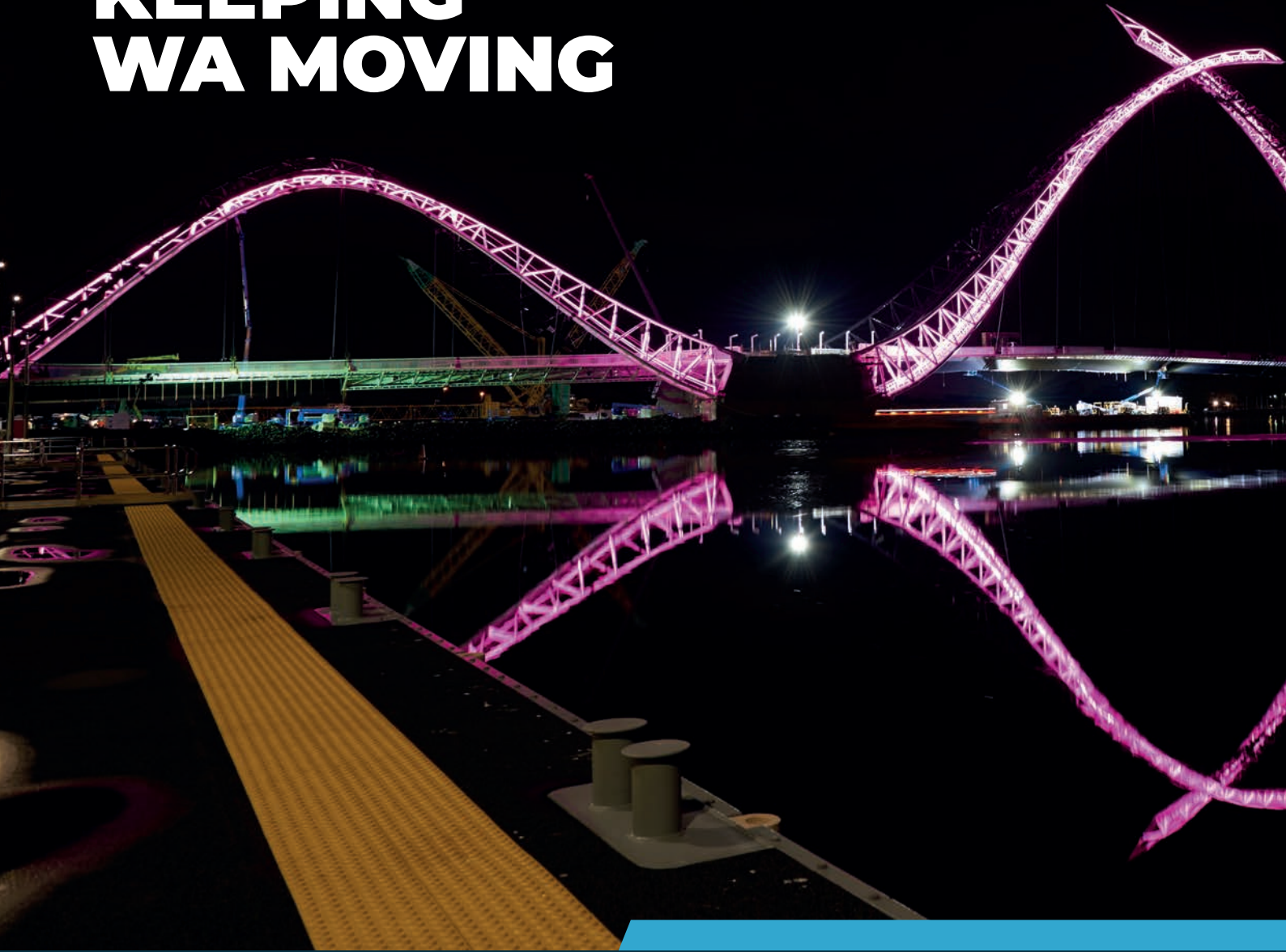




KEEPING WA MOVING



**Annual Report
2018**

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WELCOME

This report, our 92nd Annual Report, communicates our operational, financial and business performance for the financial year ended 30 June 2018.

It highlights our role, who and where we are, and reports on services we provide and performance in these areas. The report also looks at issues related to our business, explores the year ahead and comments on challenges and exciting opportunities the transport sector faces into the future.

Last year our annual report achieved a Gold Award at the Western Australian Institute of Public Affairs Annual Reporting Lonnie Awards and a Gold Excellence Award from the Australasian Reporting Awards. It was also recognised as a finalist for the Public Sector Online Reports.

We have once again committed to producing an online only annual report, minimising both impact on the environment and costs associated with producing a printed version. We believe enhancing our information through up-to-date online content coupled with information on our achievements over the past 12 months, assists understanding of our activities and achievements.

Acknowledgement of Country

Main Roads Western Australia acknowledges the traditional custodians throughout Western Australia and their continuing connection to the land, water and community. We pay our respects to all members of these Aboriginal communities, their cultures and to Elders both past and present and their leaders into the future.

Reporting Frameworks

In preparing this report, we have continued to move towards greater adoption of the International Integrated Reporting Council (IIRC) Framework. In addition, we have applied the Global Reporting Initiative (GRI) Standards: Core option and operated in line with the *Financial Management Act 2006* (WA) and Treasurer's Instructions and the 2018 Western Australian Public Sector Reporting Framework.

Reporting Journey

We have further considered how to present the value created by our activities, and this year we continue our progress towards incorporating the principles outlined in the IIRC Framework. The aim of integrated reporting is to promote a more cohesive approach to corporate reporting by explaining how we create value over time. Our intention is to show the benefits to all stakeholders including employees, customers, suppliers, business partners, local communities, legislators and policymakers.

With respect to our Global Reporting Initiative (GRI) reporting, we have now moved from GRI G4 to the GRI Standards: Core option and continue to develop our disclosure to 'Comprehensive' level with the inclusion of more reporting against indicators included at this level. This is part of our continuing commitment to GRI, which provides the world's most widely used standard on sustainability reporting and disclosure.

We continue to explore our understanding and adoption of these approaches in relation to our services and performance. We believe these approaches enable better decision-making by businesses, governments, society and our community, and decisions based on information that matters. We also seek external assurance each year on key areas of focus.

Comments and Feedback

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



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

In accordance with Section 63 of the *Financial Management Act 2006* (WA), I hereby submit for your information and presentation to Parliament, the Annual Report of Main Roads Western Australia for the financial year ended 30 June 2018.

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

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

Peter Woronzow

Acting Managing Director
of Main Roads

28 August 2018

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

Richard Sellers

Commissioner of Main Roads

28 August 2018

OVERVIEW

A summary of the past 12 months and a look to the future is provided in these areas

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Our Stories

Following are some of the highlights from across the past year. Information on each highlight can be found throughout the report.



Culturally Significant Matagarup Bridge, a Complex Feat of Engineering

Matagarup is the name given by traditional custodians to the area around Heirisson Island and means 'place where the river is only leg deep, allowing it to be crossed'. The bridge arch assembly and complex lifting process was an impressive feat of engineering, a process not previously undertaken on an infrastructure project in Western Australia.



Committed to Increasing Aboriginal Employment Initiatives

Main Roads has positioned itself as a State Government leader in providing unprecedented opportunities for Aboriginal employment within our projects and work activities.



Indian Ocean Drive Safety Review

The Indian Ocean Drive safety review conducted in collaboration with Road Safety Commission and Western Australia Police Force, illustrates the state government's commitment to road safety.



Community Engagement Critical to Margaret River Perimeter Road Project

Community and stakeholder engagement has been critical to the Margaret River Perimeter Road Project. When completed, the project will improve traffic flow on Bussell Highway, increasing transport efficiency and reducing travel times.



NorthLink WA – Massive Undertaking Already One-Third Complete

After more than two years of design and construction, the southern section of NorthLink WA was completed while managing 70,000 vehicle movements along Tonkin Highway each day.



Sustainability the Winner for NorthLink WA

Award-winning results to develop a sustainability culture across the NorthLink WA southern section team have been delivered through our partnership with contractor John Holland.

OUR STORIES

CULTURALLY SIGNIFICANT MATAGARUP BRIDGE, A COMPLEX FEAT OF ENGINEERING

Matagarup Bridge enhances patron connectivity between East Perth, Burswood Peninsula and Optus Stadium. The bridge helps move event-day patrons away from residential streets in East Perth and connects them to Perth CBD and car park facilities. It will also provide year-round access for residents and the community to playgrounds, picnic and barbeque areas plus a network of walking and cycling tracks. It is set to become an iconic tourist attraction.

Matagarup Bridge, named in recognition of the cultural significance of the immediate Swan River area to the local Whadjuk community, is a key component of the Optus Stadium integrated transport plan.

Matagarup is the name given by traditional custodians to the area around Heirisson Island and means 'place where the river is only leg deep, allowing it to be crossed'.

The bridge arch assembly and complex lifting process was a feat of engineering, a process not previously undertaken on an infrastructure project in Western Australia.

Matagarup Bridge was delivered by the Swan River Pedestrian Bridge Alliance (SRPBA) comprising Main Roads, York Civil and Rizzani de Eccher.

The central bridge arch, made from two 'wishbone' structures, is approximately 72 metres above the water at its highest point and the steel and concrete deck stretches 370 metres from bank-to-bank with a steel cable-stay span of 160 metres at its centre. Two smaller arches, either side of the central arch, complete the overhead structure.

Only two concrete piers are located in the river, respecting the area's heritage and minimising impact on the Swan River. The bridge deck is at least nine metres wide, wider at pause points, and includes shelter.

The steel bridge components were supplied and fabricated via a sub-alliance between Main Roads, York Civil, Rizzani de Eccher and Western Australian company Civmec. Sub-contractors Fremantle Steel and Adwest provided bridge deck and balustrade works respectively.

To accommodate future plans for a tourism venture, a walkway and lookout has been provided in the large central river arch. To see videos taken during construction, visit our YouTube site.



OUR STORIES

COMMITTED TO INCREASING ABORIGINAL EMPLOYMENT INITIATIVES

We actively support the State Government's Aboriginal participation policy through several initiatives that have provided significant opportunities for Aboriginal employment within our projects and work activities.

The Strategic Business Case for Aboriginal Employment Initiatives was developed in consultation with key representatives from Aboriginal communities across the state, government agencies and contractors to identify what initiatives we can implement to improve the livelihood of Aboriginal people.

Championed and led by the Aboriginal Employment Initiatives Taskforce these initiatives include:

- Creation of a Senior Advisor Aboriginal Engagement role dedicated to exploring opportunities and engagement with Aboriginal businesses. This role is currently under recruitment.
- Development of a Program Implementation Plan framework based on the prioritised list of strategies in the business case.
- Incorporation of contract clauses for mandatory requirements for Aboriginal participation, including dedicated Aboriginal trainees and employment targets in our Road Network maintenance contracts; and stretch targets for employment of Aboriginal people and businesses, and incentive payments for major works.
- Formation of an Aboriginal advisory group comprising of external Aboriginal business leaders.

- Piloting the mandatory requirement for Aboriginal Participation Plans with weighted criteria and price preferences for other Capital Works tenders as well as the Goods and Services tenders.

All contracts in the Metropolitan Region require a minimum of 10 per cent of the workforce to comprise of Aboriginal people. In addition, a target of 2 per cent of engaged businesses are to be an Aboriginal business registered on the Aboriginal Business or Supply Nation directories.

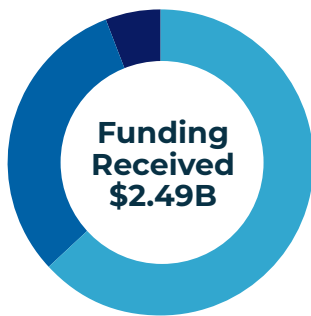
Regionally, we are not only reaching our targets, but exceeding them. In the Mid West-Gascoyne Region and Wheatbelt Region, currently 37 per cent and 23 per cent of the workforce respectively, comprise of Aboriginal people.

Other major achievements within our projects include 86 per cent Aboriginal employment on site in the first month of construction of the Broome Cape Leveque project, of which 95 per cent were local. For the Wyndham Spur and Maggies Jump Up sections upgrades, more than 45 per cent of total labour hours were undertaken by Aboriginal people. For the Bow River Bridge, 31 per cent of total labour hours were conducted by Aboriginal people.

This is a new era for Main Roads. It is estimated that 170 Aboriginal employment opportunities have been created as a result of our initiatives. These enable a focussed approach to increasing employment of Aboriginal people and businesses across our organisation and ultimately, within the road and bridge construction and maintenance industry.

Our Finances

Our financial summary shows key elements of performance with further detailed information in Financial Statements and Notes.



Funding Sources 2017-18

- State – \$1.575 billion
- Commonwealth – \$772 million
- Other – \$145 million

Total assets

	\$ billion
Roads	14.3
Land under roads	23.6
Bridges	3.9
Other infrastructure	2.0
Property and plant	0.4
Amounts receivable	2.5
Other assets	0.7
Total	47.4

Total expenditure by type

	\$ million
Employee benefits and superannuation	72.0
Supplies and services	519.0
Depreciation expense and amortisation	349.0
Grants and subsidies	271.1
Other expenses	46.1
Capital expenditure	1,065.2
Total expenditure	2,322.4

Our Workforce

Our workforce profile helps to illustrate who we are. We include more detailed information in the section Our People.

- **Full-time employees** – 1026
- **Gender** – Male 69%, Female 31%

Regionally Based Workforce

Region	Headcount
Great Southern	30
South West	62
Mid West–Gascoyne	44
Kimberley	29
Wheatbelt	34
Pilbara	33
Goldfields–Esperance	21

Demographics

Demographics	%
Female employees	31
Male employees	69
Indigenous Australian employees	2
Employees with a disability	3
Employees of culturally diverse background	22

Our Performance

Around the world, governments and communities are seeking to understand whether services delivered by agencies meet expected goals and outcomes. One way to determine this is through timely, accurate and meaningful performance information. Done well, this assists in improving accountability and transparency and aids in our decision-making. We use performance measurement to gain insight into, and make judgements about, the effectiveness and efficiency of the services we are providing. Communication of our performance is part of our commitment to sustainable reporting and good governance.

The following scorecard provides a summary of how well we are performing on a wide range of issues material to our business and our customers. Whilst this provides a snapshot, more detailed information and other measures are included throughout the report.

OBJECTIVES

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

GOVERNMENT GOAL

Future jobs and skills

Grow and diversify the economy, create jobs and support skills development

Key Outcomes Sought	Results	Target	Actual	Status
State Development Facilitation of economic and regional development	Our target for the average return on which road and bridge construction expenditure will deliver future economic benefits to the community was exceeded and continues to improve	2.6	3.3	
	Contracts completed on time came in below target but significantly improved compared to last year	90	75	
	Contracts completed on budget exceeded our target showing continued strong performance	90	100	
Our People To attract develop and sustain organisational capability through our people	Full-time equivalents (average)	N/A	1026	
	We exceeded our target in respect to women in leadership positions at Level 6 and above but more work remains	20	21	
	There was a high level of completion of Career Conversations coming in just under our target	100	96	

Achieved More work to do On track

GOVERNMENT GOAL**Strong Communities**



















Safe communities and supported families

Key Outcomes Sought	Results	Target	Actual	Status
Road Safety Provision of a safe road environment	Community satisfaction with road safety is performing well coming within our target but slightly lower than last year	90	88	✓
	Contracts completed on time came in within our target and was an improvement on last year	90	89	✓
	Contracts completed on budget exceeded our target showing continued strong performance	90	92	✓
	Black Spot location indicator exceeded our target continuing strong performance	8.26	7.92	✓
Community Access Improved community access and roadside amenity	Community satisfaction with cycleways and pedestrian facilities came within our target and has improved since last year	90	89	✓
	Percentage of the year that 100 per cent of Main Roads State Road Network was available came within our target	95	87	✓
	Contracts completed on budget exceeded our target showing continued strong performance	90	100	✓
	Contracts completed on time was below our target and a drop from last year's result	90	64	✗
Enhancing Safety, Health and Wellbeing Consistently leading safe outcomes	There were no Fatalities last year	0	0	✓
	Our Lost-time injury frequency rate was below target but increased on previous years results	2	1.1	✓
	Our Incident rate was below target	0.6	0.3	✓
	We exceeded our target of helping injured workers returning to work within 13 weeks	90	100	✓
	We exceeded our target of helping injured workers returning to work within 26 weeks	100	100	✓
Improving Customer Experience Providing a transport network centred on what our customers need and value	Community satisfaction with Main Roads came within our target and has decreased slightly since last year	90	88	✓
	The aim to continue to increase the number of calls self-serviced was not achieved this year but did improve compared to last year	Increase %	-3	🔄
	The target for resolving enquires at first point of contact with our customer information centre was not achieved and was lower than last year	80	65	✗

Achieved  More work to do  On track 

GOVERNMENT GOAL**Better Places**

A quality environment with liveable and affordable communities and vibrant regions

Key Outcomes Sought	Results	Target	Actual	Status		
Road Maintenance A well-maintained road network	Community satisfaction with road maintenance came in below our target with a slight decrease from last year	90	82			
	Preventative and proactive maintenance undertaken on the network came within our target and is consistent with previous year's results	85	84			
	Average \$ cost of network maintenance per lane kilometre of road network was higher than our target due to the impact of natural disasters	7,250	9,129			
Road Efficiency and Road Management Reliable and efficient movement of people and goods	Community satisfaction with Main Roads came within our target however has decreased slightly since last year	90	88			
	Road network permitted for use by heavy vehicles	B-double -- 27.5 m %	96	97		
		Double Road Train -- 27.5 m %	96	97		
		Double Road Train -- 36.5 m %	78	80		
		Triple Road Train -- 53.5 m %	44	45		
	% Network configuration	Roads	90	92		
		Bridges	Strength	91	94	
			Width	96	96	
		Contracts completed on time came in below target but continues to improve compared to last year	90	83		
		Contracts completed on budget exceeded our target showing continued strong performance	90	100		
	Average \$ cost of network management per million vehicle kilometres travelled came in just above our target	5,300	5,388			
Managing the Environment Protecting and enhancing the natural environmental and social values in all our activities	Percentage of state-wide clearing permit audits of compliance completed (CPS 818 and 817) continues to meet our target	100	100			
	Scope 1 and 2 Emissions (t CO ₂) are lower than expected and come in well under target	29,597	25,886			
	Community satisfaction with our sustainability practices came just below target with a slight increase from last year	90	86			
	Community satisfaction of our intent towards managing our impact on the environment came within our target	90	88			

Achieved  More work to do  On track 

Commissioner's Foreword



In 2017-18, Main Roads as part of the Transport Portfolio continued to play a key role in connecting people and places, providing linkages between land and sea, moving freight, and providing essential services to the Western Australian community.

I am especially proud of the increased collaboration and strengthened relationships between Main Roads and its portfolio partners – the Department of Transport and Public Transport Authority. The Portfolio has embraced its role in leading both the delivery of the Government's ambitious METRONET program and development of the Westport Strategy.

Project offices have been established comprising expert teams drawn primarily from our transport agencies. These teams are working in a highly collaborative manner with a range of stakeholders to ensure we deliver the best outcomes for the people of WA.

The Portfolio has overcome challenges, accomplished significant goals and demonstrated an integrated model that acts as a benchmark for other Government agencies. The degree to which we are collaborating effectively was made very clear with the execution of the Optus Stadium transport solution. The high profile and political sensitivity of the stadium, along with the huge public interest and the blockbuster early events, meant there was immense pressure to deliver.

Great experiences are as much about the journey as the destination, and it's clear this is something we've considered when developing the travel options. Whether it's a picturesque walk across the iconic Matagarup Bridge, a bike ride through the lush native gardens surrounding the Stadium, an enjoyable cruise along our beautiful Swan River to Burswood Jetty, or a relaxed trip on the train to the landmark Perth Stadium Station, there are great options for all. Not only are the transport options plentiful, they are also convenient – proof we have achieved our goals and added to the vibrancy of our great city.

The *2017-18 Connecting People and Places* document highlights examples of cross agency collaboration on some of our most significant transport projects. It provides an overview of the Portfolio's operations, achievements and the trends and influences guiding our work in the future.

Main Roads is a key part of this mix and with an annual budget of \$2.32 billion aimed at developing and maintaining a road network of over 18,500 kilometres, the organisation's position is critical to the economic and social wellbeing of the State.

Main Roads is set to be one of the first agencies to meet the Government's requirement for a set percentage of annual contracts to be awarded to registered Aboriginal businesses. Through actively recruiting youth and indigenous people, and playing a role in the continuing development of the communities in which we operate, it's clear the true measure of Main Roads' success is not weighted on construction alone, but on its willingness and ability to give back.

At the core of everything we do at Main Roads and across the wider Transport Portfolio are our customers and travellers who form our community. Together, we will keep the State moving by helping every Western Australian to get where they need to be as safely and efficiently as possible.

With approximately 60 per cent of the Government's election commitments related to transport and the importance the Government has placed on the METRONET and Westport projects, we have certainly been entrusted with great responsibility.

I have every confidence we have the people, systems and most importantly the energy and goodwill to help Government achieve its agenda. I look forward to what I'm sure will be another productive year for transport in Western Australia.

Richard Sellers

Commissioner of Main Roads

Managing Director's Review



Transport plays an essential role in the lives and livelihoods of Western Australians. It connects people, communities and businesses, helps the economy to grow and keeps people safe.

I am proud to be part of an organisation that is integral in

'Keeping WA Moving' and that delivered more than \$2.32 billion of road programs and services to the state this year.

Our Operational Performance

Our Keeping WA Moving strategy and focus areas of Customers, Movement, Sustainability and Safety emphasise what is and will be central to our business and customers in the years ahead. They continue to guide our future direction, underpinned by our values and guiding principles.

A particular source of pride for me has been the Matagarup Bridge, named for its cultural significance and connection of the Whadjuk Community to the Swan River. We have now completed the highly anticipated connection between East Perth and the Optus Stadium providing an iconic piece of public infrastructure. The decision to return the steel works to local fabricators created more than 200 local jobs and the bridge arch assembly and complex lifting process was a feat of engineering not previously undertaken on an infrastructure project in Western Australia.

The safety of the transport system and minimising any personal harm it may cause is always a significant focus for us. We are committed to forming collaborative relationships with others to ensure we make the transport system safer. Our Road Safety Management System uses a holistic approach seeking to manage the interaction between the road, travel speed, the vehicle and the road user.

Gains in road safety requires a collaborative approach to be taken and a great example of this is our adoption of a Safe System approach to conduct a review on Indian Ocean Drive.

Working closely with the Road Safety Commission and the Western Australia Police Force we examined the road safety risk, road engineering and driver behaviour of this stretch of road. The combined effort to undertake a review of this magnitude highlights the state government's commitment to road safety. We have determined a suite of actions that will make this road safer for the entire community.

We also started trialling full freeway closures for the completion of routine maintenance. This was another example of a collaborative effort with our portfolio colleagues in the Public Transport Authority bringing together nine organisations into a single initiative. This combined approach reduced the impact on commuters and also provided increased safety to our road workers as well as financial benefits that will be reinvested back into our roads.

Work continues on delivering the \$1.02 billion NorthLink WA initiative providing a much needed transport link between Morley and Muchea. We completed the southern section that now sees Tonkin Highway upgraded to a freeway-standard, providing a free-flowing link between Guildford Road and Reid Highway. When completed the NorthLink WA transport link will reduce travel times creating significant productivity benefits to the economy, industry, motorists and the local community.

Business Activities

Our business activities provide important support services focused around encouraging sustainable practices, improving the entire customer experience, investing in and developing our people and their safety, health and wellbeing.

I am very pleased we lead the way in our commitment to increasing opportunities for Aboriginal employment and engagement.

We continue to support the State and the Australian Government's policies and frameworks to maximise Indigenous employment and business opportunities through the proposals implemented by our Senior Leadership Aboriginal Employment Initiatives Taskforce. An estimated 170 opportunities for Aboriginal employment were created this year, with a significant increase anticipated as projects reach later stages of planning and construction.

Our new road maintenance network contracts have been a key factor in establishing these opportunities. A few of the major achievements include our Mid West-Gascoyne Region workforce currently has a 37 per cent Aboriginal participation rate, the Broome Cape Leveque project had 86 per cent Aboriginal employment on site, in the first month of construction and for the Wyndham Spur and Maggies Jump Up sections upgrades, more than 45 per cent of total labour hours were undertaken by Aboriginal people.

We remain committed to protecting and enhancing the natural environmental and social values in all our activities. Our NorthLink WA Southern Section project was recognised at the national Infrastructure Sustainability Awards – winning two awards and achieving the highest score for a 'design and construct project' in Australia. A clear testament to the great work we are doing in sustainability.

Providing a transport network centred on what our customers need and value is integral to our strategic direction. The Perth Area Travel Household Survey (PATHS) launched in May 2018 will see information collected from a total of approximately 7000 households over four years. The function of the survey is to collect information about how individuals travel so we can use the data to better inform land use planning and our transport infrastructure investment decision-making.

The success of any organisation is determined by the capability of its people. During the year we released TEAM (Training Engaging Accountable Managers) a management skills development program. The training is designed to empower supervisors and people managers to perform their role more effectively in key areas including resource management, conflict resolution and mental health in the workplace. It aims to equip our leaders with the skills needed to ensure their teams are productive and motivated to perform at their highest levels every day.

Our workforce planning cycle has been reinvigorated as we focus on identifying and addressing key capability risks and gaps in core areas. Particular subjects we are focusing on include succession planning, building capability and resourcing. These are a couple of high priority initiatives, resulting from previous staff engagement surveys, aiming to further strengthen a positive, collaborative and engaged workplace culture.

We have a proactive approach to safety, health and wellbeing as we continue to offer support to our people with an annual health and wellbeing program that includes flu vaccinations, skin screenings and workstation ergonomic reviews. We also encourage participation in the City to Surf fun run and the HBF Run for a Reason. Our annual Highway to Health Challenge offers a fun and interactive, friendly competition amongst staff.

This year saw a combined total of close to 42 million steps taken as well as a range of health and exercise challenges completed by participants.

Future View

Integrating technology with physical infrastructure offers a great opportunity to innovate. To ensure that Western Australia is in a position to benefit from these emerging transport technologies we will develop existing systems further, such as our industry recognised Open Data, Maps and Apps Portal, and continue to explore new and innovative opportunities including the practical use of drones and video analytics.

In the year ahead we will continue our work to reduce congestion, improve safety and create more WA jobs. This includes progressing road infrastructure such as construction of the new Bridge and duplication on Armadale Road; widening Kwinana Freeway northbound; and upgrades to Mitchell Freeway. Regional works on roads where there is a high risk of run-off road accidents include widening a section of Indian Ocean Drive; upgrades on the Great Northern Highway from Muchea to Wubin; continued construction of unsealed sections of the Broome to Cape Leveque Road; and progressing plans for the next stage of the Albany Ring Road.

Delivering a transport system that meets the needs and expectations of our communities is not something we can achieve on our own. This year we continued to work closely with our Transport Portfolio partners, Department of Transport and Public Transport Authority, so the entire integrated transport system supports, shapes and enables our thriving state.

I'd like to sincerely thank all our people who through a culture of hard work, dedication and teamwork have contributed to the positive progress we continue to make. It is their commitment, enthusiasm and professionalism that keeps us at the forefront of State Government agencies. I look forward to the next year and the exciting opportunities ahead.

A handwritten signature in black ink, appearing to read 'Peter Woronzow', with a long horizontal line extending to the right.

Peter Woronzow

Acting Managing Director of Main Roads

Linking Strategy, Futures, Innovation and Research

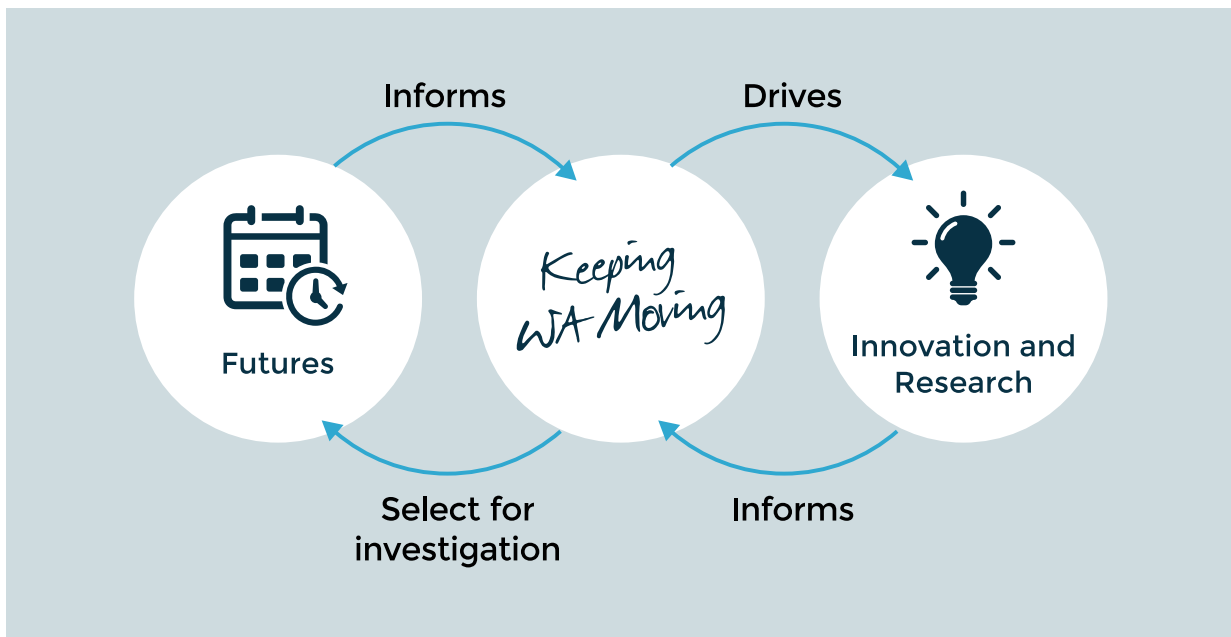
Keeping WA Moving, our strategic direction, clearly outlines our areas of focus as Customers, Movement, Sustainability and Safety. These areas underpin what we do and help us concentrate on delivering what's important as well as continuing to improve as an organisation.

We also scan the external environment to prepare ourselves for the future. Over the past decade, the future of transport has been re-imagined. McKinsey recently reported that US\$111 billion of investments in new mobility technologies have been disclosed since 2010.

Much of this investment has come from technology companies and start-ups, new players in the transport sector. Many newer technologies are being discussed as potential solutions to existing transport problems, technologies such as:

- Electric Vehicles
- self-driving cars
- flying cars
- delivery drones
- mobility as a service
- Hyperloop high speed transit system
- machine learning / artificial intelligence
- blockchain technology.

Given the level of investment and potential new technologies, the transport industry is expecting significant disruption in coming years and we need to adapt to take advantage of opportunities and to minimise risks. These technologies give rise to many potential futures for transport and we use this understanding to inform our strategy, innovation and research activities.



During the year, potential futures were incorporated into our update of Keeping WA Moving. The areas shown in colour on the diagram are new technologies and innovations that are changing the nature of our vision of a possible transport future.

Keeping WA Moving

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

Our Areas of Focus

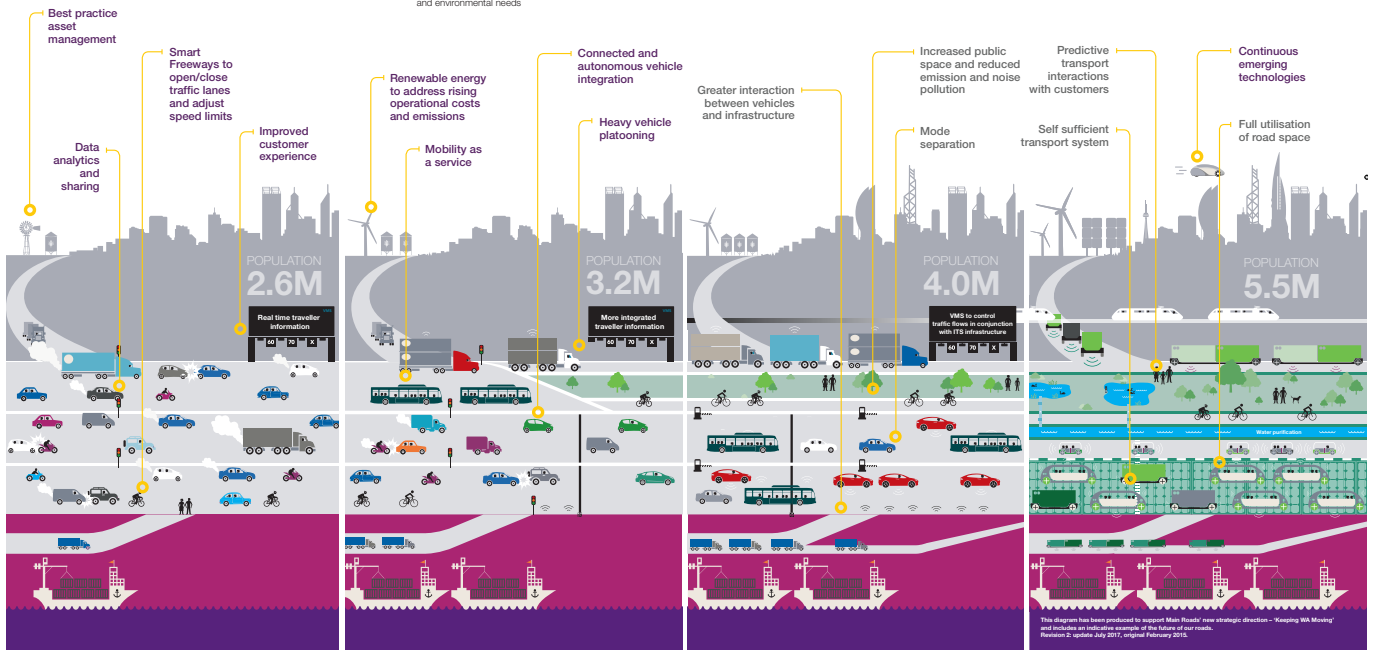
To achieve our aspiration, these four areas are about creating a focus on delivering value, which is more than just improving the status-quo.

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

Our Guiding Principles

These are the principles that reflect our values and underpin the delivery of Keeping WA Moving. They are about how we operate as we set our future direction.

- We will strive to improve **sustainability** and **community amenity**
- We will put the **customer** and their experience at the **centre** of everything we do
- We will continue to **build and maintain** strong relationships with the Transport portfolio to achieve **better transport outcomes**
- We will be an **agile and responsive** organisation that can prosper in a rapidly changing environment
- We will develop and invest in **leaders** that will **challenge the status-quo** in a real and authentic way
- We will **recognise and cultivate innovation** to take up challenges and stay ahead



Transport in a Decade

Imagine this. *It's 2028 and you are travelling to the Olympics in Los Angeles. You catch your non-stop flight from Perth to LA. Arriving at the airport, you decide to splash out on a flying car to speed up your trip to the hotel. It's a bit more expensive than other forms of transport, but you're tired after a long flight.*

LA's loop system is a cheap and convenient way to get around the city and when it doesn't go exactly where you need, you book a self-driving car to meet you at a stop and continue. Travelling around a city is easy now you can handle all your bookings through one app.

After the Olympics, you fly down to Orlando to visit Disneyland, before taking the 30-minute Hyperloop trip to Miami for some beach time.

The point isn't to accurately predict the future; some of these ideas may not eventuate. However, thinking about a longer term future can help lift ourselves away from the immediate challenges to re-focus on what's important.

What Do These Potential Futures Mean for Main Roads Now?

These technologies fit, generally, into one of three areas:

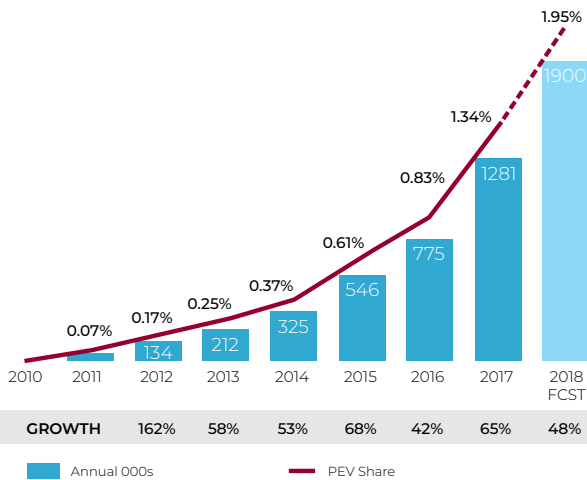
- watch
- prepare
- investigate and / or deploy.

Watch

These technologies are in early development, so we can simply watch their progress over coming years with interest. Flying cars and hyperloops are current examples of things we are ‘watching’ the development of.

Prepare

Other technologies are nearing commercialisation, so we need to initiate new areas of work to prepare for and be a catalyst for the future. For example, global sales of electric vehicles are growing exponentially, although from a small market share. Newer models generally have better range and are cheaper than their predecessors, meaning the market is expanding rapidly. Although uptake in Australia is slow, we need to start thinking about a future where electric vehicle sales are much larger.



Global Plug-in hybrid vehicle (PHEV) and Battery Electric Vehicle (BEV) sales
(source: EVvolumes.com)

To prepare for this future, we are currently participating in the Western Australian Government working group to support collaboration on electric vehicles (EV). As a result, we have initiated a research project with the University of Western Australia (UWA), in partnership with other stakeholders to take a coordinated and strategic approach to planning for charging infrastructure for EVs.

Self-driving cars also continue to develop rapidly. Both Waymo and Cruise, owned respectively by Google’s owner and General Motors, are rapidly expanding their fleet and have announced they will begin commercial services in 2018 and 2019 respectively.

To understand how these vehicles might impact the WA transport network, we have led the development of a research project in partnership with the Planning and Transport Research Centre (PATREC) and iMove CRC. This project will use a combination of scenario planning, modelling and sensitivity analysis to show how automated vehicles might impact transport in differing potential futures.

We also contribute to federal and state government initiatives by being a member or working on:

- Austroads’ Connected and Automated Vehicles Steering Committee, Industry Reference Group and research projects
- National Transport Committee Automated Vehicle Regulatory Advisory Group
- Australian Driverless Vehicle Initiative Scientific and Research Group
- Connected and Automated Vehicle Advisory Committee within Western Australia.

Investigate and / or deploy

A good example of a technology we are investigating is ‘machine learning’. It has the potential to:

- provide new data from existing assets
- simplify and reduce the cost of acquiring existing data
- provide additional insights from data

We use our innovation and research activities to investigate newer technologies. An example for machine learning includes the project with PATREC and iMove CRC to predict outcomes on the road network, based on data from previous days. Another example is a project with the UWA extracting data from video footage.

Machine learning – identifying objects

One of our Innovation and Research Program projects this year looked at detecting objects from existing cameras. This then allows us to derive a host of useful information like counting objects, classifying them and detecting their status.

ABOUT US

An outline of who we are, how we create value and how we approach sustainability along with a synopsis of the people who lead us, is given in these sections:

Our Minister, Legislation, Role and Operations.....	23
Our Business Model.....	24
Our Sustainable Approach and Defining Materiality.....	26
Our Structure.....	30
Our Leaders.....	31

Our Minister, Legislation, Role and Operations

Responsible Minister

Honourable Rita Saffioti MLA
Minister for Transport; Planning; Lands

Enabling Legislation

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

Our Role

Our role is to plan, build, maintain and operate Western Australia's State Road Network valued at more than \$47 billion. We work closely with our portfolio partners, the Department of Transport and the Public Transport Authority as well as local government to support the needs of all road users across the state by providing an integrated world-class road transport network.

