Cash and cash equivalents at the beginning of the period		532,836	460,207	282,018	(72,629)	178,189
Cash balance transferred to Other State Agencies		-	(743)	(94,582)	(743)	93,839
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		393,791	275,120	460,207	(118,671)	(185,087)

Major Estimate and Actual (2017) Variance Narratives

- 1 Supplies and services was underspent by \$61.6 million (11.5%) mainly due to delayed commencement of the New Lord Street project and a lower than anticipated maintenance expense.
- 2 Grant and Subsidies was overspent by \$100.4 million (57.2%) mainly due to additional funding provided to Local Governments for WA Natural Disaster Relief and Recovery Arrangement and the notional expense relating to the transfer of Lloyd St road infrastructure.
- 3 Other expenses overspent by \$100.0 million (230.1%) mainly due to write-down of the Perth Freight Link project cost the infrastructure work in progress.
- 4 Commonwealth grants and contributions underestimated by \$404.2 million (100.0%) mainly due to the termination of the Perth Freight Link project and delays in milestone payment for other infrastructure projects
- 5 Contributions to roadworks exceeded estimates by \$38.8 million (71.5%) due mainly to the cost of unanticipated third party roadworks for both public and private bodies.
- 6 Other funds received from State Government exceeded estimates by \$37.9 million (33.5%) mainly due to additional grant funding from WA Natural Disaster Relief and Recovery Arrangements.
- 7 Property, plant and equipment was overestimated by \$88.2 million (15.6%) due to falling property values assessed by the Land Information Authority (Landgate).
- 8 Infrastructure overestimated by \$3.3 billion (7.2%) due to the review of replacement cost based on rates obtained from professional estimators which have fallen.
- 9 Reserves was overestimated by \$3.1 billion (10.0%) due to the comprehensive revaluation of infrastructure assets that resulted in falling depreciated replacement values.
- 10 Capital appropriation was underestimated by \$56.3 million (22.4%) mainly due to additional funding received for PFL to offset the reduction of Commonwealth Funding.
- 11 Grant and Subsidies exceeded estimates by \$50.2 million (31.5%) mainly due to additional funding provided to Local Governments for WA Natural Disaster Relief and Recovery Arrangement.
- 12 GST payment on purchases exceeded estimates by \$43.7 million (42.9%) mainly due to higher value of taxable purchases made during the year.
- 13 Sales of goods and services was exceeded estimates by \$64.1 million (116.1%) mainly due to a higher level of work performed on behalf of third parties.
- 14 Commonwealth grants and contributions underspent by \$404.3 million (60.5%) mainly due to the termination of the Perth Freight Link project and delays in milestone payment for other infrastructure projects.
- 15 Purchase of infrastructure assets was underspent by \$271.2 million (22.1%) due to decreased expenditure on major projects particularly the Perth Freight Link.

Major Actual (2017) and Comparative (2016) Variance Narratives

- A Supplies and services was increased by \$56.2 million (13.5%) mainly due to additional works on the Old Mandurah Bridge Replacement project and the Onslow Ring Road Construction.
- B Depreciation expense of infrastructure increased by \$23.4 million (6.9%) due to higher value of depreciable assets this financial year.
- C Grant and Subsidies was increased by \$87.0 million (46.0%) mainly due to the notional expense relating to the transfer of Lloyd St road infrastructure.
- D Other expenses increased by \$43.8 million (44.0%) due to Perth Freight Link project cost was written off from the infrastructure work in progress offset by a lower non-current assets retired/replaced.
- E Commonwealth grants and contributions decreased by \$513.2 million (66.1%) mainly due to one off payment made to support road infrastructure projects including the Mitchell Freeway Extension, Kwinana Freeway Widening, NorthLink WA, Reid Highway works Roe Highway Upgrade and at the Aubin Grove Train Station.
- F Service appropriation increased by \$47.3 million (5.4%) due mainly to additional funding received for an increase in Depreciation expense and Grants to Local Government.
- G Other funds received from State Government increased by \$42.9 million (39.8%) mainly due to additional grant funding from WA Natural Disaster Relief and Recovery Arrangements and Road Trauma Trust Account.
- H Property, plant and equipment decreased by \$70.4 million (12.9%) due to falling property values assessed by the Land Information Authority (Landgate).
- I Reserves was decreased by \$1.9 billion (6.5%) due to the comprehensive revaluation of infrastructure assets that resulted in falling depreciated replacement values.
- J Supplies and services increased by \$61.7 million (15.4%) mainly due to additional works on the Old Mandurah Bridge Replacement project and the Onslow Ring Road Construction.
- K Grant and Subsidies increased by \$29.01 million (16.1%) mainly due to additional funding provided to Local Governments for WA Natural Disaster Relief and Recovery Arrangement.
- L Commonwealth grants and contributions decreased by \$513.1 million (66.1%) mainly due to one off payment made to support road infrastructure projects including the Mitchell Freeway Extension, Kwinana Freeway Widening, NorthLink WA, Reid Highway works Roe Highway Upgrade and at the Aubin Grove Train Station.

