

We're working for Western Anstralia.

2019 ANNUAL REPORT

CONNECTING PEOPLE AND PLACES

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WELCOME

Welcome to Main Roads 93rd Annual Report.

Throughout this report, you will find information about our operational, financial and business performance for the financial year ended 30 June 2019. It highlights who we are and what we do as well as our services and performance.

This report is not only about the year that was, but also looks ahead at the challenges and exciting new opportunities that might influence our business, our industry and the community that we serve.

Last year we received the Allan Skinner Trophy, for the best annual report in the General Government Sector, a Gold Award and a special commendation from the State Records Commission for Excellence in Compliance Reporting from the Institute of Public Affairs Annual Reporting Lonnie Awards. In addition, at the Australasian Reporting Awards we won the Governance Reporting and Online Reporting Awards for the Public Sector. We also achieved a Gold Excellence Award and received a Bronze Award for Sustainability.

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, will clearly demonstrate 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 past and present and their leaders into the future.

Reporting Structure

We aspire to provide world class outcomes for the customer through a safe, reliable and sustainable transport system. Quite simply this means our purpose is to provide a transport network centred on what our customers need and value. Our focus areas of Customers. Movement, Sustainability and Safety are at the heart of achieving our aspiration and on delivering value and our services.

Each day and each year, we set out to create value, guided by our Keeping WA Moving strategy and our business model. This report shows what we have achieved during the year. In it we discuss how we performed, the value we created and our plans for future value creation. It reflects our deep commitment to our stakeholders and customers by detailing in our material issues and customer experience sections what matters most to them and our business.

We recognise and acknowledge the important relationship we have with our Transport Portfolio partners, the Department of Transport and Public Transport Authority, through the report title Connecting People and Places.

In keeping with our reporting model, we start with an overview of the year, before our Commissioners Foreword and Managing Director's Review provides a summary of our performance and the importance of our strategy and guiding principles in what we do. Our Value Creation Model shows the alignment with our strategic direction and how that in turn drives the delivery of our Key Services and Outcomes resulting in the value we create through our activities. These outcomes form the basis of our Annual Report as represented through:

- Our Operational Performance
- Managing the Environment and Sustainability
- Improving Customer Experience
- Our People
- Enhancing Safety, Health and Wellbeing

In each of these chapters, we start with our aim and approach, showing how we contribute towards achieving our own and the Governments goals. Some of our performance measures are then presented, alongside our projects planned for 2020 and beyond constantly moving us towards achieving our aspiration. We conclude each chapter with one of 'Our Stories' demonstrating a practical real life application of what we do. Our key performance indicators and financial statements are documented in the Governance and Financials section.

We are confident that our report shows how we are Keeping WA Moving, while living up to our Values, delivering on our commitments and working towards our Aspiration.

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 2019 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 to the GRI Standards: Core option, and continue to develop our disclosure to 'Comprehensive' level with the inclusion of more reporting against indicators 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 believe these approaches enable better decisionmaking by businesses, governments, society and our community, and decisions based on information that matters. That's why we will continue to explore our understanding and adoption of these approaches into the future, in relation to our services and performance.

Comments and Feedback

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



To the Honourable Rita Saffioti, MLA Minister for Transport

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 2019.

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

Peter Woronzow Managing Director of Main Roads 15 August 2019

Richard Sellers Commissioner of Main Roads 15 August 2019

OVERVIEW

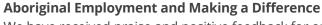
A summary of the past 12 months is provided in these areas

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Our Stories

The following are some of our stories from across the past year. Further information on each story can be found throughout the report.





We have received praise and positive feedback for our ongoing commitment and level of engagement. This has enhanced our reputation as a progressive and inclusive organisation determined to make a difference for Aboriginal people and their communities and for the Industry.





Built by Locals, for Locals

Sealing of the Bidyadanga Road and Airstrip has provided vital connectivity to WA's largest remote Aboriginal community and has helped drive employment and training for local residents.

Collaborative Approach to Managing Local Roads Renewing the fifth State Road Funds to Local Government Agreement in collaboration with the WA Local Government Association reinforces our commitment to managing an efficient, reliable and safe road network.









Animal Welfare a Priority with Our First Fauna Bridge

NorthLink WA features the state's first dedicated fauna bridge, ensuring continued habitat connectivity for the long-term sustainability of the local wildlife. The bridge connects bushland known to house abundant wildlife and provides a natural route that encourages and allows animals to cross the freeway safely.

Commitment to Infrastructure Sustainability Recognised

We won the 2018 Organisational Leadership in Infrastructure Sustainability Award. The award recognises the organisation that exhibits the most outstanding performance, leadership and contribution to advancing infrastructure sustainability in Australasia.

Inaugural Award for Hard-Working Trainee

Our Geraldton office trainee was awarded the inaugural Nudge Clerical Trainee of the Year. Youth Traineeships offer numerous benefits to employers, but flow on affects for trainees, their family and the community is immeasurable.

Safety Forum Becomes a Regular Event

This year's safety forum provided an opportunity to network and knowledge share for our business managers, safety personnel and representatives, as well as colleagues from our portfolio partners.



OUR STORIES

TECHNOLOGY-DRIVEN ROAD NETWORK MANAGEMENT

Congested roads affect travel time, which impacts on the state's economy and the wellbeing of Western Australians. The avoidable cost of Perth's congestion in 2018 was estimated to be \$1.6 billion. The Road Network Operations Centre (RNOC) is a purposebuilt, world-class facility designed to help manage this congestion, optimise road network safety and performance.

The facility delivers situational awareness and a common operating picture, to enable rapid, effective and data-supported decisions in a real-time environment. It facilitates collaboration with critical first responders to manage operations, emergency incidents and events. With a focus on the customer journey, the RNOC incorporates technological capabilities required to address the current and future road network management needs; which will include operating Western Australia's first Smart Freeway in 2020.

Using Bluetooth Technology to Monitor Live Traffic

Addinsight is a bluetooth technology system that uses signals from devices inside motorists' vehicles to accurately map out journey times along parts of our road network. The information is updated in real-time every 30 seconds, building a historical database over time. Using this rich, real-time source of data, we are able to quickly recognise abnormal traffic conditions on our roads. These are typically due to incidents, which we can respond to more safely and efficiently. This allows the road network to quickly recover from the impacts and get back to normal operation.

Data Driven Decision Making

We harness and analyse a range of powerful data across our network, systems and third party providers to measure, monitor and understand the performance of our roads. This understanding is crucial for day-to-day operations and planning of our road network, helping us make informed decisions that lead to better outcomes for our customers.

This data comes from more than 3,000 sensors, 400 CCTV cameras, 600 Bluetooth beacons, detectors at traffic signals, internal systems, and WAZE and weather services.

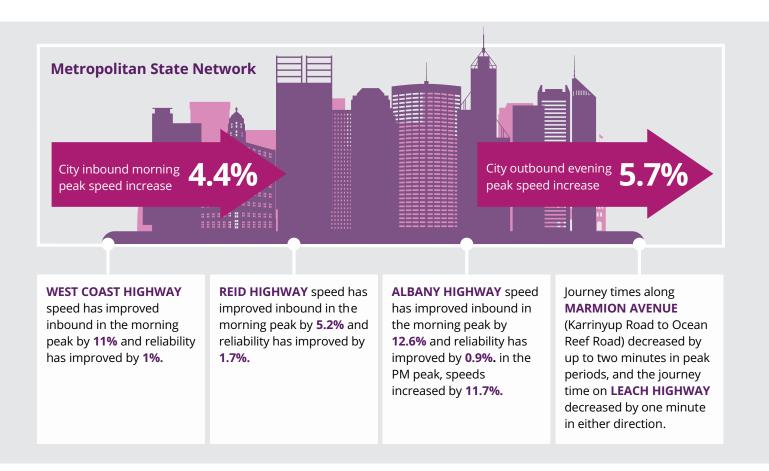
Through new technologies and smarter operations, coupled with traditional civil widening, we will continue to focus on reducing the impact of congestion by optimising the existing infrastructure assets.

Managing Events Across Perth

Optus Stadium caters for up to 60,000 people during sport events and has the capacity to host up to 90,000 people for concerts. With over 50 events planned at Optus Stadium alone every year, that's over two million people that need to get to the stadium on different modes of transport every year.

The RNOC plays a key role in making sure that the road journeys to and from major events in Perth are managed safely and efficiently, whether it's for the sell-out AFL Derby, or over 35,000 people taking part in HBF Run for a Reason, that involves closure of our freeways.

Our teams work relentlessly in the background, together with a wide range of stakeholders, to ensure that the community enjoys their experience.



Customer Perception Scores

Overall, customer perception for the whole of network has improved this year compared to the last. Notable improvements include; Tonkin Highway North and South, Stirling Highway, Canning Highway and Brookton Highway.



Main Roads Annual Report 2019

OUR STORIES

ABORIGINAL EMPLOYMENT AND MAKING A DIFFERENCE

Increased employment opportunities to enhance wellbeing of Aboriginal people is a key commitment for Main Roads. To help us achieve this objective, in collaboration with Nudge, a for purpose charity, we developed a Strategic Business Case for Aboriginal Employment Initiatives.