Extent of Operations

We are one of the most geographically dispersed road agencies in the world, responsible for more than 18,500 kilometres of road spread over 2.5 million square kilometres.

Last year we engaged directly with more than 4,500 suppliers and made in the order of \$1.962 billion in payments. Of our suppliers, 158 were state or local government agencies and 16 were research bodies or universities. The remainder are classified as contractors, consultants or suppliers and are predominately from the Western Australian economy. Our indirect supply chain is again more extensive with our construction projects engaging with multiple sub-contractors and suppliers.

Main Roads operates from eight regional locations throughout the state.

Region	Population (000)	Area Covered (000 km ²)	State Roads (km)
1. Goldfields–Esperance	55	941	2,202
2. Great Southern	62	49	1,609
3. Kimberley	36	419	2,243
4. Metropolitan	1,943	5	882
5. Mid West – Gascoyne	63	421	3,624
6. Pilbara	61	506	2,734
7. South West	285	29	1,758
8. Wheatbelt	74	157	3,476
Total	2,579	2,527	18,528

Our Business Model

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

OUR FOCUS

'Keeping WA Moving' Sets our Future Direction

To achieve our Aspiration, the following four areas create a focus on delivering value, based on customer and stakeholder needs. These areas recognise the role our portfolio partners play and our own in helping to achieve integrated transport solutions for an efficient and user-centred state-wide transport network. Our focus in each area is:



Customers

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



Movement

Improve mobility of people and the efficiency of freight



Sustainability

Develop a sustainable transport network that meets social, economic and environmental needs



Safety

Provide improved safety outcomes for all users of the transport network

WHAT WE RELY ON

We draw upon key resources and relationships in the management of our business model

Our people

Strong leadership within a diverse, inclusive and values-driven workforce that operates in a safe environment with the right skills, capability and training

Know-how

A strong culture that recognises and cultivates innovation taking up the challenges ahead

Assets

A well-maintained road-based transport network that is safe, reliable and sustainable, centred on what our customers need and value

Network performance

Improving the mobility of people and the efficiency of freight through a well-managed and reliable road network

Natural resources

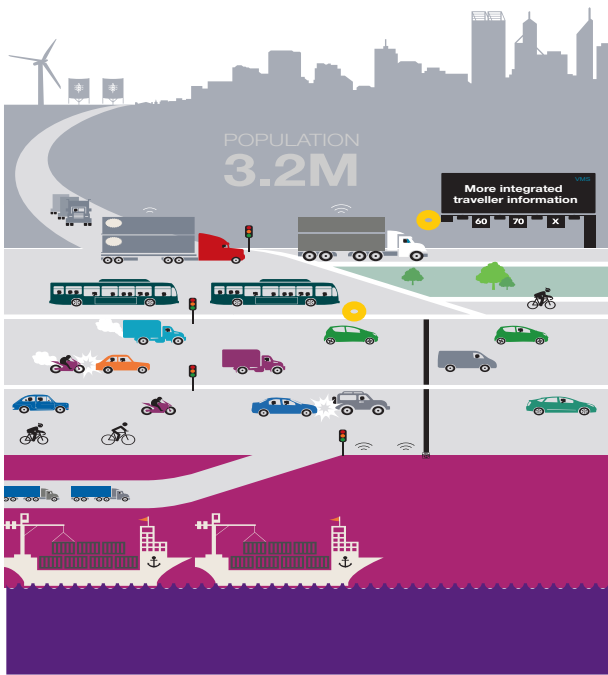
The environmental resources used in delivering our services

Financial capital

Sources of funding and appropriations utilised

Customers

Putting the customer and their experience at the centre of everything we do



WHAT WE DO

We deliver our services and create value through these areas

- Road Safety
- Road Efficiency
- Road Management
- Road Maintenance
- State Development
- Community Access
- Business Activities

THE VALUE WE CREATE

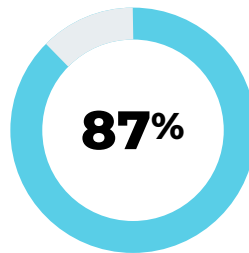
We consider the wider value delivered because of our services



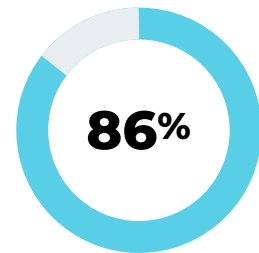
Lost Time Injury Frequency Rate



Annual Investment



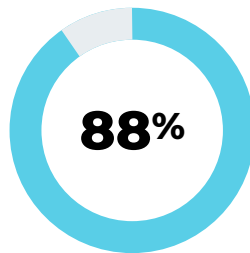
Network Availability



Satisfaction with our sustainability practices



Increase in value of the road network



Overall satisfaction with Main Roads



Average return on construction

Value Chain



WITHIN ORGANISATION
 THROUGH RELATIONSHIPS
 CUSTOMER IMPACT

Our Sustainable Approach and Defining Materiality

Released in 2016, our Sustainability Policy establishes a clear set of principles focused on creating lasting benefits socially, economically and environmentally. The policy reflects our maturity and is aligned with the sustainability focus and outcomes identified in Keeping WA Moving. The policy was developed in consultation with our portfolio partners and industry stakeholders. It is underpinned by six key aspects guided by our policy objective and are considered material:

- sustainable transport
- climate change
- environmental footprint
- behaviour
- governance and performance
- funding and financial matters.

Over the past year we engaged with internal and external stakeholders to develop supporting actions, areas for employee development and key metrics, including quarterly sustainability reports to the Corporate Executive, to measure performance to ensure our policy drives and guides our future direction. Further information on our approach to sustainability, including the updated policy, can be found on our website.

Defining Materiality

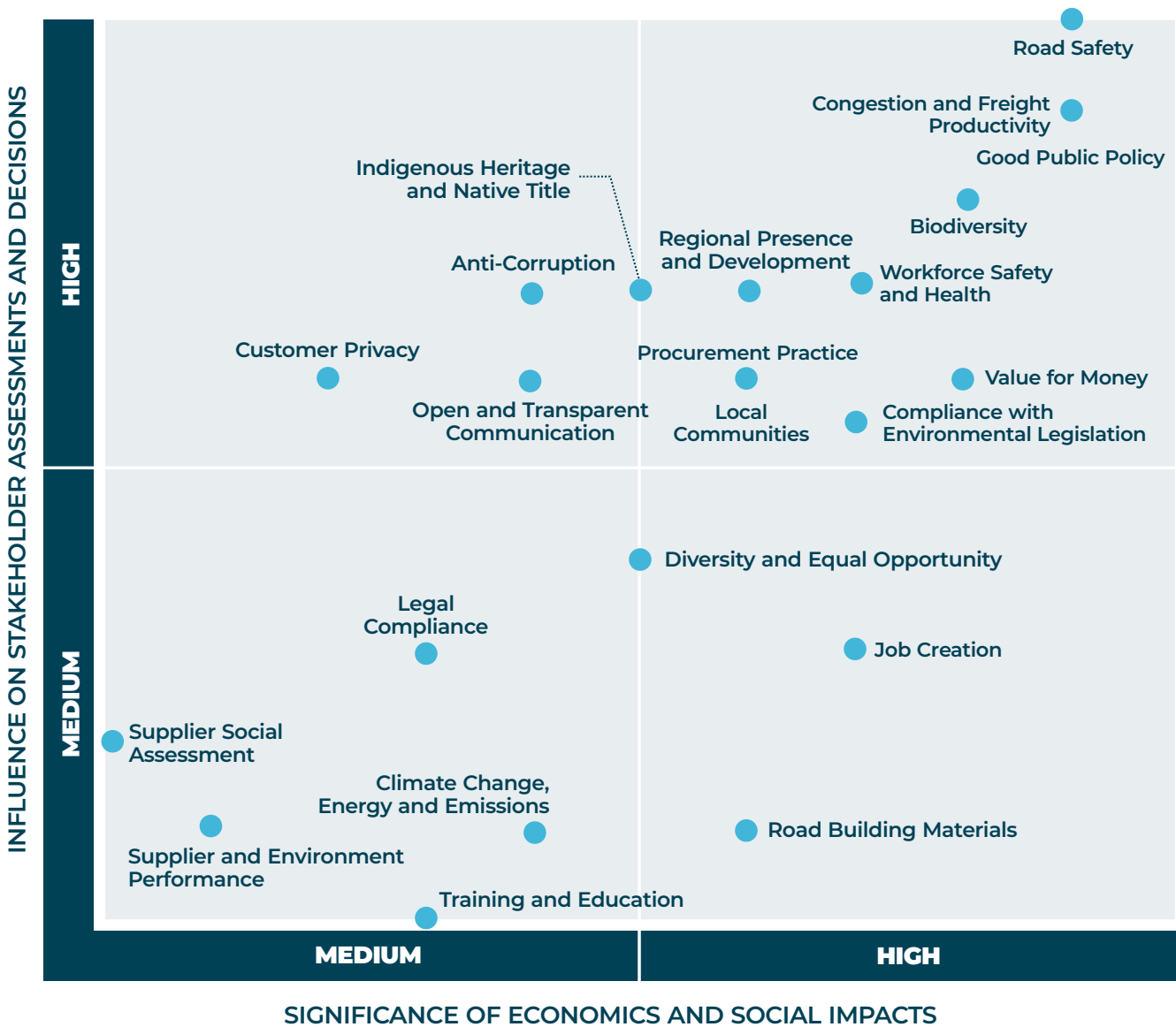
We ensure the relevance and validity of all areas of our business and stakeholder relations through a biennial desktop materiality review and internal stakeholder prioritisation workshops, with results reported to the Corporate Executive.

The review is conducted using a five-step process, informed by the Global Reporting Initiative (GRI) tests for materiality:

The analysis stage draws from our corporate and legislative commitments, key risks, corporate stakeholder engagement processes, media and Ministerial topics, and our peers' reporting practices.





The Matrix shows the results of our five-step materiality process, indicating what is important to our community and stakeholders.





















This report is prepared in accordance with the GRI principles of sustainability context, materiality, completeness and stakeholder inclusiveness, our value chain and the requirements specified in the Public Sector Commission’s Annual Reporting Framework. A GRI Content Index is available for reference in the online version of this report.

Addressing our Most Important Material Issues

Our approach to addressing our top material issues and the alignment to addressing the Sustainable Development Goals (SDGs), of which Australia is a signatory, for each issue is shown in the table below. More information on how these topics relate to GRI including the GRI Content Index and the SDGs can be found on our website.

Material Issues	Key Impacts	Key Resources Affected	SDG Alignment
<i>Road Safety</i>	Western Australia’s road death statistic, 6.2 road deaths per 100,000 population, is the poorest of the mainland states – about 24 per cent above the national average. We believe no one should die or be seriously injured on our state’s road network, and we will manage the network for all road users to minimise the likelihood of road trauma.	Customers Network Performance Assets Our People Know-How	 
<i>Congestion and Freight Productivity</i>	It is one of our core objectives to reduce the impacts on our community and economy from congestion on the road network and to provide more efficient access for our freight customers.	Customers Network Performance Assets Our People Know-How	    
<i>Good Public Policy</i>	As a statutory authority we rely on our resources and know-how to ensure we have clear, transparent and strong governance approaches that prevent undue influence in the administration of our role and ensure swift, efficient and effective implementation of government policies and strategies	Customers Assets Our People Know-How	 
<i>Biodiversity</i>	Our state is widely recognised as having unique flora and fauna and our actions have the potential to cause negative impacts in sensitive and protected environmental areas.	Natural Resources Our People Know-How Assets Customers	 
<i>Workforce Safety and Health</i>	Our work environment means that our people, suppliers, partners and customers often interface with the road environment, moving traffic and heavy machinery in order to deliver our services.	Customers Our People Know-How Assets Network Performance	  
<i>Value for Money</i>	We must make effective use of the government funding we receive to deliver our services to the community.	Customers Assets Our People Know-How Financial Capital	 

Material Issues	Key Impacts	Key Resources Affected	SDG Alignment
<i>Regional Presence and Development</i>	We operate across a vast and isolated state and our rural operations can have significant impacts on regional towns', communities and their economies.	Customers Our People Know-How Assets Financial Capital	   
<i>Compliance with Environmental Legislation</i>	In some circumstances our activities are subject to state and federal environmental legislation. We may face penalties, reputational damage or loss of stakeholder and community confidence if we do not comply with our environmental obligations.	Natural Resources Our People Know-How Assets Financial Capital Customers	  
<i>Indigenous Heritage and Native Title</i>	We acknowledge the traditional custodians of Western Australia's lands and aim to protect Aboriginal cultural values wherever possible. We recognise that there is an unacceptable level of disadvantage in living standards, life expectancy, education, health and employment experienced by Aboriginal peoples. We are committed to making a change in our industry and progressing reconciliation.	Our People Assets Customers	  
<i>Local Communities</i>	Our works and operations impact communities that live and work within close proximity. Acquisition of property, noise and business continuity are examples of issues that need to be carefully managed, require stakeholder engagement and impact our role as good neighbours.	Customers Our People Know-How Assets	    
<i>Procurement Practices</i>	We rely on our supply chain to deliver tasks critical to our overall success. We engage with a large number of suppliers of varying characteristics. In 2017-18 we engaged directly with over 4,500 suppliers and made in the order of \$1.962 billion in payments. We are aware that our terms of payment can impact the cash flow and solvency of various businesses and seek to minimise those impacts. We also leverage our relationship with our suppliers to deliver priority government policy which includes training, indigenous engagement and supporting local business.	Our People Know-How Customers Assets Natural Resources	  

Our Structure

We are one of the three state agencies that form the Transport Portfolio. Together with Department of Transport and Public Transport Authority, we work to enhance the coordination and delivery of transport services, under the guidance of the Minister for Transport.

This diagram shows how we fit together as a Portfolio and organisation. Further information about our Corporate Executive can be found in the Our Leaders and Governance sections.



Our Leaders

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



Peter Woronzow

Acting Managing Director
BA (Economics) GDPSM, CPA

Currently fulfilling the role of Managing Director, Peter draws on extensive experience to manage strategic partnerships and develop relationships to deliver successful outcomes for all involved. He is a member of CPA Australia and is a Director on the Board of ARRB Group Ltd and Austroads Ltd. Peter chairs Main Roads' Corporate Executive, Budget and Management Review and Audit Committees.



Philip D'Souza

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

Philip is currently the Chief Finance Officer overseeing provision of sustainable and innovative financial, investment, planning, business and commercial services. He is a member of CPA Australia and is a standing member on the Transport Audit and Risk Committee. Philip has more than 28 years' experience in Main Roads specialising in strategic financial management policy, accounting, risk and governance.



Leo Coci

Executive Director Infrastructure Delivery
BEng (Hon), MBA

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



Doug Morgan

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

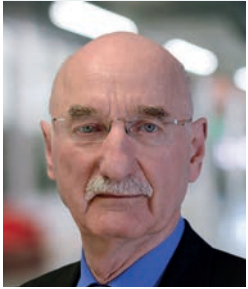
Doug contributes to sustainable integrated transport through providing leadership in engineering, project development, road planning, environmental services and spatial data management. He has extensive knowledge in traffic and heavy vehicle operations and his role includes responsibility for network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



Tony Earl

Executive Director Network Operations
Traffic Engineer

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



Neville Willey

Acting Executive Director Human Resources
PostGrad Cert Bus, Prof Dip HRM

Neville is currently undertaking the role of Executive Director Human Resources and oversees the provision of Main Roads human resource business partnering model focussing on workforce and succession planning and developing a high performing culture of skilled professionals through improved approaches to talent management. He has extensive experience in the areas of human resource management, workforce planning and employee relations.



Des Snook

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

Des is responsible for asset management, maintenance and project delivery services for the Metropolitan, South West and Great Southern regions. He is also responsible for the delivery of Heavy Vehicle Services, electrical service assets, crisis and incident management, and railway crossing safety. At a national level, he represents Western Australia on the Board of Transport Certification Australia.



Nicole Walton

Executive Director Strategy and Communications
BACom, EMBA

Nicole has extensive experience in communications, marketing and strategic planning for a range of global and national businesses in Australia and the UK. Her focus on improving customer experience and stakeholder engagement, as well as business and digital improvement is integral to shaping Main Roads corporate strategy and customer and stakeholder engagement approach.



John Erceg

Executive Director Central and Northern Regions
BEng (Civil)

John is responsible for providing asset management, maintenance and project delivery services across the Wheatbelt, Goldfields-Esperance, Mid West-Gascoyne, Pilbara and Kimberley Regions. He also has state-wide responsibility for asset management and regional contracting strategies, policies and functions. In addition to having worked throughout the state, John has held leadership positions in heavy vehicle operations, Austroads and local and international network operations.

Leadership Team Changes

Our Commissioner, Richard Sellers, continues to provide guidance and direction within the portfolio to achieve an integrated transport system. During the year, Richard took up a temporary acting role as Director General with the Department of Jobs, Tourism, Science and Innovation and Nina Lyhne, undertook the role of Acting Commissioner. We farewelled Francis Harrison, the Executive Director Human Resources and Neville Willey is currently acting in this role.

OPERATIONAL PERFORMANCE





This section covers our programs and delivery of services to the community:

Achieving Government Goals	34
Road Safety	35
Road Efficiency	40
State Development	44
Road Maintenance	47
Community Access	51
Road Management	54

Achieving Government Goals

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

Our outcome-based framework uses a program management approach to deliver six Services aligned with four Government Goals. The strategic areas of focus in Keeping WA Moving guide delivery of our services:

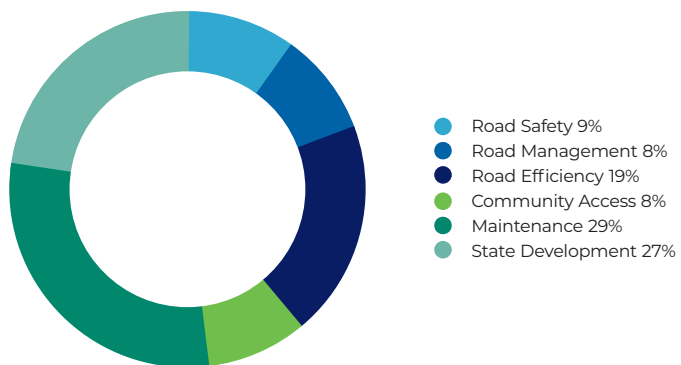
	Customers	Provide a transport network centred on what our customers need and value
	Movement	Improve mobility of people and the efficiency of freight
	Sustainability	Develop a sustainable transport network that meets social, economic and environmental needs
	Safety	Provide improved safety outcomes for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

Services and outcomes aligned with the Governments Goals are shown in the table.

Government Goal	Main Roads Services	Main Roads Outcome
Future jobs and skills Grow and diversify the economy, create jobs and support skills development	State Development	Facilitation of economic and regional development
Strong Communities Safe communities and supported families	Road Safety	Provision of a safe road environment
	Community Access	Improved community access and roadside amenity
Better Places A quality environment with liveable and affordable communities and vibrant regions	Road Maintenance	A well-maintained road network
	Road Efficiency	Reliable and efficient movement of people and goods
	Road Management	

Changes Since Last Report

Our service and outcomes remain consistent since our previous report with Road Maintenance and State Development the largest service provision areas.



Main Roads Service	Program Exp \$ Million
Road Safety	162.66
Road Management	136.23
Road Efficiency	330.22
Community Access	136.58
Road Maintenance	491.30
State Development	467.40
TOTAL	1724.39

A scorecard providing a summary of how we are performing on a wide range of issues material to our business and our customers is on pages 12 – 14.

Road Safety

Providing a Safe Road Environment

Government Goal

Strong communities

Aim

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

About the Program

The program comprises initiatives and projects including state and national Black Spot projects, intersection improvements, overtaking lanes, rail crossings, bridge safety, shoulder sealing and audible edge lines.

Key Performance Indicators

Road Safety Program KPI	Target	Actual	Status
Community satisfaction with road safety is performing well coming within our target but slightly lower than last year	90	88	✓
Contracts completed on time came in within our target and was an improvement on last year	90	89	✓
Contracts completed on budget exceeded our target showing continued strong performance	90	92	✓

	2016	2017	2018
Program expenditure \$ million	191	283	162

Looking Ahead

A significant program of works is planned for the next financial year, some of which have already commenced and include the following:

- Upgrade Ennis Avenue and Royal Palm Drive intersection
- Progress Wanneroo Road, Green Street and Walcott Street intersection
- Advance Orrong Road and Francisco Street intersection upgrade
- Construction of a roundabout and extension of the dual carriageway at Fairway Drive, Vasse
- Widen and seal shoulders on South Western Highway
- Widen and seal shoulders on Boyanup Capel Road
- Progress widening pavement and seal on Northam Cranbrook Road
- Progress widening pavement and seal on Albany Highway

To find out more about planned works visit our website.

Key Projects

PROJECT	TOTAL PROJECT COST (\$ MILLION)	2017-18 COST (\$ MILLION)	COMPLETION DATE	DESCRIPTION
Goldfields–Esperance Region				
South Coast Highway	2.6	2.6	April 2018	Widen to 10 m seal
Leonora-Laverton	1.9	1.6	September 2017	Widen to 9 m seal
Great Southern Region				
Phillips River Bridge	8.6	8.2	February 2018	Emergency flood damage reconstruction
South Coast Highway Upgrade	9.0	1.4	May 2018	Reconstruction and widening Pfeiffer Road to Cheynes Beach Road
Chester Pass Road, Amelup	10.3	10.3	June 2018	Reconstruction and realignment
Kimberley Region				
Broome to Derby	2.3	2.3	2018	Flood damage emergency repairs
Victoria Highway	3.0	3.0	October 2018	Road widening and installation of audible edge line
Metropolitan Region				
Shepperton Road and Duncan Street	2.9	1.9	April 2018	Increase length of turn pockets, provision of road safety barrier, modifications to traffic signals
Toodyay Road – Roland Road to Country Road	7.5	6.0	June 2018	Widening to provide sealed shoulders and upgrade of intersections
Pilbara Region				
Paraburdoo Tom Price Road	2.6	1.0	July 2018	Widen and seal west of Tom Price
Burrup Peninsula Road and Hearson Cove Road intersection	1.2	1.2	May 2018	Widen existing culvert and add additional lane for turning pocket
South West Region				
Coalfields Highway	5.0	3.0	March 2018	Widen and seal shoulders, improve sightlines and extend climbing lane
Forrest Highway – southbound acceleration lane	1.4	1.3	September 2017	Construct southbound acceleration lane at intersection with Paris Road
Muir Highway	2.2	1.9	Early 2019	Widen and seal shoulders
Pinjarra Williams	6.6	3.6	April 2018	Widen and seal shoulders
Wheatbelt Region				
Reconstruction Great Eastern Highway Tammin	3.3	3.3	May 2018	Pavement reconstruction and sub soil drainage
York Merredin Road Improvements	10.3	4.4	Early 2019	Widening and overlay, 1 km realignment and replacement of bridge

Black Spot Programs

There are 121 projects funded by the State Black Spot Program, representing a \$19.5 million investment:

- 24 projects on State Roads
- 97 projects on Local Roads.

In addition, the Australian Government Black Spot Program funds 35 projects representing a \$6.68 million investment.

Railway Level Crossing Upgrade Program

The State has invested \$4.7 million to improve the safety of railway level crossings, on works including:

- Red flashing lights at four crossings
- Installation of LED lights at three crossings
- Upgrading three pedestrian crossings
- Upgrading five existing active crossings to meet current technical standards.



OUR STORIES

INDIAN OCEAN DRIVE SAFETY REVIEW

Core to our 'Safe System' approach is the belief that no person should be killed or seriously injured on our roads. In line with this belief, Main Roads joined experienced staff from the Road Safety Commission and the Western Australia Police Force to conduct a road safety review on Indian Ocean Drive, between Two Rocks and Lancelin. Responding to an increase in serious crashes along this section of road, the review examined road safety risk, road engineering and driver behaviour.

Using a 'Safe System' approach, the team reviewed the issues and released a report in November 2017 that outlined a number of recommendations including:

- immediate reduction in the speed limit as an interim measure to support other short term infrastructure improvements
- interagency communication and education strategy
- increase in police presence, focusing on unsafe road use
- centre and edge line maintenance to enhance visibility and reflectivity
- installation of audible edge and centre-lines
- improved signage
- vegetation clearing to improve sight lines
- design review of intersections between Two Rocks and Lancelin
- assessment and management of roadside
- Wide Centre-Line Treatment.

Support from the state and federal governments was provided in the form of \$7 million funding in 2017-18 for the construction of four overtaking lanes on Indian Ocean Drive, between Two Rocks and Lancelin.

Additionally, the state government committed \$20 million from the 2018-19 budget for seal widening incorporating a Wide Centre-Line Treatment to be applied to the section of road. Relatively new to Western Australia, the treatment provides a one-metre wide centre-line coupled with audible line marking. This creates a greater separation between opposing traffic, allowing for additional reaction time if a driver unintentionally drifts across the centre-line towards oncoming traffic. This treatment is also included in the design of four new overtaking lanes between Seabird and Lancelin, which commenced in April 2018.

The combined effort to undertake a review of this magnitude highlights the State Government's commitment to road safety. We will continue to monitor the safety performance of Indian Ocean Drive and further measures will be recommended on a priority basis as required across the road network.

To see more about the review and the works being done, videos are available on our YouTube Channel.

OUR STORIES

PHILLIPS RIVER BRIDGE

During February 2017, more than 60 per cent of the Great Southern Region road network sustained damage due to widespread flooding. The preliminary estimate of damage to State Government assets was \$26.5 million.

The Phillips River Bridge, located on South Coast Highway approximately 23 km west of Ravensthorpe, was one of the most severely impacted sites with the structure completely destroyed by the floods. Connecting local communities east and west of the river, the bridge provided access to a broad range of goods and services and medical facilities. The loss of the bridge, and the approaches to it, left communities isolated and caused significant social and economic challenges.

Temporary restoration works were immediately undertaken using local contractors and innovative contracting arrangements. In March 2017, east and west connectivity was restored with the establishment of a side-track around the site.

In parallel to the side-track construction, designs were drawn and contract arrangements put in place to re-establish this permanent connection.

Working closely with the Shire of Ravensthorpe and local contractors to fast-track its reinstatement, we were able to open the new Phillips River Bridge to all road users in February 2018. The new structure is double the length and 1.5 metres higher than its predecessor. Most importantly, it has been constructed to withstand a one in 100 year flood event, similar to that experienced in 2017.

We have received many compliments about the new bridge and our responsiveness, with thanks from local communities.

Road Efficiency

Providing Reliable and Efficient Movement of People and Goods

Government Goal

Better places




Aim

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

About the Program

The program includes projects that deliver geometric improvements, road widening, bridge strengthening and retrofitting to incorporate intelligent transport capabilities.

Key Performance Indicators

Road Efficiency KPI	Target	Actual	Status
The percentage of travel on our Network that met configuration standards for width and curve rating exceeded the target	90	92	
Contracts completed on time came in below target but continues to improve compared to last year	90	83	
Contracts completed on budget exceeded our target showing continued strong performance	90	100	

	2016	2017	2018
Program expenditure \$ million	575	358	330

Looking Ahead

A significant program of works is planned for the next financial year, some of which have already commenced and include the following:

- Complete construction on Great Northern Highway of Wyndham Spur and Maggies Jump Up sections
- Continue improvements to the Marble Bar Road, including the upgrade of the Coongan Gorge section
- Continue construction of NorthLink WA (Swan Valley Bypass) from Reid Highway and Tonkin Highway to Muchea
- Complete construction of new bridge over Bow River on Great Northern Highway
- Commence construction of Reid Highway widening between Altone Road and West Swan Road
- Complete construction of the Margaret River Perimeter Road Stage 2
- Complete construction of the Wanneroo Road dual carriageway Joondalup Drive to Flynn Drive
- Commence construction of the Armadale Road dual carriageway from Tapper Road to Anstey Road
- Mitchell Freeway widening northbound – Hutton Street to Cedric Street.

To find out more about planned works visit our website.

Key Projects

PROJECT	TOTAL PROJECT COST (\$ MILLION)	2017-18 COST (\$ MILLION)	COMPLETION DATE	DESCRIPTION
Goldfields-Esperance Region				
Great Eastern Highway	14.0	0.5	July 2019	Construction of dual carriageway – Anzac Drive to Gatacre Street
Kimberley Region				
Bow River Bridge	38.5	6.9	December 2018	Bow River Bridge and approaches
Great Northern Highway – Maggies Jump Up and Wyndham Spur	56.1	13.8	June 2019	Wyndham Spur Road Stage 2 – Widen primerseal and seal
Metropolitan Region				
Bridge 1 Albany Highway over Bickley Brook	2.5	2.5	May 2018	Replacement of existing concrete bridge
Armadale Road	145.0	38.27	November 2019	Armadale Rd Duplication- (Anstey-Tapper Rd) Upgrade 4 lane dual carriage
Mid West – Gascoyne Region				
Great Northern Highway – between Wubin and Kumarina	2.3	1.0	June 2018	Construct Truck Bays
Pilbara Region				
Roy Hill Iron Ore Road over Rail Bridge on Great Northern Highway	20.7	0.8	December 2018	Construction of a new single span bridge and minor realignment of the GNH. Works carried out on behalf of Roy Hill Iron Ore.
South West Region				
Pinjarra Williams	8.7	3.5	January 2018	Realign, widen and seal shoulders
Lakelands Lake Clifton Road and Pinjarra Road intersection	4.2	2.9	December 2017	Upgrade intersection
South Western Highway	1.6	1.4	November 2017	Extend existing passing lane, and modify intersection with Cundinup Road south of Kirup.
South Western Highway	3.5	2.5	April 2018	Widen and seal shoulders
Old Mandurah Replacement Bridge	36.8	11.4	December 2017	City of Mandurah – Old Coast Road – Replace Bridge
Wheatbelt Region				
Bridges 24 and 25 on Albany Highway, Williams	11.8	1.5	Mid 2019	Reconstruct bridges
Great Northern Highway – Miling Straight	46.2	26.6	September 2018	GNH Stage 2 Muchea – Wubin
Great Northern Highway – Muchea North	55.9	16.5	December 2019	GNH Stage 2 Muchea – Wubin – Muchea North section

OUR STORIES

THE NEW MANDURAH TRAFFIC BRIDGE

The new Mandurah Traffic Bridge has increased traffic capacity and provides the community with an iconic structure and improved amenities in the heart of Mandurah.

Replacement of the old bridge, which opened in 1953, was necessary as it had reached the end of its life and no longer had capacity for current volumes of traffic.

We formed a collaborative partnership with the City of Mandurah, working closely with the community and design and construction contractor Georgiou Group to complete the new Bridge.

The stunning, new curved structure was incrementally launched in 13 segments from a specially constructed concrete casting bay on the western foreshore over Mandurah Estuary to the eastern foreshore.

The new bridge's four traffic lanes are divided by a concrete median with a separate five metre-wide pedestrian and cyclist path located on the north-side of the bridge.

The bridge was open to traffic in December and local schoolchildren, who recently wrote about the significance of the Mandurah Traffic Bridge, were among the first to cross on the new structure's extra lanes.

Completing the roadworks before the busy Christmas trading period helped to boost and improve access for the community to the shopping and cafe precincts in Mandurah.

Demolition of the old bridge and work to complete paths, feature boardwalks, fishing platforms and landscaping were completed in March 2018.

A community picnic on Mandurah's eastern foreshore was held in April 2018 to celebrate the official completion of the new bridge. The project has been a great example of collaboration between government agencies and engagement with the community and stakeholders.



OUR STORIES

COMMUNITY ENGAGEMENT CRITICAL TO MARGARET RIVER PERIMETER ROAD PROJECT

The seven kilometre Margaret River Perimeter Road extends from Airport Access Road north of Margaret River to the Bussell Highway south of Margaret River. Improvement works are underway to provide an alternative, high standard route for heavy vehicles around the town of Margaret River. This work will also improve traffic flow on Bussell Highway, increasing transport efficiency and reducing travel times for road users.

Construction of Stage Two followed a significant program of community and stakeholder engagement. The aim was to generate support for the project and assure all stakeholders that we would manage and mitigate any potential impacts. This involved extensive liaison with local community groups and the residents who would be affected during construction.

Direct contact with residents prior to work commencing provided everyone with a clear understanding of what was occurring during the project and what to expect in terms of the works being delivered and what that might mean for them.

From 2012, a Community Reference Group consisting of residents, interest groups, environmental stakeholders, cycling and walking groups, business organisations and the local Shire was formed.

The Group had input into the design and was responsible for the inclusion of a pedestrian bridge that will separate pedestrian and cyclists from the traffic bridge ultimately improving safety and increasing community amenity. The bridge links to existing trails from town, Darch Book and through to the 10 Mile Dam.

Community activities, such as site visits prior to construction, were critical to gain an understanding of the road footprint and clearing requirements in such an environmentally sensitive area.

In mid-2017 we conducted road alignment walk throughs providing an opportunity to explain the clearing at the entrance to town, and how we would undertake major landscaping and revegetation to beautify the area. In addition, a Shire-wide briefing ensured all staff were aware of the project by generating an understanding of construction processes and project benefits.

State Development

Facilitating Economic and Regional Development

Government Goal

Future jobs and skills

Aim

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

About the Program

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

Key Performance Indicators

State Development Program KPI	Target	Actual	Status
Our target for the average return on which road and bridge construction expenditure will deliver future economic benefits to the community was exceeded and continues to improve	2.6	3.3	✓
Contracts completed on time came in below target but significantly improved compared to last year	90	75	✗
Contracts completed on budget exceeded our target showing continued strong performance	90	100	✓

	2016	2017	2018
Program expenditure \$ million	141	360	467

Looking Ahead

A significant program of works is planned for the next financial year, some of which have already commenced and include the following:

- Continue works on NorthLink WA – Swan Valley Bypass Project
- Progress Murdoch Drive Connection Project
- Continue works on the New Lord Street Project
- Progress Armadale Road Bridge over Kwinana Freeway
- Widening Kwinana Freeway northbound Russell Road to Roe Highway
- Continue Karel Avenue widening, Farrington Road to Berrigan Avenue Project
- Progress Great Eastern Highway upgrade – Stage 2 – Kintore Road to Bilgoman Road
- Continue South Coast Highway upgrade program
- Construction of Mead Road passing lane on South Coast Highway.

To find out more about planned works visit our website.

Key Projects

PROJECT	TOTAL PROJECT COST (\$ MILLION)	2017-18 COST (\$ MILLION)	COMPLETION DATE	DESCRIPTION
Metropolitan Region				
Great Eastern Highway Upgrade – Bilgoman Road to Mann Street Stage 1	34.6	12.1	November 2019	Shoulder widening and intersection upgrades – Mann Street to Kintore Road
Kwinana Freeway	35.0	15.8	June 2020	Construction of on-ramp at Manning Road
Ashton Avenue Bridge over railway	11.0	7.4	September 2018	Replacement of existing timber bridge
Mitchell Freeway	216.3	10.5	July 2017	Mitchell Freeway extension – Burns Beach Road to Hester Avenue
Northlink – Tonkin Highway	231.2	62.2	June 2018	Construct the Tonkin Highway Collier Road and Morley Drive interchanges and Benara Road over Tonkin Highway flyover
Northlink – Swan Valley Bypass – Section 2	514.8	200.3	September 2019	Northlink – Swan Valley Bypass – Reid Highway to Marella Road – section 2
Northlink – Swan Valley Bypass – Section 3	272.9	74.0	September 2019	Northlink – Swan Valley Bypass – Marella Rd to Muchea - section 3
Mid West – Gascoyne Region				
Square Kilometre Array Project	37.2	3.0	June 2024	Construction and maintenance of access roads to the proposed project
Pilbara Region				
Onslow Road	67.0	6.5	September 2019	Structural overlay and intersection upgrade with North West Coastal Highway, including two acceleration lanes, a turning lane, and upgrade of Onslow Ring Road. Works on behalf of Chevron.
Karratha Tom Price Road	50.0	0.5	July 2019	Realign, widen and seal unsealed section. (Partly funded by Shire of Ashburton and City of Karratha)



OUR STORIES

NORTHLINK WA – MASSIVE UNDERTAKING ALREADY ONE-THIRD COMPLETE

After more than two years of design and construction, the southern section of NorthLink WA was completed while managing 70,000 vehicle movements along Tonkin Highway each day.

Now at freeway standard, the free-flowing link with six lanes between Guildford Road and Reid Highway is the first section of this \$1.02 billion State and Federally funded initiative and is already proving it was worth the wait.

Completed by John Holland, the southern section includes around six kilometres of four metre-wide shared path with local connections providing a safe and environmentally friendly way for cyclists and pedestrians to travel.

The Hampton Park Primary School community is now using the new Tonkin Highway underpass, which features artwork created with the school's 2017 final year students.

Further along Tonkin Highway, joint-venture contractor Great Northern Connect has the central section taking shape with the design complete and construction works at the half-way mark.

The four bridges and four underpasses are also taking shape at the Tonkin Highway and Reid Highway interchange. Once complete, this will be the state's largest interchange.

June 2018 saw the majority of noise walls in place, all road bridges started, earthworks more than half-way completed and asphalt works 35 per cent complete.

CPB Contractors began work on the northern section in January 2017 and have now completed the design phase. The majority of clearing is finished and drainage and earthworks have progressed, allowing construction to continue safely through the winter months.

As part of our ongoing commitment to keep the community informed we are doing regular updates about the works on the Project website. Including video footage of the works as they progress.

Road Maintenance

Providing a Well-Maintained Road Network

Government Goal

Better places




Aim

Maintain the existing road and bridge network in a safe and serviceable condition whilst maximising asset life and minimising whole-of-life costs.

About the Program

The program covers the maintenance of all road, bridge and ancillary assets, road verges and reserves. Works include routine and periodic maintenance and reconstruction when the primary reason for maintenance is due to pavement failure.

Key Performance Indicators

Road Maintenance Program KPI	Target	Actual	Status
Community satisfaction with road maintenance came in below our target with a slight decrease from last year	90	82	
Preventative and proactive maintenance undertaken on the network indicator came within our target and is consistent with previous year's results	85	84	
Average \$ cost of network maintenance per lane kilometre of road network was higher than our target due to the impact of natural disasters	7,250	9,129	

	2016	2017	2018
Program expenditure \$ million	409	399	491

Looking Ahead

A significant program of works is planned for the next financial year, some of which have already commenced and include the following:

- Barrier upgrade on Cedric Street over Mitchell Freeway
- Complete substructure repairs on the Great Northern Highway bridge over Swan River
- Progress expansion joint replacement on Stirling Bridge and Loftus Street
- Complete substructure repairs on Nicholson Road over Canning River
- Continue the deployment of replacing the existing Integrated Service Arrangements with activity based contracts.

To find out more about planned works visit our website.

