

# FINANCIAL STATEMENTS & NOTES

<b>Statement of Comprehensive Income</b>	<b>109</b>
<b>Statement of Financial Position</b>	<b>110</b>
<b>Statement of Changes in Equity</b>	<b>111</b>
<b>Statement of Cash Flows</b>	<b>112</b>
<b>Notes to the Financial Statements</b>	<b>113</b>

## STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2017

	Note	2017 \$000	2016 \$000
<b>COST OF SERVICES</b>			
<b>Expenses</b>			
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
<b>Total cost of services</b>		<b>1,328,464</b>	<b>1,113,449</b>
<b>Income</b>			
<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
<b>Total revenue</b>		<b>406,356</b>	<b>959,518</b>
<i>Gains</i>			
Gain/(loss) on disposal of non-current assets	21	(3,257)	(1,585)
<b>Total gain</b>		<b>(3,257)</b>	<b>(1,585)</b>
<b>Total income other than income from State Government</b>		<b>403,099</b>	<b>957,933</b>
<b>NET COST OF SERVICES</b>		<b>925,365</b>	<b>155,516</b>
<b>Income from State Government</b>	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
<b>Total income from State Government</b>		<b>1,076,605</b>	<b>985,886</b>
<b>SURPLUS/(DEFICIT) FOR THE PERIOD</b>		<b>151,240</b>	<b>830,370</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>Items not reclassified subsequently to profit or loss</b>			
Changes in asset revaluation surplus	36	(1,916,165)	266,407
<b>Total other comprehensive income</b>		<b>(1,916,165)</b>	<b>266,407</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>(1,764,925)</b>	<b>1,096,777</b>

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
<b>ASSETS</b>			
<b>Current Assets</b>			
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
<b>Total Current Assets</b>		<b>421,864</b>	<b>624,653</b>
<b>Non-Current Assets</b>			
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
<b>Total Non-Current Assets</b>		<b>45,836,100</b>	<b>47,085,117</b>
<b>TOTAL ASSETS</b>		<b>46,257,964</b>	<b>47,709,770</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	34	283,493	292,242
Provisions	35	33,177	27,236
<b>Total income from State Government</b>		<b>316,670</b>	<b>319,478</b>
<b>Non-Current Liabilities</b>			
Provisions	35	5,034	4,886
<b>Total Non-Current Liabilities</b>		<b>5,034</b>	<b>4,886</b>
<b>TOTAL LIABILITIES</b>		<b>321,704</b>	<b>324,364</b>
<b>NET ASSETS</b>		<b>45,936,260</b>	<b>47,385,406</b>
<b>EQUITY</b>			
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
<b>TOTAL EQUITY</b>		<b>45,936,260</b>	<b>47,385,406</b>

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
<b>Balance at 1 July 2015</b>	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
<b>Balance at 30 June 2016</b>		<b>4,258,913</b>	<b>29,586,632</b>	<b>13,539,861</b>	<b>47,385,406</b>
<b>Balance at 1 July 2016</b>		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
<b>Balance at 30 June 2016</b>		<b>4,574,692</b>	<b>27,670,467</b>	<b>13,691,101</b>	<b>45,936,260</b>

*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
<b>CASH FLOWS FROM STATE GOVERNMENT</b>			
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
<b>Net cash provided by State Government</b>		<b>1,123,920</b>	<b>1,050,495</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Payments</b>			
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)
<b>Receipts</b>			
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
<b>Net cash provided by/(used in) operating activities</b>	37	<b>(340,743)</b>	<b>249,259</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>Payments</b>			
Purchase of non-current assets		(21,272)	(25,113)
Purchase of infrastructure assets		(958,064)	(999,332)
<b>Receipts</b>			
Proceeds from sale of non-current assets		11,815	3,228
<b>Net cash provided by/(used in) investing activities</b>		<b>(967,521)</b>	<b>(1,021,217)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>Payments</b>			
Repayment of borrowings		-	(5,766)
<b>Net cash provided by/(used in) financing activities</b>		<b>-</b>	<b>(5,766)</b>
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)
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	37	<b>275,120</b>	<b>460,207</b>

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 <sup>(a)</sup>	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 <sup>(a)</sup> 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

		Operative for reporting periods beginning on/after
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 &amp; 1038 and Int 2, 5, 10, 12, 19 &amp; 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 &amp; 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 <sup>(a)</sup>	6,253	5,657
	<b>67,556</b>	<b>62,855</b>