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 and payables. 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 24 '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.

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.

(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:

	2017 \$000	2016 \$000
Financial Assets		
Cash and cash equivalents	91,984	83,452
Restricted cash and cash equivalents	183,136	376,755
Loans and receivables ^(a)	2,313,146	2,041,743
Financial Liabilities		
Financial liabilities measured at amortised cost	283,493	292,242

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

(c) Financial instrument disclosures

Credit risk

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

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

Ageing analysis of financial assets

	Past due but not impaired							Impaired financial assets \$000
	Carrying amount \$000	Not past due and not impaired \$000	Up to 1 month \$000	1-3 months \$000	3 months to 1 year \$000	1-5 years \$000	More than 5 years \$000	
2017								
Cash and cash equivalents	91,984	91,984	-	-	-	-	-	-
Restricted cash and cash equivalents	183,136	183,136	-	-	-	-	-	-
Receivables ^(a)	67,912	50,909	7,083	9,834	86	-	-	-
Amounts receivable for services	2,245,234	2,245,234	-	-	-	-	-	-
	2,588,266	2,571,263	7,083	9,834	86			
2016								
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

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 exposure and maturity analysis of financial assets and financial liabilities

	Interest rate exposure					Nominal Amount \$000	Maturity date				
	Weighted Average Effective Interest Rate %	Carrying Amount \$000	Fixed interest rate \$000	Variable interest rate \$000	Non-interest bearing \$000		Up to 1 month \$000	1-3 months \$000	3 months to 1 year \$000	1-5 years \$000	More than 5 years \$000
2017											
Financial Assets											
Cash and cash equivalents	-	91,984	-	-	91,984	91,984	91,984	-	-	-	-
Restricted cash and cash equivalents	1.98	183,136	-	183,136	-	183,136	183,136	-	-	-	-
Receivables ^(a)	-	67,912	-	-	67,912	67,912	67,912	-	-	-	-
Amounts receivable for services	-	2,245,234	-	-	2,245,234	2,245,234	5,635	11,269	50,712	351,417	1,826,201
	-	2,588,266	-	183,136	2,405,130	2,588,266	348,667	11,269	50,712	351,417	1,826,201
Financial Liabilities											
Payables	-	283,493	-	-	283,493	283,493	283,493	-	-	-	-
		283,493	-	-	283,493	283,493	283,493	-	-	-	-

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

	Interest rate exposure					Nominal Amount \$000	Maturity date				
	Weighted Average Effective Interest Rate %	Carrying Amount \$000	Fixed interest rate \$000	Variable interest rate \$000	Non-interest bearing \$000		Up to 1 month \$000	1-3 months \$000	3 months to 1 year \$000	1-5 years \$000	More than 5 years \$000
2016											
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	36,806	222,794	1,704,452
	-	2,501,950	-	376,755	2,125,195	2,501,950	520,898	17,000	36,806	222,794	1,704,452
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 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.

	-25 basis points		+25 basis points		
	Carrying amount \$000	Surplus \$000	Equity \$000	Surplus \$000	Equity \$000
2017					
Financial Assets					
Restricted cash and cash equivalents	183,136	(458)	(458)	458	458
Total Increase/(Decrease)		(458)	(458)	458	458
2016					
Financial Assets					
Restricted cash and cash equivalents	376,755	(942)	(942)	942	942
Total Increase/(Decrease)		(942)	942	942	458

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.

44 REMUNERATION OF AUDITOR

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

	2017 \$000	2016 \$000
Auditing the accounts, financial statements and key performance indicators	229	225
Other audits	25	22
	254	247

45 SUPPLEMENTARY FINANCIAL INFORMATION

	2017 \$000	2016 \$000
Write-offs		
Bad debts	9	130
Fixed asset stocktake discrepancies	-	-
Damage to public property	-	5
Inventory – stocktake discrepancies and obsolete/contaminated materials	-	-
	9	135
Gifts of public property		
Gifts of public property provided by Main Roads	33	19
	33	19
Restricted Access Vehicle permits ^(a)		
Regulatory fees	6,236	6,624
Transfer payments	6,221	6,644
Cash held in lieu of transfer	34	20

(a) Main Roads collects the Restricted Access Vehicle 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.