Key Projects

PROJECT	TOTAL PROJECT COST (\$ MILLION)	2017-18 COST (\$ MILLION)	COMPLETION DATE	DESCRIPTION
Goldfields–Esperance Region				
Regional Project Maintenance	38.4	38.7	June 2018	Maintenance of the network
Maintenance Delivery – Roads	14.2	15.2	June 2018	Delivery of road maintenance
Rehabilitation	10.9	10.8	June 2018	Rehabilitation program
Reseal Program	10.5	10.3	June 2018	Goldfields–Esperance Region resurfacing program
Great Southern Region				
Regional Project Maintenance	31.2	31.6	June 2018	Maintenance of the network
Maintenance Delivery – Roads	18.1	18.4	June 2018	Delivery of road maintenance
Rehabilitation	3.3	3.4	June 2018	Rehabilitation program
Reseal Program	4.0	4.1	June 2018	Great Southern Region resurfacing program
Kimberley Region				
Regional Project Maintenance	26.2	26.3	June 2018	Maintenance of the network
Maintenance Delivery – Roads	18.6	20.0	June 2018	Delivery of road maintenance
Reseal Program	4.3	4.3	June 2018	Kimberley Region resurfacing program
Metropolitan Region				
Regional Project Maintenance	95.6	98.4	June 2018	Maintenance of the network
Maintenance Delivery – Roads	27.3	27.5	June 2018	Delivery of road maintenance
Rehabilitation	2.0	2.0	June 2018	Rehabilitation program
Reseal Program	27.0	27.0	June 2018	Metropolitan Region resurfacing program
Mid West – Gascoyne Region				
Regional Project Maintenance	42.1	43.4	June 2018	Maintenance of the network
Maintenance Delivery – Roads	21.2	23.2	June 2018	Delivery of road maintenance
Rehabilitation	4.5	3.8	June 2018	Rehabilitation program
Reseal Program	12.0	12.1	June 2018	Mid West-Gascoyne Region resurfacing program

PROJECT	TOTAL PROJECT COST (\$ MILLION)	2017-18 COST (\$ MILLION)	COMPLETION DATE	DESCRIPTION
Pilbara Region				
Regional Project Maintenance	43.4	44.4	June 2018	Maintenance of the network
Maintenance Delivery – Roads	21.0	21.8	June 2018	Delivery of road maintenance
Rehabilitation	3.9	4.0	June 2018	Rehabilitation program
Reseal Program	8.9	8.9	June 2018	Pilbara Region resurfacing program
Bridge Maintenance Program	3.0	3.0	June 2018	Delivery of bridge maintenance works
South West Region				
Regional Project Maintenance	38.9	37.6	June 2018	Maintenance of the network
Maintenance Delivery – Roads	16.9	17.8	June 2018	Delivery of road maintenance
Rehabilitation	2.0	1.6	June 2018	Rehabilitation program
Reseal Program	10.0	8.4	June 2018	South West Region resurfacing program
Wheatbelt Region				
Regional Project Maintenance	49.5	47.9	June 2018	Maintenance of the network
Maintenance Delivery – Roads	18.8	19.0	June 2018	Delivery of road maintenance
Rehabilitation	10.0	10.0	June 2018	Rehabilitation program
Reseal Program	11.5	11.6	June 2018	Wheatbelt Region resurfacing program



OUR STORIES

SUCCESSFUL TRIAL OF FULL FREEWAY CLOSURES FOR MAINTENANCE WORKS

We began trialling full freeway closures for the completion of routine maintenance in late 2017.

In March 2018, in collaboration with DM Roads, we successfully completed a full closure of the Mitchell Freeway, over five nights, for routine maintenance works.

More than 280 people from nine organisations came together, working under one closure and one set of traffic management, coordinated by DM Roads' Electrical Services team.

The full closure enabled all required maintenance activities on a section of freeway to be completed. This included drainage inspections and verification; vegetation maintenance; replacement of electric light units, lamps and gear trays; barrier repair works; line marking; and litter collection and roadside sweeping.

At the same time, the Public Transport Authority were able to take advantage of the closure to complete essential barrier and vegetation works along the rail corridor.

Completing routine maintenance works during a full closure had significant safety benefits for workers, who otherwise face numerous hazards and near misses when members of the public enter or drive unsafely near worksites. Full closures almost completely remove this risk and ensure workers can concentrate on the task at hand, thereby also improving productivity.

Full closures also significantly reduce the impact on the travelling public. If completed under standard traffic management, these works would have required the freeway to be closed for 38 nights, as opposed to just 5.

In addition, the financial benefit is notable, resulting in savings of almost \$200,000, funds that have been reinvested into the maintenance budget to ensure our roads remain safe, efficient and reliable.

The success of these works has led to plans for full freeway closures to be used as our standard approach for freeway maintenance.

Community Access

Improved Community Access and Roadside Amenity

Government Goal

Strong communities

Aim

Improve personal mobility and access needs on the road network.

About the Program

The program provides infrastructure including: remote access roads; access for walking and cycling; improved access and mobility for people with a disability; integrated public transport; and improved amenities such as information bays, noise attenuation and landscaping.

Key Performance Indicators

Community Access Program KPI	Target	Actual	Status
Community satisfaction with cycleways and pedestrian facilities came within our target and has improved since last year	90	89	✓
Percentage of the year that 100 per cent of Main Roads State Road Network was available came within our target	95	87	✓
Contracts completed on budget exceeded our target showing continued strong performance	90	100	✓
	2016	2017	2018
Program expenditure \$ million	52	48	136

Looking Ahead

A significant program of works is planned for the next financial year, some of which have already commenced and include the following:

- Continue delivering works on the Swan River Pedestrian Bridge (Matagarup Bridge)
- Provision of a Principal Shared Path – Success Hill Station to Railway Parade (Midland line)
- Provision of a Principal Shared Path – Grant Street Station to Victoria Street Station (Fremantle line)
- Continue undertaking improvement works on the Gibb River Road including gravel re-sheeting and drainage improvements
- Continue sealing and improvements on Great Central Road between Laverton and the Western Australia and Northern Territory border
- Continue sealing and improvements on the Broome-Cape Leveque Road
- Continue various upgrade works on remote access roads
- Various improvements to pedestrian and cycling facilities.

To find out more about planned works visit our website.

Key Projects

PROJECT	TOTAL PROJECT COST (\$ MILLION)	2017-18 COST (\$ MILLION)	COMPLETION DATE	DESCRIPTION
Metropolitan Region				
Matagarup Pedestrian Bridge	91.5	45.1	November 2018	Continued construction of pedestrian bridge
Victoria Park Drive, Optus Stadium Access Road	13.9	8.0	November 2017	Provision of intersections
Pilbara Region				
Rest Area Upgrades on Nanutarra Munjina Road (Beasley River & House Creek)	0.8	0.8	June 2017	Seal rest area, install shelters and solar lighting.
Goldfields–Esperance Region				
Outback Way	11.0	11.0	2019	Shire of Laverton. Improve formation and gravel
Outback Way	11.0	2.3	2019	Shire of Ngaanyatjaraku. Improve formation and gravel
Kimberley Region				
Gibb River Road	9.2	6.0	2019	Widen and reconstruct single lane seal
Broome Cape Leveque Road Upgrade	65.6	3.8	December 2021	Construction and seal 90 km



OUR STORIES

STRATEGIES FOR ABORIGINAL EMPLOYMENT AND BUSINESS ENGAGEMENT WELCOMED BY LOCALS

We are delivering a project to complete the sealing of the Broome Cape Leveque Road on behalf of the Shire of Broome. The remaining 90 kilometres of road will be sealed improving access to Aboriginal communities and local industry, especially during the wet season when there can be lengthy road closures.

The 205 kilometre local government road under the care of the Shire of Broome provides the main transport link through the Dampier Peninsula. The route enables vehicle access to the estimated 1,425 population including 71 Aboriginal communities, pastoral stations, pearling industries and tourist destinations.

The project was identified as a priority in the Northern Australia Infrastructure Audit as a road requiring upgrade. The audit acknowledged the significant influx of tourists to the region during June to October often resulting in a tripling of the population from 13,000 to around 40,000 people.

Using the State Government's new Aboriginal Procurement Policy and the Australian Government's Framework to maximise indigenous employment and business opportunities in Northern Australia, a Project Procurement Strategy was developed. It set Aboriginal engagement targets and included strategies to maximise Aboriginal employment and business engagement.

These targets include seeking to achieve Aboriginal employment of 45 per cent, of which 80 per cent will be local and Aboriginal business engagement at 20 per cent. To ensure these targets are met, all tender documents contain clauses relating to Aboriginal employment and training. In addition, preferences are applied for local and Aboriginal businesses and employment under an extensive Plant Panel contract.

The project will be delivered over three to four years to ensure the employment outcomes are sustained. While the project is in its early stages, 12 of the 16 contracts awarded to date have been to local Aboriginal businesses. Aboriginal employment on site in the first month of construction was 86 per cent, of which 95 per cent were local people from Broome and the Dampier Peninsula. The project and delivery approach is being embraced by local Aboriginal people.

Minister for Transport, the Honourable Rita Saffioti participated in a traditional smoking ceremony with Aboriginal elders and community members at the site locally known as 'Dinner Camp'. Traditional Custodians from Jabirr Jabirr / Ngumbarl, Bindunbur, Yawuru, Bardi and Jawi also took part in the ceremony and were joined by local contractors Nirrumbuk, Roadline and the Main Roads' project team. As part of the celebrations fifteen Aboriginal Elders spoke about what the project meant to them.

Road Management

Providing Reliable and Efficient Movement of People and Goods

Government Goal

Better Places

Aim

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

About the Program

The program includes activities associated with the management and operation of the road network, the Traffic Operations Centre, road safety support, Heavy Vehicle Services, Network Operations and Planning and Technical Services.

Key Performance Indicators

Road Management Program KPI	Target	Actual	Status
Community satisfaction with Main Roads came within our target however has decreased slightly since last year	90	88	✓
Percentage of the Network permitted for use by heavy vehicles B-Double – 27.5 m – exceeded the target	96	97	✓
Percentage of the Networks bridges that met standard criteria for strength exceeded the target	91	94	✓

	2016	2017	2018
Program expenditure \$ million	122	125	136

Looking Ahead

A significant program of work is planned for the next financial year, some of which have already commenced and include the following:

- Network Operations operating from the new fit-for-purpose Road Network Operations Centre (RNOC)
- Progressing project development work for priority projects including Mitchell Freeway Extension to Romeo Road and Tonkin Highway Extension to Mundijong.
- Undertaking further planning work for Orrong Road between Great Eastern Highway and Leach Highway
- Develop operational skills and capability in Smart Freeways
- Embed Addinsight into RNOC operations and complete the rollout of the broadcast capability to the general public
- Utilise Big Data to produce enhanced RNOC network performance reporting and intuitive dashboards
- Implement Selective Vehicle Detection at traffic signals for buses at priority locations
- Western Australia Heavy Vehicle Accreditation Scheme Operational Review to be undertaken
- Heavy Vehicles Transport Compliance Branch to introduce a Self-contained Mobile Vehicle Inspection System Testing Trailer.

To find out more about planned works visit our website.

Network Operations Achievements

Perth CBD Traffic Signal Timing Improvement Project

In collaboration with the Public Transport Authority and the City of Perth, we are working to optimise all traffic signals in the CBD as part of the Traffic Signal Timing Improvement Program, improving walkability in the city whilst minimising impact on vehicles and buses.

A recent example of this is the changes made at the intersection of Wellington Street and William Street, where a bus sensor has been installed to help buses turn right from the bus port tunnel onto William Street southbound. These improvements follow on from changes made in September 2017 to the eight sets of signals around Elizabeth Quay, where changes in the signal phasing reduced delays to pedestrians and traffic.

We have provided significant design and technical support including reviewing SCATS, an intelligent online, real-time management system for traffic signal timing and operational modelling. This support has been for assessment and implementation of the proposed upgrades as part of our close interagency collaboration. We encourage cross-collaboration with local government to review the operation of traffic signals on local roads, with consideration given to sustainable modes of transport, public transport and private vehicles.

Creation of Road Network Operations Centre

From mid-2018, a new state-of-the-art Road Network Operations Centre (RNOC) will replace and enhance the Northbridge Traffic Operations Centre, bringing together primary teams responsible for operating the State Road Network and those providing traffic management services in support of local roads.

The RNOC facility has been designed to provide a purpose-built space for opportunities for collaboration between multiple agencies including the Public Transport Authority, Department of Transport, WA Police, St John Ambulance, Department of Fire and Emergency Services, the City of Perth and event organisers to manage real-time operations, events and incidents on the road network. Perth's first Smart Freeway and other innovative technologies to manage road network performance will be operated from the centre.

Patient Transfer to the New Perth Children's Hospital

Princess Margaret Hospital (PMH) has finally closed its doors after more than 100 years in service, now that the new Perth Children's Hospital (PCH) is operational. On Sunday 10 June, between 7am and 1pm, the last 91 patients in PMH were transferred by ambulance to the PCH. The 3.3 kilometre journey took an average time of eight minutes and was repeated every five minutes. We were heavily involved with the traffic management planning and implementation on site to facilitate the smooth and timely progression of children to the new hospital.

We visually tracked the convoy in real-time from the Traffic Operations Centre, ensuring that ambulance movements were coordinated, manually overriding the traffic signals to extend green time along the route. The specialist operators simultaneously minimised congestion on the surrounding network and maintained situational awareness to assist ambulances through traffic detours if required. This kept the 15-ambulance fleet rolling safely and efficiently during this enormous logistical exercise.

Transporting Ellie the Giraffe

When a 16-month-old giraffe called Ellie made the four-day, 4,500 kilometre trip from Queensland's Australia Zoo in September 2017, we assisted with the final leg of her journey. By providing a greenlight corridor from Greenmount Hill all the way to the Perth Zoo gates, we helped reduce stress for Ellie as the convoy passed through the Perth metropolitan area. The green light corridor was created by manually overriding traffic signals to coincide with the convoy's progress as it was tracked visually in real-time by specialist operators located in the Traffic Operations Centre.

Incident Management

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

NATURE OF INCIDENT	GOLDFIELDS- ESPERANCE	GREAT SOUTHERN	KIMBERLEY	METRO	MID WEST - GASCOYNE	PILBARA	SOUTH WEST	WHEATBELT	TOTAL
Road crash	7	22	9	2052	40	24	77	58	2289
Breakdown / tow away	4	3	2	2433	8	10	9	6	2475
Debris / trees / lost loads	4	25	1	1763	13	5	52	41	1904
Flooding	8	6	9	65	13	21	1	9	132
Public utilities (gas, water, power)	2	0	0	101	1	1	3	2	110
Bushfire	6	6	28	39	7	51	11	4	152
Animal / livestock	2	6	0	151	6	5	8	5	183
Hazmat (including spills)	2	1	0	82	2	3	6	2	98
Vehicle fire	2	1	2	36	3	2	0	4	50

Heavy Vehicle Services Achievements

Access and Permits

We provide accurate, timely technical advice and dedicated customer service in issuing permits, coordinating Traffic Escorts for Oversize Over-mass loads and managing Restricted Access Vehicles (RAV) route assessments through our Heavy Vehicle Services area. We also provide a strategic, sustainable network approach to RAV road access based on safety, productivity, and asset preservation, as well as administering the WA Performance Based Standards Scheme. Similarly we coordinate consultative groups, which have been established to improve safety, efficiency and effectiveness of road freight transport through direct communication and coordinated action with the WA heavy vehicle transport industry.

TOTAL NUMBER OF PERMITS ISSUED AT 30 JUNE 2018		
	Jul 2017 to Dec 2017	Jan 2018 to Jun 2018
Single Trip Permits	4582	6052
Period Permits	6677	8109
Special Purpose Vehicle Permits	1238	1156
Total Number of Permits Issued	12497	15317

Introduction of Body Worn Cameras

We commenced the use of Body Worn Cameras in June 2018, allowing for the recording of events electronically as they occur. Set to deliver a range of benefits, specifically relating to the gathering of evidence the introduction of the cameras will achieve:

- a reduction in Road Transport Inspectors time spent on paperwork meaning an increase in time on patrol
- improved collection of evidence
- moderated behaviour of people at incidents
- reinforce Road Transport Inspectors conduct and professionalism
- reduction in complaints against Road Transport Inspectors
- reduction in 'not guilty' pleas.

Badgingarra Wind Farms – Transportation of Blades

To ensure the safe and successful movement of large components required to build the Badgingarra Wind Farm, we are working with the internationally experienced local Transport Operator Mammoet Australia. The Badgingarra Wind Farm will consist of 37 wind turbines with a total of 111 blades. Each of the 111 blades needs to be transported from the Australian Marine Complex in Henderson to Badgingarra, prior to construction of the turbine.

When loaded, the blade length combination is 76 metres, with a width of 4.5 metres and weight around 29.6 tonnes, excluding the truck and trailer. Escorted by a Traffic Escort Warden and five Licensed Pilots, these oversize loads travel at a safe speed of 70 kilometres per hour, moving slower during turning manoeuvres. The entire journey is 260 kilometres and initially was made in two stages – a night move from Henderson to Apple Street followed by the trip from Apple Street to Badgingarra at sun-rise.

Nearly 300 moves will be required to transport the turbine components including the blades, generators and cells to their destination. In preparation for this, roadworks were undertaken at relevant intersections and at the Apple Street Road Train Assembly Area. To reduce road congestion and impact on the travelling public as well as increase productivity for the company, we introduced night time rolling road block convoys that will see the movement of three blades in convoy, leaving Henderson at approximately 10.30pm and arriving at Badgingarra around 4.30am the following morning. The wind farm is 180 kilometres north of Perth and due for completion in 2019.

Planning and Technical Services Achievements

Trafficmap

Trafficmap was created as an easy way to view, download and access traffic data we have collected from more than 4,000 sites across the state. It was launched in 2016 to help manage regular requests for access to traffic data from local governments, WA Police, traffic management companies and the wider community. The traffic counts come from a mix of short-term samples and continuous collections from fixed infrastructure.

The data available includes the number, type and speed of vehicles, including bicycles, and at some locations the mass of vehicle, using the state road network, significant local roads and cycle paths. New data is updated as it becomes available and any count collected over the past six years is included to give an idea of the change across time.

Trafficmap is user-friendly, easy-to-navigate and mobile responsive. The map provides access to a suite of reports to view and download. The site's aim is to be more transparent about how figures are calculated and reported as well as providing more general interest information on our collection practices. Feedback since its release has been very positive as we continue to prioritise improvements for future updates. It can be accessed from our website.

The Perth Area Travel Household Survey

The Perth Area Travel Household Survey (PATHS) launched in May 2018 will see information collected from a total of approximately 7,000 households over four years. The function of the survey is to collect information about how individuals travel so the State Government can use the data to inform transport infrastructure investment decision-making.

Householders across the Perth and Peel regions will be randomly selected to participate. Each householder who takes part will be given a GPS device to carry for five days. In addition, one cohort of householders will receive a paper travel survey to complete about a nominated travel day.

The second cohort of householders will be interviewed after five days of carrying the device, about their nominated travel day. This process aims to clarify unclear travel information and to compare cohorts. Representative's door knocked during May 2018 to seek candidates with the random selection process being a statistical procedure that aims to ensure we adequately represent the population.

PATHS is part of the overall Travel Data Surveys Project. The Commercial Vehicles Survey (CVS) component requires further research and a tender for data collection expertise will be advertised. The CVS component is expected to run across two years. More information is available from the project page on our website.

Road Safety

We have a significant role with regard to road safety and are charged with managing and providing safe road infrastructure and operations to all road users across the state road network. We are also responsible for ensuring the safety of our staff and those working directly and indirectly on roads. Towards Zero and the Safe System approach highlights the importance of managing the interaction of road users, roads and roadsides, travel speeds and vehicles in preventing crashes and serious injury crash outcomes.

The Safe System acknowledges that even the most compliant road users make mistakes, so the road system needs to be forgiving and cater for these errors. The strategic approach is to take a longer view, developing a 12-year strategy, looking at the research, partnering with key stakeholders and encouraging a shared implementation. Our road traffic safety management system is based on the belief that no one should die or be seriously injured on the State's road network and we are committed to managing the network to minimise likelihood of road trauma to all road users.





OUR STORIES

STADIUM TRAFFIC MANAGEMENT KEEPS OUR COMMUNITY SAFE AND TRAFFIC MOVING

Perth's Optus Stadium is a 60,000-seat, multi-purpose venue capable of hosting a diverse range of events. One of the most significant innovations for this venue has been to achieve a predominantly 'public transport' mindset, successfully catering for over 50,000 people at once, when Perth has an acknowledged 'private vehicle' orientated culture.

The Stadium precinct includes a purpose-built train and bus station to accommodate large crowds attending events at Optus Stadium and surrounding area. All events at Optus Stadium are joint-ticketed, which means the cost of public transport is included in event tickets for three hours either side of the event. The number of public transport ticket users confirms the strategic target of 80 per cent has been regularly met or exceeded since the stadium began operating.

Underpinning the strategic Traffic Access Plan is the Operational Event Plan (OEP), developed by the Transport Portfolio partners, working collaboratively with relevant government and non-government entities. The OEP is the transport, traffic, cycling and pedestrian management solution to suit any type of event. The Plan has been universally adopted to ensure we can achieve positive stadium traffic management outcomes.

Since its opening in January 2018, Optus Stadium has successfully hosted a range of events. The events, closely monitored and managed through the Real-Time Operations Team at the Traffic Operations Centre, more recently the Road Network Operations Centre, in the Stadium Incident Room and by numerous on-ground responders; collectively keep patrons' safe and traffic moving.

The stadium project has far-reaching benefits for the Perth community through new revenue opportunities from provision of food and beverages within the stadium, which attracts international sporting and entertainment events, and where possible increasing business in the neighbouring suburbs. We are proud to be working closely with our Portfolio colleagues and teams associated with events to ensure everyone can quickly, easily and safely get to and from the stadium.

BUSINESS ACTIVITIES

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

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Managing the Environment

Aim

Committing to protecting and enhancing the natural environmental and social values in all our activities

Approach

Our staff and others working on our behalf will:

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

Key Performance Indicators

	Target	Actual	Status
Percentage of state-wide clearing permit audits of compliance completed (CPS 818 and 817) continues to meet our target	100	100	✓
Scope 1 and 2 Emissions (t CO ₂) are lower than expected and come in well under target	29,597	25,886	✓
Community satisfaction with our sustainability practices came just below target with a slight increase from last year	90	86	✓
Community satisfaction of our intent towards managing our impact on the environment came within our target*	90	88	✓

* Collected for the first time in 2018

Looking Ahead

A significant program of works is planned for the next financial year, some of which have already commenced and include the following:

- Work with Department of Water and Environmental Regulation to review the operation of our state-wide clearing permit to ensure it meets community expectations with respect to transparency and protection of the environment, whilst also providing an efficient approvals pathway for road safety initiatives
- Continue to satisfy community expectations and achieve a balance between road safety and environmental conservation objectives
- Review and revise our contract specifications with the aim of improving compliance with our legislative obligations and ISO 14001:2015 requirements
- Launch our online environment incident reporting module and develop further electronic training modules in managing environmental risks and responsibilities in contract, project and maintenance activities
- Complete the research component of the Aboriginal Journeys Project
- Continue implementation of the Wildflower Capital Initiative
- Progress the strategic *Phytophthora cinnamomi* (dieback) eradication trial in gravel resources in the Wheatbelt Region, in collaboration with the Department of Biodiversity, Conservation and Attractions
- Adopt the Infrastructure Sustainability rating tool, version 2.0, for major projects including within business cases
- Progress the plan to utilise crushed recycled concrete in road construction
- Support the Memorandum of Understanding for sub-national collaboration on increasing the uptake of electric vehicles.

Our Unique Environment

As managers of the State Road Network we acknowledge that Western Australia's environment is significant from a global perspective and taking into account the conservation values in our road reserve. This is demonstrated, as the table below shows, by the significant number of threatened flora and fauna species located or having habitats in our road reserves. We have a responsibility to protect the unique flora and fauna that may be affected by our operations and ensure we minimise our environmental impacts. The tables use IUCN (International Union for the Conservation of Nature) Red List categories.

NUMBER OF THREATENED SPECIES WITH HABITATS LOCATED IN THE MAIN ROADS ROAD RESERVE			
IUCN classification	Flora	Fauna	Total
Critically Endangered	17	2	19
Endangered	24	11	35
Vulnerable	25	17	42
Near Threatened	679	33	712
Total	745	63	808

Data for flora obtained from Western Australian Herbarium and Threatened Priority Flora records maintained by the Department of Biodiversity, Conservation and Attractions (DBCA). Data for fauna species obtained from the State Threatened Fauna records maintained by DBCA. Note that the majority of near threatened flora and fauna species are not recorded or reported. None of the flora and fauna species of least concern (i.e. no ranking) have been reported here.

THE IUCN CLASSIFICATION IS BASED ON THE FOLLOWING STATE AND COMMONWEALTH CLASSIFICATION OF FLORA AND FAUNA		
IUCN Red List Ranking	State Classification As listed under the <i>Western Australian Wildlife Conservation Act 1950</i>	Commonwealth Classification As listed under the <i>Environmental Protection and Biodiversity Conservation Act 1986 (Cwlth)</i>
Critically Endangered	Critically endangered	Critically endangered
Endangered	Endangered	Endangered
Vulnerable	Vulnerable	Vulnerable
Near Threatened	Priority 1, Priority 2, Priority 3 and Priority 4	No ranking
Least Concern	No ranking	No ranking

Our road network transects: sensitive and protected environmental areas such as Ramsar wetlands, wetlands of international importance; threatened ecological communities; environmentally sensitive areas; conservation areas; Bush Forever sites; and habitat for threatened fauna such as Baudin's Black Cockatoo, Carnaby's Black Cockatoo, Forest Red-Tailed Black Cockatoo, Northern Quoll, Greater Bilby and Western Ring-Tailed Possum. To view maps of these environmentally sensitive and protected areas in relation to our roads please refer to our website.

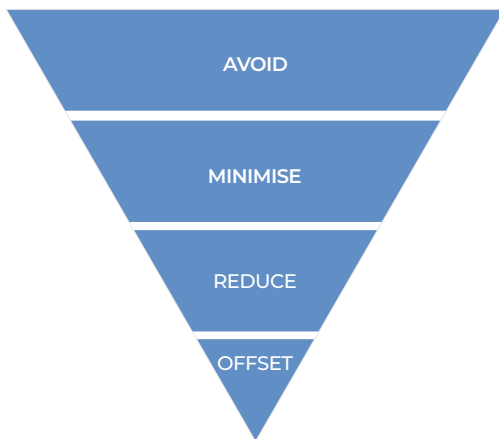
Approach to Minimising our Impacts

We use the precautionary principle in our approach to environment and heritage and aim to avoid and minimise impacts wherever possible. The precautionary principle is built into our internal processes and Western Australian environmental legislation.

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

If potential impacts are negligible then the activity is implemented using standard management measures. If potential impacts are identified, the activities require further impact assessment.

We operate on a hierarchy of avoid, minimise, reduce and offset our environmental impacts. This is achieved primarily through changes in scope and design, and the development and implementation of an Environmental Management Plan (EMP) and an Offset Proposal.



Where the environmental impacts are likely to be significant we refer our projects to be assessed by the relevant regulators such as the Commonwealth Department of the Environment and Energy (DotEE), the Western Australian Environmental Protection Authority (EPA), or the Western Australian Department of Water and Environmental Regulation (DWER). The regulator will decide whether or not to assess the project. Where the regulator does not assess the project, it is implemented in accordance with the relevant EMP. Where the regulator assesses the project, it is subject to a comprehensive Environmental Impact Assessment and may be open to extensive public and community consultation. We do not implement those projects assessed by the regulators until they are approved, and the relevant approval conditions have been met.

We work closely with the Western Australian Department of Biodiversity, Conservation and Attractions to identify suitable environmental offsets and obtain approval. Offsets approved by DotEE can be identified in the project's approval conditions which are available on the DotEE website. Offsets that are approved by the EPA or DWER are advertised on the Government of Western Australia Environmental Offsets Register which is available on DWER's website.

Aboriginal Heritage

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

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

How We Stay On Track and Accountable

Environmental Policy

We are committed to the protection and continual enhancement of the environment. This is communicated internally and publicly through our Corporate Environmental Policy. The key objectives outlined in our policy include:

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

Environmental Management System

We have an independently certified Environmental Management System (EMS) to ISO14001:2015. The EMS ensures that we protect and enhance the natural environmental and social values in all our activities and we continually improve our environmental performance.

Our EMS covers our processes and activities undertaken by personnel who work for and with us, and that have the potential to impact on the environment. The EMS ensures compliance with our legal obligations and provides the framework for driving environmental and heritage requirements throughout our leadership, planning, support, operation, performance evaluation and improvement actions. Through the implementation of our EMS we aim to:

- Enhance our environmental performance
- Fulfil our compliance obligations
- Achieve our environmental objectives.

Key Achievements

Environmental Management of Road Projects

This year we screened 426 projects for potential environmental impacts and determined that 222 of these required further investigations through our Environmental Impact Assessment process. One project was referred to the EPA for potential assessment under state legislation, Section 38 of the *Environmental Protection Act 1986* (WA), as the impacts were related to the clearing of native vegetation and were managed under a Clearing Permit. We applied for 15 Clearing Permits and 13 were granted. Two are still under assessment. Four Clearing Permits were appealed in 2017. We used our State Wide Clearing Permit CPS818/12 to clear native vegetation in the delivery of 70 projects in 2017.

10 projects were referred to the Department of the Environment and Energy for potential assessment under the Commonwealth's *Environmental Protection and Biodiversity Conservation Act 1999* and four of these projects were assessed.

The following table summarises the number and assessment level of our projects over the past three years.

Level of Environmental Assessment	2015	2016	2017
Number of road projects subjected to environmental screening	357	298	426
Number of road projects for which environmental impact assessment was conducted	235	160	222
Number of road projects referred for possible assessment under state legislation, <i>Section 38 of Environmental Protection Act 1986</i> (EP Act, s. 38)	0	1	1
Number of road projects assessed under state EP Act, s. 38	2	1	1
Number of project specific Clearing Permit applications (includes amendments to existing permits)	18**	16**	15
Number of project specific Clearing Permits granted (includes amendments to existing permits)	12***	22***	13
Number of project specific Clearing Permits appealed	*	*	4
Number of road projects that cleared native vegetation using Main Roads state-wide clearing permit CPS 818/12	70	68	70
Number of road projects referred for possible assessment under Commonwealth legislation, <i>Environmental Protection and Biodiversity Conservation Act, 1999</i> (EPBC Act)	14	11	10
Number of road projects assessed under Commonwealth EPBC Act	4	3	4

Data is based on calendar year

* Data not previously reported for these criteria and years.

** Data based on the Department of Water and Environmental Regulation's Clearing Permit System's on the criteria of Application Date

*** Data based on the Department of Water and Environmental Regulation's Clearing Permit System's on the criteria of Decision Date

Clearing, Revegetation and Offsets

We strive to find a balance between achieving road safety objectives and the environment and it is not always possible to avoid the clearing of native vegetation. We reduce our clearing footprint where possible by changing the project scope and design, restricting earthworks limits for projects, steepening batters, installing barriers, establishing borrow pits in cleared paddocks and avoiding temporary clearing for storage, stockpiles and turn around bays. Where avoidance is not possible, and after seeking to minimise and reduce our impacts, we then seek to offset our impacts.

In 2017 we cleared 246 hectares of native vegetation for the delivery of 92 projects. To mitigate the negative impacts of this clearing we provided offsets in the form of 83 hectares of revegetation and the provision of \$1,978,567 to the Western Australian Offset Fund for the purchase and management of 1,739 hectares of native vegetation. We revegetated, which was not a regulatory requirement, a further 123 hectares using native species to achieve a positive environmental outcome. Further information regarding approved project offsets can be viewed via the Department of the Environment and Energy website or the Government of Western Australia Environmental Offsets Register.

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

		2015	2016	2017
Clearing (ha)		424	487	246
Total revegetation (ha)		176	287	206
Offset				
Revegetation (ha)	(a)	67	3	83
Land acquisition (ha)	(b)	None settled	3,285	None settled
(Value of land acquired (\$))			(16,642,883)	
Financial contribution (\$)		971,848	3,077,979	1,978,567
(Area of land to be acquired using the financial contribution (ha))	(c)	(216)	(691)	(1,738)
Total offset (ha)	(a+b+c)	283	3,979	1,822

Data is for the calendar year. Note that total revegetation area includes both regulatory revegetation and non-regulatory revegetation.

Management of Aboriginal Heritage Sites in Road Projects

This year we screened 482 projects for potential impacts to Aboriginal Heritage Sites and determined that 54 of these required further assessment. The impacts to Aboriginal Heritage sites was considered unavoidable for 23 projects. We applied for and were granted approval for these impacts under Section 18 of the *Aboriginal Heritage Act, 1972* (WA).

	2015	2016	2017
Aboriginal Heritage Risk Assessments	388	451	482
Further Impact Assessment (Archaeology / Ethnography / Anthropology)	**	42	54
Section 18 Applications Granted*	12	18	23

*Applications under the Aboriginal Heritage Act granted within the calendar year.

** Data not previously reported for this criteria and year

Management of Environmental Incidents

All of our regions and operational areas prepare for the possibility of significant environmental incidents by ensuring there are systems and processes in place for valid contingency planning and incident response. Our environmental incident reporting and investigation process reflects the risk classification adopted across the Transport Portfolio agencies, with five categories of incidents – catastrophic, major, moderate, minor and insignificant.

The environmental incident reporting and investigation process applies to Main Roads as well as to Third Parties, that is, an organisation or a person not employed by or working on behalf of Main Roads. Significant Third Party and Main Roads Environmental Incidents that occurred last year are outlined below.

Significant Incidents (Moderate, Major and Catastrophic)	2015	2016	2017
Incidents caused by Third Parties	7	4	3
Incidents caused by Main Roads or people working on Main Roads behalf	6	11	19

Data is based on calendar year. Significant incidents are those defined as Moderate, Major or Catastrophic according to Transport Portfolio risk classification process. Minor and insignificant incidents have not been reported here.

We have noticed an increasing trend in the total number of significant incidents reported since 2015 reflecting a culture we have encouraged and cultivated over the years. We are pleased that our regions and operational areas are embracing the opportunity to identify issues on the network and to seek continual improvement of our environmental performance.

In 2017 there were no incidents classified as catastrophic, one incident classified as major and 18 classified as moderate. The major incident related to unauthorised clearing of native vegetation, conducted for a temporary side track adjacent to the construction area.

Works were stopped immediately and Department of Water and Environmental Regulation (DWER) was notified for investigation and potential prosecution relating to the incident. The 18 moderate incidents related to spills, unauthorised clearing, working outside of normal hours without an approval and failure to comply with the timeframe of Department of the Environment and Energy approval conditions.

These incidents didn't incur any penalties or financial sanctions and we addressed these procedural failures through training, changes in processes and increased compliance audits to ensure they are not repeated. In 2017 there were no third party incidents classified as catastrophic or major. Three incidents were classified as moderate and related to unauthorised clearing of native vegetation on Main Roads managed land and were reported to DWER.

Sustainability Assessment in Projects and Operations

We have adopted the Infrastructure Sustainability (IS) rating tool for our highest value major projects, Australia's only comprehensive rating system for evaluating sustainability across design, construction and operation of infrastructure. All infrastructure projects exceeding \$20 million utilise the IS framework as part of project development and evaluation. Three programs and one individual project have been registered for an IS Rating. Two projects achieved a Design Rating. The Northlink Southern Section was verified as a Leading rating and won the IS Outstanding Achievement Award and the IS Impact Award for a project greater than \$20 million in value at the Infrastructure Sustainability Council of Australia awards.

Stand-alone public sustainability reports are produced for our projects with IS obligations. This year Great Northern Highway Muecha to Wubin Stage 2 Upgrade, NorthLink WA – Southern Section: Guildford Road to Reid Highway and NorthLink WA – Central Section: Reid Highway to Ellenbrook, Network WA Northern Section: Ellenbrook to Muecha and the Metropolitan Roads Improvement Alliance have submitted a public Sustainability report. For more information on IS and to view the project Sustainability reports please go to our website.

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

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

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

Project	Current Phase	Target	Tracking Status
Swan River Pedestrian Bridge – Matagarup Bridge	As Built	Commended	Excellent
New Lord Street	Design	Commended	Commended
Nicholson Road Bridge Over Rail	Design	Commended	Commended
Old Mandurah Traffic Bridge	Complete	Commended	Commended
Great Northern Highway – Wyndam Spur/Maggies Jump up	Design	Commended	Excellent
SMART Freeways	Design	TBD	Not Started

Emissions and Energy

The development, operation and use of a road network consumes energy and generates emissions in numerous forms. The predominant impacts from energy and emissions fall outside our direct control and arise from use of the road network itself. Road transport makes up 15 per cent of Australia's total emissions and has been the highest growing source of emissions since 1990. We estimate that the road network generates carbon emissions at a rate of 295.6 t CO_{2-e} per million vehicle kilometres travelled (MKVT). In 2017-18 MKVT was 29,609 and thus emissions were approximately 8.7 mt CO_{2-e} from use of the road network. Our current approach has focused on reducing our direct energy use and emissions generation but we are aware of our ability to influence outcomes from our contracts and from the road network use. For example, travels times have been improved in locations across the network including by up to two minutes on Leach Highway and Ennis Avenue. Less delay and stop-start traffic has a positive effect on carbon emissions from the road network.

Carbon Reduction Plan

We have a Carbon Reduction Plan and Target, 5 to 15 per cent reduction on 2010 levels by 2020, focused on Scope One and Two emissions and have had a Climate Change Adaptation Plan since 2011. Our total emissions across our facilities over the past year were 25,886 CO_{2-e}, achieving our target which was to be below 29,597 CO_{2-e}.

In December 2017, the State Government signed a Memorandum of Understanding (MOU) for Sub-National Collaboration on Electric Vehicles (EVs). The MOU is an output of the Climate Action Roundtable. Broadly speaking it aligns with Main Roads' Sustainability Policy and could be leveraged to drive positive outcomes for the key aspects of Sustainable Transport and Environmental Footprint specifically energy efficiency, greenhouse gas emissions, air quality and noise. Since the meeting a draft Terms of Reference has been developed by Department of Water and Environmental Regulation and circulated. As a result, we were nominated joint lead to 'Take a coordinated approach to the strategic planning and construction of infrastructure for EVs'.

Energy Usage and Greenhouse Gas

SCOPE 1 OR 2 AND 3			
GHG Type (t CO ₂)	2016	2017	2018
Fuel*	2,833	2,860	3,088
Street and traffic lights	18,759	16,804	18,614
Buildings	4,978	4,230	4,183
Air travel*	263	271	331
Projects and maintenance fuel use	8,405	8,010	27,661
Offsets	-2,879	-1,183	0
Total	32,359	44,472	53,877

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

SCOPE 1 OR 2 AND 3			
GHG Category (t CO ₂)	2016	2017	2018
Scope 1	3,000	3,046	3,296
Scope 2	23,571	20,848	22,590
Sub Total	26,571	23,848	25,886
Scope 3*	11,073	11,381	27,991
Offsets	-2,879	-1,183	0
Total	23,692	22,711	25,886

INTENSITY INDICATORS			
	2016	2017	2018
MJ per km State Road	8493	8101	8850
Scope 1 & 2 t CO ₂ per km State Road	1.44	1.29	1.40

ENERGY USE BY SOURCE			
Energy Source	2016	2017	2018
Electricity Usage (MJ) (within)	112,676,588	105,404,169	116,622,673
Fuel and Gas Usage (MJ) (within)	44,555,099	45,095,868	47,353,145
Projects and maintenance (outside)	119,369,318	290,651,418	374,828,266

Climate Change Adaptation

We have identified more than 50 kilometres of State Roads that have been assessed to warrant earlier, more detailed evaluation for the impacts of climate change. The indicative replacement value of this at-risk infrastructure is in the order of \$165 million. A fundamental aspect of our Sustainability Policy is climate change. Our Key Aspect Management Plan for Climate Change includes a progressive approach to embedding adaptation practice into standards and asset management practices. An important activity was embedding resilience into our asset management framework.