(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
<b>COMPENSATION OF MEMBERS OF THE ACCOUNTABLE AUTHORITY</b>		
<b>Compensation Band (\$)</b>		
0 – 10,000	2	1
<b>COMPENSATION OF SENIOR OFFICERS</b>		
<b>Compensation Band (\$)</b>		
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	–	–
<b>The total remuneration of senior officers</b>	<b>2,303</b>	<b>2,560</b>

## 8 SUPPLIES AND SERVICES

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

*(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
	<b>363,669</b>	<b>340,308</b>

## 10 DEPRECIATION AND AMORTISATION EXPENSE OF OTHER ASSETS

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

## 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 <sup>(a)</sup>	204,928	186,714
Grants of non-current assets to other bodies	70,995	2,211
	<b>275,923</b>	<b>188,925</b>

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

## 13 OTHER EXPENSES

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

(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 <sup>(a)</sup>	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
	<b>263,474</b>	<b>776,652</b>

*(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 <sup>(a)</sup>	<b>93,090</b>	<b>108,942</b>

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
<b>Grants from local government authorities and other bodies</b>		
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
	<b>22,409</b>	<b>41,662</b>

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
	<b>5,210</b>	<b>10,051</b>

## 20 OTHER REVENUE

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

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

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

## 22 INCOME FROM STATE GOVERNMENT

	2017 \$000	2016 \$000
<b>Service appropriation</b>		
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
<b>Services received free of charge from other State government agencies during the period</b>		
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
<b>Other funds received from State Government</b>		
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
<b>Total Income from State Government</b>	<b>1,076,605</b>	<b>985,886</b>

### **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
<b>Current</b>		
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	–
	<b>183,136</b>	<b>376,755</b>

### 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
<b>Current</b>		
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
<b>Total current</b>	<b>97,589</b>	<b>82,031</b>
<b>Non-current</b>		
Trade debtors	1,147	3,873
Total non-current	1,147	3,873
<b>Total receivables</b>	<b>98,736</b>	<b>85,904</b>

	2017 \$000	2016 \$000
<b>Reconciliation of changes in the allowance for impairment of receivables:</b>		
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)	–
<b>Balance at end of period</b>	<b>2,205</b>	<b>2,247</b>

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
	<b>2,245,234</b>	<b>1,987,852</b>

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
<b>Current</b>		
Inventories held for distribution:		
- Construction and maintenance materials	212	338
- Electrical Stores	3,167	3,525
<b>Total current</b>	<b>3,379</b>	<b>3,863</b>
<b>Non-current</b>		
Inventories held for distribution:		
- Construction and maintenance materials	1,912	2,215
<b>Total non-current</b>	<b>1,912</b>	<b>2,215</b>

## 27 PREPAYMENTS

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

## 28 NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

	2017 \$000	2016 \$000
<b>Freehold land and buildings</b>		
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)
<b>Closing balance</b>	<b>1,579</b>	<b>7,439</b>

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

(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.

<b>2017</b>	<b>Land \$000</b>	<b>Buildings \$000</b>	<b>Buildings under construction \$000</b>	<b>Plant, equipment and vehicles \$000</b>	<b>Surplus assets \$000</b>	<b>Land acquired for roadworks \$000</b>	<b>Total \$000</b>
Carrying amount at start of year	93,082	101,419	7,352	15,950	112,649	217,012	547,464
Additions <sup>(a)</sup>	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)
<b>Carrying amount at end of year</b>	<b>73,348</b>	<b>89,053</b>	<b>4,953</b>	<b>13,713</b>	<b>98,383</b>	<b>197,580</b>	<b>477,030</b>

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

<b>2016</b>	<b>Land \$000</b>	<b>Buildings \$000</b>	<b>Buildings under construction \$000</b>	<b>Plant, equipment and vehicles \$000</b>	<b>Surplus assets \$000</b>	<b>Land acquired for roadworks \$000</b>	<b>Total \$000</b>
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)
<b>Carrying amount at end of year</b>	<b>93,082</b>	<b>101,419</b>	<b>7,352</b>	<b>15,950</b>	<b>112,649</b>	<b>217,012</b>	<b>547,464</b>

## 30 INFRASTRUCTURE

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

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.