46 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 2016-17 are summarised below:

	2017 \$000	2016 \$000
Amount brought forward for recovery	(25)	(44)
Amount received during the period	(30)	-
	(55)	(44)
Expenditure during the year	60	19
Amount carried forward for recovery	5	(25)

47 SCHEDULE OF INCOME AND EXPENSES BY SERVICE

Schedule of Income and Expenses by Service for 2015-16 and 2016-17 (All amounts in \$'000)		ROAD SAFETY		ROAD SYSTEM MANAGEMENT		ROAD EFFICIENCY IMPROVEMENTS		INFRASTRUCTURE FOR COMMUNITY		ROAD NETWORK MAINTENANCE		INFRASTRUCTURE FOR STATE		Roadworks Capitalised/		TOTAL		
		2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2016
COST OF SERVICES																		
Expenses																		
Employee benefits expense	5,360	4,311	57,289	55,409	9,273	12,551	1,215	1,241	8,811	8,236	5,273	3,892	(19,665)	(22,785)	67,556	62,855		
Supplies and services	215,278	159,983	64,476	63,774	333,550	532,056	41,729	43,918	390,761	401,344	353,915	131,691	(927,018)	(916,249)	472,690	416,517		
Depreciation of infrastructure assets	0	0	0	0	0	0	0	0	363,669	340,308	0	0	0	0	363,669	340,308		
Depreciation and amortisation of other non-current assets	800	596	435	451	1,052	1,787	138	161	1,655	1,738	1,060	438	0	0	5,140	5,171		
Finance costs	0	0	0	0	0	1	0	0	0	1	0	0	0	0	0	0	3	
Grants and subsidies	61,426	25,994	1,850	3,120	14,662	29,186	4,273	6,345	198,676	142,642	(47)	4,704	(4,917)	(23,067)	275,923	188,925		
Other expenses	0	0	0	0	0	0	0	0	0	0	0	0	143,486	99,670	143,486	99,670		
Total cost of services	282,865	190,885	124,051	122,754	358,537	575,582	47,355	51,665	963,571	894,269	360,201	140,725	(808,115)	(862,430)	1,328,464	1,113,449		
Income																		
Revenue																		
Sale of goods and services	178	0	2,316	2,021	10	1	222	23	8,453	7,784	55	32	0	0	11,234	9,861		
Commonwealth grants and contributions	16,819	5,722	4,505	5,870	65,705	458,469	0	223,236	46,424	49,342	130,020	34,012	0	0	263,474	776,652		
Contributions to roadworks	10,910	3,018	157	41	32,627	25,330	29,697	39,343	13,624	31,097	6,075	10,113	0	0	93,090	108,942		
Grants from other bodies	2,967	4,025	1,301	2,588	3,760	12,136	497	1,089	10,106	18,856	3,778	2,967	0	0	22,409	41,662		
Interest revenue	690	971	302	624	874	2,828	115	263	2,350	4,549	878	716	0	0	5,210	10,051		
Other revenue	1,448	1,193	635	767	1,836	3,598	242	323	4,933	5,590	1,844	880	0	0	10,939	12,350		
Total revenue	33,011	14,929	9,217	11,912	104,813	502,462	30,774	264,278	85,890	117,218	142,651	48,720	0	0	406,356	959,518		
Gains																		
Gain on disposal of non-current assets	(431)	(153)	(189)	(98)	(547)	(462)	(72)	(41)	(1,469)	(717)	(549)	(113)	0	0	(3,257)	(1,585)		
Total gains	(431)	(153)	(189)	(98)	(547)	(462)	(72)	(41)	(1,469)	(717)	(549)	(113)	0	0	(3,257)	(1,585)		
Total income other than income from State Government	32,580	14,775	9,028	11,813	104,266	502,000	30,702	264,237	84,421	116,500	142,102	48,607	0	0	403,099	957,933		
NET COST OF SERVICES	250,285	176,109	115,023	110,941	254,270	73,582	16,653	(212,572)	879,150	777,768	218,099	92,118	(808,115)	(862,430)	925,365	155,516		
INCOME FROM STATE GOVERNMENT																		
Service appropriation	82,653	55,090	108,769	169,880	158,606	(356,279)	27,339	50,003	451,939	886,997	94,604	70,947	0	0	923,910	876,638		
Services received free of charge	244	129	107	83	310	389	41	35	832	605	311	95	0	0	1,846	1,337		
Other State Government Funds	90,393	75,352	0	302	0	0	0	0	60,456	32,257	0	0	0	0	150,849	107,911		
Capital contribution	54,756	47,722	452	774	52,397	172,446	3,758	8,698	25,392	32,146	96,269	39,821	(233,024)	(301,607)	0	0		
Total income from State Government	228,047	178,294	109,328	171,040	211,312	(183,444)	31,139	58,735	538,620	952,005	191,184	110,864	(233,024)	(301,607)	1,076,605	985,886		
SURPLUS/DEFICIT FOR THE PERIOD	(22,238)	2,184	(5,894)	60,099	(42,958)	(257,026)	14,486	271,308	(940,530)	174,237	(26,915)	18,746	575,091	560,822	151,240	830,370		

APPENDICES

The following form part of the appendices:

Downloads	166
Road Fact Summary	167
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DOWNLOADS