Materials for Road Building

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

Crush Recycled Concrete (CRC) is a road building material which is under utilised in Western Australia at this point in time. We recognise our role in establishing on going practice for this use of this material. A key project during 2017-18 was the development of a forward program of major projects which is aiming to utilise up to 100,000 tonnes of CRC from projects commencing in 2018-19. We have worked extensively with the Department of Water and Environmental Regulation and industry stakeholders, including the Waste and Recycling Industry Association of WA in developing this forward program.

Imported Road Construction Materials

Indicator	2016 (000)	2017 (000)	2018 (000)
Sand (t)	354.0	768.7	5,722.9
Gravel (t)	1,506.8	1,244.4	1236.7
Crushed rock (t)	409.5	404.3	684.5
Limestone (t)	142.0	462.2	814.4
Aggregate (t)	72.9	83.8	172.6
Asphalt (t)	5,750.2	1,199.0	2700.6
Other (t)	915.3	1.8	66.0
Concrete and steel (t) kerbing, barriers, bridges and concrete culverts	1,064.8	244.9	152.2
Other (t)	7.4	0.8	1.5

Waste Materials to Landfill (Waste)

Resources Recycled Indicator	2016 (000)	2017 (000)	2018 (000)
Kerbing (m)	1,097	8,947	474
Pavement/footpath (m ²)	2,426	442	6
Existing seal (m ²)	3,464	212	12,474
Unsuitable material (m ³)	15,808	3,607	27,877
Other (m ³)	3,675	2,559	703

Materials Recycled

	2016 (000)	2017 (000)	2018 (000)
Rehabilitation purposes (t) – unsuitable material	8.7	4.3	7.0
Sand (t)	19.24	5.4	73.7
Road base (t)	6.4	0.0	37.4
Asphalt/Profiling (t)	23.0	12.2	26.8
Steel (t)	0.2	0.9	5.6
Concrete (t)	0.3	6.7	0.3
Office waste (t)	1.6	3.2	1.6
Other (t)	96.97	0.0	17.8
Total (t)	156.5	32.7	165.4

Data is based on calendar year.

Waste Management: Roadsides, Buildings and Facilities

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

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

OUR STORIES

WILDFLOWER CAPITAL INITIATIVE

The Wildflower Capital Initiative is a cross-agency program that seeks to promote Perth by showcasing the unique local flora as a wildflower theme in the design and character of public open spaces and major infrastructure. It is part of a state-wide initiative (Wildflower Way) with a focus on enhancing the community and tourist experience of WA. The benefits of this initiative include:

- promotes Perth as a 'Wildflower Capital' and a starting point for regional wildflower tourism
- improves the aesthetic of the city for visitors and ties in with various tourism initiatives such as the Kings Park Wildflower festivals
- promotes water wise and native planting practices
- supports the Urban Forrest Strategy
- provides an overarching framework for already existing wildflower planting initiatives
- promotes exposure and understanding of Nyungar culture by floristically demonstrating the six Nyungar Seasons.

We have committed to establish and maintain feature wildflower plantings and urban design treatments at 10 selected locations on major roads in the Perth metropolitan region as our contribution to the initiative.

We have collaborated with Botanic Gardens and Parks Authority, Office of the Government Architect, Burswood Park Board, Department of Planning, City of Perth, and relevant local government authorities to develop a detailed implementation strategy. Three Wildflower Capital Initiative sites were established in the winter of 2017:

- Graham Farmer Freeway at Victoria Park Drive near the stadium
- East Parade
- Causeway East near Victoria Park Bus Transfer Station.

More than 30,000 individual native, iconic Western Australian plants were planted across the three sites, with species selection reflecting the cycle of the six Nyungar seasons. The use of mulch and hardscape treatments was incorporated for visual enhancement of the feature areas. The wildflower theme has also been incorporated into urban design treatments at selected bridges, walls and screens with the restoration of murals and repainting of retaining walls.

The Wildflower Capital Initiative is an extension of our long accepted practice of using local native species in landscaping works and will continue in 2018 and 2019.



OUR STORIES

SUSTAINABILITY THE WINNER FOR NORTHLINK WA

The partnership we built with contractor John Holland to develop a sustainability culture across the NorthLink WA southern section team has delivered award-winning results.

Setting and pursuing ambitious targets the team worked together to achieve a 'leading' rating score of 93 – the highest WA score ever and the second highest Infrastructure Sustainability (IS) Council of Australia score in Australia for a transport infrastructure project.

The team also took out two 2017 Sustainability in Infrastructure Awards.

- The IS Impact Award recognises the project that exhibits the most outstanding leadership and greatest contribution to advancing infrastructure sustainability in Australasia.
- The IS Outstanding Achievement Award recognises the IS certified project that has demonstrated the highest overall excellence and sustainability achievements.

Aiming to deliver a genuinely sustainable project, the southern section team embraced the sustainability challenge and used it as a catalyst to promote innovation across all areas of economic, environmental and social responsibility.

The team's commitment to reframing the engineering challenge achieved sustainability initiatives across design, procurement and construction phases.

Lifecycle assessment tools were used to assess the environmental aspects and potential impacts of the project over its design life, enabling the potential impacts to be evaluated and interpreted to better inform decision-makers.

Some of the initiatives include:

- adaptive and dimming lighting
- asphalt treatments that improve and extend the life of pavement as well as optimising recycled product
- design initiatives including a three-pin arch pedestrian underpass
- awareness raising including a supplier sustainability day
- a four metre-wide shared path for pedestrians and cyclists
- a grade-separated roundabout at Morley Drive offering safety benefits for motorists and a reduction of conflict points; this encourages a free-flowing interchange that reduces congestion and associated emissions
- trial of a solar powered permanent Variable Message Sign using wireless communication technology.

We define sustainability as a commitment to 'creating lasting benefits through an integrated consideration of social, environmental and economic aspects in all that we do'. To facilitate this commitment, sustainability has been included across all NorthLink WA project objectives.

Improving Customer Experience

Aim

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

Approach

We are always endeavouring to:

- work with our customers to understand what they need and value
- ensure consistent communications
- seek to improve our customers' experiences
- encourage shared vision and commitment
- demonstrate a proactive, whole-of-government approach to transport outcomes

Key Performance Indicators

	Target	Actual	Status
Community satisfaction with Main Roads came within our target and has decreased slightly since last year	90	88	
The aim to continue to increase the number of calls self-serviced was not achieved this year but did improve compared to last year	Increase %	-3	
The target for resolving enquires at first point of contact with our customer information centre was not achieved and was lower than last year	80	65	

Looking Ahead

There is a significant program of projects planned in the next financial year, the following are just a few coming up or already underway

- Deliver the 'Improving Main Roads Digital Experience' project which seeks to ensure a digital presence effectively servicing customers' needs in a way that minimises resource requirements
- Develop new customer key performance indicators that reflect our new customer experience approach
- Deploy our corporate stakeholder engagement program and begin rolling out the concept across the Transport Portfolio
- Develop a Communications Blueprint that aligns our goals and enabling principles with those of the broader Transport Portfolio to support operational delivery

Introduction

Our journey towards a new customer approach is underway. Over the year, we have conducted research and consultation with over 4,000 people to understand how our customers use the network, what they value in terms of transport outcomes and what their information requirements are. This is helping us to develop and deliver the right services, in the right way and at the right time to provide a transport network centred on what our customers need and value.

Customer Personas, Needs and Expectations

A key milestone of our work this year was the development of personas that are representative of our diverse customer base. These personas comprise unique needs, pain points, service requirements and opportunities for engagement that we will use to inform the Improving Main Roads Digital Experience project and our day-to-day interactions with customers.

We developed these personas using insights from research and consultation that canvassed over 2,600 members of the community. Some highlights of the research includes:

Top 3 reasons why people are contacting us:

1. To **Report issues**
2. Find out about **Road Projects**
3. Get **Live Traffic Information**

Top 3 ways people want to contact us or receive information:

1. Website
2. Email
3. Facebook

Top 3 services people expect from us:

1. Deliver **Road information** such as road closures and traffic information
2. Deliver information about **Road Projects**
3. Enable the community to easily **Report Issues**

We now have a clear picture of the core needs of our customers, summarised in the table below. Using this information, we will continue to implement our Improving Main Roads Digital Experience project and other customer experience initiatives to:

- explore refinement and improvement opportunities of back end processes
- determine better or new ways to meet the needs of our customers
- continuously improve our service delivery with customer experience top-of-mind, always.

Segment	Needs
Travel Experience <i>I need timely information to ensure a safe and reliable travel experience</i>	I need to understand my journey options I need information about things that affect my journey I need to understand how my journey will be impacted
Information and Expertise <i>I need to be able to easily access and understand information and expertise</i>	I need to be able to find and ask for the information I need I need to be able to understand the information I have I need to be able to understand how the information I have affects me
Approvals and Applications <i>I need to understand how to apply and know what is happening</i>	I need to be able to understand the application-approval process I need to be able to find the right application-approval form I need to be able to track my application-approval I need to be able to understand the status of my application – approval
Provide Feedback <i>I need to be able to have my say and see the affect</i>	I need to be able to provide feedback I need to be able to track its status I need to be able to see what affect I'm having

Community Perception Survey

Our Community Perception Survey has been conducted annually for more than 20 years. The survey provides us with important, up-to-date, customer-focussed information about our performance in the construction, maintenance and management of the road network to ensure that we can respond quickly and appropriately to community needs. The following table shows this year’s results.

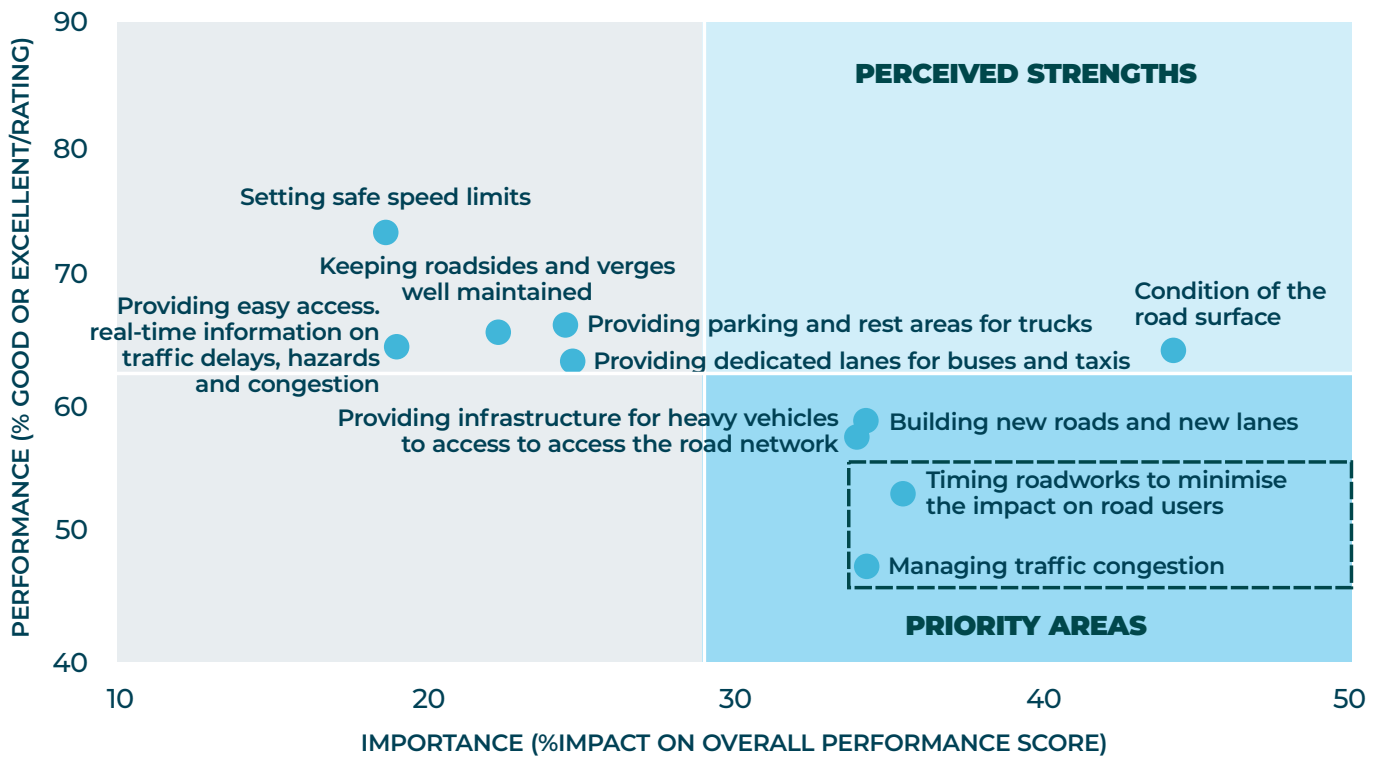
Satisfaction with	2016 (%)	2017 (%)	2018 (%)
Our overall performance	91	87	88
Road safety	91	90	88
Provision of cycleways & pedestrian facilities	83	87	89
Road maintenance	88	84	82
Sustainability	–	85	86
Environmental Management*	–	–	88

* Collected for the first time in 2018

We also ask the community to rate our performance across a range of services and responsibilities. This helps us determine our strengths and priorities, insights which are then integrated into our strategic planning and day-to-day operations.

At a state-wide level, priority areas for Main Roads to address are related to road infrastructure and minimising congestion.

The following matrix shows our perceived strengths and priority areas.



Focus Groups

For the first time this year, we conducted Focus Groups in the Great Southern and Wheatbelt to enhance our understanding of key regional issues identified in the Community Perception Survey. This marks a critical first step in addressing specific concerns and priorities that are unique to our regional customers.

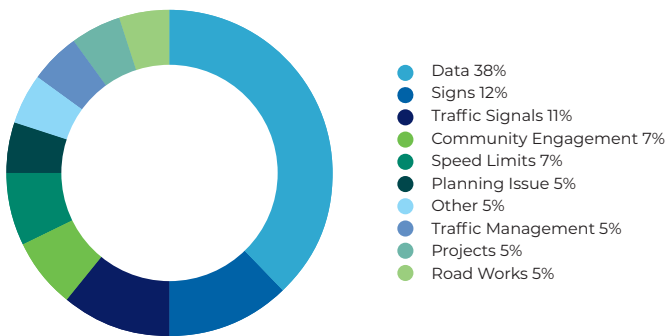
Insights from the Focus Groups will now be used to develop strategies to improve regional customer experience and enhance our Community Perception Survey to ensure we continue to gather useful, relevant insights into the future.

Customer Feedback

We value customer feedback and regularly report on and investigate trends and issues, to provide insights for and to help improve our business areas. We continue to see an increase in the number of both customer requests and complaints. The types of feedback received from all sources across the past 12 months are shown below.

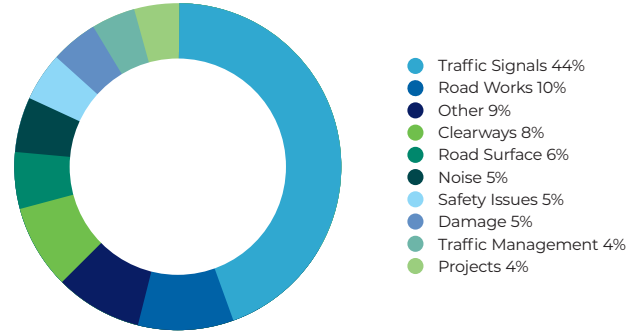
Customer Requests

This year we received 9,803 customer requests. The top 10 categories are shown and represent almost 61 per cent of all customer requests.



Customer Complaints

65 per cent of all customer complaints fall into one of 10 categories, as shown. This year we received 5,355 customer complaints. Our Customer Information Centre and Complaints Handling Process aim to deal fairly with complaints and improve performance in all areas.



Customer Information

We provide a 24-hour-a-day, 365-day-a-year service through our Customer Information Centre (CIC). The CIC plays an important role in state-wide incident response and management, providing timely and accurate information to the public. Our front-line customer service area is also an important information source for road network activity.

Self-service options on the phone continue to improve services for customers. Our call volumes have decreased during 2018, while our customer interaction via email and digital services have increased. Refining the channels we use to engage our customers continues to be a priority and will be a key outcome of the Improved Digital Experience project.

Customer Contact Statistics	2016	2017	2018
Telephone calls	124,664	103,531	91,573
Number of calls self-served	22,817	16,409	11,896
Email enquiries	21,046	30,474	32,620
% Enquiries to Customer Information Centre resolved at first point of contact	86	73	65

Complaints Handling Process

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

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

As we implement our new customer experience approach, we will review our complaints handling process and survey in line with the development of new customer key performance indicators.

In the meantime, for more information on complaints or to understand our commitment to follow through on your concerns, please visit our website.

Engaging with Local Communities

We understand major infrastructure projects can create significant change and disruption, with issues such as land acquisition, environmental impacts and construction traffic affecting our reputation and performance as a good neighbour. Whilst it's not always possible to achieve universal satisfaction we work closely with our stakeholders and the community, to reach mutually-beneficial outcomes wherever possible, based on the established principles of openness, transparency and proactivity.

In the past 12 months we have continued to develop and deliver consistent, valuable and centralised communication programs for projects, works and events on and within our road network. We have introduced stronger governance procedures to ensure best practice engagement is achieved from the conception of a project through to completion.

A key part of this process is the development of whole-of-project communications and stakeholder engagement strategies. This means centralised documents designed to underpin clear communications across the lifespan of a project, ensuring consistency of engagement as a project transitions through planning, development and into construction and delivery.

This customer-centric approach enables learnings to be captured and further collaboration between projects and cross-portfolio initiatives such as METRONET. It also provides a roadmap for our construction contractors once they mobilise to site and become the face of Main Roads in the community. The engagement approach we deploy varies across projects and is tailored based around demographics, the level of impact and intrusiveness a project may have or the nature of who will be impacted, for example schools, hospitals, aged care facilities or adjacent residents.

Importantly, our engagement approach is also determined by the community's level of influence over a project, with early, interactive and face-to-face engagement generally favoured to ensure community input is used to shape key decisions at the earlier stages of planning. As a project progresses through development and into construction, our engagement programs evolve with the focus on ensuring communities are well informed about the nature of our work and the measures we have in place to manage the impacts of construction. Engaging at an earlier point within the project lifecycle enables us to integrate natural opportunities for regular evaluation following each phase of community input. Structured evaluations of our strategies are included at the end of the Planning, Development and Procurement stages of the project lifecycle, and again at six-monthly intervals during the construction period.

Refining Our Stakeholder Engagement Approach

We have adopted new stakeholder engagement principles, based on the AA1000 Stakeholder Engagement Standard 2015 (AA1000SES) to help us design, implement and assess quality stakeholder engagement that delivers integrated, sustainable outcomes.

In addition to the three AA1000 principles of Inclusivity, Materiality and Responsiveness, we have adopted the principle of **Completeness**, to align with our commitment to sustainability, driven by the Global Reporting Initiative,

The new AA1000SES principles underpin our engagement processes to ensure we can effectively manage expectations about how feedback and involvement will influence decision making, whilst considering project, commercial and political realities.



Open and Transparent Project Communications

We have continued to provide project information and engagement opportunities through a range of mediums to reflect the diverse ways in which communities seek and digest information as demonstrated above. We have maintained a strong digital presence to ensure changes to the road network can be shared in real time, while introducing online engagement tools, including the use of community surveys, eliciting strong levels of participation.

This has been complemented through a drive to encourage subscriptions to online newsletters and project updates through our centralised Customer Relationship Management system, and the restructure of our projects website to create a more user-friendly customer experience.

In the coming year we will pilot digital engagement software across several of our planning projects, to encourage broader and more inclusive community participation at earlier stages of project timelines. This approach will create a stronger two-way appreciation of the problems our emerging projects seek to address as well as improving the prospects of our works proceeding with broader community support. Importantly, the past 12 months have shown us that traditional community engagement techniques remain popular and relevant among the community.


This has been demonstrated through:

- very high attendance levels at our community information sessions and shopping centre displays across the Perth Metropolitan Area
- strong interest in the various Community Reference Groups formed to guide the development and construction of our major projects.

We remain committed to an appropriate mixture of traditional and contemporary forms of communication and engagement, carefully tailored to the information requirements of the communities and regions we are active in.

Digital Channels

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

 Our **website** continues to be a popular source of information for the community with more than 1.8 million visitors to the website from more than 200 countries during the year.

As works ramped up on our infrastructure projects, so too did the desire for more project information. Heeding this call, we launched our new dedicated project website, harnessing an improved look and feel, and delivering a better experience to our customers.

Taking customer feedback on board, we updated our Travel Map to be mobile responsive, provide more clarity, include rest areas and a Google route planner. These enhancements allowed us to archive the Alerts page and have one official source of traffic and travel information for WA's state road network.

Popular content includes:

- travel planning information
- Heavy Vehicle Services
- project information including NorthLink WA, Nicholson Road (Bridge) Over Rail and Matagarup Bridge.



Our **Twitter** following, for both our Metropolitan and Regional accounts continues to grow with both accounts used by other agencies and the media for real-time traffic updates. During major incidents we now use images to raise awareness on impacts, and this highlights the need to take alternative routes. Twitter continues to be a successful method of notifying road users of incidents or disruptions on the road network.

- Perth Traffic – 63,076 followers and 9,541 tweets, earning 19.8 million impressions
- WA Roads – 15,675 followers and 1,657 tweets earning 2.4 million impressions



On our **Facebook** account, updates of what we are doing around the state help us stay in touch with the community. In the past year our Facebook following grew to more than 47,000. Our posts reached more than 5 million customers with images from catastrophic flooding being our most viewed post during the year, reaching more than half a million people organically.

We also created a project specific Facebook group for NorthLink WA, providing an additional channel of communication for the community. Currently more than 1,200 members have joined the group and are able to stay up to date with the latest network changes, impacts, construction progress and milestones.



YouTube showcases some of our services, network changes and fantastic images of our construction projects. Our YouTube subscribers increased by 43 per cent to 545 over the past 12 months and we expect this to continue as drone footage becomes more popular. We continue to promote this service across our other mediums.



Our **Instagram** account, started in January 2016, complements our digital channels. We have in excess of 1,600 followers and will continue developing our Instagram engagement focusing on trending hashtags and story highlights.



LinkedIn allows us to engage with those specifically interested in Main Roads business and services providing another channel in a suite of communications tools. Our following, which increased by around 2,200 over the past year, is now more than 6,400 followers.

Disability Access and Inclusion Action Plan 2018-2022

After extensive internal and external consultation, we developed and launched our new Disability Access and Inclusion Plan 2018-2022 and supporting Implementation Plan. It aligns with the Western Australian *Disability Services Act 1993* (amended in 2004 and 2014) produced in recognition that people with disability, their families and carers have the same rights to access our products and services as any other member of the community. The implementation of our plan is being monitored by an internal working group to ensure we keep access and inclusion a high priority when we are making decisions. The Main Roads Disability Advisory Group, which grew to 30 external community members during development of the plan, will be involved in supporting us to meet our commitments.



OUR STORIES

OPEN DATA PORTAL GAINS INDUSTRY RECOGNITION

We established our leading position in relation to the Western Australia Whole-of-Government Open Data Policy by this year releasing more data sets through our 'Open Data, Maps and Apps' portal and gaining industry recognition.

Bringing together 275 existing data sets, Open Data, Maps & Apps provides greater public access to our data in one manageable and easy to use platform.

The data provided through the portal can be used to build innovative apps and tools for WA commuters. It enables developers and data users to access road asset data as well as near real-time, statistical road and transport information via feeds that can be used to develop transport-related products and services for the community.

Our data is already being used by a range of organisations, including Perth Airport and Google, on applications designed to make it easier for road users to plan their journeys and keep up to date with traffic conditions.

Over time, more data sets will be made available and the portal will evolve into a broader public platform for exploring, visualising and downloading open data. With industry engagement the portal will increasingly be used as a platform for more collaboration across the transport industry to provide faster, smarter and more responsive services to the community.

The successful introduction of the platform was recognised by government and industry when we received a Leadership in Government award at the Western Australia OpenGov Forum in December.

In May 2018, the portal was one of four projects shortlisted for the Award for Most Effective Government Solution at WA's INCITE Awards, recognising performance in information, technology and telecommunication. It was also shortlisted for the Institute of Public Administration 2018 Achievement Award for Best Practice in Collaboration between Government and Non-Government Organisations.

The Open Data Portal project is an outcome of our Innovation and Research Program.

Our People

Aim




To attract develop and sustain organisational capability through our people

Approach

We strive towards:

- demonstrating our values through our behaviours
- creating a positive work environment that provides challenges and encourages development
- focussing on solutions
- engaging with our people
- sustaining good workforce planning practices.

Key Performance Indicators

	Target	Actual	Status
Full-time equivalents (average)	N/A	1026	
We exceeded our target in respect to women in leadership positions at Level 6 and above but more work remains	20	21	
There was a high level of completion of Career Conversations coming in just under our target	100	96	

Looking Ahead

- The next twelve months will continue to provide challenges in attracting and retaining appropriately skilled employees particularly in regional areas
- Transitioning to the new maintenance contracts in Metropolitan, South West and Great Southern Regions will also provide significant resourcing challenges
- There will be a continued focus on increasing Aboriginal employment and increasing opportunities of employing people with a disability
- The implementation of the new corporate safety model will be completed and the online reporting system – EQSafe, will continue to be modified to meet organisational needs
- A new Learning Management System will be developed and implemented that will significantly improve training needs and records
- Workforce planning will continue to have a strong focus providing the information to enable us to make strategic decisions in relation to our future workforce.

Developing Our People and Know-How

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

Two significant highlights during the year included the development and implementation of two major systems – Aurion as a replacement of HRMIS and EQSafe. Both systems were successfully implemented and continue to be developed to meet organisational needs. Other highlights included the focus on Aboriginal employment, the development and registration of new Enterprise Bargaining Agreements, the transition to new regional operating models, Federal Safety Accreditation, the re-introduction of development employee recruitment and the development and implementation of a new corporate safety model.

Our Profile

	2016	2017	2018
Full Time Equivalent (Average)	1013	1010	1026

Demographics	2016 (%)	2017 (%)	2018 (%)
Female employees	30	31	31
Male employees	70	69	69
Indigenous Australian employees	1	1	2
Employees with a disability	3	2	3
Employees of culturally diverse background	17	20	22

Employee age profile	2016 (%)	2017 (%)	2018 (%)
<30	14	12	12
30-39	19	21	22
40-49	20	20	21
50-59	29	28	28
60+	18	19	17

Regional profile	2016	2017	2018
Great Southern	28	31	30
Goldfields-Esperance	16	15	21
Kimberley	27	30	29
Midwest-Gascoyne	46	45	44
Pilbara	22	24	33
South West	64	58	62
Wheatbelt	44	40	34

Sustaining our Workforce

A key focus during the last 12 months has been the reintroduction of the workforce planning cycle. Attracting and retaining critical skills particularly in regional areas continues to be a significant challenge.

The workforce planning cycle has been focused on identifying and addressing key capability risks and gaps in core areas. It involves a comprehensive environmental scan of the organisation and considers current capability, succession planning, recruitment forecasting and other capability development and resourcing strategies.

During 2017-18 we commenced the implementation of new maintenance contracts. These new contracts are more activity based than the previous Integrated Service Arrangements which reinforces our role as the Asset Owner. This has meant that regional structures have been reviewed to ensure that we have the ongoing capability to manage these contracts. In particular new positions of Maintenance Managers and Maintenance Coordinators have been created and the recruitment and development of staff into these positions has commenced.

Recruitment activity over the past 12 months focused on Asset Management, Project Delivery, Maintenance Management, Network Operations, Traffic Management and specialised technical and engineering disciplines, in particular structures and materials engineering.

To assist with sustaining our workforce, we also focused on the re-introduction of our Development Employee Programs across the agency. This included significant recruitment of engineering cadets, engineering associates, technical officer materials trainees and Aboriginal clerical trainees particularly in our regional locations.

Building resources in these core functions is critical to support a demanding maintenance and construction program of works, managing state assets valued at over \$47 billion, delivery of the Traffic Congestion Management Program as well as building capability within the organisation.

Developing our Employees

Corporate Training Refreshed

A panel contract for Training Courses is now in place for many of the courses our staff attend. There are 18 training providers on the panel to deliver training across 65 courses. The contract offers a mix of 'pick and buy' standardised public training courses, as well as a panel of suppliers that can deliver customised training in-house. Training services are available across several categories including self-development, management, safety, commercial acumen and customised delivery.

Also released this year was a management skills development program called TEAM (Training Engaging Accountable Managers). The program is designed to empower people managers to perform their role more effectively. It covers a wide range of topics including resource management, procurement and finance, conflict resolution, performance management, and mental health in the workplace. In total 18 modules are available, offering a balance of internal and external experts, keynote sessions and coaching and has been popular. Approximately 34 staff have completed the full program with up to 120 additional staff completing individual modules identified as a development need or as refresher training.

Development Employee Programs

Our three-year structured graduate program has continued to develop a strong group of future leaders and technical specialists, including on the job learning, mentoring and training in the areas of work readiness, technical, commercial and leadership skills. A successful recruitment program this year, in both Engineering and Engineering Associate Cadetship Streams, resulted in 38 per cent of our intake being female, contributing towards a future diverse workforce.

	Female (%)	Male (%)
Development Employees	27	73

Note: Development Employees include Trainees, Graduate Engineers and Engineering Associates, Engineering Cadets, Engineering Associate Cadets and Scholarship Students

Career Conversations

We released an updated performance review process called Career Conversations. The process encourages open discussion between manager and employee on performance objectives, development opportunities, career goals and demonstrating our guiding principles in work activities. A streamlined form through MyHR removed the tick boxes and focused on feedback, reflection and review. This year we had a 96 per cent completion rate for Career Conversations and 92 per cent of mid-year reviews were conducted.

Innovation and Research Program

The Innovation and Research Program encourages our people to collaborate, learn, solve problems and explore new and innovative opportunities. Our Bright Ideas software package helps us to foster a high level of engagement throughout the year as people can participate in specific corporate challenges or submit their own ideas on innovative approaches. We have 19 initiatives under consideration, 13 projects underway and 10 that were closed out over the past 12 months.

Some of the activities and projects include:

- electric vehicle strategic planning research
- practical opportunities for using drones in delivering business outcomes
- joint project with Curtin University on testing of bridge U-beams
- video analytics using applied machine learning
- continued testing of cold applied plastic line marking
- capturing, sharing and warehousing innovations from across the business
- participation in Ministry of Data challenge resulting in two start-up companies conducting further feasibility studies to enhance asset management opportunities
- exploring options for addressing short-distance rail staking treatments across local and Main Roads networks.

Strategic Research

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

These organisations include:

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

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

Promoting Diversity and Equal Opportunity

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

Equal Employment Opportunity Management Plan 2017–2020

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

- women
- Aboriginal and Torres Strait Islander groups
- youth
- LGBTIQ inclusion
- people with disabilities
- people from culturally diverse backgrounds.

Our Diversity Calendar highlights key dates and events of significance to our focus groups and celebrates them by actively publicising articles on the Intranet, providing training and guest speakers on key issues and participating in various community events and projects associated with these diversity groups.

Women in Leadership

As a business imperative we recognise and value the role of women in the workforce and gender diversity at all levels of the organisation. There has been continued focus on attracting, retaining and developing women in non-traditional roles and leadership positions. We recognise that women in positions instrumental to our future will lead to increasing numbers of women in leadership roles.

This year's International Women's Day theme was #PressForProgress and focused on Women in Leadership positions.

Two hundred representatives from across our Transport Portfolio attended a networking event hosted by Main Roads, where the Minister for Transport and our Executive highlighted current statistics, opportunities for improvement, and some of our successful Women in Management to inspire our future generations.

	2016 (%)	2017 (%)	2018 (%)
Women in Level 6 and higher positions	18.5	18.5	21

Reconciliation Action Plan

Our Reconciliation Action Plan 2017-19 is driven by our Diversity Working Group and focuses on:

- building even stronger relationships with Aboriginal people and communities
- creating greater understanding for ourselves and our partners of Aboriginal heritage and cultures
- providing opportunities for Aboriginal people through our activities and our industry.

Aboriginal Employment

Our Senior Leadership Aboriginal Employment Initiatives Taskforce has made great strides in implementing Aboriginal employment initiatives including:

- targeted recruitment for Aboriginal-specific positions
- development of procurement requirements for the submission of Aboriginal Participation Plans and evaluation criteria for new contracts
- provision of incentive payments for employers/contractors who meet required Aboriginal employment participation and Aboriginal Business procurement targets
- two Rural Network Contracts awarded for the Mid-West Gascoyne and Wheatbelt regions that include a number of incentive mechanisms to encourage Aboriginal participation and engagement. For our Mid-West Gascoyne Region contract, 37 per cent of the permanent labour force is Aboriginal, with 23 per cent in the Wheatbelt Region
- Initiatives in place this year provide an estimated 170 opportunities for Aboriginal employment, with a significant increase anticipated as future projects reach later stages of planning and construction. We have developed requirements for incorporating into design and construction procurement documentation, with the aim of further promoting Aboriginal participation.

National Reconciliation Week

This year’s National Reconciliation Week’s theme was ‘Don’t keep history a mystery’. We celebrated the week through various initiatives such as:

- profiling some of our Aboriginal staff from across the State
- sponsoring and participating in the launch of the 2018 WA Street Banner Project
- participating in The Walk for Reconciliation around Elizabeth Quay which focused on the six seasons in the Aboriginal culture
- participating in the NRW Breakfast held by Reconciliation WA.

It is a time to learn about shared histories, cultures and achievements and to explore how we can contribute to reconciliation in Australia.

National Aborigines and Islanders Day Observance Committee (NAIDOC) Week

We recognise the importance of engaging our staff to celebrate the history, culture and achievements of Aboriginal and Torres Strait Islander peoples during NAIDOC Week.

This year our celebration included a Welcome to Country and storytelling from Whadjuk Elder and author, Doolan-Leisha Eatts. This was followed by bush tucker inspired delicacies for afternoon tea sourced from Kuditj Kitchen, an Aboriginal owned and locally based café.

	2018 (%)
Trainees that are Aboriginal	40



OUR STORIES

TRAINEE DEDICATION AND DETERMINATION REWARDED

Sharni Bennell joined our South West office as a business services trainee in late 2016. Having grown up in Bunbury, Sharni spent three years in Port Hedland before returning home to complete years 11 and 12 at Manea Senior College.

Sharni's opportunity to work with us as a trainee came through the Nudge Community Engagement and Recruitment Process. Nudge is a for-purpose charity that focuses on getting young people into jobs and training opportunities. It is committed to empowering business through community employment.

Supported by the Nudge team, Sharni quickly demonstrated her drive and determination to become a valued member of the South West Region's Business Services team, undertaking tasks including records management, business and administrative support.

This same dedication and determination was directed towards her Certificate IV in Business Administration studies. Sharni completed her training ahead of time in 2017 and was successful in obtaining a role as a Business Support Officer in the South West Region.

Sharni's achievements were recognised and rewarded at South Regional TAFE's 2017 awards presentation night acknowledging students who had demonstrated outstanding performance and academic excellence. Sharni came away from the night with the South West Zone Trainee of the Year Award and the South Regional TAFE Trainee of the Year Award. She was also awarded a Certificate of Excellence for her studies.



OUR STORIES

TALKBACK RADIO SPOT POPULAR

Our Manager Traffic Management Services Jerko Ostoic is a regular guest speaker on 882 6PR radio talkback session with Oliver Peterson. Jerko provides a direct conduit to Main Roads for radio listening members of the public, every second Wednesday from 3.30pm to 4.00pm. Listeners can raise concerns, share knowledge and ask questions about Main Roads' matters.

Through radio, we can share our knowledge of the network, clarify responsibilities and promote our services such as the Customer Information Centre, Real Time Traffic Operations, Incident Response Services, the fault reporting system, live Travel Map, our website and the social media forums we have available.

We benefit greatly from the invaluable insight gained through the talkback sessions, to better understand the issues that matter to members of the community and our road users. Engaging with the public via radio is not new for us and similar radio spots were a regular feature some years ago.

More recently the WA Police, who also provide regular talkback opportunities on 6PR, were receiving numerous questions on road-related matters, in response to the significant public interest, we re-established our regular talkback arrangement.

Jerko has an extensive and broad knowledge of the road network and has cultivated collaborative partnerships with local government, built from a career spanning more than 20 years in Traffic Management Services. He has been a guest speaker on 11 talkback sessions since they commenced in October 2017. From the diverse calls he has fielded, 22 follow-ups were required, relating to traffic signal timing, line-marking and intersection layouts, safety, projects, street lighting and council configuration of traffic signals.

His 6PR radio broadcasts with Oliver Peterson on Perth LIVE can be heard via podcast or call in to have your question answered.

Enhancing Safety, Health and Wellbeing

Aim

Consistently leading safe outcomes

Approach

We work to establish consistent application of policies, standards and procedures across the organisation and with our business partners based on effective risk management.

Key Performance Indicators

	Target	Actual	Status
There were no Fatalities last year	0	0	✓
Our Lost-time injury frequency rate was below target but increased on previous years results	2	1.1	✓
Our Incident rate was below target	0.6	0.3	✓
We exceeded our target of helping injured workers returning to work within 13 weeks	90	100	✓
We exceeded our target of helping injured workers returning to work within 26 weeks	100	100	✓

1. Frequency rate is (the number of LTI/Ds over the previous 12 months) * 1,000,000 divided by the number of hours worked during that 12 month period
2. Incidence rate is (the number of LTI/Ds divided by the number of employees) * 100
3. Severity rate is (the number of LTI/Ds that resulted in 60 days or more lost divided by the total number of LTI/Ds) * 100
4. Return to work within 13 weeks is (number of LTI/D with a RTW outcome within 13 weeks divided by the Number of LTI/Ds reported) * 100
5. Return to work within 26 weeks is (number of LTI/D with a RTW outcome within 26 weeks divided by Number of LTI/Ds reported) * 100

Looking Ahead

Some significant challenges related to safety will need to be overcome during the next 12 months. These being:

- The finalisation of the implementation of the new organisational safety model
- Maintenance of Federal Safety Accreditation for our Direct Managed Works in the Kimberley Region
- Further modification of EQSafe to align to business needs
- Supporting the transition to the new contracting model in Metropolitan, South West and Great Southern Regions from a safety and health perspective
- As much as possible ensuring contractors meet their safety obligations
- Maintaining proactive safety, health and wellbeing practices across the organisation

Safety, Health and Wellbeing Framework (Safety Management Systems)

This year has seen the establishment of the corporate Safety Business Partner role to support directorate managers with access to a dedicated safety specialist. This role provides guidance and technical support for the implementation of the safety management system.

The Safety, Health and Wellbeing (SHW) policy statement was reviewed, updated and endorsed as part of the Integrated Management System (IMS) requirements. All three major policy statements – safety, quality and environment – are current for a further two years.

The annual IMS Management Review meeting was held in February and was well attended by personnel representing safety, quality and environment. Each year there is improved communication, integration and understanding between the three management systems. The results of the external IMS confirm the positive approach to managing IMS as part of everyday business.