Championed and led by our Aboriginal Employment Initiatives Taskforce, the business strategy includes: contract clauses with mandatory requirements and stretch targets for Aboriginal participation and employment; procurement through Aboriginal businesses; and incentive payments against these stretch targets for major works.

In the Kimberley, our maintenance activities are managed within the region. This model means direct engagement with local contractors and creates greater employment opportunities for Aboriginal communities.

The Broome – Cape Leveque Road Upgrade project is a direct managed works project, with construction staged over three to four years. This brings local Aboriginal communities and business, opportunities for employment and training over an extended period. A program of works like this is known to be more effective in delivering long-term economic and social benefits.

Achieving genuine increased capacity within Aboriginal communities and businesses, this longer construction program also provides time for local communities to adapt and prepare for the increase in traffic growth and visitors to the area. Our approach also engages skilled work crews in the Kimberley who have inherent knowledge of the landscape and surroundings. This local knowledge is critical, especially in the far north where conditions have a major impact on road construction and maintenance activities.

For each project, we consult with local Aboriginal businesses from the early stages of the works. This helps our understanding and creates familiarity with Aboriginal businesses and local capabilities. It also helps us understand family and language groups and various cultures in the region, ensuring we have the best engagement model creating strong links and long-term mutually beneficial relationships.

We remain committed to learning from our experiences, as well as working closely with contractors, Aboriginal businesses, organisations and the communities we serve in order to increase participation rates in our projects and provide sustainable employment and training.

We have been actively updating how we do things to ensure we make a difference within our industry. Feedback from Aboriginal communities and businesses we work with has been positive with praise for our ongoing commitment and level of engagement.

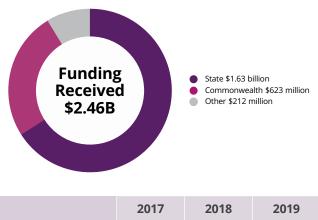
This positive feedback makes us even more determined to continue to work towards making a difference for Aboriginal people and their communities. Visit our YouTube site to view a video on our Aboriginal Engagement and Participation.

Our Finances

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

This year Main Roads received \$2.46 billion in funding and invested more than \$2.57 billion in managing the state road network.

Funding Sources 2018-19



| | 2017 | 2018 | 2019 |
|---------------------------|-------|------------|-------|
| | | \$ million | |
| State | 1,416 | 1,575 | 1,630 |
| Commonwealth | 263 | 772 | 623 |
| Other | 139 | 145 | 212 |
| Total Funding Received | 1,820 | 2,490 | 2,465 |

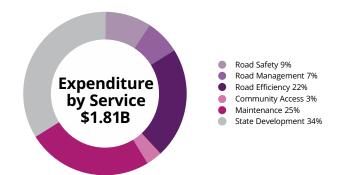
The largest contribution to our income is from the State Government with just over \$1.63 billion or 66% of total funds received. At 25%, our second highest contribution comes from the Commonwealth Government valued at more than \$623 million. These funds assist national and regional economic and social development by improving the performance of land transport infrastructure and include the National Black Spot Program and other local and national road projects. Other income sources include the Road Trauma Trust, Regional Royalties Program and funds for natural disasters to reinstate and re-open road infrastructure damaged by natural disasters.

Expenditure

During the year we spent funds of \$2.57 billion delivering services across the state.

Expenditure by Service

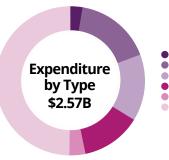
The following shows the allocation of these funds aligned against our six – outcome based Services. Further information on each of the services, the projects delivered, our performance and achievements are included in the Operational Performance section.

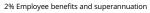


| | 2017 | 2018 | 2019 |
|-------------------|-------|------------|-------|
| | | \$ million | |
| Road Safety | 283 | 163 | 159 |
| Road Management | 125 | 136 | 128 |
| Road Efficiency | 358 | 330 | 411 |
| Community Access | 48 | 137 | 52 |
| Road Maintenance | 399 | 491 | 449 |
| State Development | 360 | 467 | 619 |
| Total Expenditure | 1,573 | 1,724 | 1,818 |

Expenditure by Type

As you might expect, capital works represent our largest expenditure. This is followed by supplies and services associated with asset management, network operations and of course maintenance of our road network. In addition, due to the size of our asset base, we have a significant amount of depreciation. The next biggest area of expenditure is associated with grants and subsidies primarily to local government assisting with the maintenance and improvement of the local road network.





- 17% Supplies and services
 15% Depreciation expense and amortisation
- 13% Grants and subsidies
- 4% Other expenses
- 49% Capital expenditure

| | 2047 | 2040 | 2040 |
|---------------------------------------|---------|------------|---------|
| | 2017 | 2018 | 2019 |
| | | \$ million | |
| Employee benefits and superannuation | 67.5 | 72.0 | 64.5 |
| Supplies and services | 472.7 | 519.0 | 431.3 |
| Depreciation expense and amortisation | 368.8 | 349.0 | 378.1 |
| Grants and subsidies | 275.9 | 271.1 | 332.6 |
| Other expenses | 143.5 | 46.1 | 93.0 |
| Capital expenditure | 951.6 | 1,065.2 | 1,271.2 |
| Total expenditure | 2,280.0 | 2,322.4 | 2,570.7 |

Our Assets

This year the total value of our assets is \$48.26 billion which is an increase of about \$800 million when compared against last year. The major component of our assets is road infrastructure assets, making up 92% of what we own representing \$44.39 billion. Following is a breakdown of the main categories of assets we managed on behalf of the community over the last three years.



| | 2017 | 2018 | 2019 |
|-------------------------------------|------|------------|------|
| | | \$ billion | |
| Roads and Principal Shared Paths | 13.9 | 14.3 | 14.5 |
| Land under roads | 23.8 | 23.6 | 23.2 |
| Bridges | 3.8 | 3.9 | 4.1 |
| Other infrastructure | 1.6 | 2.0 | 2.5 |
| Property and plant | 0.5 | 0.4 | 0.4 |
| Amounts receivable | 2.2 | 2.5 | 2.8 |
| Other assets | 0.4 | 0.7 | 0.7 |
| Total | 46.3 | 47.4 | 48.2 |

Our Performance

WE MANAGE AND MAINTAIN

ENGAGE WITH OUR CUSTOMERS BY

 81% of enquiries to our Customer Information Centre resolved at first point of contact
 110 Matagarup Bridge Lighting requests.

18,500 km of road 2.5 million square kms

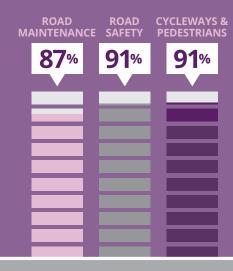
- Including **5,120 km** of the National Land Transport Routes
- **750** Incidents managed from RNOC per month
- More than **400** CCTV cameras, **3,000** sensors and **600** Bluetooth Beacons on the roads.

WE REGULATE AND PROVIDE SERVICES TO

- Over **400** roads approved and added to the Restricted Access Vehicle Network
- Over **4,400** WA Heavy Vehicle Accredited Operators
- More than 1,400 Heavy Vehicle Pilot Licences.



IMPROVING THE CUSTOMER EXPERIENCE



BUILDING A DIVERSE AND INCLUSIVE AGENCY

50% Aboriginal Employment on the Bidyadanga Access Road project



• **250** of our employees in 10 regional offices

95,000 calls received

• 27% women in senior leadership roles.

ENVIRONMENT

- Carried out 509
 Aboriginal Heritage
 Risk Assessments,
 139 hectares of
 revegetation works
- Recycled equivalent of **140,000** car tyres per annum in our crumbed rubber modified asphalt.





Our Outcomes

Governments and communities seek to understand if agency services are meeting expected goals and outcomes. One way to determine this is timely, accurate and meaningful performance information.

Done well, this assists in improving accountability and transparency and aids decision-making. We use performance measurement for insights and judgements on the effectiveness and efficiency of 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.