The following additional supporting information is available in the online version of our Annual Report available on our website:

- Full set of Financial Statements and Notes
- GRI Content Index and Supplementary Information
- Great Northern Highway Upgrade – Muchea to Wubin: Annual Project Sustainability Report 2017
- NorthLink WA Central Section: Annual Sustainability Project Report 2017
- NorthLink WA Southern Section: Annual Project Sustainability Report 2017
- Sustainable Development Goal Reference Sheet

ROAD FACTS SUMMARY SHEET

ROAD FACTS SUMMARY SHEET

Road Industry Fact Summary	WA	Australia	WA (%)
Area (square km)	2 526 574	7 687 809	32.9
Population	2 617 074	24 128 876	10.8
Licensed drivers and riders ¹	1 805 895	N/A	
Vehicles on register including motorcycles	2 208 812	18 387 136	12.0
Annual vehicle kilometres travelled (100 million VKT) ²	294.3	2 503.3	11.8
Road length excluding DPaW roads (kilometres)	147 676	N/A	
Fatalities (for calendar year 2016)	196	1 303	15.0
Fatalities/100 million VKT	0.7	0.5	
Fatalities /100 000 persons	7.5	5.4	
Fatalities/10 000 vehicles	0.9	0.7	
Serious injuries (for calendar year 2016)	1 475	N/A	
Serious injuries/100 million VKT	5.0	N/A	
Serious injuries /100 000 persons	56.4	N/A	
Serious injuries/10 000 vehicles	6.7	N/A	

1 : Active licences only

2 : Main Roads estimates

N/A : Not available

DPaW : Department of Parks and Wildlife

Sources

Area	ABS Regional Population Growth, Australia (Cat. No. 3218.0) - Mar 2017
Population	ABS Regional Population Growth, Australia (Cat. No. 3218.0) - Mar 2017
Licensed drivers	Drivers and Vehicle Services, Department of Transport - 30 June 2016
Vehicles on register	ABS Motor Vehicle Census (Cat. No. 9309.0) - 31 January 2016
Road length	Main Roads Corporate System (IRIS) - 29 June 2016
Fatalities	Main Roads Crash System and BITRE Road Deaths Australia - 31 December 2016
Serious injuries	Main Roads Crash System - 31 December 2016

ROAD CLASSIFICATIONS

Road Classification (as at 30 June 2017)	Unsealed (km)	Total (km)	Sealed (%)
<i>National Land Transport Routes</i>	0	5,115	100
<i>Highways</i>	108	5,893	98
<i>Main Roads</i>	776	7,509	90
Sub-Total	884	18,517	95
<i>Local Roads regularly maintained</i>	88,866	128,126	31
Local Roads not regularly maintained	976	1,033	6
Sub-Total	89,842	129,159	30
<i>Roads managed by DPaW</i>	37,975	38,333	1
Total WA Road Network	128,701	186,009	31

Sources

Corporate and Local Extracts as at 28 June 2017 from Main Roads Corporate System (IRIS)
Department of Parks and Wildlife

Notes

Local road lengths are reported information received from local government.
Local roads with cross section type "unconstructed" or "unknown" have been excluded.
Privately maintained roads have been excluded.

RECORDS MANAGEMENT

Our information assets are managed by the Information Services Section located within the Information Management Branch. The Recordkeeping Plan (RKP) 2016 was approved by the State Records Commission on 12 August 2016 and provides overarching guidance in recordkeeping systems, policies, practices, processes and legal disposal, in line with the changing needs of our workforce and how we do business.

Australian Standard AS ISO 15489 – Records Management has been adopted and we actively use the State Records Commission standards and principals. In addition, ISO 16175 concerning Principles and Functional Requirements for Records in Electronic Office Environments has underpinned upgrade considerations regarding our TRIM RM8.3 Electronic Document and Records Management System, our KOFAX TA7 bulk scanning and document processing application and the development and integration of corporate business applications/systems. This enables the conduct of recordkeeping within Main Roads WA to meet the legislative requirements of the State Records Act 2000 and State Records Commission Standard 2: Principle 6.