Three-Year Safety Health and Wellbeing Strategy

Throughout the year we delivered on our Three-Year SHW Strategy Action Plan. Some of the key deliverables included:

- reviewed and updated Main Roads critical risk profile and developed 15 critical risk checklists as support tools for managers and supervisors
- rolled out the revised OSH Supervisor training program
- updated the Safety Management Plan template to ensure compliance with current legislative requirements
- obtained Office of the Federal Safety Accreditation for Main Roads direct managed projects in the Kimberley Region
- externally reviewed and updated the Alcohol and Drugs policy and procedure
- classified and confirmed Category 1 roles as per our Fitness for Work Procedure for Main Roads employees
- engaged safety resources to assist with the new Road Network Contracts within the regions.

Federal Safety Accreditation

During the year we made a decision that a number of projects in the Kimberley Region would be managed by Direct Managed Works. This means using Main Roads safety system on the project.

As some of these projects rely on federal funding if a project contributes more than \$4 million, it is a requirement that we have Federal Safety Accreditation (FSA). Following an audit and review by the Office of the Federal Safety Commissioner auditors, Main Roads achieved FSA in June 2018. Refer to the case study for more information.

AS/NZS 4801:2001 OH&S Management System

We achieved recertification to Australian Standard 4801:2001 Occupational Health and Safety Management System, following an annual Integrated Management System surveillance audit (external audit) completed in March 2018. There were no major non-conformances identified during the audit and eight minor improvements are to be closed out during the year. The intention is to work towards ISO 45001 Standard, as outlined in our three-year action plan.

Proactive Safety, Health and Wellbeing

The annual 'Main Roads Highway to Health Challenge' continued to be supported. This initiative required employees and contractors to form teams of three and earn points by competing, which involved number of steps taken plus health and exercise challenges. There was 29 teams and 86 participants in the challenge, with the combined teams doing close to 42 million steps. To be precise: 41,665,995 steps or the equivalent of 31,749 kilometres over two months.

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

Safety at Project Sites

A predominant amount of our workforce is directly engaged in road construction activities. Our contract workforce work environment interfaces with the road environment, moving traffic and heavy machinery. The construction industry itself is characterised by activities that are considered high risk from a safety perspective. According to Safe Work Australia the construction industry is consistently among the top few industries with the highest number of serious incidents. It has the fifth highest incidence rate of all industries.

We aim to influence safe practice throughout our business including on our projects and for road maintenance where we have a principal-contractor relationship. We require our contractors to provide safety related information including the reporting of serious incidents and reporting to our external bodies such as WorkSafe or EnergySafe if required.

Each project provides a Monthly Safety Indicator report that includes information that is collated to form our corporate dashboard:

- Number of Lost Time Injuries
- Number of serious incidents
- Serious incidents that were reported in 24 hours
- Contractor hours
- Number of hazards closed out within 30 days

Online Reporting System EQSafe

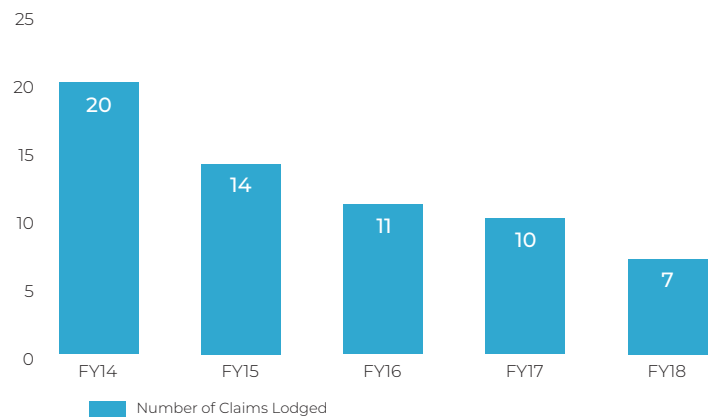
‘EQSafe’, the safety component of the online Integrated Management System has been deployed for 12 months with all Directorates adding their lead and lag indicator information. We can now review trends for incidents, injuries and positive lead indicators such as safe observation conversations and safety moments.

Over the next 12 months it is expected that the system will be fully embedded into our business. Improvements will include the additional function of allowing Depot audits and inspections to be included.

Workers’ Compensation and Injury Management

Injury prevention and effective injury management continue to be a key focus of our SHW Strategy. Following the principle of early return-to-work we achieved a 30 per cent reduction of workers compensation claims and improved claim-closure rates.

The below table illustrates the steady reduction in claims over recent years:





OUR STORIES

PROJECT ACHIEVES FEDERAL SAFETY ACCREDITATION

As we are directly managing the federally funded Broome Cape Leveque Road upgrade project, we needed accreditation from the Office of the Federal Safety Commissioner which works with industry and government on health and safety standards on Australian building and construction projects.

The audit involved an in depth review of our Safety Management Systems in an array of categories. Specific attention was paid to:

- Occupational Health and Safety Management System compliance
- risk management and the integration of design into the risk management process
- high-risk operational activities
- auditing
- the commitment of our senior management implementing Main Roads' operational health and safety systems.

With the hard work of a dedicated project team, we obtained the accreditation with minimal corrective actions.

A six monthly maintenance review will be conducted by the Office of the Federal Safety Commissioner in which the Corporate Safety Team will continue to work with the Regions to ensure health and safety are the foundations on which we deliver direct-managed federally funded projects.

We are taking the opportunity to apply improvements and lessons learnt through this process to improve our existing corporate practices.

GOVERNANCE AND MANAGING RISK

This section encompasses our approach to governance. Good governance is not only the system, which controls our organisation, but also the mechanism by which we are held to account. We seek to exercise fairness, transparency and accountability in everything we do, over and above our legal obligations. In reviewing and considering our own corporate governance practices we benchmark ourselves against others. Our aim is to create an environment that values ethical behaviour, integrity and respect – helping us to achieve excellence whilst creating value for our customers. This section explores:

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Our Governance Model

Main Roads governance approach directs and manages our business activities to optimise performance, achieve regulatory compliance and deliver value for customers aligned to values-driven management. Our governance model shows the relationships between our Minister, Commissioner and Corporate Executive supported by sub-committees.



Empowering Legislation

Main Roads Act

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

Other Empowering Legislation

- The *Land Administration Act 1997* provides powers for the resumption of, and entry on to land
- Section 131 (Liability for damage to road infrastructure) of the *Road Traffic (Administration) Act 2008*
- Regulation 297 of the *Road Traffic Code 2000* provides the Commissioner with the power to erect road signs and traffic signals, and install road marking

- Section 40 of the *Road Traffic (Vehicles) Act 2012* provides the Commissioner with the authority to give an access approval for a complying restricted access vehicle to be on a road.
- Section 33 of the *Road Traffic (Vehicles) Act 2012* provides the Commissioner with the authority to modify a mass or dimension requirement, as provided in the Regulations.

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

Our Commitment

In reviewing and considering our own corporate governance practices we consider the Public Sector Commission Guidelines as well as the application of ASX Corporate Governance Council principles within our own operating context. The following table provides a summary of our commitment against each of these principles which is further enhanced throughout the report.

PSC Governance Principles	ASX Governance Principles	Our Commitment
1. Government and public sector relationship – <i>The organisation's relationship with the government is clear</i>		We have structures in place to ensure clear lines of communication with the Minister for Transport, our Portfolio partners and other government agencies
2. Management and oversight – <i>The organisation's management and oversight is accountable and has clearly defined responsibilities</i>	1. Lay solid foundations for management and oversight – A listed entity should establish and disclose the respective roles and responsibilities of its board and management and how their performance is monitored and evaluated.	Keeping WA Moving clearly outlines our Aspiration, Strategic Areas of Focus, Guiding Principles and Values
3. Organisational structure – <i>The organisation's structure serves its operations</i>	2. Structure the board to add value – A listed entity should have a board of an appropriate size, composition, skills and commitment to enable it to discharge its duties effectively	Corporate Executive is our lead governance body, it is made up of the leader from each Directorate and is supported by a number of sub committees. Details of their roles and achievements are included in this report
4. Operations – <i>The organisation plans its operations to achieve its goals</i>		Our Business Planning and reporting process ensures that our activities are aligned to our strategic plan and achieving the outcomes for each of our services
5. Ethics and integrity – <i>Ethics and integrity are embedded in the organisation's values and operations</i>	3. Act ethically and responsibly – A listed entity should act ethically and responsibly	Our Code of Conduct and Integrity Framework ensure our commitment to professional behaviours that are consistent with our values and guiding principles
6: People – <i>The organisation's leadership in people management contributes to individual and organisational achievements</i>		Workforce planning across the Portfolio is a high priority and we invest in leaders who will genuinely challenge the status quo
7. Finance – <i>The organisation safeguards financial integrity and accountability</i>	4. Safeguard integrity in corporate reporting – A listed entity should have formal and rigorous processes that independently verify and safeguard the integrity of its corporate reporting	Financial integrity is achieved through our Financial Management Manual, Audit and internal processes. The Budget Committee reviews and manages our financial performance on a monthly basis

PSC Governance Principles	ASX Governance Principles	Our Commitment
<p>8. Communication – <i>The organisation communicates with all parties in a way that is accessible, open and responsive</i></p>	<p>5. Make timely and balanced disclosure – A listed entity should make timely and balanced disclosure of all matters concerning it that a reasonable person would expect to have a material effect on the price or value of its securities</p>	<p>We work with the community and our customers to provide consistent communications and services of value by understanding their needs</p>
<p>9. Risk management – <i>The organisation identifies and manages its risks</i></p>	<p>7. Recognise and manage risk – A listed entity should establish a sound risk management framework and periodically review the effectiveness of that framework</p>	<p>Our Risk Management process is a part of our integrated annual business planning process. We work closely with our Portfolio colleagues to ensure consistency and enable tracking of high priority risks</p>

Governing Bodies

Corporate Executive

Corporate Executive is our peak decision-making body. Its objective is to ‘set clear strategic direction to deliver government priorities, meet our aspiration purpose and achieve agreed performance goals’. It has a charter that identifies its role, outcomes and responsibilities.

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

The Managing Director has a performance agreement with the Commissioner, while all members of Corporate Executive have performance agreements with the Managing Director.

Some of the key focus areas of Corporate Executive during the past year included:

- Monitor delivery of critical projects and meet performance targets
- Activate and champion the Aboriginal Employment Initiatives Taskforce
- Review and approve of the new Disability Access Inclusion Plan
- Review and refresh the Keeping WA Moving strategic direction
- Monitor the deployment of activities through the Corporate Business Plan
- Oversee and direct deployment of new road maintenance contracts
- Review and promote activities to mitigate the risk of cyber-crime

Executive Committees

Management Review and Audit Committee

This Committee ensures appropriate management practices and controls are in place, leading to efficient and effective business performance. It provides independent, objective assurance and advice and reports on a quarterly basis.

Role	Executive Members:
<ul style="list-style-type: none"> • Assists the Commissioner of Main Roads, the Managing Director and Corporate Executive to ensure that adequate management practices and controls are developed and maintained by all levels of management 	Peter Woronzow (Chair) Philip D’Souza
<ul style="list-style-type: none"> • Considers audits and reviews of the Management Review and Audit Branch 	Doug Morgan
<ul style="list-style-type: none"> • Ensures audits and reviews are in accordance with the Annual Audit Plan 	Nicole Walton
<ul style="list-style-type: none"> • Reviews and approves the Annual Audit Plan 	

Some of the key focus areas of the committee during the past year included:

- Comprehensive risk based and strategic Annual Audit Plan for 2017-2018 was approved
- 30 internal audits were monitored and approved
- Quarterly audit progress reports were discussed and approved
- Quarterly status reports of audit findings were monitored and approved

Budget Committee

This committee commenced in December 2017 and meets monthly with the objective to ensure financial management oversight and best use of funds to achieve our strategic outcomes.

Role	Executive Members:
Be the peak decision-making body for Financial and Budget Management, Investment Planning, Program Development and Delivery and has accountability for <ul style="list-style-type: none"> · Investment Planning · Program Development · Annual finance and budget performance 	Peter Woronzow (Chair) Philip D'Souza Doug Morgan Leo Coci Des Snook John Erceg Tony Earl Nicole Walton Neville Willey

Some of the key focus areas of the committee during the past year included:

- Future Roads Project (Urban) – Administrative Road Classification Process and Criteria
- Findings and recommendations in relation to the amended criteria for determining administration of roads (State or Local Government) within built up areas
- Oversight of Major Project Contract Savings and the Management of Contract/Project Contingency
- Oversight and governance of the Agency's Financial Outcomes and ensure the outcomes stay within the Financial Target as set in the Agency's Resource Agreement
- Oversight of the temporary personnel expenditures and the Agency's Salary Expenditure Limit
- Governance and provision of direction of Future Asset Investment Program: including the Investment Planning Cycle, sound Business Case Strategy, successful negotiation strategy with MRWA's external funding providers (i.e. Commonwealth Government, Royalties for Regions, Road Safety Commission/WA Police)

Corporate Safety Health and Wellbeing Committee

This committee is part of the high-level governance arrangement reflecting the importance we place on the safety of our workforce and is chaired by the Executive Director Human Resources. It also includes all members of Corporate Executive along with safety representatives from each Directorate.

Role	Executive Members:
<ul style="list-style-type: none"> · Presides over safety, health and wellbeing issues from high-level strategy to reviews of individual incidents · Acts as a primary Occupational Safety and Health channel and reports to Corporate Executive on full-time and contracted employees 	Neville Willey (Chair) Peter Woronzow Philip D'Souza Doug Morgan Leo Coci Des Snook John Erceg Tony Earl Nicole Walton

Some of the key focus areas of the committee during the past year included:

- Review of dashboard – lead and lag indicators
- Identify trends for incidents, near misses, hazard reporting
- Review of the alcohol and other drugs procedure
- WorkSafe notifications – updating committee
- Obtaining Federal Safety Commission accreditation
- Review of the SHW policy statement
- Review of corporate SHW three-year strategy.

More information on our health and safety activities is included in the Safety, Health and Wellbeing section.

Asset Management Committee

The objective of this committee is to guide the development, implementation and operation of our Asset Management System to meet the needs of our strategic direction.

Role	Executive Members:
<ul style="list-style-type: none"> Implement a system that delivers cost effective, sustainable, systematic and coordinated management of our assets across the asset management lifecycle Ensure that responsibility for asset management activities is assigned and we have appropriate skills Ensure that the information flow of asset risks, criticality and value for financial planning and reporting is in place Deliver the Strategic Asset Management Plan and Asset Management Plans Seek integration with other corporate and Portfolio processes and systems Coordinate activities to respond to external drivers 	John Erceg (Chair) Doug Morgan Des Snook Philip D'Souza

Some of the key focus areas of the committee during the past year included:

- Detailed Road Map to achieve an Asset Management System aligned with the requirements of ISO 55001
- Asset Management System – Progress has been achieved on a number of initiatives including:
 - comprehensive review of each Region's road maintenance 10 Year Network Delivery Plan to ensure accuracy and consistency across the state
 - development of a Resurfacing Asset Management Plan
 - development of a Pavement Asset Management Plan
 - development of a State-Wide Road Maintenance Management Plan
 - completion of 9 strategic route strategies
 - review of asset management capability
 - development of a set of Asset Management Objectives.

Main Roads Investment Committee

This committee is the peak decision-making body for strategic network development strategy and investment planning, and for overseeing development of the Ten-Year Investment Plan.

Role	Executive Members:
<ul style="list-style-type: none"> Review and endorse the long-term Network Development Strategy and Plan (20 Year Horizon) Establish the investment focus and link organisational strategic objectives with outcomes that address defined needs and problems Review and endorse the Ten-Year Investment Plan Review and endorse project priorities for the annual Investment Planning and Budget cycle Approve the allocation of definition and development funding 	Doug Morgan (Chair) Philip D'Souza Tony Earl Leo Coci Des Snook John Erceg

Some of the key focus areas of the committee during the past year included:

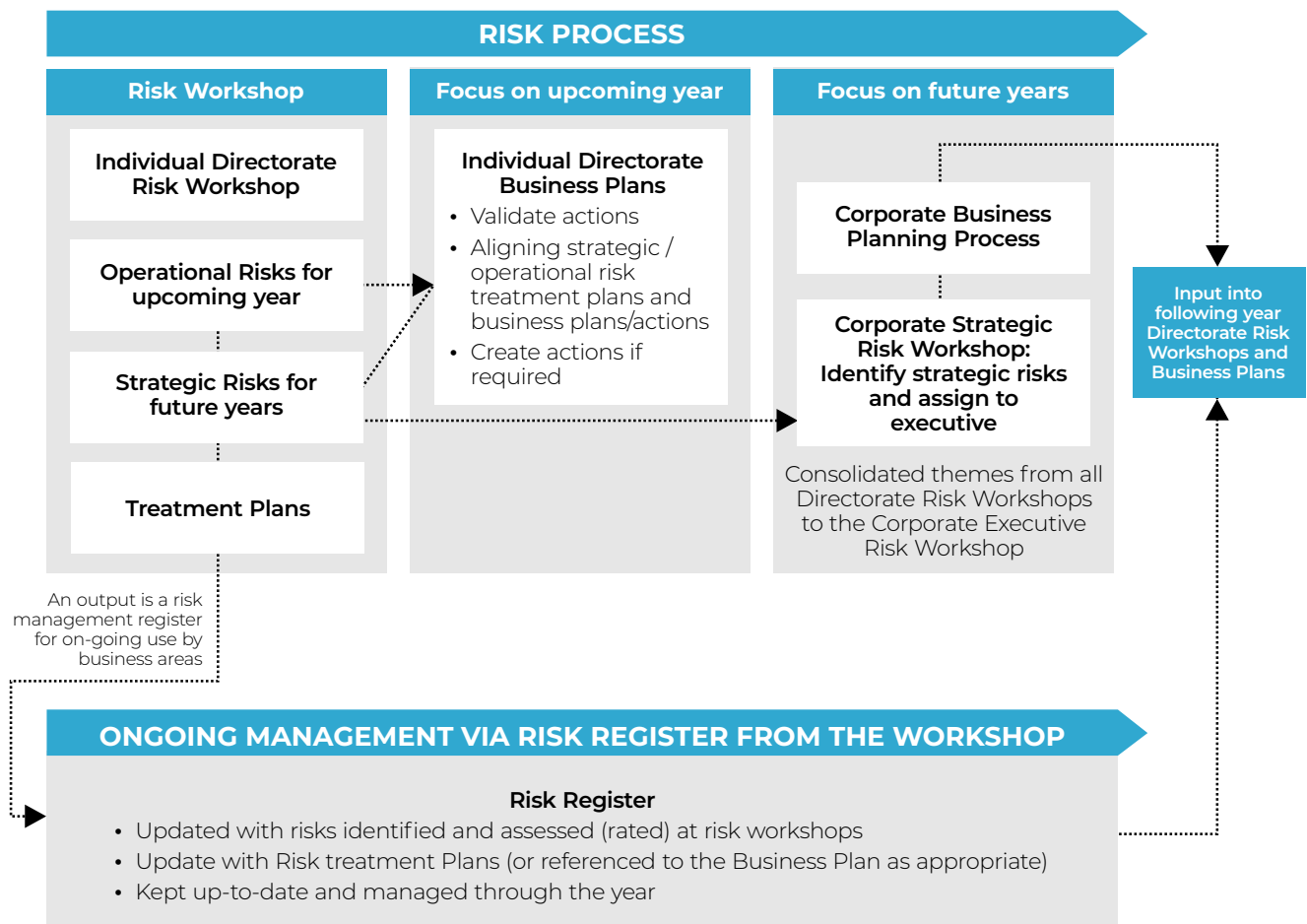
- Providing strategic oversight to ensure the development and submission of high priority projects to Department of Transport and the Minister for Transport for consideration in the State Budget Process
- Overseen the development of the new Budget and Investment Planning Framework
- Approval of priority projects to be subject to the new V2.0 rating tool developed by the Infrastructure Sustainability Council of Australia (ISCA) framework.

Risk Management

Risk is an inherent part of everything we do, risk management is a continuous function that affects all facets of our lives and is something we act upon either consciously or subconsciously. From an organisational viewpoint, the systematic management of risk is crucial at all levels whether it be from a strategic viewpoint or in our day-to-day operations.

Our risk management approach aligns with the context within which we operate, taking account of the regulatory, financial, safety, political, economic environment, compliance requirements, reputational exposures, community expectations and other governance needs. We adopt AS/NZS 31000: 2009 Risk Management – Principles and Guidelines Standard as our general approach to risk management.

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



The following were our principle risks and opportunities identified last year aligned against the material issues

Risk Theme	Material Issues	Key Resources Impacted
Strategic Alignment <ul style="list-style-type: none"> Meeting the needs of new government 	Good public policy Procurement practices	Customers Know-How
Outcomes <ul style="list-style-type: none"> Inability to adequately maintain the network Failure to coordinate and implement key projects Inability to achieve congestion management outcomes Not delivering against the Road Safety Management System (ROSMA) 	Road safety Congestion and freight productivity Regional presence and development Indigenous heritage and native title Value for money	Network performance Assets Customers
Capability <ul style="list-style-type: none"> Inadequate strategic asset management Inability to maintain sustainable funding model 	Congestion and freight productivity Regional presence and development Value for money	Know-How People Assets Financial capital
Communication <ul style="list-style-type: none"> Ineffective engagement with stakeholders 	Local communities	Customers Assets Network performance

A key component of our risk management framework is the facilitation of regular risk review workshops for corporate and key business areas.

Additional Governance Disclosures

Delegation of Authority

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

Ministerial Directives

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

Freedom of Information

The *Freedom of Information Act 1992* (WA) gives the public a general right to apply for access to documents held by government agencies. An information statement has been produced in accordance with the requirements of the Freedom of Information Act and is available on our website. This statement provides a guide on how to apply for access to documents, as well as information about documents that may be available outside of freedom of information (FOI) process. During the year, we received 59 FOI applications. Any FOI enquiries can be emailed to: foi@mainroads.wa.gov.au

Integrity Framework

Main Roads developed and implemented a new Integrity Framework in 2017-18 which consolidates and clarifies policies and processes in relation to fraud and corruption, gifts and benefits, conflict of interest, lobbyists, and misconduct. Features of the Integrity Framework include biennial fraud and corruption risk workshops, a detection program, and increased transparency through a central fraud and corruption incident register. The framework was developed in a consultative fashion and is aligned with Australian Standard 8001. The Integrity Framework is available to all employees via the iRoads intranet site.

Corruption Prevention

We have strategies in place to prevent the misappropriation of funds and inappropriate use of public property that includes a comprehensive annual audit plan to provide a balanced mix of financial, operational and information technology audits. In addition, Risk Management is considered an integral part of the annual business planning, project planning and the overall management of safety and environment. Risks are managed and monitored at all levels. Main Roads' Integrity Framework clearly sets out the relevant policies and obligations for all employees with respect to preventing, mitigating and reporting instances of fraud and corruption.

Conduct and Ethics

All employees are expected to abide by Public Sector Code of Ethics, Main Roads Code of Conduct, Main Roads Values, Integrity Framework and Corruption and Crime Procedures and Guidelines. When a complaint or a report of alleged inappropriate behaviour or misconduct is received, management is required to act undertaking an initial review of the information or complaint. The outcome of this review determines the most appropriate action which may include:

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

Staff may also report directly to the Corruption and Crime Commission or the Public Sector Commission.

Customer Privacy

Main Roads, as with all WA state government agencies, is not subject to the *Privacy Act 1988* (Cth) and to date there is no equivalent statute in WA. However, the long standing practice has been to adhere, where possible, to the Australian Privacy Principles set out in Schedule 1 of the *Privacy Act 1988*.

We value the privacy of our customers. Our external website sets out clearly our privacy policy and discloses how data may be used when our website is accessed or through Bluetooth technology. We analyse data to assist in reducing congestion and helping the WA public make smart choices including when driving in peak hour traffic. Visitors to the Main Roads website can opt out of data analytics and Google advertising by following the link available on our privacy page. In relation to customer privacy, no attempt is being made to identify users or their browsing activities except, in the unlikely event of an investigation, where a law enforcement agency may exercise a warrant to inspect the service provider's logs.

We also conduct projects during the year for which bespoke privacy policies may be created depending on the activity. For example the travel surveys pilot study that involved volunteers wearing GPS devices to collect specific data on travel patterns. The Addinsight Bluetooth system utilises Bluetooth detectors at signalised intersections on the road network to anonymously track Bluetooth enabled devices. The Bluetooth receivers picks up passing vehicles using car stereos and hand free kits and then calculates travel time along a segment of road. We can then use this system to help monitor travel time, excess delays and performance along a route.

If a customer subscribes to any services on our website, their email address and other personal information provided will be maintained on our mailing list. We log the following information for statistical purposes:

- the addressee's server address
- the addressee's top level domain name (e.g. .com, .gov, .au, .uk etc.)
- the number of times an email was opened
- the type of browser used.

Customers' email addresses are confidential and used only for the purpose for which it has been provided. It will not be added to a mailing list unless you have given specific permission as part of the requested service. We will not use or disclose email addresses to any third party without explicit consent, nor will customers get any unsolicited bulk email or 'spam' with commercial offers or advertisements.

Public Interest Disclosures

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

Conflicts of Interest

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

We have a Conflict of Interest and Gifts and Benefits register, maintained by the Manager Legal and Insurance Services. We consider conflict of interest to include:

- decisions that are biased, as a result of outside activities or private employment
- outside activities that result in less than satisfactory work performance or cause breaches of standards such as those relating to occupational safety and health
- information gained from official employment that is used for private gain
- government resources that are used for private gain
- government time that is used to pursue private interests
- acceptance of gifts or benefits
- disclosure of confidential information obtained during the course of duty
- breach of ethics
- the granting or receiving of favours for political, status, relationship, personal or business advantage
- actions jeopardising government and Main Roads policies and procedures
- actions which place Main Roads at risk.

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

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

Acceptance of Gifts and Benefits

Our Integrity Framework states that Main Roads employees and Contract Personnel engaged by Main Roads must not:

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

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

Business Continuity Management

The Public Sector Commissioner’s Circular 2015–03 and Treasurer’s Instruction 825 (Risk Management and Security) require agencies to ensure Business Continuity Plans are in place enabling the agency to respond to, and recover from, any business disruption. To ensure compliance, we have developed Business Continuity Action Plans. Business Continuity Management supports the values, principles and corporate focus of the agency’s Risk Management Policy.

Benefits include:

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

All Main Roads branches and directorates in the Perth Metropolitan area have a Business Continuity Action Plan in place and function within an overarching Business Continuity Management Procedure.

Integrated Management System

The Main Roads Integrated Management System (IMS) has been certified to the Quality, Safety and Environment standards for approximately 17 years.

Our IMS brings together our systems and processes into one framework, providing consistency in how we plan and manage projects, contracts, supply, environment and safety.

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

In April 2018 we undertook a surveillance audit of our IMS confirming that we continue to comply with the requirements of International and Australian Standards, maintaining our existing certification through to 2019. All 2018 Audit findings were rated at a low level.

During 2018 our focus has been to ensure continuous improvement in the IMS. Our activities have included:

- Regular ongoing feedback on IMS matters is sought from all directorates and regions
- Policy statements for Quality, Safety and Environment were reviewed and approved by Corporate Executive
- Combined internal audits were undertaken to confirm that all three management systems are effective and continue to meet the requirements of the standards
- IMS Working Group met regularly to ensure audit findings are addressed by the appropriate people
- Process Owners Reference Group discusses continuous improvement of our business processes and improved integration of the three management systems
- 2018 annual review of the IMS was attended by top management and employees
- Development of Depot Inspections, Depot Audit Templates and Depot Audit Schedules
- Continued delivery of the successful IMS awareness training for the organisation to ensure that both management and employees were aware of their obligations.

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Statement of Certification

Key Performance Indicators

We hereby certify that the key performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the Commissioner of Main Roads performance and fairly represent the performance of the Commissioner of Main Roads for the financial year ended 30 June 2018.

Financial Statements

The accompanying financial statements of the Commissioner of Main Roads have been prepared in compliance with the provisions of the *Financial Management Act 2006* (WA) from proper accounts and records to present fairly the financial transactions for the financial year ended 30 June 2018 and the financial position as at 30 June 2018.

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



Philip D'Souza
A/CHIEF FINANCE OFFICER
28 August 2018



Peter Woronzow
A/MANAGING DIRECTOR OF MAIN ROADS
28 August 2018



Richard Sellers
ACCOUNTABLE AUTHORITY
28 August 2018

Auditor General's Opinion

INDEPENDENT AUDITOR'S REPORT

To the Parliament of Western Australia

COMMISSIONER OF MAIN ROADS

Report on the Financial Statements



Auditor General

Opinion

I have audited the financial statements of the Commissioner of Main Roads which comprise the Statement of Financial Position as at 30 June 2018, the Statement of Comprehensive Income, Statement of Changes in Equity, and Statement of Cash Flows for the year then ended, and Notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements are based on proper accounts and present fairly, in all material respects, the operating results and cash flows of the Commissioner of Main Roads for the year ended 30 June 2018 and the financial position at the end of that period. They are in accordance with Australian Accounting Standards, the *Financial Management Act 2006* and the Treasurer's Instructions.

Basis for Opinion

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

Responsibility of the Commissioner for the Financial Statements

The Commissioner is responsible for keeping proper accounts, and the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the *Financial Management Act 2006* and the Treasurer's Instructions, and for such internal control as the Commissioner determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibility for the Audit of the Financial Statements

As required by the *Auditor General Act 2006*, my responsibility is to express an opinion on the financial statements. The objectives of my audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the agency's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Commissioner.
- Conclude on the appropriateness of the Commissioner's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the agency's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Controls

Opinion

I have undertaken a reasonable assurance engagement on the design and implementation of controls exercised by the Commissioner of Main Roads. The controls exercised by the Commissioner are those policies and procedures established by the Commissioner to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions (the overall control objectives).

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

In my opinion, in all material respects, the controls exercised by the Commissioner of Main Roads are sufficiently adequate to provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities have been in accordance with legislative provisions during the year ended 30 June 2018.

The Commissioner's Responsibilities

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

Auditor General's Responsibilities

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

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

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

Limitations of Controls

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

Report on the Key Performance Indicators**Opinion**

I have undertaken a reasonable assurance engagement on the key performance indicators of the Commissioner of Main Roads for the year ended 30 June 2018. The key performance indicators are the key effectiveness indicators and the key efficiency indicators that provide performance information about achieving outcomes and delivering services.

In my opinion, in all material respects, the key performance indicators of the Commissioner of Main Roads are relevant and appropriate to assist users to assess the Commissioner's performance and fairly represent indicated performance for the year ended 30 June 2018.

The Commissioner's Responsibility for the Key Performance Indicators

The Commissioner is responsible for the preparation and fair presentation of the key performance indicators in accordance with the *Financial Management Act 2006* and the Treasurer's Instructions and for such internal control as the Commissioner determines necessary to enable the preparation of key performance indicators that are free from material misstatement, whether due to fraud or error.

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

Auditor General's Responsibility

As required by the *Auditor General Act 2006*, my responsibility as an assurance practitioner is to express an opinion on the key performance indicators. The objectives of my engagement are to obtain reasonable assurance about whether the key performance indicators are relevant and appropriate to assist users to assess the agency's performance and whether the key performance indicators are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion.

I conducted my engagement in accordance with Standard on Assurance Engagements ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* issued by the Australian Auditing and Assurance Standards Board. That standard requires that I comply with relevant ethical requirements relating to assurance engagements.

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

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

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

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

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

This auditor's report relates to the financial statements and key performance indicators of the Commissioner of Main Roads for the year ended 30 June 2018 included on the Commissioner of Main Roads website. The Commissioner of Main Roads' management is responsible for the integrity of the Commissioner of Main Roads' website. This audit does not provide assurance on the integrity of the Commissioner of Main Roads' website. The auditor's report refers only to the financial statements and key performance indicators described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements or key performance indicators. If users of the financial statements and key performance indicators are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial statements and key performance indicators to confirm the information contained in this website version of the financial statements and key performance indicators.



CAROLINE SPENCER
AUDITOR GENERAL
FOR WESTERN AUSTRALIA
Perth, Western Australia

28 August 2018

Performance Measures

KEY PERFORMANCE INDICATORS

Introduction

Around the world governments and communities are seeking to better understand if the services being delivered by agencies are meeting the goals and outcomes expected of them. One way to determine this is through timely, accurate and meaningful performance information as an essential part of good management. Done well, this assists in improving accountability and transparency and aids us in our decision making. At Main Roads we use performance measurement to gain insight into, and make judgements about, the effectiveness and efficiency of the services we provided to the community.

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

- providing guidance and direction on how efficient and effective we are
- indicating where improvements might be necessary
- identifying potential areas of risk
- determining if our customers are satisfied
- measuring our success in delivering agreed Government goals and outcomes.

Our performance measures are integrated within a monthly evaluation and reporting process that is reviewed by our Corporate Executive Leadership team.

Alignment with Government Goals

Main Roads contributes towards the achievement of three broad goals identified by the Western Australian Government. We achieve the delivery of these goals through a service based outcome approach. We have six services that drive our outcome based decision making used to achieve the delivery of transport and road related services to our customers on behalf of the Government. This table illustrates the relationship between our services and desired outcomes, and the government goals they contribute to.

Main Roads		Government Goals
Service	Outcome	
Road Safety	A safe road environment	Strong Communities Safe communities and supported families
Infrastructure for community access	Improved community access and roadside amenity	
Infrastructure for State Development	Facilitate economic and regional development	Future Jobs and Skills Grow and diversify the economy, create jobs and support skills development
Road System Management	Reliable and efficient movement of people and goods	Better Places A quality environment with liveable and affordable communities and vibrant regions
Road Efficiency Improvements		
Road Network Maintenance	A well maintained road network	

In this report are agreed key effectiveness indicators which measure the extent of impact and success in the delivery of our services against the achievement of desired outcomes. The key efficiency indicators monitor the relationship between the services delivered and the resources used to produce our services.

Understanding our measures

The following provides a more detailed overview supporting two of the more prominent measures found in this report.

Community Perception

Four of the measures are derived from an annual Community Perceptions Survey that reflects the satisfaction levels of our customers in metropolitan and rural areas. These measures are Community Satisfaction with Main Roads, Road Safety, Provision of Cycleway and Pedestrian Facilities and Road Maintenance. An external research company collected the data by way of an online survey. The results are based upon a random and representative sample (age, gender and region) of 1,441 people (729 in the Metropolitan area and 712 in rural areas). When extending these results to estimate the percentage of satisfied Western Australians, the overall sampling error is $\pm 2.58\%$ at the 95% confidence interval. The data is also weighted to reflect the actual population distribution based on ABS statistics. In each case, respondents rated Main Roads performance as terrible, poor, okay, good or excellent in terms of road safety, providing cycleway and pedestrian facilities, road maintenance and overall performance. The reported results represent only the total of okay, good and excellent.

On Time and On Cost

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

Changes to the measures this period

There has been only one minor change to the methodologies underpinning our measures this financial year.

Network Configuration – Bridges

Bridges are assessed for strength and width using agreed criteria. This monitoring of bridge strength and width ensures a safe and efficient road network focussed on improved access and transport efficiencies. This measure is an indicator of the number of bridges that meet, or are above, the agreed criteria. The result is recorded as a percentage of the total number of bridges on main roads and highways. A modification was made to the methodology for Bridge strength criteria this year which resulted in a slight increase in the number of bridges meeting the criteria. The minor modification excluded the vehicle category of "quads" from the calculation due to these type of vehicles are rarely being used by operators and therefore not truly reflecting the access needs of the network. The change resulted in the number of bridges meeting the required rating rising from 92% to 94%. To reflect the change in methodology the prior year's figures have been amended and are included in this report for consistency in reporting previous results.

Structure

The following table provides a summary of our service outcomes and measures for each indicator showing the trend over time as well as providing a status report as to how the results for 2017-18 compared against the targets from the State Budget Papers. The remainder of this section provides commentary on the efficiency and effectiveness indicators for each of the six outcome based services.

SUMMARY OF KEY PERFORMANCE MEASURES AND OUTCOMES

	2015	2016	2017	2018 Target	2018 Actual	
Road Safety						
% Community Satisfaction of road safety	94	91	90	90	88	
Black Spot location indicator	9.7	9.1	8.43	8.26	7.92	
% of contracts completed on time	94	91	77	90	89	
% of contracts completed on budget	94	87	93	90	92	
Road Efficiency and Road System Management						
% Community Satisfaction	96	91	87	90	88	
Road network permitted for use by heavy vehicles	B Double – 27.5m %	98	98	97	97	
	Double RT – 27.5m %	97	97	97	96	
	Double RT-36.5m %	80	80	80	78	
	Triple RT-53.5m %	45	45	45	44	
% Network configuration	Roads	91	91	92	90	
	Bridges	Strength	89	92	92	91
		Width	95	96	96	96
% of contracts completed on time	72	98	68	90	83	
% of contracts completed on budget	100	98	93	90	100	
Average \$ cost of network management per million vehicle km travelled	5,226	5,572	5,291	5,300	5,388	
State Development						
Average return on construction expenditure	5.6	4.2	3.2	2.6	3.3	
% of contracts completed on time	100	100	40	90	75	
% of contracts completed on budget	100	75	100	90	100	
Road Maintenance						
% Smooth Travel Exposure	96	N/A	96	N/A	N/A	
% Community Satisfaction road maintenance	95	88	84	90	82	
% Preventative maintenance indicator	85	86	85	85	84	
Average \$ cost of network maintenance per lane kilometre of road network	6,776	7,177	7,753	7,250	9,129	
Community Access						
% of the year that 100% of the Main Roads' State road network is available	93	89	92	95	87	
% Community satisfaction with cycleways and pedestrian facilities	76	83	87	90	89	
% of contracts completed on time	85	91	100	90	64	
% of contracts completed on budget	92	100	100	90	100	

Road Safety

Outcome: Providing a safe road environment

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

	2018 Target	2018 Actual
% Community Satisfaction of road safety	90	88
Black Spot location indicator	8.26	7.92
% of contracts completed on time	90	89
% of contracts completed on budget	90	92

Effectiveness Indicators

Community Satisfaction with Road Safety

This indicator represents how satisfied the community is with Main Roads' overall performance in area of road safety. The 2018 survey results show that Main Roads is still performing well in this area, achieving an 88% okay or better rating, only a slight, but not statistically significant, decrease from 2017. The Great Southern Region experienced the most significant drop in results however the Kimberley and the South West Region both saw improvements from 2017.

Black Spot Location Indicator

The indicator gives a measure of the number of locations on the road network that meet State Black Spot criteria based on an analysis of crash history. The measure uses a sliding window to determine whether the number of locations eligible for funding is increasing or decreasing, considering the amount of travel in the State. The four-year trend continues to show a gradual decline in the number of eligible black spot locations with the current result once again being the lowest recorded since the implementation of the Black Spot program in 2001, coming in below the estimated target.

Efficiency Indicators

Percentage of Contracts Completed on Time

This indicator represents the percentage of contracts delivered on time in the Road Safety Service. The result achieved was 89% against a target of 90%. There were eight contracts that were over time, two of which are works in progress, a third had a variation issued and as at 30 June had not been approved. Of the remaining five contracts, all were delayed due to inclement weather.

Percentage of Contracts Completed on Budget

This indicator represents the percentage of contracts delivered on budget in the Road Safety Service. The result achieved was 92%, which is slightly higher than the target of 90%. There were six contracts that exceeded budget, three have had variations issued and as at 30 June had not been yet approved whilst a further two contracts are being reviewed and are subject to further administrative analysis. The remaining contract was over budget due to pavement issues and works to correct it has been undertaken.