<b>2017</b>	<b>Roads and principal shared paths \$000</b>	<b>Land under roads \$000</b>	<b>Bridges \$000</b>	<b>Road furniture \$000</b>	<b>Work in progress \$000</b>	<b>Total \$000</b>
Carrying amount at start of year	14,960,168	24,382,292	3,926,451	364,642	955,849	44,589,402
Additions <sup>(a)</sup>	–	–	–	–	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)
<b>Carrying amount at end of year</b>	<b>13,987,928</b>	<b>23,820,634</b>	<b>3,818,537</b>	<b>348,924</b>	<b>1,150,402</b>	<b>43,126,425</b>

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

<b>2016</b>	<b>Roads and principal shared paths \$000</b>	<b>Land under roads \$000</b>	<b>Bridges \$000</b>	<b>Road furniture \$000</b>	<b>Work in progress \$000</b>	<b>Total \$000</b>
Carrying amount at start of year	13,988,669	24,211,137	3,746,527	256,617	1,526,741	43,729,691
Additions <sup>(a)</sup>	–	–	–	–	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)
<b>Carrying amount at end of year</b>	<b>14,960,168</b>	<b>24,382,292</b>	<b>3,926,451</b>	<b>364,642</b>	<b>955,849</b>	<b>44,589,402</b>

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
	–	<b>359,245</b>	<b>42,076,721</b>	<b>42,435,966</b>

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
	–	<b>419,434</b>	<b>43,745,720</b>	<b>44,165,154</b>

#### 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
<b>2017</b>						
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)
<b>Fair value at end of period</b>	<b>–</b>	<b>6,127</b>	<b>14,105</b>	<b>34,987</b>	<b>45,479</b>	<b>41,976,023</b>
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
<b>2016</b>						
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)
<b>Fair value at end of period</b>	<b>–</b>	<b>5,901</b>	<b>16,021</b>	<b>42,158</b>	<b>48,087</b>	<b>43,633,553</b>
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 (m<sup>2</sup>)

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 (m<sup>3</sup>)

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 <sup>2</sup> )
				Consumed economic benefit/obsolescence of asset
Infrastructure (Earthworks)	9,726,060	10,318,663	Depreciated replacement cost	Historical cost per cubic metre (m <sup>3</sup> )
Infrastructure (Pavements including drainage and	4,261,868	4,641,505	Depreciated replacement cost	Historical cost per cubic metre (m <sup>3</sup> )
Infrastructure (Bridges)	3,818,537	3,926,451	Depreciated replacement cost	Historical cost per cubic metre (m <sup>3</sup> )
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
<b>Computer software and licences</b>		
At cost	27,989	26,154
Accumulated amortisation	(14,500)	(11,682)
	13,489	14,472
<b>Drainage easements</b>		
At cost	9	9
	9	9
<b>Total intangible assets</b>	<b>13,498</b>	<b>14,481</b>

### RECONCILIATIONS

<b>Computer software and licences</b>		
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)
<b>Carrying amount at end of period</b>	<b>13,489</b>	<b>14,472</b>

### 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
<b>Current</b>		
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
<b>Total current</b>	<b>283,493</b>	<b>292,242</b>

### 35 PROVISIONS

	2017 \$000	2016 \$000
<b>Current</b>		
<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
<b>Total Current</b>	<b>33,177</b>	<b>27,236</b>
<b>Non-current</b>		
<i>Employee benefits provisions</i>		
Long service leave	4,986	4,861
<i>Other provisions</i>		
Employment on-costs	48	25
<b>Total Non-current</b>	<b>5,034</b>	<b>4,886</b>

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

### 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
<b>Contributed equity</b>		
Balance at start of period	4,258,913	4,039,936
<b>Contributions by owners</b>		
Capital contributions	307,721	294,173
<b>Other contributions by owners</b>		
Royalties for Regions Fund - Regional Infrastructure and Headwork Account	11,556	10,778
<b>Transfer of net assets from other agencies</b>		
Public Transport Authority	19,932	-
Western Australian Planning Commission	-	515
Department of Lands	120	252
<b>Total contributions by owners</b>	<b>339,329</b>	<b>305,718</b>
<b>Distributions to owners</b>		
Transfer of net assets to other agencies		
Public Transport Authority	(23,332)	(2,133)
Department of Lands	(216)	-
Road Safety Commission	(2)	(84,608)
<b>Total distributions to owners</b>	<b>(23,550)</b>	<b>(86,741)</b>
<b>Balance at end of period</b>	<b>4,574,692</b>	<b>4,258,913</b>
<b>RESERVES</b>		
<b>Asset revaluation surplus</b>		
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)
<b>Balance at end of period</b>	<b>27,670,467</b>	<b>29,586,632</b>
<b>Accumulated surplus/(deficit)</b>		
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	-	-
<b>Balance at end of period</b>	<b>13,691,101</b>	<b>13,539,861</b>
<b>Total Equity at end of period</b>	<b>45,936,260</b>	<b>47,385,406</b>