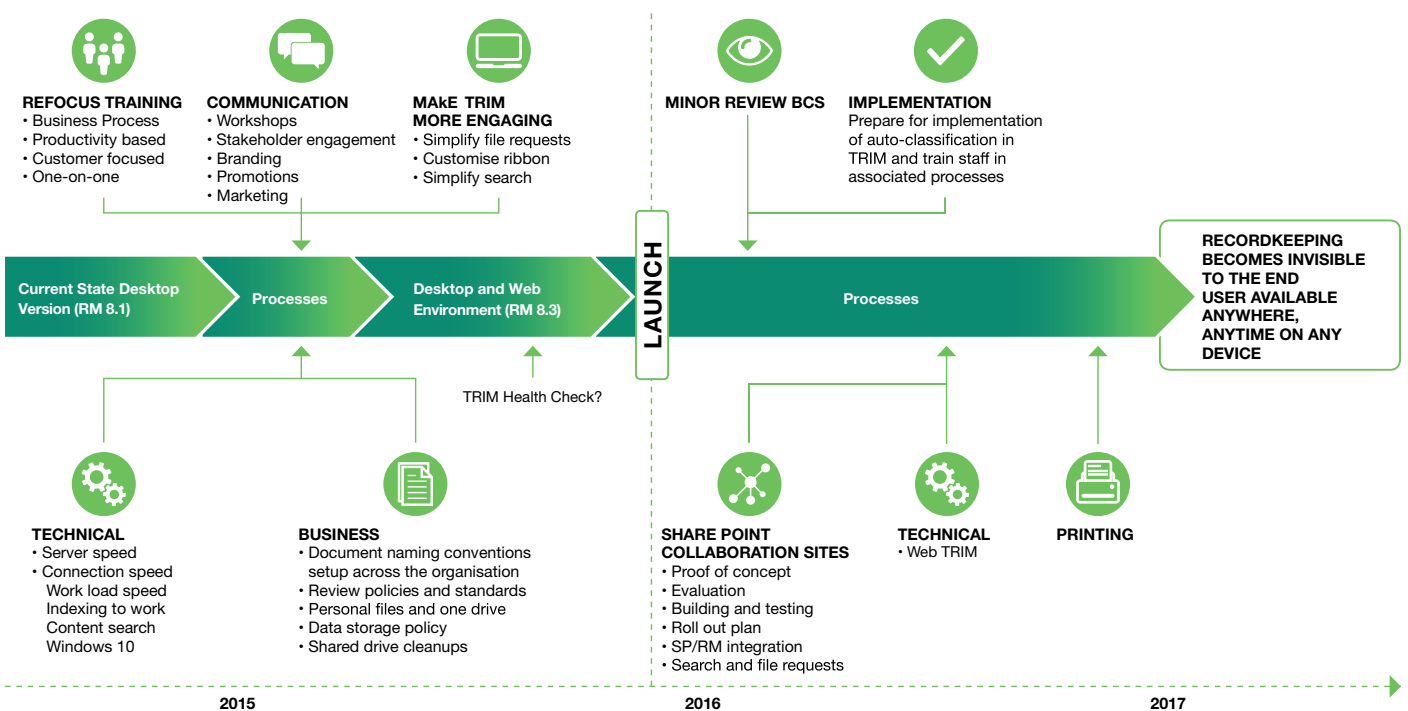
Main Roads is certified to Quality Management System (ISO9001), Environment Management System (ISO14001) and a Safety System (AS4801). The three management systems together are referred as the Integrated Management System (IMS).

Records Management Processes support the requirements of the IMS and certification to ISO9001:2015 Quality Management System was approved on 11 June 2017. Certification was granted following external auditing including mandatory documentation of records and document management processes associated with project management, contract management, supply, and specified corporate procedures as detailed in the Main Roads Recordkeeping Plan 2016.

Future trends

- System suitability and dependability is important to the success of the business when addressing future directions.
- Our system of record TRIM, used to manage the records lifecycle and control the identification, storage, protection, retrieval and disposal of records was upgraded from RM 8.1 to RM 8.3 in December 2016 to support digital transformation through a 'less paper initiative' using smarter, more efficient ways of working using existing technology. Prior to rollout a range of functionality underwent review as detailed below in our TRIM Roadmap.

TRIM ROAD MAP



Our system of capture KOFAX TA7, used for bulk scanning and document processing has been used since the closure of Shared Services to semi-automate the capture and storage of financial information to TRIM for further processing. Ingestion into this system has been progressively extended to other forms of incoming correspondence. This year 36,822 items of correspondence were scanned and captured to TRIM through this system. Hardcopy scanned correspondence is legally disposed in accordance with the General Disposal Authority for Source Records.

Function	2015	2016	2017
Records registered	976,181	1,086,775	1,162,461
KOFAX scanning	27,283	29,937	36,822

Our additional initiatives to support best practice recordkeeping include:

- Records transitioned out of Main Roads to the Road Safety Commission have been removed from the Main Roads Trim database.
- The Information Services Business Continuity Plan has been refined through the conduct of desktop scenario workshops with Directorate Managers to determine our business contacts, strategies and priorities.
- New Records policies have been drafted to achieve conformance with the Main Roads Recordkeeping Framework.
- The Records Training Team were taken offline to review and rewrite records training material content with a focus on business processes to improve productivity.
- The Information Services three-year work program detailing organisational records projects has been incorporated into employee Individual Performance Agreements.
- Intranet access to web based records policies, procedures and guidelines has been redesigned to simplify and improve ease of use
- Review and evaluation of recordkeeping products has been maintained to ensure our needs continue to be best met by current systems.
- Key Performance Indicators for delivery of services underwent major review and are now outcome focused.
- Agreement was obtained to enable scanned output from all MFD devices to be generated as pdf/a in accordance with the SRO Digitisation Guideline.
- Library information generated by Main Roads has been digitised, captured to Trim and made available through the intranet - Aboriginal Heritage Surveys, Annual Reports, and Oral Histories.
- Quarterly meeting with our Transport Portfolio partners has continued for information and knowledge sharing concerning best practice management of records.
- Active involvement in business system design and provision of advice concerning records management, system integration requirements and system needs has been maintained.