Efficiency and Road System Management

Outcome: Reliable and efficient movement of people and goods

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

We demonstrate this through the following measures:

		2018 Target	2018 Actual
% Community Satisfaction		90	88
Road network permitted for use by heavy vehicles	B Double – 27.5m %	96	97
	Double RT – 27.5m %	96	97
	Double RT-36.5m %	78	80
	Triple RT-53.5m %	44	45
% Network configuration	Roads	90	92
	Bridges		
	Strength	91	94
	Width	96	96
% of contracts completed on time		90	83
% of contracts completed on budget		90	100
Average \$ cost of network management per million vehicle km travelled		5,300	5,388

Effectiveness Indicators

Community Satisfaction

This indicator represents how satisfied the community is with Main Roads' overall performance in the management and operation of the State road network. 88% of survey participants rated Main Roads' performance as okay or better, a slight increase on 2017 results. Three regions either met or exceeded the 90% target with the Kimberley region achieving 96%. Wheatbelt had the lowest overall performance rating of 61%.

Road Network Permitted for use by Heavy Freight Vehicles

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

Network Configuration-Roads

This indicator shows the percentage of travel undertaken on roads meeting specific criteria for seal width, carriageway width and curve rating. The indicator gives a measure of the ability of Main Roads to plan for and maintain roads to desirable standards. In 2018, 92% of travel was undertaken on roads meeting the seal width, carriageway width and curve rating criteria which is above the target of 90% for that period. The results over the four-year period are relatively consistent and demonstrate that Main Roads continues to plan and program works to address roads that are below the criteria.

Network Configuration – Bridges

Like the roads measure, bridges are assessed for strength and width using agreed investigatory criteria. The monitoring of bridge strength and width needs to ensure a safe and efficient road network relating to improved access and transport efficiencies. These measures are indicators for the number of bridges that meet, or are above, the investigatory criteria, recorded as a percentage of the total number of bridges on main roads and highways. Bridges that do not meet the investigatory criteria for strength or width are considered in assessing, scoping and prioritising works, as part of the ten-year bridge strategy.

Strength – The results of this indicator show that 94% of the bridges meet the agreed criteria for strength against a target of 91%.

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

It should be noted that a minor modification was made to the methodology for Bridge strength criteria this year which resulted in a slight increase in the number of bridges meeting the criteria. The modification excluded the vehicle category of “quads” from the calculation due to these types of vehicle rarely being used by operators and therefore not truly reflecting the access needs of the network. Prior year’s figures have been amended and are included in this report for consistency in reporting previous results. The modified outcome for each previous year was immaterial i.e. less than a 2% change and is still meeting the respective years targets.

Efficiency Indicators

Percentage of Contracts Completed on Time

This indicator represents the percentage of contracts delivered on time in the Road Efficiency Service. The result achieved was 83%, which is below the target of 90%. Of the four contracts that were late, one is on hold pending further approvals being received, whilst two of the contracts were late due to contractor issues with resourcing and non conformance with Australian Standards for barrier railing. The final late contract was delayed due to inclement weather, an extension of time has since been granted however, at the time of reporting had not been approved.

Percentage of Contracts Completed on Budget

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

Average Cost of Network Management

This indicator measures the financial efficiency of the Road System Management program in terms of cost per million vehicle kilometres travelled to manage the road system. In order to compare current figures with previous years all figures have been adjusted and reported in terms of current year’s dollars. In respect of the current year, the result of \$5,388 per million vehicle kilometres travelled is slightly higher than the target of \$5,300.

State Development

Outcome: Facilitating economic and regional development

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

	2018 Target	2018 Actual
Average return on construction expenditure	2.6	3.3
% of contracts completed on time	90	75
% of contracts completed on budget	90	100

Effectiveness Indicators

Return on Construction Expenditure

New road and bridge construction networks add to the capacity of the road network. Return on Construction Expenditure is based on Benefit Cost Ratio (BCR) estimates of a set of projects undertaken each year. It indicates the extent to which road and bridge construction expenditure will deliver future economic benefits to the community. This indicator represents the expenditure weighted BCR for the State Development Service and Road Efficiency Service for which a BCR has been calculated. The BCR came ahead of target with an expenditure weighted average result of 3.3 against the target of 2.6.

Efficiency Indicators

Percentage of Contracts Completed on Time

This indicator represents the percentage of contracts delivered on time in the State Development Service. The result achieved was 75%, which is below the target of 90%. There was only one contract late and this was due to the time taken in obtaining approvals from the Water Corporation for work around its infrastructure, this was further compounded by inclement weather resulting in delays in laying asphalt.

Percentage of Contracts Completed on Budget

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

Road Maintenance

Outcome: Providing a well maintained road network

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

	2018 Target	2018 Actual
% Smooth Travel Exposure	N/A	N/A
% Community Satisfaction road maintenance	90	82
% Preventative maintenance indicator	85	84
Average \$ cost of network maintenance per lane kilometre of road network	7,250	9,129

Effectiveness Indicators

Community Satisfaction of Road Maintenance

This indicator represents how satisfied the community is with Main Roads' overall performance in the maintenance of the State road network. 82% of survey participants rate our performance as okay or better, a slightly lower result than 2017. Regionally, South West and Kimberley were the two regions to improve on last year and the Metro region achieved the highest result, for the second year running, of 88%.

Preventative Maintenance Indicator

The Preventative Maintenance Indicator provides a measure of the proportion of sealed state road network which has a surfacing age younger than its optimal target age. The indicator provides a measure of proactive maintenance undertaken on the network on an annual basis, sections of the network with a surfacing age younger than target age are classified as 'Good'. This year the analysis shows that 84% of the network is good which is just below the target of 85%, the overall result is slightly lower than previous year's results. A review of the data identified an immaterial error in prior year calculations that overestimated the target age. The impact has seen variations of less than 2% over the last three years results. Prior year's figures have amended and in each case, the outcome meets the target for those respective years.

Smooth Travel Exposure

This indicator is based on the percentage of travel undertaken on the State road network meeting specific roughness criteria. The period 2017-18 is a non-reporting period, the next result will be reported in 2018-19.

Efficiency Indicators

Average Cost of Network Maintenance per Lane Kilometre of Road Network

This indicator identifies the financial efficiency of road and roadside maintenance works by showing the cost per lane kilometre to maintain acceptable travel conditions on the State roads. In determining the cost basis expenditure on structures and infrastructure depreciation has been excluded. In order to compare current figures with previous years all figures have been adjusted and reported in terms of current year's dollars which can influence the trend result. This year's result shows a variance against the target with the result being higher than estimated. Contributing factors towards the higher result include additional funding being made for resealing and rehabilitation works along with additional work from natural disasters, more than double last year's expenditure.

Community Access

Outcome: Improving community access and roadside amenity

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

	2018 Target	2018 Actual
% of the year that 100% of the Main Roads' State road network is available	85	87
% Community satisfaction with cycleways and pedestrian facilities	90	89
% of contracts completed on time	90	64
% of contracts completed on budget	90	100

Effectiveness Indicators

Unplanned Road Closure on the State Road Network

Generally 100% of Main Roads Road sealed network is available to all road users; however, there are unplanned road closures due to a number of reasons including flooding, cyclones, bushfires and major road crashes, which may vary in duration. The availability of the sealed road network is measured as a percentage of calendar days that the whole network is available to the road user. Closure is determined by measuring the number of whole days (24 hours commencing from the time the road is closed) that any section of the sealed road network is closed. This year the road network was available 87% of the year, which exceeds the 85% target. The greatest number of closures was in the Great Southern region reflecting the September and October flooding event.

Community Satisfaction with Cycleways and Pedestrian Facilities

This indicator represents how satisfied the community is with Main Roads' performance in the construction, maintenance and management of cycleways and pedestrian facilities. Of the four community satisfaction indicators, Cycleways and Pedestrians is the only one to show an upward trend, with 89% of participants rating it as okay or better in 2018. Regionally, results in the Metro, Pilbara, South West and Wheatbelt have all improved since 2017.

Efficiency Indicators

Percentage of Contracts Completed on Time

This indicator represents the percentage of contracts delivered on time in the Community Access Service. The result achieved was 64%, which is below the target of 90%. Of the four contracts that were late two are still works in progress whilst of the remaining two, one was delayed to issues with installation of drainage whilst the second contract was delayed due to large volumes of waste on site and procurement delays with materials not being supplied on time.

Percentage of Contracts Completed on Budget

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

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STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2018

	Note	2018 \$000	2017 \$000
COST OF SERVICES			
Expenses			
Employee benefits expenses	3.1(a)	72,081	67,556
Supplies and services	3.3	519,093	472,690
Depreciation and impairment expense of infrastructure assets	5.2.1	343,782	363,669
Depreciation, amortisation and impairment expense – other	5.1.1, 5.3.1	5,296	5,140
Grants and subsidies	3.2	271,179	275,923
Other expenses	3.3	51,427	143,486
Total cost of services		1,262,858	1,328,464
Income			
<i>Revenue</i>			
Sale of goods and services	4.2	10,970	11,234
Commonwealth grants and contributions	4.3	772,639	263,474
Contributions to roadworks	4.4	108,341	93,090
Grants from other bodies	4.5	9,731	22,409
Interest revenue	4.6	6,004	5,210
Other revenue	4.7	11,300	10,939
Total revenue		918,985	406,356
<i>Gains</i>			
Gain/(loss) on disposal of non-current assets	4.8	(708)	(3,257)
Total gains		(708)	(3,257)
Total income other than income from State Government		918,277	403,099
NET COST OF SERVICES		344,581	925,365
Income from State Government	4.1		
Income from State Government		897,792	923,910
Services received free of charge		1,672	1,846
Other funds received from State Government		183,337	150,849
Total income from State Government		1,082,801	1,076,605
SURPLUS FOR THE PERIOD		738,220	151,240
OTHER COMPREHENSIVE INCOME			
Items not reclassified subsequently to profit or loss			
Changes in asset revaluation surplus	9.8	(34,166)	(1,916,165)
Total other comprehensive income		(34,166)	(1,916,165)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		704,054	(1,764,925)

See also note 2 '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 30 June 2018

	Note	2018 \$000	2017 \$000
ASSETS			
Current Assets			
Cash and cash equivalents	7.1	283,742	91,984
Restricted cash and cash equivalents	7.1	251,059	183,136
Receivables	6.1	116,822	97,589
Amounts receivable for services	6.2	38,936	30,303
Inventories	6.3	3,932	3,379
Prepayments	6.4	9,715	13,894
Non-current assets classified as held for sale	9.7	11,620	1,579
Total Current Assets		715,826	421,864
Non-Current Assets			
Receivables	6.1	238	1,147
Amounts receivable for services	6.2	2,502,858	2,214,931
Inventories	6.3	5,408	1,912
Prepayments	6.4	367	1,157
Property, plant and equipment	5.1	426,473	477,030
Infrastructure	5.2	43,802,551	43,126,425
Intangible assets	5.3	14,828	13,498
Total Non-Current Assets		46,752,723	45,836,100
TOTAL ASSETS		47,468,549	46,257,964
LIABILITIES			
Current Liabilities			
Payables	6.5	318,133	283,493
Employee related provisions	3.1(b)	28,426	27,433
Other provisions	6.6	1,877	5,744
Total Current Liabilities		348,436	316,670
Non-Current Liabilities			
Employee related provisions	3.1(b)	4,925	5,034
Total Non-Current Liabilities		4,925	5,034
TOTAL LIABILITIES		353,361	321,704
NET ASSETS		47,115,188	45,936,260
EQUITY			
	9.8		
Contributed equity		5,052,392	4,574,692
Reserves		27,636,301	27,670,467
Accumulated surplus		14,426,495	13,691,101
TOTAL EQUITY		47,115,188	45,936,260

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 2018

	Note	Contributed Equity \$000	Reserves \$000	Accum- ulated surplus/ (deficit) \$000	Total Equity \$000
Balance at 1 July 2016	9.8	4,258,913	29,586,632	13,539,861	47,385,406
– Surplus		–	–	151,240	151,240
– Other comprehensive income		–	(1,916,165)	–	(1,916,165)
Total comprehensive income for the period		–	(1,916,165)	151,240	(1,764,925)
Transactions with owners in their capacity as owners:					
– Capital appropriations		307,721	–	–	307,721
– Other contributions by owners		31,608	–	–	31,608
– Distributions to owners		(23,550)	–	–	(23,550)
Total		315,779	–	–	315,779
Balance at 30 June 2017		4,574,692	27,670,467	13,691,101	45,936,260
Balance at 1 July 2017		4,574,692	27,670,467	13,691,101	45,936,260
Correction of errors in prior period		2,826	–	(2,826)	–
– Surplus		–	–	738,220	738,220
– Other comprehensive income		–	(34,166)	–	(34,166)
Total comprehensive income for the period		2,826	(34,166)	735,394	704,054
Transactions with owners in their capacity as owners:					
– Capital appropriations		336,556	–	–	336,556
– Other contributions by owners		156,538	–	–	156,538
– Distributions to owners		(18,220)	–	–	(18,220)
Total		474,874	–	–	474,874
Balance at 30 June 2018		5,052,392	27,636,301	14,426,495	47,115,188

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 2018

	Note	2018 \$000	2017 \$000
CASH FLOWS FROM STATE GOVERNMENT			
Service appropriation		568,932	605,922
Capital appropriation		336,556	307,721
Holding account drawdown		32,300	60,606
Road Trauma Trust Fund		57,671	87,158
Natural disaster funds		97,017	50,681
Royalties for Regions Fund		138,250	11,832
Net cash provided by State Government		1,230,726	1,123,920
Utilised as follows:			
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee benefits		(71,793)	(67,884)
Supplies and services		(519,639)	(461,970)
Grants and subsidies		(251,228)	(209,667)
GST payments on purchases		(149,346)	(145,679)
Finance costs		-	-
Receipts			
Sale of goods and services		128,704	119,364
Commonwealth grants and contributions		772,639	263,475
Interest received		5,630	6,685
GST receipts on sales		20,225	22,562
GST receipts from taxation authority		128,100	120,671
Other receipts		12,745	7,948
Rent received		3,575	3,752
Net cash provided by/(used in) operating activities	7.1.2	79,612	(340,743)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments			
Purchase of non-current assets		(15,225)	(21,272)
Purchase of infrastructure assets		(1,038,819)	(958,064)
Receipts			
Proceeds from sale of non-current assets		3,387	11,815
Net cash provided by/(used in) investing activities		(1,050,657)	(967,521)
Net increase/(decrease) in cash and cash equivalents		259,681	(184,344)
Cash and cash equivalents at the beginning of the period		275,120	460,207
Cash balance transferred to Other State Agencies		-	(743)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	7.1.1	534,801	275,120

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 2018

1 Basis of preparation

The Commissioner of Main Roads (Main Roads) is a WA Government entity and is controlled by the State of Western Australia, which is the ultimate parent. Main Roads is a not-for-profit entity (as profit is not its principal objective).

A description of the nature of its operations and its principal activities have been included in the 'Overview' which does not form part of these financial statements.

Statement of compliance

These general purpose financial statements have been prepared in accordance with:

- 1) The *Financial Management Act 2006* (**FMA**)
- 2) The *Treasurer's Instructions* (**the Instructions or TI**)
- 3) *Australian Accounting Standards* (**AAS**) including applicable interpretations
- 4) Where appropriate, those **AAS** paragraphs applicable for not-for-profit entities have been applied.

The *Financial Management Act 2006* and the *Treasurer's Instructions* (the Instructions) take precedence over AAS. Several AAS are modified by the Instructions to vary application, disclosure format and wording. 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.

Basis of preparation

These financial statements are presented in Australian dollars applying the accrual basis of accounting and using the historical cost convention. Certain balances will apply a different measurement basis (such as the fair value basis). Where this is the case, the different measurement basis is disclosed in the associated note. All values are rounded to the nearest thousand dollars (\$'000).

Judgements and estimates

Judgements, estimates and assumptions are required to be made about financial information being presented. The significant judgements and estimates made in the preparation of these financial statements are disclosed in the notes where amounts affected by those judgements and/or estimates are disclosed. Estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances.

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.

2 Agency outputs

This section includes information regarding the nature of funding Main Roads receives and how this funding is utilised to achieve the agency's objectives.

	<u>Note</u>
Agency objective	2.1
Schedule of Income and Expenses by Service	2.2

2.1 Agency objectives

Mission

Our aspiration is to provide world class outcomes for our customers through a safe, reliable and sustainable road-based transport system.

Main Roads is predominantly funded by Parliamentary appropriation hypothecated from Motor Vehicle License Fees raised under the *Road Traffic Act 1974*. It also receives grants from the Commonwealth Government.

Services

Main Roads provides the following services:

Service 1: Infrastructure for State Development

The objective of this program is to expand the road network in accordance with Government transport and land use strategies that will facilitate the economic and regional development of the State.

Service 2: Road System Management

The objective of this program is to optimise real time management of the network, provide traveller information and support delivery of projects.

Service 3: Road Efficiency Improvements

The objective of this program is to improve the efficiency, capacity and utilisation of the existing road network.

Service 4: Road Network Maintenance

The objective of this program is to maintain the existing road and bridge network by maximising asset life and minimising whole of life costs.

Service 5: Road Safety

The objective of this program is to reduce the road fatality rate to be the lowest in Australia, minimise road factors contributing to road trauma and reduce the serious crash injury rate.

Service 6: Infrastructure for Community Access

The objective of this program is to provide infrastructure that will improve personal mobility and community access, including increasing the quality of access where appropriate, providing levels of access commensurate with community expectations and meeting minimal levels of appropriate access.

2.2 Schedule of income and expenses by service Schedule of Income and Expenses by Service for 2016-17 and 2017-18 (All amounts in \$'000)

	ROAD SAFETY		ROAD SYSTEM MANAGEMENT		ROAD EFFICIENCY IMPROVEMENTS		INFRASTRUCTURE FOR COMMUNITY ACCESS		ROAD NETWORK MAINTENANCE		INFRASTRUCTURE FOR STATE DEVELOPMENT		Roadworks Capitalised/ Expenses not allocated to Outputs		TOTAL	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
COST OF SERVICES																
Expenses																
Employee benefits expense	4,462	5,360	64,509	57,289	9,136	9,273	1,617	1,215	9,155	8,811	5,812	5,273	(22,609)	(19,665)	72,081	67,556
Supplies and services	129,527	215,278	69,685	64,476	305,836	333,550	113,622	41,729	482,151	390,761	459,320	353,915	(1,041,047)	(927,018)	519,093	472,690
Depreciation of infrastructure assets	0	0	0	0	0	0	0	0	343,782	363,669	0	0	0	0	343,782	363,669
Depreciation and amortisation of other non-current assets	446	800	411	435	879	1,052	372	138	1,923	1,655	1,265	1,060	0	0	5,296	5,140
Grants and subsidies	28,223	61,426	1,621	1,850	14,367	14,662	20,970	4,273	206,630	198,676	1,000	(47)	(1,632)	(4,917)	271,178	275,923
Infrastructure assets retired / replaced	0	0	0	0	0	0	0	0	0	0	0	0	51,427	143,486	51,427	143,486
Total cost of services	162,658	282,865	136,226	124,051	330,217	358,537	136,581	47,355	1,043,641	963,571	467,396	360,201	(1,013,861)	(808,115)	1,262,858	1,328,464
Income																
Revenue																
Sale of goods and services	60	178	2,446	2,316	932	10	152	222	7,340	8,453	41	55	0	0	10,970	11,234
Commonwealth grants and contributions	28,927	16,819	0	4,505	364,721	65,705	6,463	0	54,529	46,424	318,000	130,020	0	0	772,639	263,474
Contributions to roadworks	12,365	10,910	0	157	8,956	32,627	57,280	29,697	21,021	13,624	8,718	6,075	0	0	108,341	93,090
Grants from other bodies	819	2,967	755	1,301	1,616	3,760	684	497	3,533	10,106	2,324	3,778	0	0	9,731	22,409
Interest revenue	505	690	466	302	997	874	422	115	2,180	2,350	1,434	878	0	0	6,004	5,210
Other revenue	951	1,448	877	635	1,876	1,836	795	242	4,103	4,933	2,698	1,844	0	0	11,300	10,939
Total revenue	43,626	33,011	4,545	9,217	379,098	104,813	65,796	30,774	92,706	85,890	333,215	142,651	0	0	918,985	406,356
Gains																
Gain on disposal of non-current assets	(60)	(431)	(55)	(189)	(117)	(547)	(50)	(72)	(257)	(1,469)	(169)	(549)	0	0	(708)	(3,257)
Total gains	(60)	(431)	(55)	(189)	(117)	(547)	(50)	(72)	(257)	(1,469)	(169)	(549)	0	0	(708)	(3,257)
Total income other than income from State Government	43,567	32,580	4,490	9,028	378,980	104,266	65,746	30,702	92,449	84,421	333,046	142,102	0	0	918,277	403,099
NET COST OF SERVICES	119,091	250,285	131,736	115,023	(48,763)	254,270	70,835	16,653	951,192	879,150	134,350	218,099	(1,013,861)	(808,115)	344,581	925,365
INCOME FROM STATE GOVERNMENT																
Service appropriation	64,535	82,653	86,499	108,769	55,434	158,606	79,065	27,339	602,655	451,939	9,604	94,604	0	0	897,792	923,910
Services received free of charge	141	244	130	107	278	310	118	41	607	832	399	311	0	0	1,672	1,846
Other State Government Funds	53,223	90,393	0	0	0	0	3,081	0	124,189	60,456	2,844	0	0	0	183,337	150,849
Capital contribution	67,000	54,756	942	452	132,646	52,397	3,954	3,758	53,785	25,392	216,547	96,269	(474,875)	(233,024)	0	0
Total income from State Government	184,899	228,047	87,571	109,328	188,357	211,312	86,218	31,139	781,236	538,620	229,394	191,184	(474,875)	(233,024)	1,082,801	1,076,605
SURPLUS/DEFICIT FOR THE PERIOD	65,808	(22,238)	(44,165)	(5,694)	237,120	(42,958)	15,383	14,486	(169,956)	(340,530)	95,044	(26,915)	538,986	575,091	738,220	151,240

The Schedule of Income and Expenses by Service should be read in conjunction with the accompanying notes.

3 Use of our funding

Expenses incurred in the delivery of services

This section provides additional information about how Main Roads' funding is applied and the accounting policies that are relevant for an understanding of the items recognised in the financial statements. The primary expenses incurred by Main Roads in achieving its objectives and the relevant notes are:

	Notes	2018 \$000	2017 \$000
Employee benefits expenses	3.1(a)	72,081	67,556
Employee related provisions	3.1(b)	33,351	32,467
Grants and subsidies	3.2	271,179	275,923
Other expenditure	3.3	570,520	616,176

3.1(a) Employee benefits expenses

	2018 \$000	2017 \$000
Wages and salaries	122,408	118,200
Termination benefits	4,137	–
Superannuation – defined contribution plans ^(a)	12,512	12,160
	139,057	130,360
Less: capitalised to infrastructure	(66,976)	(62,804)
	72,081	67,556

(a) Defined contribution plans include West State Superannuation Scheme (WSS), Gold State Superannuation Scheme (GSS), Government Employee Superannuation Board Scheme (GESBs) and other eligible funds.

Wages and salaries: Employee expenses include all costs related to employment including wages and salaries, fringe benefits tax and leave entitlements.

Termination Benefit: Payable when employment is terminated before normal retirement date, or when an employee accepts an offer of benefits in exchange for the termination of employment. Termination benefits are recognised when the agency is demonstrably committed to terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

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

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

Main Roads does not recognise any defined benefit liabilities because it has no legal or constructive obligation to pay future benefits relating to its employees. 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 the Main Roads to the GESB.

The 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.

3.1(b) Employee related provisions

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave for services rendered up to the reporting date and recorded as an expense during the period the services are delivered.

	2018 \$000	2017 \$000
<u>Current</u>		
<i>Employee benefits provisions</i>		
Annual leave ^(a)	12,783	12,445
Long service leave ^(b)	15,310	14,726
	28,093	27,171
<i>Other provisions</i>		
Employment on-costs ^(c)	333	262
Total current employee related provisions	28,426	27,433
<u>Non-current</u>		
<i>Employee benefits provisions</i>		
Long service leave ^(b)	4,867	4,986
<i>Other provisions</i>		
Employment on-costs ^(c)	58	48
Total non-current employee related provisions	4,925	5,034
Total employee related provisions	33,351	32,467

(a) Annual leave liabilities: 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:

	2018 \$000	2017 \$000
Within 12 months of the end of the reporting period	10,274	9,345
More than 12 months after the end of the reporting period	2,509	3,100
	12,783	12,445

The provision for annual leave is calculated at the present value of expected payments to be made in relation to services provided by employees up to the reporting date.

(b) Long service leave liabilities: 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.

Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

	2018 \$000	2017 \$000
Within 12 months of the end of the reporting period	4,225	3,869
More than 12 months after the end of the reporting period	15,952	15,843
	20,177	19,712

The long service leave liabilities are calculated at present value as Main Roads does not expect to wholly settle the amounts within 12 months. The present value is measured taking into account the present value of expected future payments to be made in relation to services provided by employees up to the reporting date. These payments are estimated using the remuneration rate expected to apply at the time of settlement, employee retention rates and 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.

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

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, Note 3.3, and are not included as part of Main Roads' 'employee benefits expense'. The related liability is included in 'Employment on-costs provision'.

	2018 \$000	2017 \$000
<u>Employment on-costs provision</u>		
Carrying amount at start of period	310	163
Additional provisions recognised	81	147
Carrying amount at end of period	391	310

Key sources of estimation uncertainty – long service leave

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

Several estimates and assumptions are used in calculating Main Roads' long service leave provision. These 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.

Any gain or loss following revaluation of the present value of long service leave liabilities is recognised as employee benefits expense.

3.2 Grants and subsidies

	2018 \$000	2017 \$000
<u>Recurrent</u>		
Grants and subsidies to local government and other bodies ^(a)	266,082	204,928
<u>Capital</u>		
Grants and subsidies to local government and other bodies ^(a)	500	–
Grants of non-current assets to other bodies	4,597	70,995
Total grants and subsidies	271,179	275,923

Transferred infrastructure assets at fair value to Local Government and other bodies based on formal proclamation. The following assets were transferred during 30 June 2018: Bussell Highway (Shire of Busselton) and Marble Bar Road Diversion (Roy Hill Mining).

Transactions in which the agency provides goods, services, assets (or extinguishes a liability) or labour to another party without receiving approximately equal value in return are categorised as 'Grant expenses'. Grants can either be operating or capital in nature.

Grants can be paid as general purpose grants which refer to grants that are not subject to conditions regarding their use. Alternatively, they may be paid as specific purpose grants which are paid for a particular purpose and/or have conditions attached regarding their use.

Grants and other transfers to third parties (other than contribution to owners) are recognised as an expense in the reporting period in which they are paid or payable. They include transactions such as: grants, subsidies, personal benefit payments made in cash to individuals, other transfer payments made to public sector agencies, local government, non-government schools, and community groups.

3.3 Other expenditure

	2018 \$000	2017 \$000
<u>Supplies and services</u>		
Insurance ^(a)	4,177	4,386
Accommodation, lease and plant hire charges ^(b)	5,914	5,508
Electricity, gas and water	9,098	8,428
Building maintenance and equipment ^(c)	6,809	7,416
Advertising	127	328
Communications	5,282	4,890
Consultants and contractors	465,153	419,841
Consumables	2,626	1,674
Materials	3,813	4,297
Other	16,094	15,922
Total supplies and services expenses	519,093	472,690

(a) Include payments to Risk Cover

(b) Include payments to Department of Finance

(c) Include payments to Department of Finance

	2018 \$000	2017 \$000
<u>Other</u>		
Non-current assets retired/replaced	51,073	55,422
Write-down of non-current assets classified as held for sale	1,831	796
Write-(back)/down of infrastructure works in progress	(1,477)	87,268
Total other expenses	51,427	143,486
Total other expenditure	570,520	616,176

Supplies and services

Supplies and services are recognised as an expense in the reporting period in which they are incurred. The carrying amounts of any materials held for distribution are expensed when the materials are distributed.

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.

Repairs, maintenance and cleaning costs are recognised as expenses as incurred.

Other

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

Write-down of non-current assets classified as held for sale: Non-current assets held for sale measured at lower of carrying amount and fair value less selling costs.

Write-(back)/down of infrastructure works in progress: This amount represents the net of following items –

- (a) A further \$5.267 million write down of additional contract bid costs relating to the cancelled Roe Highway Extension Stage 8 and Stage 9
- (b) An environmental credit offset of \$6.744 million with Department of Water and Environmental Regulation as a result of final assessment of the cancelled Roe Highway Extension Stage 8 and Stage 9. This credit will be utilised for future projects.

4 Main Roads' funding sources

This section provides additional information about how Main Roads obtains its funding and the relevant accounting policy notes that govern the recognition and measurement of this funding. The primary income received by Main Roads and the relevant notes are:

	Notes	2018 \$000	2017 \$000
Income from State Government	4.1	1,082,801	1,076,605
Sale of goods and services	4.2	10,970	11,234
Commonwealth grants and contributions	4.3	772,639	263,474
Contributions to roadworks	4.4	108,341	93,090
Grants from other bodies	4.5	9,731	22,409
Interest revenue	4.6	6,004	5,210
Other revenue	4.7	11,300	10,939
Gain/(loss)	4.8	(708)	(3,257)

4.1 Income from State Government

	2018 \$000	2017 \$000
Appropriation received during the period:		
Motor vehicle licence fees ^(a)	557,889	596,065
Untied funds ^(b)	332,019	321,199
Motor vehicle permit fees ^(c)	7,459	6,221
Salaries and Allowances Act 1975	425	425
	897,792	923,910
Services received free of charge from other State government agencies during the period ^(d) :		
WA Land Information Authority (Landgate)	333	618
Department of Justice (State Solicitor's Office)	1,141	1,083
WA Police Services (Road Safety Commission)	98	66
Department of Mines, Industry Regulations and Safety	71	79
Other	29	-
Total services received	1,672	1,846
Other funds received from State Government		
Road Trauma Trust Fund ^(e)	53,020	90,393
Natural disaster funds ^(f)	124,189	60,180
Royalties for Regions Fund ^(g)	6,128	276
Total other funds	183,337	150,849
Total Income from State Government	1,082,801	1,076,605

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 in the bank account or credited to the 'Amounts receivable for services' (holding account) held at Treasury.

Service appropriations fund the net cost of services delivered (as set out in note 2.2). Appropriation revenue comprises the following:

- Cash component; and
- A receivable (asset).

The receivable (holding account – note 6.2) comprises the following:

- The budgeted depreciation expense for the year; and
- Any agreed increase in leave liabilities during the year.

(a) Motor vehicle licence fees

Motor vehicle licence fees for cars and light vehicles are raised under the Road Traffic Act 1974. The total licence fees collected in 2017-18 was \$894.445 million (2016-17: \$842.741 million). An amount of \$557.889 million (2016-17: \$596.065 million) was received as a service appropriation and the balance of \$336.556 million (2016-17: \$246.676 million) appropriated as a capital contribution by owners and included under 'Contributed Equity' in the Statement of Financial Position.

(b) Untied funds

Untied funds are appropriations from the Consolidated Fund. The total appropriation from the Consolidated Fund in 2017-18 was \$332.019 million (2016-17: \$382.244 million). This includes a service appropriation of \$332.019 million (2016-17: \$321.199 million) and no capital contribution (2016-17: \$61.045 million). The service appropriation includes a cash component of \$3.159 million (2016-17: \$3.211 million) and a \$328.860 million (2016-17: \$317.988 million) non cash component.

(c) 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. Main Roads charges a fee to issue the permits in accordance with the regulations.

(d) Services received free of charge (Non-reciprocal contributions)

Non-reciprocal contributions including Services Received Free of Charge 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.

Other funds received from State Government*(e) Road Trauma Trust Fund*

Funds provided by Road Safety Commission to undertake road projects improving road safety in Western Australia. Revenue is recognised by reference to the stage of completion of the transaction.

(f) Natural disaster funds

Funds provided by the Office of Emergency Management for re-opening and re-instatement of roads damaged by declared natural disasters. Revenue is recognised when a claim is made to Department of Fire and Emergency Services.

(g) Royalties for Regions Fund

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

4.2 Sale of goods and services

	2018 \$000	2017 \$000
Sale of goods and services ^(a)	10,970	11,234

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 2017-18 are summarised at note 9.11 'Indian Ocean Territories'.

Revenue from for minor works project is recognised based on percentage completed. However, revenue from the sale of goods and disposal of other assets is recognised when the significant risks and rewards of ownership transfer to the purchaser and can be measured reliably.

(a) Includes payments received from Department of Transport and Public Transport Authority.

4.3 Commonwealth grants and contributions

	2018 \$000	2017 \$000
Land Transport Infrastructure Projects	769,596	260,755
Interstate Road Transport Act 1985	3,043	2,719
	772,639	263,474

Land Transport Infrastructure Projects

Non-reciprocal 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.

At 30 June 2018, \$206.427 million of the National Land Transport Act 2014 grants recognised as revenue remained unspent on approved projects (at 30 June 2017 the amount was \$40.442 million). The unspent amount is non-restricted in nature and disclosed under note 7.1.1 'Cash and cash equivalents'.

At 30 June 2018, \$233.852 million of the National Partnership on Infrastructure Projects in WA grants recognised as revenue remained unspent on approved projects (at 30 June 2017 the amount was \$181.672 million). The unspent amount is restricted in nature and disclosed under note 7.1.1 'Restricted cash and cash equivalents'.

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. The revenue is non-reciprocal in nature.

For **non-reciprocal grants**, revenue is recognised at fair value when Main Roads obtains control over the assets comprising the contributions, usually when cash is received.

4.4 Contributions to roadworks

	2018 \$000	2017 \$000
Contributions to roadworks ^(a)	108,341	93,090

This revenue represents contributions by both public and private bodies towards the cost of works performed on highways and main roads. Revenue is mainly recognised by reference to the stage of completion of the transaction.

(a) Includes payments received from Public Transport Authority.

4.5 Grants from other bodies

	2018 \$000	2017 \$000
Grants from local government authorities and other bodies		
Transferred infrastructure assets at fair value ^(a)	426	8,420
Local Government contribution to traffic signal construction	258	967
Developers contribution to roadworks ^(b)	9,047	13,022
	9,731	22,409

(a) Transferred infrastructure assets at fair value are transfers from Local Government and other bodies to State Government based on formal proclamation. Transferred assets during 30 June 2018 includes O'Neill Road and Albany Highway intersection upgrade – Shire of Plantagenet.

(b) The developers contribution to roadworks relate to construction costs met by private developers on roads owned by Main Roads. Roadworks include: Forrest Highway Ramps, Great Northern Highway New Airport Access Road and Pinjarra South Yunderup Road.

Revenue is recognised at fair value when Main Roads obtains control over the assets.

4.6 Interest revenue

	2018 \$000	2017 \$000
Land Transport Infrastructure Projects interest revenue	5,988	5,192
Other interest revenue	16	18
	6,004	5,210

Revenue is recognised as the interest accrues.

4.7 Other revenue

	2018 \$000	2017 \$000
Rental income	3,566	3,705
Assets not previously recognised	443	–
Other	7,291	7,234
	11,300	10,939

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

4.8 Gain/(loss)

	2018 \$000	2017 \$000
<u>Net proceeds from disposal of non-current assets</u>		
Land acquired for roadworks	1,209	9,482
Land and buildings	2,143	2,758
Plant, equipment and vehicles	74	23
	3,426	12,263
<u>Carrying amount of non-current assets disposed</u>		
Land acquired for roadworks	1,579	12,099
Land and buildings	2,542	3,413
Plant, equipment and vehicles	13	8
	4,134	15,520
Net gain/(loss)	(708)	(3,257)

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.

Gains and losses on the disposal of non-current assets are presented by deducting from the proceeds on disposal the carrying amount of the asset and related selling expenses. Gains and losses are recognised in profit or loss in the statement of comprehensive income (from the proceeds of sale).

Selling expenses (e.g. sales commissions netted from agency receipts) are ordinarily immaterial. Where the amounts are material, additional disclosure is warranted.

Insured non-current assets written-off as a result of an insurable event should be treated as other expenses (write-off of assets destroyed by fire/storm/earthquake etc.). The subsequent insurance recovery is to be treated as other income when it is received or receivable.

5 Key assets

This section includes information regarding the key assets Main Roads utilises to gain economic benefits or provide service potential. The section sets out both the key accounting policies and financial information about the performance of these assets:

	Notes	2018 \$000	2017 \$000
Property, plant and equipment	5.1	426,473	477,030
Infrastructure	5.2	43,802,551	43,126,425
Intangible assets	5.3	14,828	13,498
Total key assets		44,243,852	43,616,953

5.1 Property, plant and equipment

	2018 \$000	2017 \$000
<u>Land</u>		
At fair value	64,995	73,348
	64,995	73,348
<u>Buildings</u>		
At fair value	86,526	89,133
Accumulated depreciation	(8)	(80)
	86,518	89,053
<u>Buildings under construction</u>		
Construction costs	2,117	4,953
	2,117	4,953
<u>Plant, equipment and vehicles</u>		
At cost	42,076	40,634
Accumulated depreciation	(30,085)	(26,921)
	11,991	13,713
<u>Surplus assets</u>		
At fair value	82,345	98,383
	82,345	98,383
<u>Land acquired for roadworks</u>		
At fair value	178,507	197,580
	178,507	197,580
Total property, plant and equipment	426,473	477,030

Information on fair value measurements is provided in Note 8.3.

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.