### 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
	<b>275,120</b>	<b>460,207</b>

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

Net cost of services	(925,365)	(155,516)
<b>Non-cash items:</b>		
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
<b>(Increase)/decrease in assets:</b>		
Receivables <sup>(a)</sup>	(97)	(32,096)
Inventories	787	(1,802)
Prepayments	(4,108)	11,822
<b>Increase/(decrease) in liabilities:</b>		
Payables <sup>(a)</sup>	20,522	21,353
Employee benefits	345	(831)
Net GST receipts/(payments) <sup>(b)</sup>	120,977	135,481
Change in GST in receivables/payables <sup>(c)</sup>	(119,788)	(134,357)
<b>Net cash provided by/(used in) operating activities</b>	<b>(340,743)</b>	<b>249,259</b>

(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
	<b>288</b>	<b>455</b>

### 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
	<b>5,826</b>	<b>8,212</b>

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	-	-
	<b>1,079,684</b>	<b>460,595</b>

#### 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	-	-
	<b>397,453</b>	<b>441,393</b>

## 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
	<b>258,721</b>	<b>200,735</b>

### 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
	-	<b>200</b>

### 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
<b>Statement of Comprehensive Income</b>						
<b>Expenses</b>						
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
<b>Total cost of services</b>		<b>1,202,755</b>	<b>1,328,464</b>	<b>1,113,449</b>	<b>125,709</b>	<b>215,015</b>
<b>Income</b>						
<b>Revenue</b>						
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)
<b>Total revenue</b>		<b>748,989</b>	<b>406,356</b>	<b>959,518</b>	<b>(342,633)</b>	<b>(553,162)</b>
<b>Gains</b>						
Gain/(loss) on disposal of non-current assets		200	(3,257)	(1,585)	(3,457)	(1,672)
<b>Total gains</b>		<b>200</b>	<b>(3,257)</b>	<b>(1,585)</b>	<b>(3,457)</b>	<b>(1,672)</b>
<b>Total income other than income from State Government</b>		<b>749,189</b>	<b>403,099</b>	<b>957,933</b>	<b>(346,090)</b>	<b>(554,834)</b>
<b>NET COST OF SERVICES</b>		<b>453,566</b>	<b>925,365</b>	<b>155,516</b>	<b>471,799</b>	<b>769,849</b>
<b>Income</b>						
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
<b>Total income from State Government</b>		<b>1,053,209</b>	<b>1,076,605</b>	<b>985,886</b>	<b>23,396</b>	<b>90,719</b>
<b>SURPLUS/(DEFICIT) FOR THE PERIOD</b>		<b>599,643</b>	<b>151,240</b>	<b>830,370</b>	<b>(448,403)</b>	<b>(679,130)</b>
<b>OTHER COMPREHENSIVE INCOME</b>						
<b>Items not reclassified subsequently to profit or loss</b>						
Changes in asset revaluation surplus		-	(1,916,165)	266,407	(1,916,165)	(2,182,572)
<b>Total other comprehensive income</b>		<b>-</b>	<b>(1,916,165)</b>	<b>266,407</b>	<b>(1,916,165)</b>	<b>(2,182,572)</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>599,643</b>	<b>(1,764,925)</b>	<b>1,096,777</b>	<b>(2,364,568)</b>	<b>(2,861,702)</b>