Our Training Programs

Cultivating and consolidating employee knowledge of best practice recordkeeping is paramount in preserving our corporate memory.

To achieve this, the recordkeeping training program has been evaluated by Strategic Communications and members of the Business Information Reference Group to ensure smarter, more efficient ways of working using existing technology. This has been incorporated into the range of training services and opportunities on offer. The following records training is available to staff:

- Induction Training for new employees addressing recordkeeping responsibilities and compliance with our Recordkeeping Plan occurs as part of the on-boarding process conducted online by Human Resources.
- Each Directorate conducts inductions for all contractors and consultants which includes recordkeeping responsibilities and compliance with our Recordkeeping Plan
- Online Recordkeeping Awareness and TRIM (RM8) courses are provided to support the capture of records as evidence of business activity and are monitored for completion and escalated for management remediation as needed
- Full day lecture based hands-on TRIM (RM8) training is offered on a one on one basis including support through remote online assistance
- One hour intensive short courses are run throughout metropolitan and regional offices covering TRIM (RM8) system use. The range of courses provided has increased from 6 to 10 standard courses and is now delivered through Skype for Business to provide records training direct to the desktop
- Regular publication of updates to records policies, procedures, quick reference guides, FAQs, news items, service provision and contact points continue to be provided through our intranet site
- Participation in the records training program offered to the organisation is shown below:

Training	2016	2017
Full Day Hands On Trim (RM) Training	206	66
Trim/RM Short Course – Lecture Based	287	182
Trim/RM Short Course – Skype for Business	0	540
Trim/RM One on One	8	15
Trim/RM - Customised	0	75
Recordkeeping Graduate Induction	14	11
Corporate Induction – Lecture Based	367	0
Corporate Onboarding	0	Not available
Online - Recordkeeping Awareness	161	199
Online – Trim System Training - Essentials	109	179
Online – Trim System Training – Next Steps	0	167
Metropolitan & Regional R&D Training	0	4
Metropolitan & Regional Buddying	3	1
University Practicum Placement	1	0
Annual Records Seminar	28	0
RIMPA Records Convention 2016	1	6
Total	1185	1445+

Records and Information Management Professionals (RIMPA) is the peak body for records and information management in Australasia. Their Convention showcases industry leaders and respected vendors. Main Roads was invited to present at the RIMPA Convention 2016 on “Main Roads Journey to a Digital Future” which was well attended. The resulting local and interstate public and private sector interest has reinforced that our approach towards digital disruption and transformation continues to support best practice management of our information assets.

FINANCIAL AND OTHER DISCLOSURES

Financial Targets: Actual Results versus Budget Targets

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.

	2016-17 Target ⁽¹⁾ \$000	2016-17 Actual \$000	Variation ⁽²⁾ \$000
Total cost of services (expense limit)	1,202,755	1,328,464	125,709
Net cost of services	341,110	925,365	584,255 ^(a)
Total equity	49,418,987	45,936,261	(3,482,726) ^(b)
Approved salary expense level	118,701	116,440	(2,261)
Agreed borrowing limit	766	–	(766) ^(c)

(1) As specified in the 2015–16 Budget 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 WATC.

	2016-17 Agreed Limit \$000	2016-17 Target ⁽¹⁾ / Actual ⁽²⁾ \$000	Variation ⁽³⁾ \$000
Agreed Working Cash Limit (at Budget)	35,808	35,808	n/a
Agreed Working Cash Limit (at Actuals)	35,808	36,997	1,189

(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) 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 and 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.

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 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 (WA)* 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 by submitting comprehensive Business Cases to the Road Planning Investment Committee and Corporate Executive, and according to 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 Coordination Branch on a quarterly basis.

Sustainable Procurement and Buy Local

The State Supply Commission Policy on sustainable procurement requires us to demonstrate that we have considered sustainability in our procurement of goods and services. We have gone beyond the requirements of this policy to reflect this in not only our processes for procuring goods and services but also in procuring works. We apply the Western Australian Government's Buy Local Policy where we consider and give preference to local providers in our purchases as the benefits to industry development and employment are recognised. *Buy Local Policy* clauses are also included in all our tender documents and tender assessments. In addition we promote social procurement initiatives such as: direct purchasing from Aboriginal Businesses; using WA Disability Enterprises to provide works, goods and services; and giving recognition to our contractors who employ Aboriginal people and businesses.