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 | 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 | 3.8 | 4.1 | |
| of economic and regional development | Contracts completed on time came in below target but remained stable compared to last year | 90 | 75 | \bigotimes |
| | Contracts completed on budget exceeded our target but was lower than last year | 90 | 92 | |
| Our People To attract develop | Headcount | N/A | 1083 | |
| and sustain organisational capability through our people | We exceeded our target in respect to women in leadership positions at Level 6 and above, and this has increased since last year | 20 | 27 | |
| | There was a high level of completion of Career Conversations coming in just under our target | 100 | 96 | |
| | We exceeded our target in relation to the percentage of staff who have knowledge that innovation is part of our guiding principles | 80 | 84 | |

Strong Communities <u>Safe communities and sup</u>ported families

Key Outcomes Results Target Actual **Status** Sought **Road Safety** Community satisfaction with road safety is performing well 90 91 Provision of a safe exceeding our target and improving on last year's results. road environment Contracts completed on time came in below target and has 90 80 decreased from last year's result Contracts completed on budget exceeded our target showing 90 100 continued strong performance Black Spot location indicator exceeded our target and is 7.66 7.46 consistent with previous results Community satisfaction with cycleways and pedestrian facilities Community 90 91 Access was above our target and is continuing on an upward trend. Improved Percentage of the year that 100 per cent of the state Road 95 91 community access Network was available came in under our target but has and roadside improved from last year's result amenity Contracts completed on budget exceeded our target showing 90 100 continued strong performance Contracts completed on time was below our target, but 90 86 significantly improved compared to last year. **Enhancing Safety**, There were no Fatalities last year 0 0 Health and Wellbeing Our Lost-time injury (LTI) and/or disease incidence rate target 10% 0.196 Consistently was achieved with continued improvement reduction leading safe in outcomes incidence rate Our Lost-time injury and severity rate target was achieved 0 0 We exceeded our target of helping injured workers return to 100 100 work within 13 weeks We met our target of helping injured workers return to work 100 100 within 26 weeks demonstrating consistent performance Improving We achieved our target for community satisfaction with 90 90 Main Roads and it has increased slightly since last year Customer Experience The aim to continue to increase the number of customer Increase Increased Providing a subscriptions to our project updates was achieved with more % by 141% transport network than double the amount recorded last year centred on what our customers The target for resolving enquires at first point of contact with 80 81 need and value our customer information centre was achieved and significantly improved compared to last year

| GOVERNMENT GOAL Better Places A quality environment with liveable and affordable communities and vibrant regions | | | | | |
|--|--|--|--------|--------|--------|
| Key Outcomes Sought | Results | | Target | Actual | Status |
| Road Maintenance | Community satisfaction w target and has improved | vith road maintenance came in within our since last year. | 90 | 87 | |
| A well-maintained road network | | re maintenance undertaken on the target and is consistent with previous | 85 | 84 | |
| | | maintenance per lane-kilometre of road our target due to the impact of natural | 6,800 | 9,428 | 8 |
| Road Efficiency and Road Management | Community satisfaction has increased slightly si | with Main Roads target was achieved and nce last year | 90 | 90 | |
| Reliable and efficient | Road network permitted for use by | B-double 27.5 m % | 97 | 97 | |
| movement of people and goods | heavy vehicles | Double Road Train – – 27.5 m % | 97 | 97 | |
| heelee and Second | | Double Road Train – – 36.5 m % | 80 | 80 | |
| | | Triple Road Train – – 53.5 m % | 45 | 45 | |
| | % Network | Roads | 90 | 92 | |
| | configuration | Strength | 93 | 94 | |
| | | Bridges Width | 96 | 96 | |
| | Contracts completed on improved compared to | time exceeded our target and has last year | 90 | 100 | |
| | Contracts completed on budget exceeded our target however was a small decrease on last year's result | | 90 | 97 | |
| | Average \$ cost of netwo kilometres travelled can | rk management per million vehicle ne in over our target | 5,540 | 6,195 | 8 |
| Managing the Environment | Percentage of state-wide completed continues to n | 100 | 100 | | |
| Protecting and enhancing the natural | Scope 1 and 2 Emissions (t CO_2) are lower than expected and continue to come in under target | | 29,449 | 25,110 | |
| environmental and social values in all our activities | Community satisfaction work our target with an increase | vith our sustainability practices exceeded se from last year | 90 | 91 | |
| | | f our intent towards managing our impact et was achieved and was an improvement | 90 | 91 | |

Commissioner's Foreword



I am pleased to present Main Roads Western Australia's Annual Report for 2018-19. Underpinning the achievements detailed in this report and those of Main Roads into the future is our responsibility to work with our Portfolio partners, the Department of Transport and the Public Transport Authority, to plan and deliver transport solutions for the prosperity of our State.

Together, we have made excellent headway on a number of key priorities in 2018-

19 ranging from smaller policy, process and customer service improvements to large scale transformational infrastructure projects – all delivering huge benefits for the community.

Our road network is a vital part of this mix in terms of Connecting People and Places and Keeping WA Moving. We have seen record levels of investment and planning in the delivery of infrastructure across the Portfolio and that includes of course the work done by Main Roads over the last year. Investment drives jobs and opportunities for all Western Australians and allows us to focus on putting community outcomes front and centre.

Like Peter, I am particularly proud of the work that we have been doing in contributing to enhancing the wellbeing of Aboriginal people and businesses through increased employment and training opportunities. Our efforts in this space have been evident throughout the Bidyadanga access road and airstrip sealing, Great Northern Highway Maggie Creek to Wyndham upgrade and Bow River Bridge projects. Earlier this year our work was recognised by winning the Institute of Public Administration Australia's 2019 Best Practice in Corporate Social Values award.

We remain committed to creating lasting benefits for the community through the consideration of social, environmental and economic aspects in all that we do. However, we recognise that the development and operation of the State's road network, if not undertaken with care and responsibility, can have the potential to cause negative impacts. We continue to set the benchmark for increasing the use of recycled material in new and sustainable ways through initiatives such as the Roads to Reuse Program and taking up the challenge of advancing infrastructure sustainability. Whether this is through ensuring an integrated transport network and providing different options for Perth commuters or building WA's firstever fully vegetated fauna bridge, our commitment is clear.

At the core of everything we do are our customers, the people who use our transport network. To ensure a continued high quality of service to the community and in line with the Public Sector Reform initiatives to provide a more stable workforce we are working towards a unified call centre bringing together services from Main Roads' Contact Information Centre to the Department of Transport's Customer Contact Centre.

Retaining and bringing this expertise under single leadership offers greater flexibility to manage demand for services across the contact centres and is an important step towards a single view of our customer across the Portfolio. This will enable us to provide services that best meet customers' needs now and in the future.

Further examples of how the Transport Portfolio is working together on significant transport projects are highlighted in the 2018-19 Connecting People and Places publication. Connecting People and Places also provides an overview of the Portfolio's operations and the objectives, trends and influences guiding our work.

It is a privilege to lead such an organisation and have the opportunity to showcase some of our achievements over the past 12 months. I would like to thank everyone in Main Roads for their hard work, dedication and service and I look forward to what is already shaping up to be another milestone year for transport in Western Australia.

Richard Sellers

Commissioner of Main Roads

Managing Director's Review



Transport is an essential part of daily life for everyone in Western Australia, and it is critical to our growth and prosperity. Reliable and accessible infrastructure is a cornerstone for socioeconomic progress.

It enables growth in productivity, shortens travel times, creates jobs and connects different parts of society. Transport is more than just travel,

it connects people and places, it provides access to the things that we need and it delivers vital social services.

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. This makes investment in the road network crucial in delivering services that benefit the community and respond to current and future levels of demand. This year we delivered more than \$2.57 billion of road programs and services to the state. Our investment in transport infrastructure shapes the future of our cities, towns, and rural and remote areas and supports continued strong growth.

An integrated transport network makes provision for freight, commercial and passenger vehicles, as well as providing mobility access, public transport services and transport options for cyclists and pedestrians. We work closely with our Portfolio partners, to deliver transport solutions that support our progressive and developing state.

Our Operational Performance

Our Keeping WA Moving strategy and focus areas of Customers, Movement, Sustainability and Safety continues to guide our future direction and is underpinned by our values and principles. It positions us to respond in a rapidly changing world, navigate the challenges and deliver on the government's aim for a transport system that improves wellbeing and makes WA a better place to live. We continue to drive our strategic direction to move beyond the traditional three to five year planning horizon, setting the pathway for the next 10, 20 and even 30 years into the future. Part of this future direction, is to continue our work to increase the number of Aboriginal employment and business opportunities across the civil construction industry. I am proud that this year, we have not only provided critical infrastructure in the Kimberley region but also created employment and training opportunities for local communities. For example, by building the provision of three years of ongoing road construction on the Broome – Cape Leveque Road project we enabled a pool of skilled workers to be developed. The objective is to increase capacity of local indigenous crews and allow Aboriginal businesses to support our ongoing program of works.

NorthLink WA is now in its final stages with the southern section, one of the three projects making up this \$1.02 billion initiative, now complete. A major milestone this year, was the opening of WA's biggest freeway-to-freeway interchange at Tonkin and Reid Highway in March. Along with 37 new road bridges, nine new interchanges and more than 150 kilometres of road safety barriers, NorthLink WA will also feature the state's first dedicated fauna bridge.

Our Business Activities

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

Sustainability is a key area of focus for us and I am pleased to say our hard work in this arena has not gone unnoticed, when we were awarded the 2018 Organisational Leadership in Infrastructure Sustainability Award. This acknowledged our active contribution to the advancement of infrastructure sustainability in Western Australia and beyond. We also received the highest ISCA IS rating ever for NorthLink WA.

Providing a transport network centred on what our customers need and value is integral to our strategic direction.

We continue to provide information to help people make better travel choices around the time they travel, the mode they take and the route they use. Projects such as Smart Freeways will be the first of its kind in WA and will use technology that has proven successful around the world in keeping people moving, managing congestion and improving safety.

Mental health is increasingly important in the workplace, playing a crucial role in everything from productivity and economic success to the social wellbeing of the nation. I am very pleased that we have developed a Mental Wellness Strategic Framework and Mental Wellness Action Plan. It is a step further in helping our people build their capacity and awareness in this important space.