	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
<b>Statement of Financial Position</b>						
<b>ASSETS</b>						
<b>Current Assets</b>						
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)
<b>Total Current Assets</b>		<b>541,782</b>	<b>421,864</b>	<b>624,653</b>	<b>(119,918)</b>	<b>(202,789)</b>
<b>Non-Current Assets</b>						
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)
<b>Total Non-Current Assets</b>		<b>49,232,279</b>	<b>45,836,100</b>	<b>47,085,117</b>	<b>(3,396,179)</b>	<b>(1,249,017)</b>
<b>TOTAL ASSETS</b>		<b>49,774,061</b>	<b>46,257,964</b>	<b>47,709,770</b>	<b>(3,516,097)</b>	<b>(1,451,806)</b>
<b>LIABILITIES</b>						
<b>Current Liabilities</b>						
Payables		322,122	283,493	292,242	(38,629)	(8,749)
Provisions		28,483	33,177	27,236	4,694	5,941
<b>Total Current Liabilities</b>		<b>350,605</b>	<b>316,670</b>	<b>319,478</b>	<b>(33,935)</b>	<b>(2,808)</b>
<b>Non-Current Liabilities</b>						
Provisions		4,469	5,034	4,886	565	148
<b>Total Non-Current Liabilities</b>		<b>4,469</b>	<b>5,034</b>	<b>4,886</b>	<b>565</b>	<b>148</b>
<b>TOTAL LIABILITIES</b>		<b>355,074</b>	<b>321,704</b>	<b>324,364</b>	<b>(33,370)</b>	<b>(2,660)</b>
<b>NET ASSETS</b>		<b>49,418,987</b>	<b>45,936,260</b>	<b>47,385,406</b>	<b>(3,482,727)</b>	<b>(1,449,146)</b>
<b>EQUITY</b>						
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
<b>TOTAL EQUITY</b>		<b>49,418,987</b>	<b>45,936,260</b>	<b>47,385,406</b>	<b>(3,482,727)</b>	<b>(1,449,146)</b>



	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
<b>Statement of Cash Flow</b>						
<b>CASH FLOWS FROM STATE GOVERNMENT</b>						
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
<b>Net cash provided by State Government</b>		<b>1,071,265</b>	<b>1,123,920</b>	<b>1,050,495</b>	<b>52,655</b>	<b>73,425</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
<b>Payments</b>						
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
<b>Receipts</b>						
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
<b>Net cash provided by/(used in) operating activities</b>		<b>21,148</b>	<b>(340,743)</b>	<b>249,259</b>	<b>(361,891)</b>	<b>(590,002)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
<b>Payments</b>						
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
<b>Receipts</b>						
Proceeds from sale of non-current assets		14,500	11,815	3,228	(2,685)	8,587
<b>Net cash provided by/(used in) investing activities</b>		<b>(1,230,692)</b>	<b>(967,521)</b>	<b>(1,021,217)</b>	<b>263,171</b>	<b>53,696</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
<b>Payments</b>						
Repayment of borrowings		(766)	-	(5,766)	766	5,766
<b>Net cash provided by/(used in) financing activities</b>		<b>(766)</b>	<b>-</b>	<b>(5,766)</b>	<b>766</b>	<b>5,766</b>
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
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>		<b>393,791</b>	<b>275,120</b>	<b>460,207</b>	<b>(118,671)</b>	<b>(185,087)</b>

## 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
<b>Financial Assets</b>		
Cash and cash equivalents	91,984	83,452
Restricted cash and cash equivalents	183,136	376,755
Loans and receivables <sup>(a)</sup>	2,313,146	2,041,743
<b>Financial Liabilities</b>		
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	
<b>2017</b>								
Cash and cash equivalents	91,984	91,984	-	-	-	-	-	-
Restricted cash and cash equivalents	183,136	183,136	-	-	-	-	-	-
Receivables <sup>(a)</sup>	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			
<b>2016</b>								
Cash and cash equivalents	83,452	83,452	-	-	-	-	-	-
Restricted cash and cash equivalents	376,755	376,755	-	-	-	-	-	-
Receivables <sup>(a)</sup>	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
<b>2017</b>											
<b>Financial Assets</b>											
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 <sup>(a)</sup>	-	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
<b>Financial Liabilities</b>											
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
<b>2016</b>											
<b>Financial Assets</b>											
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 <sup>(a)</sup>	-	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
<b>Financial Liabilities</b>											
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
<b>2017</b>					
<b>Financial Assets</b>					
Restricted cash and cash equivalents	183,136	(458)	(458)	458	458
<b>Total Increase/(Decrease)</b>		(458)	(458)	458	458
<b>2016</b>					
<b>Financial Assets</b>					
Restricted cash and cash equivalents	376,755	(942)	(942)	942	942
<b>Total Increase/(Decrease)</b>		(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
	<b>254</b>	<b>247</b>