AWARDED TO BUSINESSES LOCATED WITHIN THE 'PRESCRIBED DISTANCE' OF A REGIONAL DELIVERY POINT AS DEFINED IN THE BUY LOCAL POLICY

2013 (%)		2014 (%)		2015 (%)		2016(%)	
Metro	Regional	Metro	Regional	Metro	Regional	Metro	Regional
n/a	71	n/a	57	n/a	51	n/a	52

AWARDED TO A 'LOCAL BUSINESS' AS DEFINED IN THE BUY LOCAL POLICY (TARGET 80%)

Metro	Regional	Metro	Regional	Metro	Regional	Metro	Regional
96	100	99	91	91	88	91	96

Ethical Procurement

Our procurement policies and procedures comply with the requirements of the State Supply Commission and are certified to AS/NZS 9001:2015. These policies are contained in the Procurement Management Manual, with further guidelines of expected behaviours of officers involved in the tendering and evaluation process documented in the Tendering and Contract Administration Manual. An ongoing compliance program is in place to ensure these policies and procedures are implemented. Conflict of interest and misconduct awareness training sessions are ongoing.

A Tender Committee, consisting of two experienced senior officers from our organisation and two senior external Government officials, provides additional assurance that procurement actions comply with policies and standards for high risk and potentially contentious procurements. External probity auditors are engaged for large, complex or controversial procurements activities.

Procurement Grievances

Our 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 and structured, and relationship-based approach to reviewing grievances lodged by contractors. During 2016/17 one grievance was received, reviews and subsequently closed out. There has been an average of one grievance per year over the past five years, confirming our procurement processes continue to be fair and equitable. The table below lists our major suppliers and contractors and their award value over the past year.

Major Suppliers/Contractors	2017 Award Value million (GST excl)
Metropolitan Roads Improvement Alliance	\$403.6
BGC Contracting Pty Ltd & Laing O'Rourke Australia Construction Pty Ltd#	\$399.8
CPB Contractors Pty Ltd	\$259.3
WBHO Infrastructure Australia Pty Ltd	\$39.3
GHD Pty Ltd	\$33.0
BMD Constructions Pty Ltd (WA)	\$24.9
MACA Civil Pty Ltd	\$18.4
APP Corporation Pty Limited	\$11.8
Empired Limited	\$9.2
Parsons Brinckerhoff Australia Pty Ltd	\$7.5

Unauthorised Use of Credit Cards

We hold 386 corporate credit cards with transactions reviewed for personal use by incurring and certifying officers during statement processing.

During the financial year there were 31 066 credit card transactions, 21 of which were found to be for personal expenditure totalling \$2 153.06. All of which has been reimbursed.

- Nine transactions were accidental use of the corporate card instead of a personal card identified immediately by the card holder
- Six transactions were accidental use of the corporate card instead of a personal card identified at time of reviewing the statement
- Three transactions were the result of the EFTPOS machine picking up the wrong card where both personal and corporate cards were in close proximity
- Three transactions were the result of policy confusion on responsibility for the expense.

Due to the nature of the personal expenditure in each instance, no disciplinary action was deemed to be required.

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. Details are available in the notes to the Financial Statements. 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	9
Contracts granted a variation to the target training rate in the reporting period	0
Head contractors involved in the contracts	9
Construction apprentices/trainees required to meet target training rate across all contracts	505
Construction apprentices/trainees employed by head contractors and the subcontractors they are using for the contracts	251
Contracts which met or exceed the target training rate	3

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.