Year ended 30 June 2018	Land \$000	Buildings \$000	Buildings under construc- tion \$000	Plant, equip- ment and vehicles \$000	Surplus assets \$000	Land acquired for road- works \$000	Total \$000
Carrying amount at 1 July 2017	73,348	89,053	4,953	13,713	98,383	197,580	477,030
Additions ^(a)	409	–	5,957	3,055	35	309	9,765
Disposals	–	–	–	(21)	–	–	(21)
Classified as held for sale	(1,698)	(2,648)	–	–	(8,147)	(3,500)	(15,993)
Transfers	(1,586)	8,694	(8,793)	–	109	1,576	–
Transfer (to) / from infrastructure	–	–	–	–	(4,355)	(6,657)	(11,012)
Equity contribution / (distribution)	(61)	(36)	–	–	(736)	–	(833)
Revaluation increments / (decrements)	(5,417)	(3,039)	–	–	(2,901)	(10,801)	(22,158)
Impairment losses	–	–	–	–	–	–	–
Depreciation	–	(5,506)	–	(4,756)	(43)	–	(10,305)
Carrying amount at 30 June 2018	64,995	86,518	2,117	11,991	82,345	178,507	426,473

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

Year ended 30 June 2017	Land \$000	Buildings \$000	Buildings under construc- tion \$000	Plant, equip- ment and vehicles \$000	Surplus assets \$000	Land acquired for road- works \$000	Total \$000
Carrying amount at 1 July 2016	93,082	101,419	7,352	15,950	112,649	217,012	547,464
Additions	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	–	–	–	–	–	–	–
Depreciation	–	(6,948)	–	(5,149)	(30)	–	(12,127)
Carrying amount at 30 June 2017	73,348	89,053	4,953	13,713	98,383	197,580	477,030

5.2 Infrastructure

	2018 \$000	2017 \$000
<u>Roads and principal shared paths</u>		
Earthworks at fair value	12,978,704	12,669,429
Accumulated depreciation	(2,987,397)	(2,943,369)
	9,991,307	9,726,060
<u>Pavement and drainage at fair value</u>		
Pavement and drainage at fair value	9,169,546	8,856,036
Accumulated depreciation	(5,405,575)	(5,166,385)
	3,763,971	3,689,651
<u>Seals at fair value</u>		
Seals at fair value	1,428,076	1,392,851
Accumulated depreciation	(865,743)	(820,634)
	562,333	572,217
<u>Land under roads</u>		
At fair value	23,540,388	23,820,634
	23,540,388	23,820,634
<u>Bridges</u>		
At fair value	5,654,159	5,459,264
Accumulated depreciation	(1,725,080)	(1,640,727)
	3,929,079	3,818,537
<u>Road furniture</u>		
At fair value	618,018	555,434
Accumulated depreciation	(235,001)	(206,510)
	383,017	348,924
<u>Infrastructure work in progress</u>		
At cost	1,632,456	1,150,402
	1,632,456	1,150,402
Total Infrastructure	43,802,551	43,126,425

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

Year ended 30 June 2018	Roads and principal shared paths \$000	Land under roads \$000	Bridges \$000	Road furniture \$000	Work in progress \$000	Total \$000
Carrying amount at 1 July 2017	13,987,928	23,820,634	3,818,537	348,924	1,150,402	43,126,425
Additions ^(a)	–	–	–	–	1,058,541	1,058,541
Retirements	(47,099)	–	(3,057)	(910)	–	(51,066)
Transfers	405,660	18,688	97,546	57,009	(578,903)	–
Transfer (to) / from land acquired for roadworks	–	11,012	–	–	–	11,012
Revaluation increments / (decrements)	236,209	(310,186)	57,005	4,964	–	(12,008)
Highways and main roads reclassified as local roads	(4,034)	(109)	(454)	–	–	(4,597)
Local roads classified as highways and main roads	7,576	–	–	1,944	–	9,520
Equity contribution / (distribution)	(8,578)	349	17,772	(3,453)	939	7,029
Write-back of infrastructure work in progress	–	–	–	–	1,477	1,477
Depreciation	(260,051)	–	(58,270)	(25,461)	–	(343,782)
Carrying amount at 30 June 2018	14,317,611	23,540,388	3,929,079	383,017	1,632,456	43,802,551

(a) Include payments to Department of Biodiversity Conservation & Attractions, Department of Justice (State Solicitor's Office) and Western Power

Year ended 30 June 2017	Roads and principal shared paths \$000	Land under roads \$000	Bridges \$000	Road furniture \$000	Work in progress \$000	Total \$000
Carrying amount at 1 July 2016	14,960,168	24,382,292	3,926,451	364,642	955,849	44,589,402
Additions	–	–	–	–	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 roadworks	–	(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 roads	11,588	30	8,259	2,532	–	22,409
Equity contribution / (distribution)	7,386	(3,710)	4,350	(7,313)	(4,114)	(3,401)
Write-down of infrastructure work in progress	–	–	–	–	(87,267)	(87,267)
Depreciation	(280,312)	–	(58,609)	(24,748)	–	(363,669)
Carrying amount at 30 June 2017	13,987,928	23,820,634	3,818,537	348,924	1,150,402	43,126,425

Information on fair value measurements is provided in Note 8.3.

Property, plant and equipment and infrastructure

Initial recognition

Items of property, plant and equipment and infrastructure, costing \$5,000 or more are measured initially at cost. Where an asset is acquired for no or nominal cost, the cost is valued at its fair value at the date of acquisition. 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).

Subsequent measurement

Subsequent to initial recognition of an asset, the revaluation model is used for the measurement of land, buildings and infrastructure.

Land is carried at fair value. Buildings and infrastructure are carried at fair value less accumulated depreciation and accumulated impairment losses. All other property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Land and buildings

Land and buildings are independently valued annually by the Western Australian Land Information Authority (Valuations and Property Analytics) 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.

Land, buildings, surplus assets and land acquired for roadworks were revalued as at 1 July 2017 by the Western Australian Land Information Authority (Valuations and Property Analytics) in conjunction with estimations by Main Roads' management. The valuations were performed during the year ended 30 June 2018 and recognised at 30 June 2018.

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 2016 to 1 July 2017. These properties have been valued based on the average percentage increase for the Metro and Rural areas respectively over the period 1 July 2016 to 1 July 2017. 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 2017. In undertaking the revaluation, fair value was determined by reference to market values of Freehold land \$58.631 million (2016-17: \$67.221) and Buildings \$72.136 million (2016-17: \$74.948). For the remaining balance, fair value of buildings was determined on the basis of current replacement cost and fair value of land was determined on the basis of comparison with market evidence for land with low level utility (high restricted use land) Please refer to note 8.3 Fair value measurement for the remaining balance.

Infrastructure

Infrastructure is independently valued every 3 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 2018 is based on the current replacement cost determined at 30 June 2018 calculated using construction unit rates provided 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.

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 current replacement cost. 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, adjusted for obsolescence and optimisation (where applicable). Obsolescence encompasses physical deterioration, functional (technological) obsolescence and economic (external) obsolescence.

Subsequent transfer

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.

Revaluation model for land and buildings

Fair Value 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.

Fair value in the absence of market-based evidence:

Buildings are specialised or where land is restricted: Fair value of land and buildings is determined on the basis of existing use.

Existing use buildings: Fair value is determined by reference to the cost of replacing the remaining future economic benefits embodied in the asset, i.e. the current replacement cost. Where the fair value of buildings is determined on the current replacement cost basis, the asset cost is adjusted for consumed economic benefit. Accumulated depreciation is eliminated against the gross carrying amount of the asset and the net carrying amount restated to the revalued amount.

Restricted use land: Fair value 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).

Revaluation model for infrastructure assets

Fair value of infrastructure, other than land under roads, has been determined by reference to the current 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 third year 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 2018 is based on the current replacement cost determined at 30 June 2018 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.

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

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.

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.

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

5.1.1 Depreciation and impairment expense of property, plant and equipment asset

	2018 \$000	2017 \$000
Charge for the period		
Plant, equipment and vehicles	4,756	5,149
Buildings	5,549	6,978
Total depreciation for the period	10,305	12,127
Less: depreciation capitalised to infrastructure	(6,360)	(7,945)
	3,945	4,182

As at 30 June 2018 there were no indications of impairment to property, plant and equipment or infrastructure.

5.2.1 Depreciation and impairment expense of infrastructure assets

	2018 \$000	2017 \$000
Charge for the period		
Roads – earthworks	803	809
Roads – pavements and drainage	176,513	180,869
Roads – seal	82,735	98,634
Bridges	58,270	58,609
Road furniture	25,461	24,748
Total depreciation for the period	343,782	363,669

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 2018.

Road Seal

There were 388 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

Koondinee Creek Bridge is impaired reducing the useful life by 16 years. The bridge has a low headroom and about to be replaced by a culvert. This will result in additional depreciation expenditure over the bridge's remaining useful life.

Finite useful lives

All infrastructure, property, plant and equipment 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. The exceptions to this rule include assets held for sale and land.

Depreciation is generally calculated on a straight line basis, at rates that allocate the asset's value, less any estimated residual value, over its estimated useful life. Typical estimated useful lives for the different asset classes for current and prior years are included in the table below:

Road Infrastructure:

Pavement and drainage:

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

Property, Plant & Equipment:

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

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

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, and adjustments should be made where appropriate.

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 has infinite life and is not depreciated. Depreciation is not recognised in respect of land because the service potential has not, in any material sense, been consumed during the reporting period.

Impairment of assets

Non-financial assets, including items of property, plant and equipment and infrastructure assets are tested for impairment whenever there is an indication that the asset may be impaired. 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 through profit or loss.

Where a previously revalued asset is written down to its recoverable amount, the loss is recognised as a revaluation decrement through other comprehensive income.

As Main Roads is a not-for-profit agency, the recoverable amount of regularly revalued specialised assets is anticipated to be materially the same as fair value.

If there is an indication that there has been a reversal in impairment, the carrying amount shall be increased to its recoverable amount. However this reversal should not increase the asset's carrying amount above what would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years.

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 declining replacement costs.

5.3 Intangible assets

	2018 \$000	2017 \$000
<u>Computer software and licences</u>		
At cost	30,903	27,989
Accumulated amortisation	(16,084)	(14,500)
	14,819	13,489
<u>Drainage easements</u>		
At cost	9	9
	9	9
Total intangible assets	14,828	13,498
Reconciliations:		
<u>Computer software and licences</u>		
Carrying amount at start of period	13,489	14,472
Additions	4,523	1,835
Amortisation expense	(3,193)	(2,818)
Carrying amount at end of period	14,819	13,489

Intangible assets

Initial recognition

Acquisitions of intangible assets costing \$5,000 or more and internally generated intangible assets costing \$250,000 or more that comply with the recognition criteria as per AASB 138.57 (as noted below), 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.

An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following are demonstrated:

- (a) The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- (b) An intention to complete the intangible asset and use or sell it;
- (c) The ability to use or sell the intangible asset;
- (d) The intangible asset will generate probable future economic benefit;
- (e) The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset;
- (f) The ability to measure reliably the expenditure attributable to the intangible asset during its development.

Costs incurred in the research phase of a project are immediately expensed.

Subsequent measurement

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

5.3.1 Amortisation and impairment expense of intangible assets

	2018 \$000	2017 \$000
<u>Amortisation</u>		
Intangible assets	3,193	2,818
Total amortisation	3,193	2,818
Less: amortisation capitalised to infrastructure	(1,842)	(1,860)
	1,351	958

As at 30 June 2018 there were no indications of impairment to intangible assets.

Main Roads held no goodwill asset with an indefinite useful life during the reporting period. At the end of the reporting period there were no intangible assets not yet available for use.

Amortisation of finite life intangible assets is calculated on a straight line basis at rates that allocate the asset's value over its estimated useful life. All intangible assets controlled by Main Roads, except drainage easements, have a finite useful life and zero residual value. Estimated useful lives are reviewed annually.

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

Computer software ^(a) and licences 3 to 10 years

(a) Software that is not integral to the operation of any related hardware

Computer software and licences

Software that is an integral part of the related hardware is 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.

Impairment of intangible assets

Intangible assets with finite useful lives are tested for impairment annually or when an indication of impairment is identified. One software asset is impaired by reducing useful life during this financial year.

The policy in connection with testing for impairment is outlined in note 5.1.1 and 5.2.1.

6 Other assets and liabilities

This section sets out those assets and liabilities that arose from Main Roads' controlled operations and includes other assets utilised for economic benefits and liabilities incurred during normal operations:

	Notes	2018 \$000	2017 \$000
Receivables	6.1	117,060	98,736
Amounts receivable for services (Holding Account)	6.2	2,541,794	2,245,234
Inventories	6.3	9,340	5,291
Prepayments	6.4	10,082	15,051
Payables	6.5	318,133	283,493
Other provisions	6.6	1,877	5,744

6.1 Receivables

	2018 \$000	2017 \$000
<u>Current</u>		
Trade debtors	47,990	23,754
Other debtors	1,321	2,719
Allowance for impairment of receivables	(243)	(2,205)
Trade debtors – unbilled receivables	24,244	26,511
GST receivable	32,269	30,824
Accrued revenue	11,241	15,986
Total current	116,822	97,589
<u>Non-current</u>		
Trade debtors	238	1,147
Total non-current	238	1,147
Total receivables	117,060	98,736

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

Receivables are recognised at original invoice amount less any allowances for uncollectible amounts (i.e. impairment). The carrying amount of net trade receivables is equivalent to fair value as it is due for settlement within 30 days.

6.1.1 Movement of the allowance for impairment of receivables

	2018 \$000	2017 \$000
Reconciliation of changes in the allowance for impairment of receivables:		
Balance at start of period	2,205	2,247
Doubtful debts expense	102	127
Amounts written off during the year	(2,064)	–
Impairment losses reversed during the period	–	(169)
Balance at end of period	243	2,205

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.

6.2 Amounts receivable for services (Holding Account)

	2018 \$000	2017 \$000
Current	38,936	30,303
Non-current	2,502,858	2,214,931
Balance at end of period	2,541,794	2,245,234

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

Main Roads receives funding on an accrual basis. The appropriations are paid partly in cash and partly as an asset (holding account receivable). The accrued amount receivable is accessible on the emergence of the cash funding requirement to cover leave entitlements and asset replacement.

6.3 Inventories

	2018 \$000	2017 \$000
<u>Current</u>		
Inventories held for distribution:		
– Construction and maintenance materials	1,177	212
– Electrical Stores	2,755	3,167
Total current	3,932	3,379
<u>Non-current</u>		
Inventories held for distribution:		
– Construction and maintenance materials	5,408	1,912
Total non-current	5,408	1,912
Total inventories	9,340	5,291

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.

6.4 Prepayments

	2018 \$000	2017 \$000
<u>Current</u>		
Contractor's advance	8,854	12,578
Prepaid insurance	861	1,316
Total current	9,715	13,894
<u>Non-current</u>		
Prepaid insurance	367	1,157
Total non-current	367	1,157
Total prepayments	10,082	15,051

Prepayments represent payments in advance of receipt of goods or services and that part of expenditure made in one accounting period covering a term extending beyond that period.

6.5 Payables

	2018 \$000	2017 \$000
<u>Current</u>		
Trade creditors	6,600	7,174
Major contracts and services	196,655	193,631
Property acquisitions liability ^(a)	57,083	33,527
Contractors' retention	623	641
Funds received in advance	50,648	43,091
Performance bonds / surety	971	319
Accrued salaries ^(b)	5,553	5,110
Total current	318,133	283,493
<u>Non-current</u>		
Trade creditors	–	–
Total current	–	–
Total Payables	318,133	283,493

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.

- (a) A property acquisition 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.
- (b) Accrued salaries 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.

6.6 Other provisions

	2018 \$000	2017 \$000
<u>Current</u>		
Site restoration	1,877	5,744
Total Current	1,877	5,744
Total other provisions	1,877	5,744

6.6.1 Provision for restoration

Main Roads has a legal obligation to restore the site cleared for the purposes of constructing Roe Highway Extension (Stage 8). The associated expense is disclosed in Note 5.2 Infrastructure Work In Progress.

A provision for remediation is recognised when:

- 1) there is a present obligation as a result of development activities undertaken,
- 2) it is probable that an outflow of economic benefits will be required to settle the obligation, and
- 3) the amount of the provision can be measured reliably.

The estimated future obligations include the costs of restoring the affected areas.

The provision for future remediation costs is the best estimate of the present value of the expenditure required to settle the remediation obligation at the reporting date, based on contractor's professional judgement. Future remediation costs are reviewed annually and any changes in the estimate are reflected in the present value of the remediation provision at each reporting date.

Movements in other provisions

	2018 \$000	2017 \$000
<u>Site restoration cost provision</u>		
Carrying amount at start of period	5,744	–
Movement in provisions	(3,867)	5,744
Carrying amount at end of period	1,877	5,744

7 Financing

This section sets out the material balances and disclosures associated with the financing and cashflows of Main Roads.

	Notes
Cash and cash equivalents	7.1
Commitments	7.2

7.1 Cash and cash equivalents**7.1.1 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:

	2018 \$000	2017 \$000
Cash and cash equivalents	283,742	91,984
Restricted cash and cash equivalents	251,059	183,136
	534,801	275,120

Restricted cash and cash equivalents

Contractor's deposits ^(a)	623	1,363
Land Transport Infrastructure Projects ^(b)	233,852	181,672
Commonwealth Paid Parental Leave Scheme ^(c)	11	4
Royalties for Regions Fund ^(d)	16,573	97
	251,059	183,136

(a) Contractor's deposits

Amounts withheld from contractors payments pending satisfactory completion of works.

(b) Land Transport Infrastructure Projects

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

(c) 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.

(d) Royalties for Regions Fund

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

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.

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

	Note	2018 \$000	2017 \$000
Net cost of services		(344,581)	(925,365)
<i>Non-cash items:</i>			
Depreciation expense – infrastructure	5.2.1	343,782	363,669
Depreciation and amortisation expense – other assets	5.1.1, 5.3.1	5,296	5,140
Grants to other bodies	3.2	4,597	70,995
Grants received from other bodies	4.5	(9,731)	(22,409)
Services received free of charge	4.1	1,672	1,846
Infrastructure assets retired/replaced	3.3	51,427	143,486
Assets not previously recognised		(443)	–
Adjustment for other non-cash items		–	–
Net (gain)/loss on sale of property, plant and equipment	4.8	708	3,257
<i>(Increase)/decrease in assets:</i>			
Receivables ^(a)		5,681	(97)
Inventories		(3,606)	787
Prepayments		4,969	(4,108)
<i>Increase/(decrease) in liabilities:</i>			
Payables ^(a)		20,402	20,522
Provisions		884	345
Net GST receipts/(payments) ^(b)		137,882	120,977
Change in GST in receivables/payables ^(c)		(139,327)	(119,788)
Net cash provided by/(used in) operating activities		79,612	(340,743)

(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.

The mandatory application of AASB 2016-2 Amendments to *Australian Accounting Standards* – Disclosure Initiative: Amendments to AASB 107 imposed disclosure impacts only. Main Roads is not exposed to changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

7.2 Commitments

7.2.1 Non-cancellable operating lease commitments

	2018 \$000	2017 \$000
Commitments for minimum lease payments are payable as follows:		
Within 1 year	4,671	3,421
Later than 1 year and not later than 5 years	12,643	2,405
Later than 5 years	9,034	–
	26,348	5,826

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.

Main Roads has entered into a number of non-cancellable leases for buildings with various terms. Annual lease payments may increase based on CPI or rate specified in the agreements.

7.2.2 Capital commitments

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

	2018 \$000	2017 \$000
Within 1 year	524,133	589,636
Later than 1 year and not later than 5 years	127,762	490,048
Later than 5 years	–	–
	651,895	1,079,684

The total presented for capital commitments are GST inclusive.

7.2.3 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:

	2018 \$000	2017 \$000
Within 1 year	218,847	351,462
Later than 1 year and not later than 5 years	346,996	45,991
Later than 5 years	487	–
	566,330	397,453

The total presented for other expenditure commitments are GST inclusive.

Judgements made by management in applying accounting policies – 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.

8 Risks and Contingencies

This note sets out the key risk management policies and measurement techniques of Main Roads.

	Notes
Financial risk management	8.1
Contingent assets	8.2.1
Contingent liabilities	8.2.2
Fair value measurements	8.3

8.1 Financial risk management

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.

(a) Summary of risks and risk management

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 8.1(c) 'Ageing analysis of financial assets' and note 6.1 '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 8.1(e), Main Roads is not exposed to the interest rate risk. Majority of cash and cash equivalents are non-interest bearing and restricted cash and cash equivalents are interest bearing. Main Roads has no borrowings as at 30 June 2018.

(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:

	2018 \$000	2017 \$000
<u>Financial assets</u>		
Cash and cash equivalents	283,742	91,984
Restricted cash and cash equivalents	251,059	183,136
Loans and receivables ^(a)	2,626,585	2,313,146
Total financial assets	3,161,386	2,588,266
<u>Financial liabilities</u>		
Financial liabilities measured at amortised cost	318,133	283,493
Total financial liability	318,133	283,493

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

(c) Ageing analysis of financial assets

	Carrying Amount \$000	Not past due and not impaired \$000	Past due but not impaired					Impaired financial assets \$000
			Up to 1 month \$000	1-3 months \$000	3 months to 1 year \$000	1-5 years \$000	More than 5 years \$000	
2018								
Cash and cash equivalents	283,742	283,742	-	-	-	-	-	-
Restricted cash and cash equivalents	251,059	251,059	-	-	-	-	-	-
Receivables ^(a)	84,791	52,020	31,789	457	201	81	-	243
Amounts receivable for services	2,541,794	2,541,794	-	-	-	-	-	-
	3,161,386	3,128,615	31,789	457	201	81	-	243
2017								
Cash and cash equivalents	91,984	91,984	-	-	-	-	-	-
Restricted cash and cash equivalents	183,136	183,136	-	-	-	-	-	-
Receivables ^(a)	67,912	48,704	7,083	9,834	86	-	-	2,205
Amounts receivable for services	2,245,234	2,245,234	-	-	-	-	-	-
	2,588,266	2,569,058	7,083	9,834	86	-	-	2,205

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

(d) Liquidity risk and interest rate exposure

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

Interest rate exposures and maturity analysis of financial assets and financial liabilities											
	Weighted Average Effective Interest Rate %	Carrying Amount \$000	Interest rate exposure				Maturity date				
			Fixed interest rate \$000	Variable interest rate \$000	Non-interest bearing \$000	Nominal Amount \$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
2018											
<u>Financial Assets</u>											
Cash and cash equivalents	-	283,742	-	-	283,742	283,742	283,742	-	-	-	-
Restricted cash and cash equivalents	1.97	251,059	-	251,059	-	251,059	251,059	-	-	-	-
Receivables ^(a)	-	84,791	-	-	84,791	84,791	84,791	-	-	-	-
Amounts receivable for services	-	2,541,794	-	-	2,541,794	2,541,794	4,330	7,576	27,030	263,918	2,238,940
		3,161,386	-	251,059	2,910,327	3,161,386	623,922	7,576	27,030	263,918	2,238,940
<u>Financial Liabilities</u>											
Payables	-	318,133	-	-	318,133	318,133	318,133	-	-	-	-
		318,133	-	-	318,133	318,133	318,133	-	-	-	-

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

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

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

(e) Interest rate sensitivity analysis

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

	Carrying amount \$000	-25 basis points		+25 basis points	
		Surplus \$000	Equity \$000	Surplus \$000	Equity \$000
2018					
<u>Financial Assets</u>					
Restricted cash and cash equivalents	251,059	(628)	(628)	628	628
Total Increase/(Decrease)		(628)	(628)	628	628
2017					
<u>Financial Assets</u>					
Restricted cash and cash equivalents	183,136	(458)	(458)	458	458
Total Increase/(Decrease)		(458)	(458)	458	458

8.2 Contingent assets and liabilities

Contingent assets and contingent liabilities are not recognised in the statement of financial position but are disclosed and, if quantifiable, are measured at nominal value.

Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

8.2.1 Contingent assets

There was no contingent asset as at 30 June 2018.

8.2.2 Contingent liabilities

The following contingent liabilities are excluded from the liabilities included in the financial statements:

	2018 \$000	2017 \$000
Contract claims in dispute	5,560	9,310
Resumption claims in dispute	244,885	249,411
	250,445	258,721

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 Water and Environmental Regulation (DWER). In accordance with the Act, DWER 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 sixteen suspected contaminated sites to DWER. Two sites were classified as contaminated – remediation required, four were classified as possibly contaminated – investigation required, two were awaiting classification and eight were classified as remediated for restricted use. Main Roads is unable to assess the likely outcome of the classification process, and accordingly, it is not practicable to estimate the potential financial effect or to identify the uncertainties relating to the amount or timing of any outflows. Whilst there is no possibility of reimbursement of any future expenses that may be incurred in the remediation of these sites, Main Roads may apply for funding from the Contaminated Sites Management Account to undertake further investigative work or to meet remediation costs that may be required.

8.3 Fair value measurements

	Level 1 \$000	Level 2 \$000	Level 3 \$000	Fair value at end of period \$000
Assets measured at fair value:				
2018				
Non-current assets classified as held for sale (Note 9.7)	–	10,912	708	11,620
Land (Note 5.1)	–	58,631	6,364	64,995
Buildings (Note 5.1)	–	72,136	14,382	86,518
Surplus assets (Note 5.1)	–	49,773	32,572	82,345
Land acquired for roadworks (Note 5.1)	–	136,793	41,714	178,507
Infrastructure (Note 5.2)	–	–	42,170,095	42,170,095
	–	328,245	42,265,835	42,594,080

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

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 current replacement cost. Current replacement cost is the current 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 adjusted for obsolescence. Obsolescence encompasses physical deterioration, functional (technological) obsolescence and economic (external) obsolescence.

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 current replacement cost. Current replacement cost is current 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 third year 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 carrying values do not materially differ from fair value.

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.

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

Selection of land with restricted utility

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

Historical cost per square metre floor area (m²)

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

Consumed economic benefit/obsolescence of asset

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

Historical cost per cubic metre (m³)

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

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

Selection of land adjoining road reserve

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

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

Description	Fair value 2018 \$000	Fair value 2017 \$000	Valuation technique(s)	Unobservable inputs
Land, Surplus asset and Land acquired for roadworks	80,650	86,593	Market approach	Selection of land with similar approximate utility
Buildings	14,382	14,105	Current replacement cost	Historical cost per square metre floor area (m ²) Consumed economic benefit/obsolescence of asset
Infrastructure (Earthworks)	9,991,307	9,726,060	Current replacement cost	Historical cost per cubic metre (m ³)
Infrastructure (Pavements including drainage and seals)	4,326,304	4,261,868	Current replacement cost	Historical cost per cubic metre (m ³)
Infrastructure (Bridges)	3,929,079	3,818,537	Current replacement cost	Historical cost per cubic metre (m ³)
Infrastructure (Road furniture)	383,017	348,924	Current replacement cost	Consumed economic benefit/obsolescence of asset
Infrastructure (Land under roads)	23,540,388	23,820,634	Market approach	Selection of land adjoining road reserve

Reconciliations of the opening and closing balances are provided in Notes 5.1 and 5.2.

Amendments to AASB 136

Mandatory application of AASB 2016-4 *Amendments to Australian Accounting Standards – Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities* has no financial impact on Main Roads as Main Roads is classified as not-for-profit and regularly revalues specialised infrastructure, property, plant and equipment assets. Therefore, the recoverable amount of such assets is expected to be materially the same as fair value.

9 Other disclosures

This section includes additional material disclosures required by accounting standards or other pronouncements, for the understanding of this financial report.

	Notes
Events occurring after the end of the reporting period	9.1
Correction of prior period errors	9.2
Future impact of Australian standards issued not yet operative	9.3
Key management personnel	9.4
Related parties	9.5
Remuneration of auditor	9.6
Non-current assets classified as held for sale	9.7
Equity	9.8
Supplementary financial information	9.9
Services provided free of charge	9.10
Indian Ocean Territories	9.11
Explanatory statement (Controlled Operations)	9.12

9.1 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.

9.2 Correction of prior period errors

\$2.826 million deficit related to Road Safety Commission which was incorrectly recognised as 'Contributed Equity' during 2016-17. The deficit is reclassified as 'Accumulated Deficit' during 2017-18.

9.3 Future impact of Australian standards issued 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. Where applicable, Main Roads plans to apply the following Australian Accounting Standards from their application date.

		Operative for reporting periods beginning on/after
AASB 9	<p><i>Financial Instruments</i></p> <p>This Standard supersedes AASB 139 <i>Financial Instruments: Recognition and Measurement</i>, introducing a number of changes to accounting treatments.</p> <p>Main Roads has not assessed that recognition of expected credit losses yet which may increase the amount of impairment losses recognised as Other expenses in the Statement of Comprehensive Income, and thus have an adverse impact on the agency's Surplus/(Deficit) for the period.</p>	1 Jan 2018

		Operative for reporting periods beginning on/after
AASB 15	<p><i>Revenue from Contracts with Customers</i></p> <p>This Standard establishes the principles that the agency 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. The mandatory application date of this Standard is currently 1 January 2019 after being amended by AASB 2016-7.</p> <p>Main Roads income is principally derived from appropriations which will be measured under AASB 1058 and will be unaffected by this change. However, Main Roads has not yet determined the potential impact of the Standard on Commonwealth grants to deliver infrastructure. The terms and conditions attached to these revenues may 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 \$26,348k. The worth of non-cancellable operating leases which Main Roads anticipates most of this amount will be brought onto the statement of financial position. 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 other performance obligation (a promise to transfer a good or service), or a contribution by owners, related to an asset (such as cash or another asset) received by Main Roads. Main Roads anticipates that the application will not materially impact appropriation or untied grant revenues.</p>	1 Jan 2019
AASB 1059	<p><i>Service Concession Arrangements: Grantors</i></p> <p>This Standard addresses the accounting for a service concession arrangement (a type of public private partnership) by a grantor that is a public sector agency by prescribing the accounting for the arrangement from the grantor's perspective. Timing and measurement for the recognition of a specific asset class occurs on commencement of the arrangement and the accounting for associated liabilities is determined by whether the grantee is paid by the grantor or users of the public service provided. Main Roads has not identified any public private partnerships within scope of the Standard.</p>	1 Jan 2019
AASB 2010-7	<p><i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Int 2, 5, 10, 12, 19 & 127]</i></p> <p>This Standard makes consequential amendments to other Australian Accounting Standards and Interpretations as a result of issuing AASB 9 in December 2010.</p> <p>The mandatory application date of this Standard has been amended by AASB 2012-6 and AASB 2014-1 to 1 January 2018. Other than the exposures to AASB 9 noted above, Main Roads is only insignificantly impacted by the application of the Standard.</p>	1 Jan 2018

		Operative for reporting periods beginning on/after
AASB 2014-1	<i>Amendments to Australian Accounting Standards</i> Part E of this Standard makes amendments to AASB 9 and consequential amendments to other Standards. These changes have no impact as Appendix E has been superseded and Main Roads was not permitted to early adopt AASB 9.	1 Jan 2018
AASB 2014-5	<i>Amendments to Australian Accounting Standards arising from AASB 15</i> This Standard gives effect to the consequential amendments to Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 15. The mandatory application date of this Standard has been amended by AASB 2015-8 to 1 January 2018. Main Roads has not yet determined the application or the potential impact of the Standard.	1 Jan 2018
AASB 2014-7	<i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)</i> 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.	1 Jan 2018
AASB 2015-8	<i>Amendments to Australian Accounting Standards – Effective Date of AASB 15</i> This Standard amends the mandatory application date of AASB 15 to 1 January 2018 (instead of 1 January 2017). It also defers the consequential amendments that were originally set out in AASB 2014-5. There is no financial impact arising from this Standard.	1 Jan 2018
AASB 2016-3	<i>Amendments to Australian Accounting Standards – Clarifications to AASB 15</i> 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 when the deferred AASB 15 becomes effective from 1 January 2019.	1 Jan 2018
AASB 2016-7	<i>Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-Profit Entities</i> This Standard defers, for not-for-profit entities, the mandatory application date of AASB 15 to 1 January 2019, and the consequential amendments that were originally set out in AASB 2014-5. There is no financial impact arising from this standard.	1 Jan 2018
AASB 2016-8	<i>Amendments to Australian Accounting Standards Australian Implementation Guidance for Not for Profit Entities</i> 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.	1 Jan 2019

9.4 Key management personnel

Main Roads has determined key management personnel to include cabinet ministers and senior officers of Main Roads. Main Roads does not incur expenditures to compensate Ministers and those disclosures 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.

The total fees, salaries, superannuation, non-monetary benefits and other benefits for senior officers of Main Roads for the reporting period are presented within the following bands:

Compensation of members of the accountable authority

Compensation Band (\$)	2018	2017
0 – 10,000	2	2

Compensation of senior officers

Compensation Band (\$)	2018	2017
360,001 – 370,000	1	–
330,001 – 340,000	–	1
260,001 – 270,000	–	1
250,001 – 260,000	2	–
240,001 – 250,000	1	–
230,001 – 240,000	2	2
220,001 – 230,000	1	2
210,001 – 220,000	1	1
200,001 – 210,000	1	1
190,001 – 200,000	1	1
160,001 – 170,000	–	1
20,001 – 30,000	–	–
10,001 – 20,000	–	1

	2018 \$000	2017 \$000
Short term employee benefits	1,915	2,029
Post-employment benefits	248	264
Other long term benefits	62	10
Termination benefits	206	–
The total compensation of senior officers	2,431	2,303

Total compensation includes the superannuation expense incurred by Main Roads in respect of senior officers. The change in bands comparing to previous year is mainly due to acting arrangements.

9.5 Related parties

Main Roads is a wholly owned public sector entity that is controlled by of the State of Western Australia.

Related parties of Main Roads include:

- all cabinet 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 statutory authorities, including related bodies, that are included in the whole of government consolidated financial statements (i.e. wholly-owned public sector entities);
- associates and joint ventures, of a wholly-owned public sector entity; and
- the Government Employees Superannuation Board (GESB)

Significant transactions with government related entities

In conducting its activities, Main Roads is required to transact with the State and entities related to the State. These transactions are generally based on the standard terms and conditions that apply to all agencies. Such transactions include:

- income from State Government (Note 4.1)
- contributed equity (Note 9.8)
- services received free of charge from other government agencies (Note 4.1)
- income from Road Trauma Trust Fund (Note 4.1)
- income from Natural disaster fund (Note 4.1)
- income from Royalties for Regions Fund (Notes 4.1 and 9.8)
- superannuation payments to GESB (Note 3.1(a))
- remuneration for services provided by the Auditor General (Note 9.6)
- payments mainly for vegetation clearing permits required for road construction to Department of Biodiversity Conservation & Attractions amounting \$3.5 million (Note 5.2)
- payments for property management expenses and fleet leasing to the Department of Finance amounting \$13.8 million (Notes 3.3 and 5.1)
- commitments of \$26.3 million future lease payments to the Department of Finance (Note 7.2)
- payments mainly for road maintenance to Department of Biodiversity Conservation & Attractions amounting \$1.0 million (Note 3.2)
- payments mainly for land acquisition used for road construction to State Solicitor's Office amounting \$29.2 million (Notes 5.1 and 5.2)
- payments mainly for service relocation enabling road construction to Western Power amounting \$21.2 million (Note 5.2)
- insurance payments of \$2.6 million to Risk cover fund (Note 3.3)
- payments mainly received as contribution to roadworks from Public Transport Authority amounting \$81.2 million (Note 4.2 and 4.4)
- payments mainly received from Department of Transport by providing service and as contribution to roadworks amounting \$14.6 million (Note 4.2)

Material transactions with other related parties

Outside of normal citizen type transactions with Main Roads, there were no other related party transactions that involved key management personnel and/or their close family members and/or their controlled (or jointly controlled) entities.

9.6 Remuneration of auditor

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

	2018 \$000	2017 \$000
Auditing the accounts, financial statements and key performance indicators	239	229
Other audits	30	25
	269	254

9.7 Non-current assets classified as held for sale

The following table represents a summary of assets held for sale:

	2018 \$000	2017 \$000
<u>Freehold land and buildings</u>		
Opening balance	1,579	7,439
Assets reclassified as held for sale	15,993	11,448
Assets removed from current disposal program	-	(1,000)
Assets sold	(4,120)	(15,512)
Write-down of assets from carrying value to fair value less selling costs	(1,832)	(796)
Closing balance	11,620	1,579

Information on fair value measurements is provided in Note 8.3.

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.

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.

Mandatory application of AASB 2017-2 Amendments to Australian Accounting Standards – Further Annual Improvements 2014-2016 Cycle requires disclosure changes and no financial impact. Main Roads has no 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.

9.8 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.

	Notes	2018 \$000	2017 \$000
Contributed equity			
Balance at start of period		4,574,692	4,258,913
Correction of errors in prior period	9.2	2,826	-
<u>Contributions by owners</u>			
Capital contributions		336,556	307,721
<u>Other contributions by owners</u>			
Royalties for Regions Fund – Regional Infrastructure and Headwork Account		132,122	11,556
<u>Transfer of net assets from other agencies</u>			
Public Transport Authority		24,303	19,932
Western Australian Planning Commission		52	-
Department of Planning, Lands and Heritage		61	120
Total contributions by owners		493,094	339,329
<u>Distributions to owners</u>			
Transfer of net assets to other agencies			
Public Transport Authority		(17,326)	(23,332)
Department of Planning, Lands and Heritage		(894)	(216)
Road Safety Commission		-	(2)
Total distributions to owners		(18,220)	(23,550)
Balance at end of period		5,052,392	4,574,692
Reserves			
<u>Asset revaluation surplus</u>			
Balance at start of period		27,670,467	29,586,632
Net revaluation increments/(decrements)			
Earthworks, Drainage, Pavements and Seals		236,209	(1,110,605)
Bridges		57,005	(132,669)
Land under roads		(310,186)	(562,205)
Road Furniture		4,964	(48,285)
Land and Buildings		(22,158)	(62,401)
Balance at end of period		27,636,301	27,670,467
Accumulated surplus			
Balance at start of period		13,691,101	13,539,861
Correction of errors in prior period		(2,826)	-
Result for the period		738,220	151,240
Income and expense recognised directly in equity		-	-
Balance at end of period		14,426,495	13,691,101
Total Equity at end of period		47,115,188	45,936,260

9.9 Supplementary financial information

(a) Write-offs

During the financial year \$2,064k (2017: \$9k) was written off the Main Roads' asset register under the authority of:

	2018 \$000	2017 \$000
The accountable authority	81	9
The Minister	197	–
Executive Council	1,786	–
	2,064	9

(b) Losses through theft, defaults and other causes

	2018 \$000	2017 \$000
Fixed asset stocktake discrepancies	8	–
Damage to public property	–	–
Inventory – stocktake discrepancies and obsolete/contaminated materials	–	–
	8	–

(c) Gifts of public property

	2018 \$000	2017 \$000
Gifts of public property provided by Main Roads	21	33
	21	33

(d) Restricted Access Vehicle permits ^(a)

	2018 \$000	2017 \$000
Regulatory fees	7,447	6,236
Transfer payments	7,458	6,221
Cash held in lieu of transfer	23	34

(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 are subsequently appropriated to Main Roads.