#### 45 SUPPLEMENTARY FINANCIAL INFORMATION

	2017 \$000	2016 \$000
<b>Write-offs</b>		
Bad debts	9	130
Fixed asset stocktake discrepancies	-	-
Damage to public property	-	5
Inventory – stocktake discrepancies and obsolete/contaminated materials	-	-
	<b>9</b>	<b>135</b>
<b>Gifts of public property</b>		
Gifts of public property provided by Main Roads	33	19
	<b>33</b>	<b>19</b>
<b>Restricted Access Vehicle permits <sup>(a)</sup></b>		
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
<b>Amount carried forward for recovery</b>	<b>5</b>	<b>(25)</b>



## 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
<b>COST OF SERVICES</b>																		
<b>Expenses</b>																		
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)	0	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)	0	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	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)	0	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		
<b>Total cost of services</b>	<b>282,865</b>	<b>190,885</b>	<b>124,051</b>	<b>122,754</b>	<b>358,537</b>	<b>575,582</b>	<b>47,355</b>	<b>51,665</b>	<b>963,571</b>	<b>894,269</b>	<b>360,201</b>	<b>140,725</b>	<b>(808,115)</b>	<b>(862,430)</b>	<b>1,328,464</b>	<b>1,113,449</b>		
<b>Income</b>																		
<b>Revenue</b>																		
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		
<b>Total revenue</b>	<b>33,011</b>	<b>14,929</b>	<b>9,217</b>	<b>11,912</b>	<b>104,813</b>	<b>502,462</b>	<b>30,774</b>	<b>264,278</b>	<b>85,890</b>	<b>117,218</b>	<b>142,651</b>	<b>48,720</b>	<b>0</b>	<b>0</b>	<b>406,356</b>	<b>959,518</b>		
<b>Gains</b>																		
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)		
<b>Total gains</b>	<b>(431)</b>	<b>(153)</b>	<b>(189)</b>	<b>(98)</b>	<b>(547)</b>	<b>(462)</b>	<b>(72)</b>	<b>(41)</b>	<b>(1,469)</b>	<b>(717)</b>	<b>(549)</b>	<b>(113)</b>	<b>0</b>	<b>0</b>	<b>(3,257)</b>	<b>(1,585)</b>		
<b>Total income other than income from State Government</b>	<b>32,580</b>	<b>14,775</b>	<b>9,028</b>	<b>11,813</b>	<b>104,266</b>	<b>502,000</b>	<b>30,702</b>	<b>264,237</b>	<b>84,421</b>	<b>116,500</b>	<b>142,102</b>	<b>48,607</b>	<b>0</b>	<b>0</b>	<b>403,099</b>	<b>957,933</b>		
<b>NET COST OF SERVICES</b>	<b>250,285</b>	<b>176,109</b>	<b>115,023</b>	<b>110,941</b>	<b>254,270</b>	<b>73,582</b>	<b>16,653</b>	<b>(212,572)</b>	<b>879,150</b>	<b>777,768</b>	<b>218,099</b>	<b>92,118</b>	<b>(808,115)</b>	<b>(862,430)</b>	<b>925,365</b>	<b>155,516</b>		
<b>INCOME FROM STATE GOVERNMENT</b>																		
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		
<b>Total income from State Government</b>	<b>228,047</b>	<b>178,294</b>	<b>109,328</b>	<b>171,040</b>	<b>211,312</b>	<b>(183,444)</b>	<b>31,139</b>	<b>58,735</b>	<b>538,620</b>	<b>952,005</b>	<b>191,184</b>	<b>110,864</b>	<b>(233,024)</b>	<b>(301,607)</b>	<b>1,076,605</b>	<b>985,886</b>		
<b>SURPLUS/DEFICIT FOR THE PERIOD</b>	<b>(22,238)</b>	<b>2,184</b>	<b>(5,894)</b>	<b>60,099</b>	<b>(42,958)</b>	<b>(257,026)</b>	<b>14,486</b>	<b>271,308</b>	<b>(940,530)</b>	<b>174,237</b>	<b>(26,915)</b>	<b>18,746</b>	<b>575,091</b>	<b>560,822</b>	<b>151,240</b>	<b>830,370</b>		