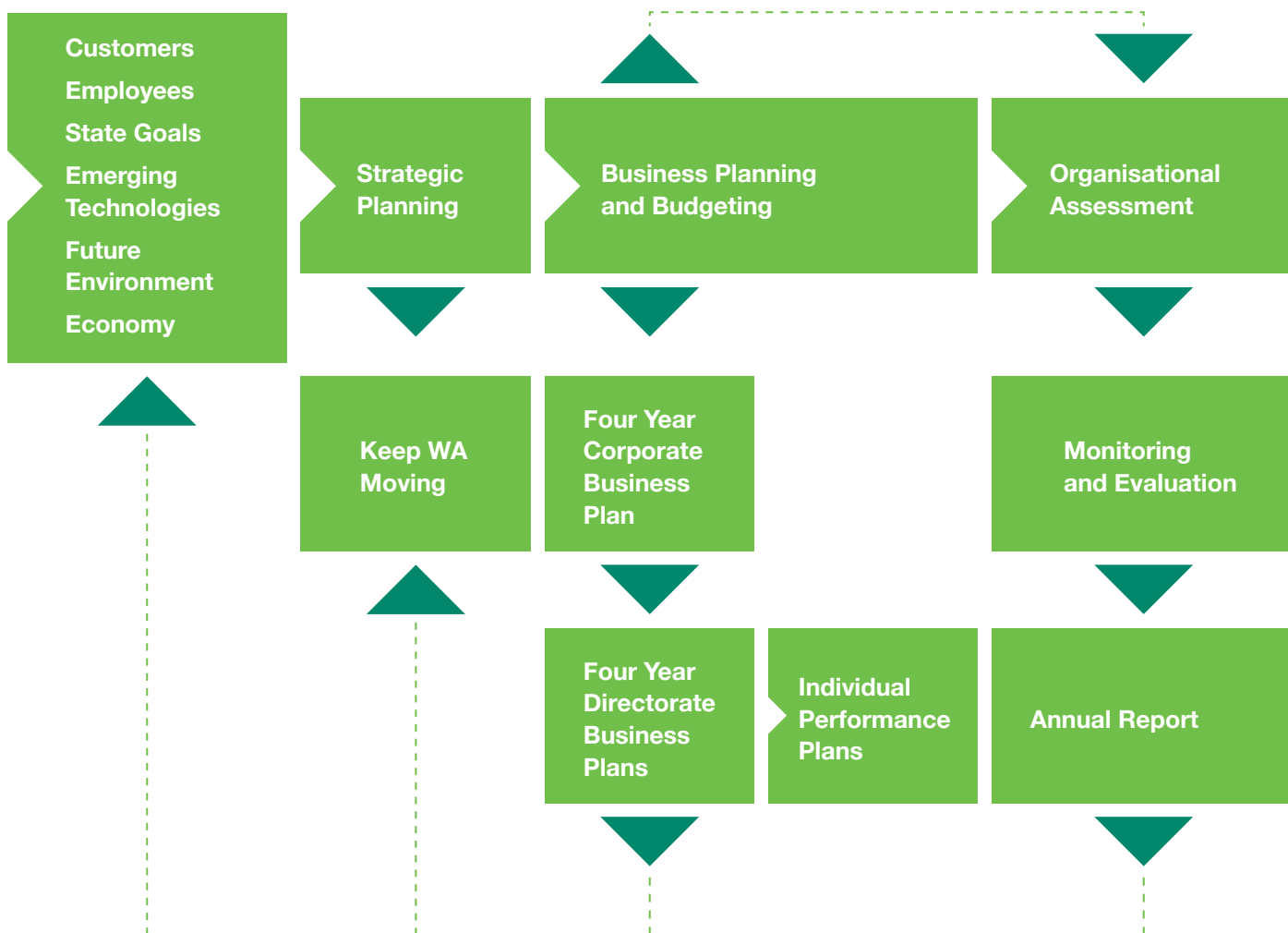
Statement of expenditure required under Section 175ZE of the Electoral Act 1907

In accordance with Section 175ZE of the Electoral Act 1907, Main Roads Western Australia incurred \$1,081,700.00 during 2016-17 in advertising, market research, polling, direct mail and media advertising. Expenditure was incurred in the following areas:

		€\$
ADVERTISING AGENCIES		
303 Mullenlowe Group Pty Ltd		224,100.00
A Team Printing Pty Ltd		200.00
Albany Chamber Of Comm		3,800.00
Anthologie		29,000.00
Cooch Creative Pty Ltd		20,400.00
Daniels Printing Craftsmen		35,100.00
Icon Illustration		500.00
Linkletters		9,200.00
Quality Press Wa		14,800.00
Snap East Perth		11,000.00
The Brand Agency		19,300.00
Advertising Agencies Total		367,400.00
DIRECT MAIL ORGANISATIONS		
Quickmail		14,900.00
Direct Mail Organisations Total		14,900.00
MARKET RESEARCH ORGANISATIONS		
Metrix Consulting Pty Ltd		83,500.00
Market Research Organisations Total		83,500.00
POLLING ORGANISATIONS		
		Nil
MEDIA ADVERTISING ORGANISATIONS		
Adcorp Australia Ltd		155,200.00
Carat Australia Media Services Pty Ltd		362,000.00
Facebook		8,400.00
Optimum Media Decisions (WA) Pty Ltd		86,600.00
Radio Mora		3,700.00
Media Advertising Organisations Total		615,900.00
Grand Total		1,081,700.00

Corporate Business Plan 2017–21

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. Our Corporate Business Plan 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.

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. It implements, at an agency level, Australia’s commitment to international human rights instruments such as the Convention on the Rights of Persons with Disabilities. The plan, since it was first launched in 1995, adds further emphasis to the significant progress we have made in addressing the needs of people with disabilities. Staff and members of the public were widely consulted in developing the plan and initiatives.

The DAIP ensures that we provide for all people in the community including those with a disability, which could range from mobility to cognitive issues. The initiatives we undertake include access to our buildings, tactile ground-surface indicators to aid vision impaired pedestrians, and audible tactile provisions at pedestrian crossing traffic signals.

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

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Narrogin Office

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