During the year, we held a safety forum that brought together our business managers, safety personnel and representatives as well as colleagues from our portfolio partners. It provided our people with an opportunity to network and knowledge share. We will continue to discuss safety, health and wellbeing priorities and share our stories, with the objective of having a unified approach to best practices and leading the way with safety in the Western Australian Government. We continue to perform well in terms of workplace safety, based on the trend of our Lost Time Injury results over the last few years. However, we remain committed to strengthening our safety culture through consistent aligned active leadership practices and supporting our employees in their safety, health and wellbeing capability development.

Future View

We aspire to provide world-class outcomes for the customer through a safe, reliable and sustainable road-based transport system. In the year ahead, we will continue our work to deliver our significant works program, continue to improve travel reliability, improve road safety and contribute towards creating more jobs across the state.

This includes progressing road infrastructure such as construction of two major eastern suburbs projects – the Reid Highway duplication, between Altone Road and West Swan Road, and the Roe Highway-Kalamunda Road interchange, further Tonkin Highway upgrades and an extension to Mitchell Freeway in the northern suburbs. Investment in our roads across Regional WA through works including the Bunbury Outer Ring Road; upgrades on the Great Northern Highway from Broome to Kununurra; progressing plans for the next stage of the Albany Ring Road to divert heavy haulage around the City of Albany; and the ongoing construction of the Karratha-Tom Price Road.

It is critical that we continue to embrace emerging trends and transformative technologies so we can improve customer outcomes and deliver a transport network that efficiently connects Western Australia, now and into the future. We monitor potential transport developments such as connected and automated vehicles, electric vehicles, ride sharing and micro mobility. Collaboration at state, national and international levels is ongoing to understand the possibilities and implications on the road network and the broader integrated land transport system. Predicting when the impact of these technologies will reach critical mass is a significant issue for urban and transport planners internationally.

One of the main reasons that our organisation remains so successful is because of our people. To everyone in Main Roads I once again extend my thanks and appreciation for all of your contributions throughout the year. It continues to be a pleasure to work with so many dedicated and committed people as we continue on our journey to Keep WA Moving and I look forward to another exciting year ahead.

Peter Woronzow Managing Director of Main Roads

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 | 21 |
|--|----|
| Our Business Model | 22 |
| Our Sustainable Approach and Defining Materiality | 25 |
| Linking Strategy, Futures, Innovation and Research | 28 |
| Our Structure | 31 |
| Our Leaders | 33 |

Our Minister, Legislation, Role and Operations

Responsible Minister

Honourable Rita Saffioti MLA Minister for Transport

Enabling Legislation

The *Main Roads Act 1930*, as amended, 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 \$48 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 worldclass 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 5,400 suppliers and made in the order of \$2.174 billion in payments. Of our suppliers, 292 were state or local government agencies and 32 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) |
|----------------------------|---------------------|--|---------------------|
| Goldfields-Esperance | 55 | 941 | 2,202 |
| Great Southern | 61 | 49 | 1,609 |
| Kimberley | 36 | 419 | 2,243 |
| Metropolitan | 1,957 | 5 | 904 |
| Mid West – Gascoyne Region | 63 | 421 | 3,625 |
| Pilbara | 62 | 506 | 2,749 |
| South West | 285 | 29 | 1,764 |
| Wheatbelt | 76 | 157 | 3,476 |
| Total | 2,595 | 2,527 | 18,572 |

Our Value Creation Model



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.

Key Resources



Customers

2.5M WESTERN AUSTRALIAN'S 12.641 CUSTOMER REQUESTS 54,000 EMAILS 5.5M FACEBOOK REACH 1.3M WEBSITE VISITS

Network Performance 18,500 KM OF ROADS 1,000 TRAFFIC LIGHTS 1.200 BRIDGES

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Our People

Know How

EMPLOYEE HEADCOUNT

1083

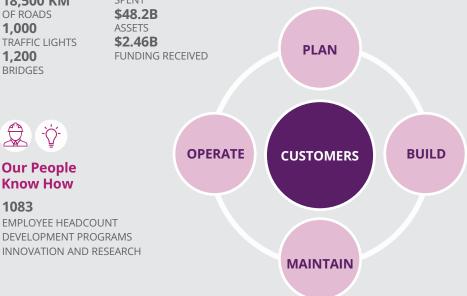
Assets

Financial

Capital \$2.57B SPENT

Our primary activities, as defined by our role, include planning, building, maintaining and operating Western Australia's State road network. We provide a transport network centred on what our customers need and value.

Primary Activities



R

Natural **Resources**

\$23.2B LAND UNDER ROAD 398 PROJECTS SCREENED FOR ENVIRONMENTAL IMPACTS

Our Values

Are the foundation upon which our organisation is built. They represent our culture, guide our behaviours, influence decision-making and influence relationships with each other, our customers and partners.

Roads matter

Taking pride in managing the road network for the benefit of the community.

Excellence in customer service

Understanding and providing what is important to our customers

We have continued to explore and seek to explain how we create value through the lens of the International Integrated Reporting <IR> Framework. We have identified seven capitals that reflect the key resources that are inputs to our business. This business model reflects the achievement of our Aspiration through Keeping WA Moving, our strategic direction, which in turn drives the delivery of our services to the community resulting in the value we create through our activities.

Our Aspiration

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

Key Services and Outcomes

We deliver our services and create value through these outcome focussed areas:

| SERVICE | OUTCOME |
|------------------------------------|---|
| Road Safety | Provision of a safe road environment |
| Road Efficiency Road Management | Reliable and efficient movement of people and goods |
| State Development | Facilitation of economic and regional development |
| Road Maintenance | A well maintained road network |
| Community Access | Improved community access and roadside amenity |
| Business Activities | Exemplary environmental management, stakeholder engagement and development of our employees |

Value We Delivered

90% community satisfaction

\$800M Increase in value of assets

4.1 return on investment exceeded target

607,000 tonnes of materials recycled

3% reduction in GHG emissions last year

LTIFR reduced to **0.5** and maintained **zero fatalities** in the workplace

3% increase in community satisfaction with Sustainability and Environmental practices both rising to **91%**

4% average increase on inbound morning peak speeds

3% increase in 100% availability of the state road network

Exceeded targets established for Aboriginal employment initiatives

\$6.1B of contracts underway, **5%** increase from last year

Engaging with **5,400** suppliers in the last 12 months

Working together Enhancing relationships and teamwork **Embracing challenge** Anticipating and taking up challenges **Professionalism** Providing high levels of expertise in delivering our services

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

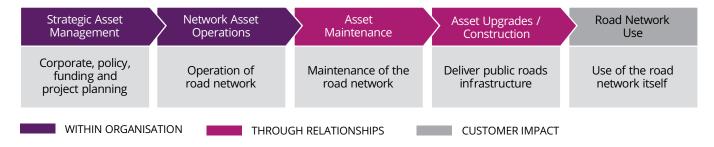
Key Resources

This table shows the alignment between the six capitals identified in the Integrated Reporting <IR> Framework and how we have aligned them to reflect our own business activities and how we represent them in this report. The identification of these Key Resources (or capitals) demonstrates that we rely on more than just financial and human resources to deliver value to our customers.

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

Value Chain

Our value chain demonstrates the primary activities in our business model and indicates where our most significant economic, environmental or social impact or value occurs. We have included in this model an additional dimension showing the interactions as we transition from activities within our organisation, through to recognising the importance of the relationships we have with our suppliers, stakeholders and the community and ultimately the customer impact or value creation outcome.



Our Performance

The results listed in the model recognise the value created by our activities and relate directly to the seven key resources. Measures that reflect the value creation process exist for each of our services and business activities and more information is included in the Our Outcomes section.

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 have continued to engage with internal and external stakeholders to develop supporting actions, identify areas for employee development and report on key metrics.

This includes quarterly sustainability reports to the Corporate Executive, to measure performance ensuring our policy drives and guides our future direction. Further information on our approach to sustainability, including our policy, can be found on our website.

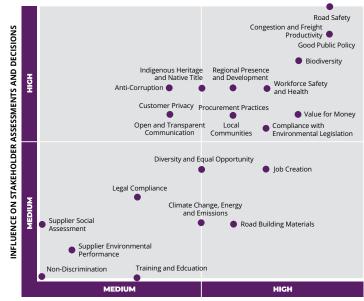
Defining Materiality

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. Results are reported to the Corporate Executive and 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. For a list of our stakeholders, please see page 184.