9.10 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:

	2018 \$000	2017 \$000
Department of Transport – accommodation costs and provision of traffic modelling services	112	31
Department of Planning, Lands and Heritage – traffic modelling services	49	68
Public Transport Authority – provision of professional services	218	186
Department of Water and Environmental Regulation – provision of professional services	138	
Services provided free of charge to other agencies	39	3
	556	288

9.11 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 2017-18 are summarised below:

	2018 \$000	2017 \$000
Amount brought forward for recovery	5	(25)
Amount received during the period	(68)	(30)
	(63)	(55)
Expenditure during the year	36	60
Amount carried forward for recovery	(27)	5

9.12 Explanatory statement (Controlled Operations)

All variances between estimates (original budget) and actual results for 2018 and between the actual results for 2018 and 2017 are shown below. Narratives are provided for key variations selected from observed major variances, which are generally greater than:

- 5% and \$25.0 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	Actual	Actual	Variance between estimate and actual	Variance between actual results for 2018 and 2017
		2018 \$000	2018 \$000	2017 \$000	\$000	\$000
9.12.1 Statement of Comprehensive Income Variances						
Expenses						
Employee benefits expenses		75,867	72,081	67,556	(3,786)	4,525
Supplies and services	1A	549,492	519,093	472,690	(30,399)	46,403
Depreciation and impairment expense of infrastructure assets	2	382,186	343,782	363,669	(38,404)	(19,887)
Depreciation, amortisation and impairment expense – other		2,525	5,296	5,140	2,771	156
Grants and subsidies	3	222,605	271,179	275,923	48,574	(4,744)
Other expenses	B	41,709	51,427	143,486	9,718	(92,059)
Total cost of services		1,274,384	1,262,858	1,328,464	(11,526)	(65,606)
Income						
<i>Revenue</i>						
Sale of goods and services		–	10,970	11,234	10,970	(264)
Commonwealth grants and contributions	4C	1,037,285	772,639	263,474	(264,646)	509,165
Contributions to roadworks		115,866	108,341	93,090	(7,525)	15,251
Grants from other bodies		–	9,731	22,409	9,731	(12,678)
Interest revenue		10,179	6,004	5,210	(4,175)	794
Other revenue		13,936	11,300	10,939	(2,636)	361
Total revenue		1,177,266	918,985	406,356	(258,281)	512,629
<i>Gains</i>						
Gain/(loss) on disposal of non-current assets		200	(708)	(3,257)	(908)	2,549
Total gains		200	(708)	(3,257)	(908)	2,549
Total income other than income from State Government		1,177,466	918,277	403,099	(259,189)	515,178
NET COST OF SERVICES		96,918	344,581	925,365	247,663	(580,784)
Income from State Government						
Income from State Government		896,877	897,792	923,910	915	(26,118)
Services received free of charge		2,700	1,672	1,846	(1,028)	(174)
Other funds received from State Government	D	169,474	183,337	150,849	13,863	32,488
Total income from State Government		1,069,051	1,082,801	1,076,605	13,750	6,196
SURPLUS/(DEFICIT) FOR THE PERIOD		972,133	738,220	151,240	(233,913)	586,980
OTHER COMPREHENSIVE INCOME						
Items not reclassified subsequently to profit or loss						
Changes in asset revaluation surplus		–	(34,166)	(1,916,165)	(34,166)	1,881,999
Total other comprehensive income		–	(34,166)	(1,916,165)	(34,166)	1,881,999
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		972,133	704,054	(1,764,925)	(268,079)	2,468,979

	Variance Note	Original Budget 2018 \$000	Actual 2018 \$000	Actual 2017 \$000	Variance between estimate and actual \$000	Variance between actual results for 2018 and 2017 \$000
9.12.2 Statement of Financial Position Variances						
ASSETS						
Current Assets						
Cash and cash equivalents		151,991	283,742	91,984	131,751	191,758
Restricted cash and cash equivalents		233,107	251,059	183,136	17,952	67,923
Receivables		80,694	116,822	97,589	36,128	19,233
Amounts receivable for services		75,054	38,936	30,303	(36,118)	8,633
Inventories		3,863	3,932	3,379	69	553
Prepayments		10,507	9,715	13,894	(792)	(4,179)
Non-current assets classified as held for sale		7,439	11,620	1,579	4,181	10,041
Total Current Assets		562,655	715,826	421,864	153,171	293,962
Non-Current Assets						
Receivables		3,873	238	1,147	(3,635)	(909)
Amounts receivable for services		2,431,423	2,502,858	2,214,931	71,435	287,927
Inventories		2,215	5,408	1,912	3,193	3,496
Prepayments		436	367	1,157	(69)	(790)
Property, plant and equipment	5 E	570,713	426,473	477,030	(144,240)	(50,557)
Infrastructure	6	47,548,575	43,802,551	43,126,425	(3,746,024)	676,126
Intangible assets		9,263	14,828	13,498	5,565	1,330
Total Non-Current Assets		50,566,498	46,752,723	45,836,100	(3,813,775)	916,623
TOTAL ASSETS		51,129,153	47,468,549	46,257,964	(3,660,604)	1,210,585
LIABILITIES						
Current Liabilities						
Payables		298,145	318,133	283,493	19,988	34,640
Employee related provisions		27,236	28,426	27,433	1,190	993
Other provisions		–	1,877	5,744	1,877	(3,867)
Total Current Liabilities		325,381	348,436	316,670	23,055	31,766
Non-Current Liabilities						
Employee related provisions		4,886	4,925	5,034	39	(109)
Other provisions		–	–	–	–	–
Total Non-Current Liabilities		4,886	4,925	5,034	39	(109)
TOTAL LIABILITIES		330,267	353,361	321,704	23,094	31,657
NET ASSETS		50,798,886	47,115,188	45,936,260	(3,683,698)	1,178,928
EQUITY						
Contributed equity		4,981,677	5,052,392	4,574,692	70,715	477,700
Reserves	7	31,140,818	27,636,301	27,670,467	(3,504,517)	(34,166)
Accumulated surplus		14,676,391	14,426,495	13,691,101	(249,896)	735,394
TOTAL EQUITY		50,798,886	47,115,188	45,936,260	(3,683,698)	1,178,928

	Variance Note	Original Budget	Actual	Actual	Variance between estimate and actual	Variance between actual results for 2018 and 2017
		2018 \$000	2018 \$000	2017 \$000	\$000	\$000
9.12.3 Statement of Cash Flows Variances						
CASH FLOWS FROM STATE GOVERNMENT						
Service appropriation	F	568,017	568,932	605,922	915	(36,990)
Capital appropriation	G	316,371	336,556	307,721	20,185	28,835
Holding account drawdown	8 H	67,617	32,300	60,606	(35,317)	(28,306)
Road Trauma Trust Fund	I	53,020	57,671	87,158	4,651	(29,487)
Natural disaster funds	J	102,145	97,017	50,681	(5,128)	46,336
Royalties for Regions Fund	K	137,319	138,250	11,832	931	126,418
Net cash provided by State Government		1,244,489	1,230,726	1,123,920	(13,763)	106,806
CASH FLOWS FROM OPERATING ACTIVITIES						
Payments						
Employee benefits		(75,867)	(71,793)	(67,884)	4,074	(3,909)
Supplies and services	L	(543,894)	(519,639)	(461,970)	24,255	(57,669)
Grants and subsidies	9 M	(222,605)	(251,228)	(209,667)	(28,623)	(41,561)
GST payments on purchases		(147,054)	(149,346)	(145,679)	(2,292)	(3,667)
Receipts						
Sale of goods and services		116,808	128,704	119,364	11,896	9,340
Commonwealth grants and contributions	10 N	1,037,285	772,639	263,475	(264,646)	509,164
Interest received		10,179	5,630	6,685	(4,549)	(1,055)
GST receipts on sales		11,808	20,225	22,562	8,417	(2,337)
GST receipts from taxation authority		135,000	128,100	120,671	(6,900)	7,429
Other receipts		10,736	12,745	7,948	2,009	4,797
Rent received		3,200	3,575	3,752	375	(177)
Net cash provided by/(used in) operating activities		335,596	79,612	(340,743)	(255,984)	420,355
CASH FLOWS FROM INVESTING ACTIVITIES						
Payments						
Purchase of non-current assets		(17,342)	(15,225)	(21,272)	2,117	6,047
Purchase of infrastructure assets	11 O	(1,450,163)	(1,038,819)	(958,064)	411,344	(80,755)
Receipts						
Proceeds from sale of non-current assets		2,000	3,387	11,815	1,387	(8,428)
Net cash provided by/(used in) investing activities		(1,465,505)	(1,050,657)	(967,521)	414,848	(83,136)
CASH FLOWS FROM FINANCING ACTIVITIES						
Payments						
Repayment of borrowings		-	-	-	-	-
Net cash provided by/(used in) financing activities		-	-	-	-	-
Net increase/(decrease) in cash and cash equivalents		114,580	259,681	(184,344)	145,101	444,025
Cash and cash equivalents at the beginning of the period		270,518	275,120	460,207	4,602	(185,087)
Cash balance transferred to Other State Agencies		-	-	(743)	-	743
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		385,098	534,801	275,120	149,703	259,681

Major Estimate and Actual (2018) Variance Narratives

- 1 Supplies and services expense was less than anticipated by \$30.4 million (5.5%) mainly due to reallocation of a proportion of supplies and services cost to various capital projects.
- 2 Depreciation expense was less than anticipated by \$38.4 million (10.0%) due to the large decrease in value of the infrastructure assets under the revaluation process.
- 3 Grant and subsidies expense was higher than anticipated by \$48.6 million (21.8%) mainly due to additional funding provided to Local Governments for WA Natural Disaster Relief and Recovery Arrangement.
- 4 Commonwealth grants and contributions was less than anticipated by \$264.6 million (25.5%) mainly due to delays in projects and amended Commonwealth milestones.
- 5 Property, plant and equipment was \$144.2 million (25.3%) lower than budgeted amount due to falling property values assessed by the Land Information Authority (Landgate).
- 6 Infrastructure was overestimated by \$3.7 billion (7.9%) mainly because 2017-18 initial budget was established on higher 2016-17 estimated actual figures. The 2016-17 actual figure decreased due to the comprehensive revaluation of infrastructure assets resulting a fall in current replacement values.
- 7 Reserves was overestimated by \$3.5 billion (11.3%) mainly because 2017-18 initial budget was established on higher 2016-17 estimated actual figures for infrastructure. The 2016-17 actual figure decreased due to the comprehensive revaluation of infrastructure assets resulting a fall in current replacement values.
- 8 The Holding account drawdown was \$35.3 million (52.2%) less than anticipated due to a revised budget during the mid-year review process.
- 9 Grant and subsidies payments exceeded estimate by \$28.6 million (12.9%) mainly due to additional funding provided to Local Governments for WA Natural Disaster Relief and Recovery Arrangement.
- 10 Commonwealth grants and contributions was \$264.6 million (25.5%) less than anticipated mainly due to delays in projects and amended Commonwealth milestones.
- 11 Purchase of infrastructure assets was underspent by \$411.3 million (28.4%) mainly due to a number of Capital Works projects being delayed which included Great Northern Highway Muchea-Wubin (\$140.0 million) and Northlink WA (\$202.0 million).

Major Actual (2018) and Comparative (2017) Variance Narratives

- A Supplies and services expense increased by \$46.4 million (9.8%) mainly due to payments made to contractors for additional maintenance works on the roads.
- B Other expenses is \$92.1 million (64.2%) lower than 2016/17 financial year due to Perth Freight Link project being written off during 2016/17 and resulted in higher than expected expense.
- C Commonwealth grants and contributions increased by \$509.2 million (193.2%) mainly due to increased milestone payments (\$278.6 million) received from the Commonwealth as more projects met milestones compared to last year. The increase was also due to the one off National Partnership payment (\$226.0 million) made to support road infrastructure projects including the Murdoch Drive Extension to Roe Highway, Reid Highway Duplication (Altone Road to West Swan Road), Roe Highway Kalamunda Road Interchange, Wanneroo Road (Joondalup Drive to Hall Road), Karel Avenue Duplication and Wanneroo Road Joondalup Drive Interchange.
- D Other funds received from State Government increased by \$32.5 million (21.5%) mainly due to additional grant funding from WA Natural Disaster Relief and Recovery Arrangements and Road Trauma Trust Account.
- E Property, plant and equipment decreased by \$50.6 million (10.6%) due to falling property values assessed by the Land Information Authority (Landgate).
- F The decrease of recurrent service appropriation by \$37.0 million (6.1%) is mainly due to higher allocation of capital appropriation to fund capital projects from motor vehicle license fees during the financial year.
- G The increase of capital appropriation by \$28.8 million (9.4%) is mainly due to lower allocation of recurrent appropriation from motor vehicle license fees during the financial year.

- H The decrease of \$28.3 million (46.7%) in Holding account drawdown was due to the approved amount being revised since previous year.
- I Road Trauma Trust Fund receipts decreased by \$29.5 million (33.8%) mainly due to reduced number of funded projects compared to previous year.
- J Natural disaster funds receipts increased by \$46.3 million (91.4%) mainly due to higher number of claims paid compared to previous year.
- K The increase of \$126.4 million (91.4%) was due to higher revenue received from Department of Primary Industries and Regional Development for 15 additional Royalties for Regions projects. Major projects include: Great Northern Highway – Muchea to Wubin, Margaret River Parameter Road and Great Eastern Highway Passing Lanes.
- L Supplies and services payments increased by \$57.7 million (12.5%) mainly due to additional payments made to contractors for additional maintenance works on the roads.
- M Grant and subsidies payments increased by \$41.6 million (19.8%) mainly due to additional funding provided to Local Governments for WA Natural Disaster Relief and Recovery Arrangement.
- N Commonwealth grants and contributions increased by \$509.2 million (193.2%) mainly due to increased Milestone Payments (\$278.6 million) received from the Commonwealth as more major projects met the milestones. The increase is also due to the one off National Partnership payment (\$226.0 million) made to support road infrastructure projects including the Murdoch Drive Extension to Roe Highway, Reid Highway Duplication (Altone Road to West Swan Road), Roe Highway Kalamunda Road Interchange, Wanneroo Road (Joondalup Drive to Hall Road), Karel Avenue Duplication and Wanneroo Road Joondalup Drive Interchange.
- O Purchase of infrastructure assets increased by \$80.8 million (8.4%) as more Commonwealth funded projects undertaken during this year compared to last year. Commonwealth funded projects include Northlink WA and Armadale Road Duplication.

APPENDICES

The following form part of the appendices:

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Downloads

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

- GRI Content Index and Supplementary Information
- Great Northern Highway Upgrade – Muchea to Wubin: Annual Project Sustainability Report 2018
- Metropolitan Roads Improvement Alliance: Annual Sustainability Project Report 2018
- NorthLink WA Northern Section: Annual Sustainability Project Report 2018
- NorthLink WA Central Section: Annual Sustainability Project Report 2018
- NorthLink WA Southern Section: Annual Project Sustainability Report 2018
- Sustainable Development Goal Reference Sheet

Road Facts Summary Sheet

Road Industry Fact Summary	WA	Australia	WA (%)
Area (square km)	2,526,646	7,688,126	32.9
Population	2,558,951	24,210,809	10.6
Licensed drivers and riders ¹	1,822,612	N/A	
Vehicles on register including motorcycles	2,219,291	18,781,204	11.8
Annual vehicle kilometres travelled (VKT) (100 million VKT) ²	296.1	2,543.5	11.6
Road length excluding DPaW roads (kilometres)	147,321	N/A	
Fatalities (for calendar year 2017)	161	1,227	13.1
Fatalities/100 million VKT	0.5	0.5	
Fatalities /100,000 persons	6.3	5.1	
Fatalities/10,000 vehicles	0.7	0.7	
Serious injuries (for calendar year 2017)	1,433	N/A	
Serious injuries/100 million VKT	4.8	N/A	
Serious injuries /100,000 persons	56.0	N/A	
Serious injuries/10,000 vehicles	6.5	N/A	

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

Sources

Area	ABS Regional Population Growth, Australia (Cat. No. 3218.0) – Jul 2017
Population	ABS Regional Population Growth, Australia (Cat. No. 3218.0) – Jul 2017
Licensed drivers	Drivers and Vehicle Services, Department of Transport – 30 June 2017
Vehicles on register	ABS Motor Vehicle Census (Cat. No. 9309.0) – 31 January 2017
Road length	Main Roads Corporate System (IRIS) – 13 June 2018
Fatalities	Main Roads Crash System and BITRE Road Deaths Australia – 31 December 2017
Serious injuries	Main Roads Crash System – 31 December 2017

Road Classifications

Road Classification (as at 30 June 2018)	Unsealed (km)	Total (km)	Sealed (%)
National Land Transport Routes	0	5,120	100
Highways	108	5,902	98
Main Roads	776	7,507	90
Sub-Total	884	18,529	95
Local Roads regularly maintained	88,311	127,765	31
Local Roads not regularly maintained	970	1,027	6
Sub-Total	89,281	128,792	31
Roads managed by DPaW	37,975	38,333	1
Total WA Road Network	128,140	185,654	31

Sources

Corporate and Local Extracts as at 13 June 2018 from Main Roads Corporate System (IRIS)

DPaW: Department of Parks and Wildlife

Notes

Local road lengths are reported information received from local government.

Local roads with cross section type 'unconstructed' or 'unknown' have been excluded.

Privately maintained roads have been excluded.

Managing Our Information Assets

Our current Recordkeeping Plan, valid till August 2021, provides overarching guidance concerning our recordkeeping systems, policies, practices, processes and disposal arrangements, in line with the changing needs of our workforce and how we do business. Our best practice recordkeeping processes meet the legislative requirements of the *State Records Act 2000*.

We have adopted the Australian Standard AS ISO 15489 – Records Management for best practice recordkeeping and we actively use the State Records Commission standards and principles. In addition, system upgrade considerations are underpinned by ISO 16175 - Principles and Functional Requirements for Records in Electronic Office Environments. This International Standard has been useful when considering needs for our records system TRIM (RM8.3), our bulk scanning and document processing system KOFAX (TA7) and the development and integration of all corporate business applications. Additionally, record management processes have been externally audited and certified to ISO 9001:2015 Quality Management till June 2019 as a component of the Main Roads' Integrated Management System.

Our Response to Future Trends

System suitability and dependability is important to the success of the business when addressing future directions. Changing technologies can create disruption in the workplace and require transformation of business processes. This includes record creation, capture, movement, storage, disposal and system integrations. To assist, a new Information and Communications Technology (ITC) Strategic Framework has been developed with specific actions and deliverables. This is guided by a suite of drivers including the State Government's ICT Digital WA Strategy, Keeping WA Moving and technological advancements towards automated vehicles, improved Intelligent Transport Systems and big data. The ICT Program Management Office was established to coordinate, prioritise and manage all existing and future business projects with an ICT element.

This includes:

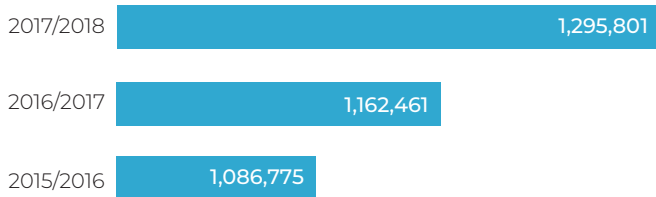
- A business process which contains an ICT element
- A new digital program or system, or an enhanced version of an existing system
- An idea or technology that will enhance the functionality of a working environment
- May be in the form of telecommunications, media, device or information software.

This year Follow-Me-Print, confidential secure printing from anywhere across Main Roads, Windows 10, Office 2016 and OneDrive for Business have been rolled out to the organisation together with an Office 365 pilot project. Wireless access is available to all our people across the state.

Our system of capture KOFAX (TA7) has been used for bulk scanning and document processing to semi-automate the capture and storage of information to TRIM for further processing. We have extended the use to all forms of incoming correspondence received. This year 35,310 items of incoming correspondence have been scanned and/or captured to TRIM through this system. Hardcopy correspondence that has been scanned is legally disposed of in accordance with the General Disposal Authority for Source Records.

Documents captured over recent financial years indicate steady ongoing use of the system and audit logs indicate that over 81 per cent of employees regularly use TRIM.

Documents registered



Our additional initiatives to support best practice recordkeeping include:

- Review of the Superintendent Contract Management Plan template used for submission to Main Roads by contracted companies has been updated. This includes the standard list of required contract records
- Review of operational recordkeeping at project sites resulting in simplification of records capture through implementing bulk renaming software, use of TRIM User Labels, TRIM document queues and imports in TRIM together with a targeted matrix of training for project support officers
- Mobile media such as CD's, DVD's, USB's and hard disks were returned to business areas for content capture to our TRIM records system followed by legal disposal in accordance with SRC Standard 8: Digital Recordkeeping and SRO Guideline: Sanitizing of Digital Media and Devices
- Records course training content for use with TRIM has been rewritten and online TRIM course content updated for delivery to users
- The Traffic management approvals process for sign and line marking drawings is now conducted electronically using KOFAX (TA7)
- Processes have been developed for managing and/or disposing donated and historical Artworks
- 90 photo albums have been catalogued into the library system for linking with photos when scanned to TRIM
- Wireless Bluetooth barcode tracking of hardcopy files implemented
- Retention and disposal training provided to some of our regional and metropolitan locations
- Training in the use of our storage providers portals undertaken to more efficiently process aged records for offsite storage
- Three inspections were undertaken — Mines Core Sample Library to discuss core sample storage and registration requirements, Goldfields Records Storage to determine suitability for offsite storage and Kimberley Security Shredding to determine suitability for legal disposal
- Learning Management System (LMS) needs for online Records Awareness and TRIM training courses have been investigated together with application to our corporate LMS.

Our Training Program

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

- Induction training for all new employees, contractors and consultants that addresses recordkeeping responsibilities and compliance with our Record Keeping Plan
- Online recordkeeping awareness and TRIM courses to support the capture of records. Monitoring progress and completion commenced last financial year with escalation to management for remediation as needed. Since that time completion rates have improved – RAT (99 per cent), TRIM Essentials (99 per cent), TRIM Next Step (98 per cent)
- Full day hands-on TRIM training, which is also offered on a classroom or one-on-one basis including support through remote online assistance
- One hour intensive hands-on TRIM training is offered for delivery to business areas on request
- One hour intensive short courses are regularly run using Skype for Business to deliver records system training direct to the desktop throughout our offices. This year the range of standard courses available has increased from 10 to 13
- Regularly updated records policies, procedures, quick reference guides, FAQs, news items, availability and contacts on our intranet site.

Participation in the records training program on offer to the organisation is shown below:

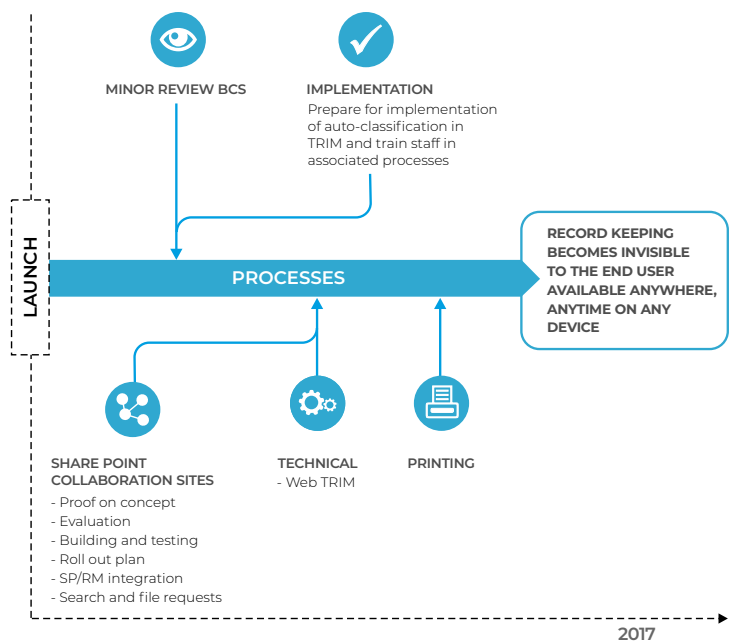
Training	2016-17	2017-18
Lecture Based	289	158
Skype for Business	540	386
Total by Delivery Method	829	544
TRIM'n'Win Short Course	662	417
TRIM Full Day Training	66	66
TRIM Customised Training	86	49
One on One Training	15	12
Total by Training Type*	829	544
Online – Recordkeeping Awareness*	199	292
Online – Trim System Training – Essentials*	179	286
Online – Trim System Training – Next Step*	167	273
Metropolitan and Regional R&D Training*	4	9
Metropolitan and Regional Buddying*	1	1
Curtin Practicum Placement*	0	1
RIMPA Records Convention*	6	1
Total Trained	1385	1407

* Figures used to obtain Total Trained

Our TRIM Support Team directly supports the records training program and use of TRIM by our customers. They dealt with 8,372 customer enquiries with 99 per cent of enquiries receiving same day resolution.

We continue to address the remaining process components on our TRIM Roadmap including:

- Our Business Classification Scheme has been reviewed. Use and definition of terms has been simplified to enhance file titling and easier identification of search results.
- A project to integrate SharePoint and TRIM to provide appropriate records management governance of project sites has also been raised with high priority through the ICT Project Management Office.
- Work has commenced towards our next system upgrade from TRIM (RM8.3) to TRIM (CM 9.2) including reviewing functionality and future use of the TRIM web client by general users.



Records and Information Management Professionals is the peak body for records and information management in Australasia. It was an honor to receive an invitation to provide a joint presentation with the Department of Transport in Brisbane at the inForum 2017 Conference that was well attended.

Financial and Other Disclosures

Financial Targets: Actuals Compared to Budget

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

	2017-18 Target ⁽¹⁾ \$000	2017-18 Actual \$000	Variation ⁽²⁾ \$000
Total cost of services (expense limit)	1,274,384	1,263,570	(10,814)
Net cost of services	(58,247)	167,376	225,622 ^(a)
Total equity	50,798,886	47,120,450	(3,678,436) ^(b)
Approved salary expense level	119,704	125,133	5,429 ^(c)
Agreed borrowing limit	–	–	^(d)

(1) As specified in the Budgets Statements.

(2) Further explanations are contained in Note 9.12 'Explanatory statements' to the financial statements.

- a) The variation in Net Cost of Services is mainly due to lower than anticipated receipt of Commonwealth Grants for major capital works, as a result of changed project milestones.
- b) The variation in Total Equity is mainly due to the revaluation of Infrastructure Road Assets undertaken as at 30 June 2018 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 2017-18, the Road and Bridges Construction Cost Index movement of 1.8% was applied.
- c) The increase in salary expense is predominantly due to redundancy payments made as a result of the Voluntary Targeted Separation Scheme.
- d) Main Roads did not borrow any funds during the 2017-18 financial year.

	2017-18 Agreed Limit \$000	2017-18 Target ⁽¹⁾ / Actual ⁽²⁾ \$000	Variation ⁽³⁾ \$000
Agreed Working Cash Limit (at Budget)	42,118	42,118	N/A
Agreed Working Cash Limit (at Actuals)	42,118	42,133	15

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

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

(3) Below agreed limit during the financial year.

Reporting to the Department of Treasury

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

Management Reporting

Both Financial Reports and Program Management Reports are tabled monthly and quarterly at Corporate Executive. These report on projects and progress against key performance indicators. In addition, regions and branches conduct monthly finance reviews, with reports presented at Directorate Management meetings.

Accounting and Financial Management Policies

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

Capital Works

All disclosures in relation to capital works are included in the Financial Statements and Notes. Our annual Strategic Asset Plan details our 10-year investment needs and drivers. The Strategic Asset Plan adheres to the Department of Treasury's Strategic Asset Management Framework. We assess projects for funding by submitting comprehensive business cases to the Road Planning Investment Committee and Corporate Executive, and according to their (direct and in-direct) economic, environmental and social impacts. Each capital project follows the national Austroads project evaluation methodology where a Benefit Cost Ratio (BCR) must be conducted and calculated. This incorporates quantifiable economic data and is supplemented by simplified economic, environmental and social assessments.

The BCR records information on the benefits of a project on travel time savings, vehicle operating costs and smoother travel, safety, and maintenance. Other benefits and costs are considered via a multi-criteria analysis. Our approved priority Capital projects are then submitted to the Department of Transport's Portfolio Investment Steering Committee for rating and assessment against all Transport

Portfolio priorities, with shortlisted priorities submitted to the Minister for Transport for approval as part of the Department of Treasury's Annual Budget Cycle. Capital works financial progress is reported to the Corporate Executive on a monthly basis and to the Department of Transport's Transport Portfolio Investment Coordination Branch on a quarterly basis.

Main Roads has a Business Case Guidelines document which details the minimum requirements and outlines the preferred template for a business case. Both State and Commonwealth templates have a section on alignment to State Priorities, Government Goals and Main Roads outcomes. The Infrastructure Australia template has a section on alignment to Government goals and other strategies. Indirect economic benefits (those that are outside the scope of the usual Benefit Cost Assessment) are now being measured through wider economic benefits – these are an attempt to monetarise the benefits a project delivers to the wider economy through enabling infrastructure.

Main Roads has adopted a post project evaluation framework to measure project success – to ensure we are achieving the intended KPI's and outcomes from project investment. This Benefit Realisation Framework is endorsed by Australian Transport Assessment and Planning and is a key feature of ISCA's Rating Tool, V2.0.

Sustainable Procurement and Buy Local

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

In 2018 we introduced contractual requirements for Contractors to employ Aboriginal People and subcontract to Aboriginal Businesses. This includes mandating minimum employment and subcontracting percentages that must be met in the delivery of works.

Reporting for Buy Local is extracted from information contained within the Department of Finance's Tenders WA website. Data is not yet available for the current year.

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

2014 (%)		2015 (%)		2016 (%)		2017 (%)	
Metro	Regional	Metro	Regional	Metro	Regional	Metro	Regional
N/A	57	N/A	51	N/A	52	N/A	61

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

Metro	Regional	Metro	Regional	Metro	Regional	Metro	Regional
99	91	91	88	91	96	98	92

Ethical Procurement

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

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

Procurement Grievances

Our procedure for dealing with procurement grievances is referenced in all tender documents and a copy is accessible from our website. The procedure has been endorsed by the Western Australian Road Construction and Maintenance Industry Advisory Group and provides for a customer-focused, fair and structured, and relationship-based approach to reviewing grievances lodged by contractors. During 2017-18 one grievance was received, reviewed and subsequently closed out. There has been an average of one grievance per year over the past five years, confirming our procurement processes continue to be fair and equitable.

Significant Contractors

The table below lists our major suppliers and contractors and their award value over the past year.

Major Suppliers/Contractors	2018 Award Value \$million (GST excl)
SRG Civil Pty Ltd	5.0
AECOM Australia Pty Ltd	5.5
Rubicor Gov Pty Ltd	7.8
Coleman Rail Pty Ltd	8.4
BG&E Pty Limited	8.4
GHD and BG&E Joint Venture	9.0
WA Stabilising	9.3
GHD Pty Ltd	9.3
Supercivil Pty Ltd	9.9
Densford Civil Pty Ltd / Marine & Civil Pty Ltd Joint Venture	10.1
Fulton Hogan Industries Pty Ltd	10.1
Downer EDI Works Pty Ltd	10.8
BMD Constructions Pty Ltd (QLD)	16.1
Georgiou Group Pty Ltd	18.7
Colas Western Australia Pty Ltd	20.3
CPB Contractors Pty Ltd	21.8
Watpac Civil & Mining Pty Ltd (Perth)	22.0
Intersectional Linemarkers Pty Ltd	22.1
Highway Construction/Albem Operations Joint Venture	25.1
Margaret River Perimeter Road Joint Venture	27.0
MACA Civil Pty Ltd	30.2
WBHO Infrastructure Australia Pty Ltd (Perth)	48.2
DM Roads	90.4
Ventia Pty Limited	95.2
BMD Constructions Pty Ltd (WA)	101.1
Lend Lease Services Pty Ltd	181.1

Unauthorised Use of Credit Cards

We hold 461 corporate credit cards with transactions reviewed for personal use by incurring and certifying officers during statement processing.

During the financial year there were 38,444 credit card transactions, 11 of which were found to be for personal expenditure totalling \$377.32. All of which has been reimbursed.

- Nine transactions were accidental use of the corporate card instead of a personal card
- Two transactions were the result of the EFTPOS machine picking up the wrong card where both personal and corporate cards were in close proximity.

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

Pricing Policies of Services Provided

Our supply of goods and services represent works and services carried out for other public sector and private bodies on a cost recovery basis. Details are available in the notes to the Financial Statements. Relevant Pricing Policies we set are developed in accordance with the Department of Treasury's Costing and Pricing Government Services Guidelines.

Government Building Training Policy

State Government Building and Construction Contracts

Measure	Number
Active contracts within the scope of the GBT Policy in the reporting period	8
Contracts granted a variation to the target training rate in the reporting period	0
Head contractors involved in the contracts	11
Construction apprentices/trainees required to meet target training rate across all contracts	356
Construction apprentices/trainees employed by head contractors and the subcontractors they are using for the contracts	298
Contracts which met or exceed the target training rate	1

Statement of Expenditure Required Under Section 175ZE of The Electoral Act 1907

In accordance with Section 175ZE of the Electoral Act 1907, Main Roads Western Australia incurred \$366,300.00 during 2017-18 in advertising, market research, polling, direct mail and media advertising. Expenditure was incurred in the following areas:

	\$
ADVERTISING AGENCIES	
303 MullenLowe Australia Pty Ltd	9,800
Adcorp Australia Ltd	17,200
Angry Chicken Publishing Pty Ltd	10,800
Anthologie	6,200
Clockwork Print	5,300
Cooch Creative Pty Ltd	2,500
Daniels Printing Craftsmen	13,600
Farm Guide Pty Ltd	5,100
Icon Illustration	1,600
Jiffy Instant Print	200
Advertising Agencies Total	172,300

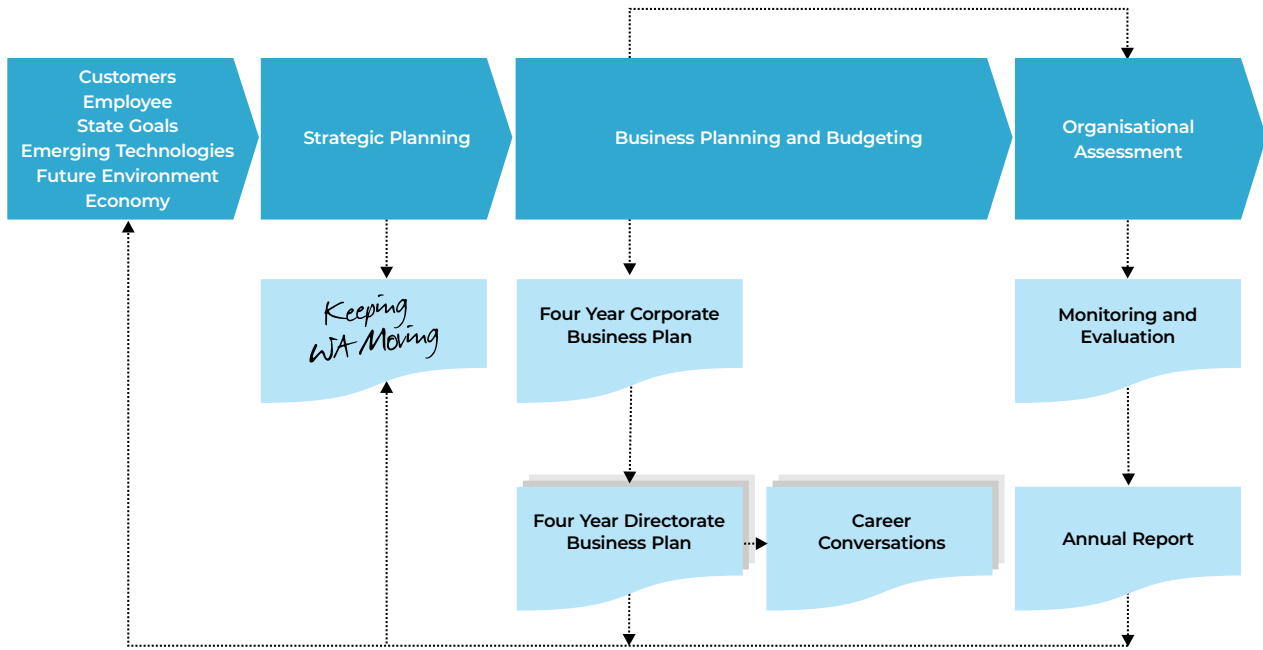
DIRECT MAIL ORGANISATIONS	
Daniels Printing Craftsmen	24,000
Quickmail	1,600
The Pamphleteer	7,100
Direct Mail Organisations Total	32,700

	\$
MARKET RESEARCH ORGANISATIONS	
303 MullenLowe Australia Pty Ltd	200
Metrix Consulting Pty Ltd	139,800
Surveymonkey	300
Market Research Organisations Total	140,300

POLLING ORGANISATIONS		Nil
MEDIA ADVERTISING ORGANISATIONS		
Adcorp Australia Ltd	7,700	
Carat Australia Media Services Pty Ltd	3,500	
Facebook	4,700	
Imagesource Digital Solutions	800	
Onpress Digital Pty Ltd	100	
Quickmail	700	
West Australian Newspaper	3,500	
Media Advertising Organisations Total	21,000	
Grand Total	366,300	

Corporate Business Plan 2017–2021

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



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

Glossary

Word	Definition
Addinsight	System centred on a network of receivers that can collect traffic data and provide network-wide performance indicators in real time.
Bypass	An alternative route that enables through-traffic to avoid urban areas.
Carriageway	The portion of a road or bridge devoted to the use of vehicles, inclusive of shoulders and auxiliary lanes.
Community Engagement	Involving communities when prioritising and developing services in their own area. This includes consultation as well as more active processes so that communities can help to formulate plans or influence local developments.
Corporate Governance	The way we balance compliance against risk-taking as we direct, control and are held accountable for our performance.
Culvert	One or more adjacent pipes or enclosed channels for conveying a stream below formation level and carrying water under a roadway.
Drainage	The removal of water by flow from the ground or from its surface.
Freeway	A divided highway for through-traffic with no access for traffic between interchanges and with grade separation at all intersections.
Grade Separation	The separation of road, rail or other traffic so that crossing movements, which would otherwise conflict, are at different elevations
Highway	Highways provide connection between capital cities. They are also principal routes between a city and the major producing regions of the State. Highways also service major transport terminals or significant commercial and industrial centres.
Incidence Rate	The number of Lost Time Injury/Diseases divided by the number of employees * 100.
Main Road	A principal road in the road system.
Maintenance	The work on an existing road and infrastructure to maintain its efficiency or quality.
Median	A strip of road that separates carriageways for traffic in opposite directions.
Overlay	The addition of one or more courses of pavement material to an existing road surface, generally to increase strength, and/or to improve ride quality.
Overtaking/Passing Lane	An auxiliary lane provided for slower vehicles to allow them to be overtaken.
Pavement	The portion of a carriageway placed above the levelled surface or earth or rock for the support of, and to form a running surface for, vehicular traffic.
Performance Indicator	A simple measure that allows objective comparisons such as road maintenance costs per kilometre in a region. This can then be compared to other regions and monitored.
Realignment	A change in the geometric form of the original centre-line of a carriageway with respect to the vertical and horizontal axes.
Seal	A thin surface layer of sprayed bitumen – a viscous liquid or solid impure mixture, consisting of hydrocarbons and their derivatives, used for road surfacing.
Stakeholder	Individuals or groups of people with a direct interest, involvement or investment in something.
Strategy	How a broad objective will be approached.
Sustainability	The long-term balance of social, environmental and economic factors into our activities, decision-making and investment processes.

Acronyms

BCR	Benefit Cost Ratio
CIC	Customer Information Centre
CPS	Community Perception Survey
DAIP	Disability Access and Inclusion Plan
EDMS	Electronic Document Management System
EEO	Equal Employment Opportunity
EIA	Environmental Impact Assessment
EV	Electric Vehicle
FTE	Full-Time Equivalent
GRI	Global Reporting Initiative
HVS	Heavy Vehicle Services
IS	Infrastructure Sustainability
ISA	Integrated Services Arrangements
ITS	Intelligent Transport System
KPIs	Key Performance Indicators
LED	Light-Emitting Diode
LTI/D	Lost-Time Injury/Disease
OEP	Operational Event Plan
OSHMS	Occupational Safety and Health Management System
PSPs	Principal Shared Paths
ROSMA	Road Safety Management System
RAVS	Restricted Access Vehicle System
SCATS	Sydney Coordinated Adaptive Traffic System
SHW	Safety, Health and Wellbeing

Contact Information

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

Metropolitan Offices

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enquiries@mainroads.wa.gov.au

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

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(08) 9350 1444

Heavy Vehicle Services

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PO Box 374, Welshpool DC WA 6986
hvs@mainroads.wa.gov.au

Regional Offices

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

Great Southern

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

Kimberley

Derby Office

Wodehouse Street, Derby, 6728
(08) 9158 4333

Kununurra Office

Messmate Way, Kununurra 6743
(08)9168 4777

Mid West – Gascoyne

Geraldton Office

Eastward Road, Geraldton, 6531
(08) 9956 1200

Carnarvon Office

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

Pilbara

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

South West

Robertson Drive, Bunbury, 6231
(08) 9725 5677

Wheatbelt

Northam Office

Peel Terrace, Northam, 6401
(08) 9622 4777

Narrogin Office

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