SIGNIFICANCE OF ECONOMICS AND SOCIAL IMPACTS

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 alignment with Sustainable Development Goals (SDGs), of which Australia is a signatory, is shown in the table below. More information on how these topics relate to Global Reporting Initiative (GRI) indicators including the GRI Content Index and the SDGs can be found on our website.

| Material Issues | Key Impacts | Key Resources Affected | SDG Alignment |
|---|---|--|---|
| Road Safety | Western Australia's road death statistic, 6.1 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. | ₩ \$ -¥ # | 3 GOOD MEANIN GOOD MEANING COMPANY 11 AND MEANING CONTROL AND COMPANY AND COMPANY AND COMPANY CONTROL C |
| Congestion and Freight Productivity | 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. | Ů ♥ \$ `` | 2 ARE 2 ARE 2 ARE 3 ADD WILLING 4 ADD WILLING |
| Good Public Policy | As a statutory authority we rely on our resources and know-how to ensure we have clear, transparent and strong governance approaches. These prevent undue influence in the administration of our role and ensure swift, efficient and effective implementation of government policies and strategies | | 16 mountainer Mountainer 17 Partimesans Examples |
| Biodiversity | 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. | in -∑- | 6 ALLAN WATTER TO SAMPLE STREAM 15 IF I IF I |
| Workforce Safety and Health | 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. | Ů () [©] <i>(</i>) [©] | 3 ADD WILL HARD ADD |
| Value for Money | We must make effective use of the government funding we receive to deliver our services to the community. | ij́₩\$ £ | 8 ECENT HINK AN ECONANCE GENTRI 9 ADJUST REMEALTING ADJUST REMEALT |
| Regional Presence and Development | We operate across a vast and isolated state and our rural operations can have significant impacts on regional towns', communities and their economies. | ∰ <u>\$</u> ∰ 'Ý' | 2 AND 2 AND 4 COLLET |

| Material Issues | Key Impacts | Key Resources Affected | SDG Alignment |
|---|--|--|--|
| Compliance with Environmental Legislation | 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. | in chi tà. Iù tù tà. | 3 ADDITICATING |
| Indigenous Heritage and Native Title | 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. | | 1 NOVERTY A RECENT MORE AND R RECENT R RECENT MORE AND R RECENT R |
| Local Communities | 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. | ₩́ -Ý- | CONSTRAINT CONSTRAINT CONSTRAINT CONSTR |
| Procurement Practices | 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 2018-19 we engaged directly with more than 5,400 suppliers and made in the order of \$2.174 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. | \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ | 4 COLUMN COLU |

Linking Strategy, Futures, Innovation and Research

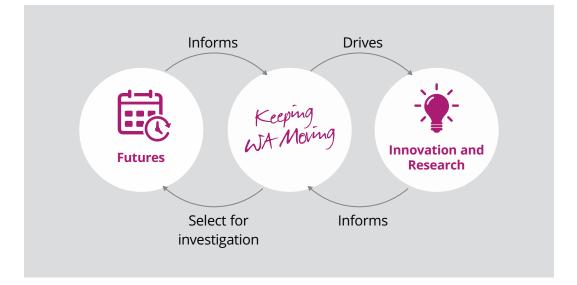
Keeping WA Moving, our strategic direction, clearly outlines our areas of focus as Customers, Movement, Sustainability and Safety. These areas underpin what we do and help us concentrate on delivering what's important.

The transportation of people and goods is one of the most important components of our everyday lives. The arrival of the fourth Industrial Revolution and the rapid development of multiple disruptive and innovative technologies is challenging the status quo. Technologies such as:

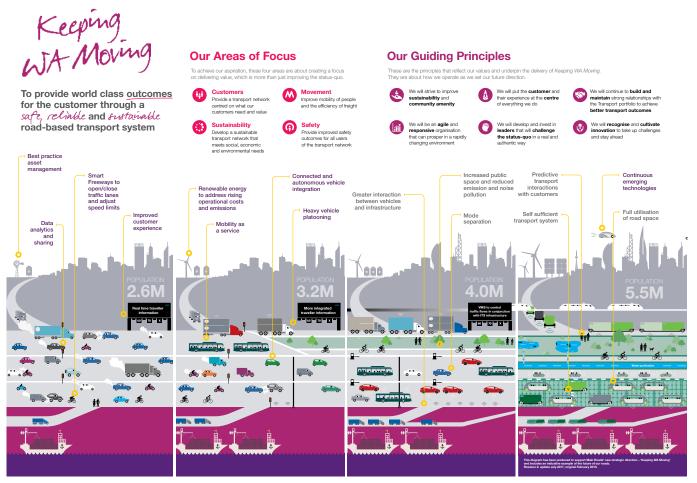
- artificial intelligence, big data and digitization
- the Internet of Things
- fifth, and even sixth, generation wireless technologies (5G/6G)
- · connected and autonomous vehicle technologies
- on-demand ride-sharing services and Mobility as a Service
- 3D printing
- the sharing economy

These technologies and others are changing not only behaviour but also the expectations of the community. The fusion of these is bringing a technological revolution that will fundamentally alter the way we live, work, and relate to one another and as a road agency we need to be prepared. To that end, we scan the external environment to prepare ourselves for the future. Over the past decade, the future of transport has been reimagined. McKinsey recently reported US\$220 billion of investments in new mobility technologies since 2010. Much of this investment has come from technology companies and start-ups – new players in the transport sector.

The transport industry expects significant disruption in coming years, given the level of investment and potential new technologies. We will need to adapt to take advantage of opportunities and minimise risks. With many potential futures for transport, we use our understanding to inform our strategy, innovation and research activities.



We represent Keeping WA Moving visually, to remind ourselves that the future will look different from today.



The point isn't to accurately predict the future, the diagram won't be realised exactly. However, by thinking about a longer-term future, it can help us lift ourselves away from immediate challenges and re-focus on what's important. The same applies for our future story, it's one vision of the future to start a conversation.

Exploring Transport's Immediate Future

It's five years from now and you've bought a new car – your first fully electric car. You've taken the plunge because electric vehicle range has increased and the price has come down, making it competitive with petrol, diesel and hybrid vehicles. With a new fast-charging network being rolled out around Western Australia you can travel long distances around the state. And using this new fast-charging means adding hundreds of kilometres of range in the time it takes to stretch your legs, grab a coffee and take the kids to the toilet! The vehicle also has some of the new self-driving features but even when you choose to drive yourself, the vehicle helps to keep you safe.

Comparing it to your old car, you love the convenience of recharging at home. This saves you the regular trip to the petrol station and the hassle of working out which will be the cheapest day to fill-up. You save money, too, by simply plugging the charger in and opting to recharge when the cheaper off-peak rate starts or when your solar panels are generating electricity. Saving money on refuelling and maintenance is great. And you also love the fact that your car takes less time to service, the service intervals are further apart and there is less maintenance done.

Security features of new cars are amazing too! Recently someone backed into your car at a car park and drove off without leaving a note, but the cameras on your car recorded the crash so you could avoid the excess on your insurance claim.

You keep hearing stories about your friends using the new driverless taxi services to get around town. They're even talking about not replacing their car when the time comes. You need a sizeable car, for example, to tow the caravan on the annual trip to Kalbarri. But maybe it's time to think about getting rid of the second car, used mostly for commuting and short, around town trips?

These potential futures have current relevance for us. Generally, technologies fit one of three levels or areas, described below.

Technology for Watching

These technologies are in early development, so we watch their progress with interest for possible application. One example is the **use of 3D printing technologies to create bridges**. The projects deployed to date have been innovative and experimental, but it's not too hard to envisage a future where 3D printing becomes commercial. The technology offers the potential to build structures that cannot be created in any other way, while minimising material use and the need for staging areas for large sections of bridge. We will continue to watch and look for the right time to adopt as a tool.

Technology for Preparing

Other technologies are nearing commercialisation, so we need to initiate new areas of work to prepare for and be a catalyst for the future. Although uptake is slow, we need to think about a future in which electric vehicle (EV) sales are much larger. Global sales of EVs are growing exponentially, although from a small market share. We are participating in a state working group to support collaboration on EVs. We also completed a research project with the University of Western Australia and other stakeholders to take a coordinated and strategic approach to planning for charging infrastructure for EVs.

Driverless vehicles continue to be an area for government to prepare. Identifying a time for deployment is difficult, Cruise Automation, owned by General Motors and Honda, recently announced an indefinite delay on their plans to deploy a fleet of driverless taxis in San Francisco, while Tesla CEO, Elon Musk, claims that they will be 'feature complete on full self-driving this year'. While there are indicators that driverless vehicles may be delayed, we still need to understand how they could impact the transport network. We continue to work with the Planning and Transport Research Centre and iMove CRC on a research project to understand the impacts of driverless vehicles on our road network. We also contribute to federal and state government initiatives by being a member or working on:

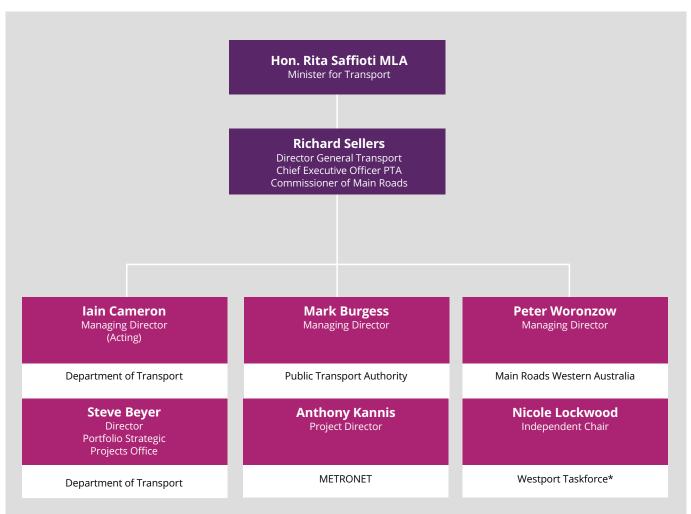
- Austroads' Connected and Automated Vehicles Steering Committee
- National Transport Committee Automated Vehicle Regulatory Advisory Group
- Australian Driverless Vehicle Initiative Scientific and Research Group
- WA Connected and Automated Vehicle Advisory Committee

Technology for Investigating or Deploying

We use our innovation and research activities to investigate opportunities new to Main Roads. During the year, we initiated a new project to investigate whether gravel from unknown sources can be treated to ensure that it does not contain dieback. If successful, this will improve environmental and economic outcomes by allowing us to use gravel local to a project area, while preventing the further spread of dieback.

Our Structure

We are one of three state agencies comprising the Transport Portfolio. Together with the Department of Transport and Public Transport Authority, we work to enhance the coordination and delivery of transport services, reporting to the Minister for Transport. This diagram shows how we fit together under the guidance of the Director General who has overall responsibility for providing strategic direction and leadership across the portfolio.



*Westport Taskforce reports to the Minister for Ports through the Director General.

Main Roads

This is the organisational structure for Main Roads. Further information about our Corporate Executive can be found in the Our Leaders and Governance sections.

| | Peter Wo Managing | | |
|--|---|---|---|
| Leo Coci Executive Director Infrastructure Delivery | Neville Willey Executive Director Human Resources (Acting) | Tony Earl Executive Director Network Operations | Alan Colegate Executive Director Strategy and Communication (Acting) |
| Major Projects Project Services NorthLink WA Business Management | Human Resource Services Communities of Expertise Business Partners | Congestion Program Management Traffic Management Services Network Performance and Operations Real Time Traffic Operations | Strategic Communications Executive and Corporate Communications Operational Communication Strategy |
| Des Snook Executive Director Metropolitan and Southern Regions | John Erceg Executive Director Central and Northern Regions | Philip D'Souza Executive Director Finance and Commercial Services (Acting) | Doug Morgan Executive Director Planning and Technical Services |
| Metropolitan Region South West Region Great Southern Region Heavy Vehicle Services Crisis and Emergency Management Level Crossing Safety and Policy | Term Contracts Kimberley Region Pilbara Region Mid West-Gascoyne Region Goldfields-Esperance Region Wheatbelt Region Network Management | Management Review and Audit Program Management Office Information Management Budget and Investment Planning Legal and Commercial Services Supply and Transport Finance Management Property Management | Road Safety Materials Engineering Road and Traffic Engineerin Asset and Geospatial Information Structures Engineering Road Planning and Development Environment |

Our Leaders

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



Peter Woronzow

Managing Director BA (Economics), GDPSM, CPA

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, as Chief Finance Officer, oversees 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 29 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 is experienced 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 leading the team, based at our Road Network Operations Centre, to optimise performance of the road network. This involves facilitating 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 43 years of dealing with road network performance improvement, is an asset in addressing congestion and implementing operational technology.



Neville Willey

Acting Executive Director Human Resources Post Grad Cert Bus, Prof Dip HRM

Neville oversees the provision of Main Roads' Human Resources function. His focus is on workforce and succession planning, along with developing a high performing culture of skilled professionals through improved talent management. Neville brings 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 also has statewide responsibility for the delivery of Heavy Vehicle Services, electrical service assets, crisis and incident management, and railway crossing safety. At a national level, he is Western Australia's Alternate Director on the boards of Austroads and Transport Certification Australia.



Alan Colegate

Acting Executive Director Strategy and Communications Dip Accounting, Grad Cert Bus

Alan is responsible for corporate strategic planning and the provision of timely, accurate and customer-centred communications. He represents Australia and New Zealand on the World Road Association Committee on Performance of Road and Transport Administrations. He is also a Divisional Coordinator and member of the Awards Committee of the Australasian Reporting Awards, committed to improving accountability and transparency in annual reporting across Australasia.



John Erceg

Executive Director Central and Northern Regions BEng (Civil)

John is responsible for providing asset management, maintenance and project delivery across the Wheatbelt, Goldfields–Esperance, Mid West – Gascoyne, Pilbara and Kimberley regions. He also has state-wide responsibility for corporate 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, has custodianship across the WA Transport Portfolio and continues to provide guidance and direction to achieve an integrated transport system.

During the year, we said farewell to Nicole Walton after three years of service. Alan Colegate is acting in the Executive Director Strategy and Communications role.

OPERATIONAL PERFORMANCE

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

| Achieving Government Goals | 36 |
|----------------------------|----|
| Road Safety | 37 |
| Road Efficiency | 40 |
| State Development | 43 |
| Road Maintenance | 46 |
| Community Access | 49 |
| Road Management | 52 |

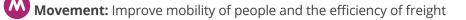
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Achieving Government Goals

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



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 | Road Safety | Provision of a safe road environment |
| Safe communities and supported families | Community Access | Improved community access and roadside amenity |
| Better Places | Road Maintenance | A well-maintained road network |
| A quality environment with liveable and affordable communities and vibrant | Road Efficiency | Reliable and efficient movement of people and |
| regions | Road Management | goods |

Changes Since Last Report

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

| Main Roads Service | Exp \$ Million |
|--------------------|-------------------|
| Road Safety | 159.36 |
| Road Management | 128.12 |
| Road Efficiency | 411.37 |
| Community Access | 51.84 |
| Road Maintenance | 449.14 |
| State Development | 618.78 |
| TOTAL | 1,818.61 |

Expenditure by Service \$1.81B • Road Safety 9% • Road Efficiency 22% • Community Access 3% • Maintenance 25% • State Development 34%

A scorecard providing a summary of how we are performing on a wide range of issues material to our business and our customers is available on pages 14-16.

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 | Results | |
|--------------|---|---------|----------------|
| | Community satisfaction with road safety is performing well exceeding our target and improving on last year's results. | 91 | \diamondsuit |
| \bigotimes | Contracts completed on time is below our target and has decreased from last year's result | 80 | • |
| | Contracts completed on budget exceeded our target showing continued strong performance | 100 | \diamond |

| | 2017 | 2018 | 2019 |
|--------------------------------|------|------|------|
| Program expenditure \$ million | 283 | 163 | 159 |

Looking Ahead

Works planned for next financial year include the following:

- progress South Coast Highway road safety improvements and upgrade
- widen and seal shoulders on Pinjarra Williams Road
- upgrade Guildford Road and King William Street intersection including modifications to signals and streetlights
- widen and seal shoulders and continue safety improvements on South Western Highway from Harvey to Wokalup
- progress widening pavement and seal on Albany Highway, Kojonup South
- upgrade Albany Highway and Fremantle Road intersection
- widen pavement and construct passing lanes on South Coast Highway, Kojaneerup
- advance Orrong Road and Francisco Street intersection upgrade
- widen Indian Ocean Drive between Break Water Drive and Lancelin Road
- widen and seal shoulders on South Western Highway, Middleton Road North
- overlay and widen seal to complete road safety improvements on Boyanup Capel Road.

Some of these are already underway; visit our Projects website to find out more.

Key Projects

| Project | Total Project Cost (\$ million) | 2018–19 Cost (\$ million) | Completion Date | Description |
|--|--|---------------------------------|--------------------|---|
| Great Southern Region | | | | |
| South Coast Highway – Mead Road Passing Lane | 30.0 | 8.0 | May 2019 | Construction of a passing lane |
| Northam Cranbrook Road – Katanning South | 2.5 | 3.5 | April 2019 | Widening pavement and seal |
| Metropolitan Region | | | | |
| Mount Street Pedestrian Overpass | 2.6 | 1.5 | September 2019 | Replacement of mast and additional lighting |
| Nicholson Road Bridge over Rail | 27.3 | 1.7 | July 2018 | Construction of grade separation rail |
| Mid West – Gascoyne Region | | | | |
| Indian Ocean Drive – Breakwater Drive to Wilbinga | 4.8 | 3.7 | May 2019 | Widen pavement and seal with wide centre-line treatment |
| Great Northern Highway – Tuckanarra – Lake Annean | 2.4 | 2.4 | July 2019 | Widen pavement and seal |
| Pilbara Region | | | | |
| Great Northern Highway | 2.0 | 2.0 | March 2019 | Construct new overtaking lane, delivered in conjunction with Roy Hill Rail Bridge |
| South West Region | | | | |
| Boyanup Capel Road | 2.1 | 1.8 | May 2019 | Widen and seal shoulders |
| Pinjarra Williams Road | 8.4 | 1.3 | June 2019 | Widening and recovery zone |
| Wheatbelt Region | | | | |
| Collie Lake King Road | 13.0 | 8.4 | December 2019 | Bowelling Curves section realignment |
| York – Merredin Road | 3.3 | 2.8 | April 2019 | Realignment of Ashton Street and Junction Street |
| Great Eastern Highway | 4.6 | 4.5 | March 2019 | Widen, overlay and seal |

Black Spot Programs

There are 119 projects funded by the State Black Spot Program. This represents a \$20.0 million investment and includes:

- 25 projects on State Roads
- 94 projects on local roads.

In addition, the Australian Government Black Spot Program funds 28 projects, representing a \$5.2 million investment.

Railway Level Crossing Upgrade Program

The State has invested \$4.7 million to improve the safety of railway level crossings. Works include:

- installing boom gates at four crossings
- installing LED lights at five crossings
- upgrading nine existing active crossings to meet current technical standards.

SAFETY UPGRADES IMPROVE SOUTH WESTERN HIGHWAY

The South Western Highway is a key route connecting Perth with south-west communities including Pinjarra, Harvey, Donnybrook and Walpole.

Accessed by an average 4,000 vehicles per day, the section of highway between Waroona and Brunswick was narrow, and its poor geometry posed safety issues for the type and volume of traffic. Poor configuration contributed to road hazards and significant crash frequency.

In response to these safety concerns, we undertook significant improvement works on two sections of the highway – between Wokalup and Brunswick, and from Waroona to Yarloop.

Twenty-six kilometres of sealed shoulders are now widened to the edge of the road formation, helping reduce run-off-road crashes. Safety barriers are installed to help prevent run-off-road crashes at large culverts or high embankments. Installing audible edge lines and a 600-mm wide centre-line treatment now increases vehicle separation and alerts drivers who cross the centreline, reducing potential for head-on collisions.

Improvements to the roadside batters help mitigate the risk of serious crashes, whilst the removal of vegetation in discrete locations has improved sightlines to oncoming and through traffic.

The objectives for these improvements are reducing the number of killed and seriously injured road users on this section of highway along with improving the travel journey for all road users.

In addition to these upgrades, a budget allocation allows for planning and development work for future improvements at selected highway locations.

Road Efficiency

Providing Reliable and Efficient Movement of People and Goods

Government Goal

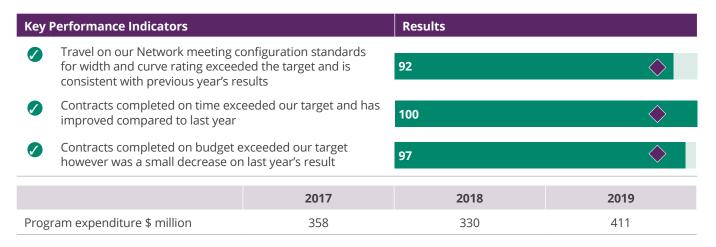
Better places

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.



Looking Ahead

Works planned for next financial year include the following:

- commence preloading of Bussell Highway widening project
- continue construction of Mitchell Freeway widening southbound from Cedric Street to Vincent Street
- 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
- continue construction of the Armadale Road upgrade from Tapper Road to Anstey Road
- continue construction of Reid Highway dual carriageway between Altone Road and West Swan Road
- continue works at various locations under the Traffic Congestion Management Program
- continue delivering the Smart Freeways Kwinana Freeway Northbound project, Roe Highway to the Narrows
- continue delivering the Great Northern Highway Ord River North (Section 1) project
- award and commence construction on the High Street Upgrade Stirling Highway to Carrington Street

Some of these are already underway; visit our Projects website to find out more.

Key Projects

| | Total | | | |
|--|-----------------|-----------------|---------------|---|
| | Project Cost | 2018–19 Cost | Completion | |
| Project | (\$ million) | (\$ million) | Date | Description |
| Kimberley Region | | | | |
| Bow River Bridge | 23.2 | 11.7 | October 2018 | Construct bridge and approaches |
| Great Northern Highway – Wyndham Spur and Maggie's Jump Up | 48.1 | 27.1 | July 2019 | Upgrade and widen seal |
| Ord River North – Stage 1 | 58.3 | 4.0 | December 2019 | Reconstruct and seal |
| Metropolitan Region | | | | |
| Armadale Road widening – Anstey Road to Tapper Road | 145.0 | 61.2 | November 2019 | Upgrade four-lane dual carriage |
| High Street – Leach Highway Upgrade | 120.3 | 1.6 | Early 2021 | Leach Highway upgrade – High Street to Carrington Street – Stirling Highway |
| Roe Highway and Kalamunda Road Interchange | 86.0 | 1.9 | Mid 2021 | Grade separated interchange |
| Reid Highway | 70.0 | 16.0 | Mid 2020 | Reid Highway duplication – Altone Road to West Swan Road |
| Mid West – Gascoyne Region | | | | |
| Brand Highway – | 2.0 | 1.9 | July 2019 | Strengthening – |
| Minyulo Bridge Upgrade | | | | Reinforced Concrete Overlay |
| Brand Highway – Hill River Bridge Upgrade | 0.1 | 0.1 | Mid 2020 | Strengthening – |
| nii River Bridge Opgrade | | | | Reinforced Concrete Overlay |
| Pilbara Region | | | | |
| Great Northern Highway | 20.0 | 18.3 | March 2019 | Construction of new bridge over Roy Hill Iron Ore Rail Line |
| South West Region | | | | |
| Bussell Highway – Fairway Drive | 7.4 | 6.6 | January 2019 | Roundabout including extension of dual carriageway |
| South Western Highway – Balingup South, Padbury Stage 3 | 3.2 | 2.6 | February 2019 | Passing lane extension, South Western Highway |
| Margaret River Perimeter Road – Stage 2 | 48.0 | 7.1 | December 2018 | Construction of 5.2 km of Perimeter Road, connecting to Rosa Brook intersection; 2.3 km of Archibald Drive and roundabout connection; a sealed entrance road to the Airport; 96m road bridge and separate footbridge on the Darch Trail |
| Wheatbelt Region | | | | |
| Great Northern Highway – Pithara Section | 42.3 | 25.4 | July 2019 | Great Northern Highway Stage 2 Muchea to Wubin |
| Great Northern Highway – Muchea North section | 64.2 | 18.7 | Mid 2020 | Great Northern Highway Stage 2 Muchea to Wubin |
| Great Northern Highway – Miling Bypass section | 29.3 | 18.3 | April 2019 | Great Northern Highway Stage 2 Muchea to Wubin |

IMPROVED TRAFFIC FLOW AND SAFETY IN MARGARET RIVER

Construction of the seven-kilometre Margaret River Perimeter Road was completed in early February 2019.

Extending from north of the Margaret River townsite and linking back to Bussell Highway south of Margaret River, the road provides an alternative, high-standard, free-flowing route for heavy vehicles around the town, reducing congestion and enhancing safety for pedestrians and local traffic.

With 2.5 million visitors to the region each year, the perimeter road is the catalyst for the future renewal of the main street into a modern and attractive tourist destination.

The perimeter road has improved traffic flow and efficiency on Bussell Highway through the town and reduced conflict between light and heavy vehicles in the main street.

Approximately 1,400 vehicles use the perimeter road each day and indicative counts show more than 20 per cent of these are classed as heavy vehicles. Consequently, the project is already meeting the key objective of improving safety by removing the majority of heavy vehicles from the town and, in turn, increasing transport efficiency for industry. A one-metre wide painted central median on the new perimeter road offers additional safety with greater distance between opposing directions of traffic.

From 2012, a community reference group provided input into the project, and was responsible for the inclusion of a pedestrian footbridge over the Margaret River.

The project subsequently included: a large roundabout at the northern entrance to town, a new roundabout at John Archibald Drive, construction of a new 96-metre long road bridge and separate footbridge on the Darch Trail, a new entrance road to the airstrip, and a wide sealed shoulder for cyclists.

During construction more than 20 local businesses were engaged, 120 local workers employed and 20 traineeships created. More than 60 local primary students were also involved in planting more than 1,200 seedlings along the road. Planting and landscaping works will continue over the next four years. A video of the works that were carried out is available on our YouTube channel.

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 | | | Results | |
|------------------------------------|---|-----------------------------|---------|-----------------|
| | Our target for the average return o construction expenditure will delive to the community was exceeded as | er future economic benefits | 4.1 | \blacklozenge |
| \bigotimes | Contracts completed on time can remained stable compared to las | | 75 | • |
| | Contracts completed on budget exceeded our target but was lower than last year | | 92 | \diamond |
| | | 2017 | 2018 | 2019 |
| Program expenditure \$ million 360 | | 467 | 619 | |

Looking Ahead

Works planned for next financial year include the following:

- · continue works on NorthLink WA Project
- provide an on-ramp from Manning Road to Kwinana Freeway southbound
- continue sealing and improvements on the remaining 90 kilometre unsealed section of the Broome Cape Leveque Road
- commence work upgrading Duncan Road and Gordon Downs Road, sealing floodways, gravel sheeting, drainage and geometry improvements
- widening Kwinana Freeway northbound, Russell Road to Roe Highway
- complete works on the New Lord Street Project
- commence construction of the Karel Avenue upgrade
- progress Murdoch Drive Connection Project
- initiate Armadale Road Bridge Project
- continue works on the Wanneroo Road and Joondalup Drive Interchange Project

Some of these are already underway; visit our Projects website to find out more.

Key Projects

| | Total Project | 2018-19 | | |
|--|----------------------|----------------------|--------------------|---|
| Project | Cost (\$ million) | Cost (\$ million) | Completion Date | Description |
| Kimberley Region | (\$11111011) | (\$11111011) | Date | Description |
| Broome – Cape Leveque Road | 65.0 | 14.0 | Mid 2021 | Reconstruction of carriageway and sealing of remaining unsealed section |
| Duncan Road and Gordon Downs Road | 51.0 | 0.3 | Mid 2021 | Upgrade roads to provide improved access to an Aboriginal Community and new mine South East of Halls Creek |
| Metropolitan Region | | | | |
| Great Eastern Highway Upgrade Stage 2 – Bilgoman Road to Mann Street | 34.6 | 12.6 | September 2019 | Widening to provide sealed shoulders and upgrade of intersections. Works include upgrade of drainage and street lighting and provision of pedestrian facilities |
| New Lord Street | 57.1 | 8.4 | August 2019 | Dual carriageway to connect Reid Highway and Gnangara Road |
| NorthLink – Tonkin Highway – Section 1 | 231.2 | 12.9 | July 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 | 187.0 | August 2019 | Swan Valley Bypass – Reid Highway to Marella Road |
| NorthLink – Swan Valley Bypass – Section 3 | 272.9 | 147.9 | December 2019 | Swan Valley Bypass – Marella Road to Muchea |
| Armadale Road Bridge | 237.0 | 65.2 | Late 2021 | Bridge over Kwinana Freeway and extension of Armadale Road to Northlake Road |
| Mid West – Gascoyne Region | | | | |
| Indian Ocean Drive Lancelin Road | 1.9 | 0.3 | Mid 2020 | Upgrade intersections for Aglime Route |
| Pilbara Region | | | | |
| Onslow Road | 48.7 | 17.1 | April 2019 | Upgrade Stage 1 to widen, overlay and make intersection improvements on North West Coastal Highway |
| Karratha – Tom Price Road Stage 3 | 50.0 | 4.8 | Mid 2020 | Asbestos removal and other development and preconstruction activities completed. Improve geometry and seal overlay |
| Marble Bar Road | 34.8 | 30.4 | April 2019 | Realignment of existing road to allow safe movement of road-trains and public traffic. Upgrade to Limestone Marble Bar Road intersection for higher volume road-train traffic. |

NORTHLINK WA NOW

NorthLink WA is now in its final stages with the southern section, one of the three projects making up this \$1.02 billion initiative, now complete and the central section on track to finish mid-2019. The northern section is due to open at the end of 2019.

NorthLink WA will provide an efficient alternative freight route, taking about 80 per cent of trucks away from the Great Northern Highway, reducing travel time and congestion for commuters and freeing local roads for local traffic.

Activity by central section contractor Great Northern Connect, a joint venture between BGC Contracting and Laing O'Rourke, has been intense throughout the year.

A major milestone was the opening of Western Australia's biggest freeway-to-freeway interchange at Tonkin and Reid Highway in March 2019.

A second interchange at Gnangara Road partially opened in May and the third interchange at The Promenade in Ellenbrook is on track for completion mid-2019.

Three new pedestrian footbridges were installed over Tonkin Highway, Hepburn Avenue and Gnangara Road; and a four-metre-wide principal shared path, connecting Morley to Ellenbrook, will also open mid-year. On the northern section between Ellenbrook and Muchea, the highway has become clearly visible with more than six million tonnes of earth hauled to site.

This project, being constructed by CPB Contractors, features more than 150 drainage culverts, including six dual-use culverts with fauna underpasses.

In May, 24 tee-roff beams for the bridge across Muchea South Road and the railway line were installed. The beams ranged from 24 to 40 metres and weighed from 114 to 180 tonnes. The complex manoeuvre involved a 13-day road closure, as the beams could not be installed over live traffic.

At almost 70 per cent complete, work on three grade-separated interchanges with roundabouts at Neaves Road, Stock Road and Brand Highway is well underway.

Thirteen structures in this section are almost complete including 11 road bridges, a footbridge at Neaves Road and a pedestrian underpass at Stock West Road. As part of our ongoing commitment to keep the community informed we are doing regular updates on the Project website. This includes 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.

| Кеу | Key Performance Indicators | | Results | | |
|------|---|------|---------|------------|--|
| | Community satisfaction with road within our target and has improv | | 87 | | |
| | Preventative and proactive maint the network came within our targ previous year's results | | 84 | • | |
| ⊗ | Average cost of network mainten of road network was higher than impact of natural disasters | | 9,428 | \diamond | |
| | | 2017 | 2018 | 2019 | |
| Prog | Program expenditure \$ million 399 | | 491 | 449 | |

Looking Ahead

Works planned for next financial year include the following:

- improve height clearance on the Hay Street Bridge
- progress expansion joint and approach slab replacements on Bridge 0955 on Albany Highway
- · progress various resurfacing and rehabilitation works
- progress various shoulder reconditioning and sealing works.

Some of these are already underway; visit our Projects website to find out more.

Key Projects

| Drojost | Total Project Cost (\$ million) | 2017-18 Cost (\$ million) | Completion | Description |
|--|---------------------------------------|---------------------------------|------------------------|--|
| Project | (\$ million) | (\$ million) | Date | Description |
| Goldfields-Esperance Region | 22.4 | 247 | lune 2010 | Maintonance of the notwork |
| Regional Project Maintenance | 33.4 18.4 | 34.7 | June 2019 | Maintenance of the network |
| Maintenance Delivery – Roads Reseal Program | 12.8 | 19.6 13.3 | June 2019 June 2019 | Delivery of road maintenance Goldfields–Esperance Region resurfacing program |
| Great Southern Region | | | | 01 0 |
| Regional Project Maintenance | 25.6 | 26.0 | June 2019 | Maintenance of the network |
| Maintenance Delivery – Roads | 19.3 | 19.8 | June 2019 | Delivery of road maintenance |
| Reseal Program | 4.2 | 4.1 | June 2019 | Great Southern Region resurfacing program |
| Kimberley Region | | | | |
| Regional Project Maintenance | 21.5 | 22.9 | June 2019 | Maintenance of the network |
| Maintenance Delivery – Roads | 15.7 | 16.6 | June 2019 | Delivery of road maintenance |
| Reseal Program | 5.8 | 6.3 | June 2019 | Kimberley Region resurfacing program |
| Metropolitan Region | | | | |
| Regional Project Maintenance | 58.5 | 52.9 | June 2019 | Maintenance of the network |
| Maintenance Delivery – Roads | 30.3 | 24.7 | June 2019 | Delivery of road maintenance |
| Reseal Program | 27.0 | 27.0 | June 2019 | Metropolitan Region resurfacing program |
| Mid West – Gascoyne Region | | | | |
| Regional Project Maintenance | 30.3 | 30.2 | June 2019 | Maintenance of the network |
| Maintenance Delivery – Roads | 17.5 | 17.6 | June 2019 | Delivery of road maintenance |
| Reseal Program | 11.0 | 10.8 | June 2019 | Mid West – Gascoyne Region resurfacing program |
| Pilbara Region | | | | |
| Regional Project Maintenance | 24.0 | 25.9 | June 2019 | Maintenance of the network |
| Maintenance Delivery – Roads | 18.8 | 17.3 | June 2019 | Delivery of road maintenance |
| Reseal Program | 5.2 | 8.6 | June 2019 | Pilbara Region resurfacing program |
| Tropical Cyclone Veronica repairs | 5.0 | 0.82 | September 2019 | Repairs to road network damage from Tropical Cyclone Veronica |
| South West Region | | | | |
| Regional Project Maintenance | 27.0 | 27.4 | June 2019 | Maintenance of the network |
| Maintenance Delivery – Roads | 15.6 | 16.3 | June 2019 | Delivery of road maintenance |
| Reseal Program | 11.4 | 11.1 | June 2019 | South West Region resurfacing program |
| Wheatbelt Region | | | | |
| Regional Project Maintenance | 43.5 | 49.2 | June 2019 | Maintenance of the network |
| Maintenance Delivery – Roads | 22.7 | 22.8 | June 2019 | Delivery of road maintenance |
| Reseal Program | 11.9 | 16.5 | June 2019 | Wheatbelt Region resurfacing program |

LARGEST GEOTEXTILE-REINFORCED SEAL IN OUR HISTORY

The Wheatbelt Region can now lay claim to completion of our largest Geotextile-Reinforced Seal (GRS) campaign to date. The region has some of the oldest roads in Western Australia, damaged through age and weathering.

GRSs are created by spraying a layer of bitumen onto a pavement then covering the bitumen with a layer of geotextile, a permeable fabric, and lightly rolling.

The treatment can be used to provide more robust waterproofing. Applying GRS on the Wheatbelt road network has helped seal cracks and its use can significantly reduce maintenance costs and improves the life of the road.

In total, 1.53 million square metres of GRS was laid equating to approximately 170 kilometres of the road network.

GRS is an engineering tool to prevent cracks being exposed to wet weather. It creates a very tough, bitumen rich waterproof membrane that resists the tendency for cracks to open up and become exposed to the elements. The product was used on priority roads identified as having cracked pavements, and where standard single and double-coat seals had previously failed to adequately waterproof.

For the region to apply GRS, the road surface was cleaned then a bond coat of bitumen applied that the geotextile sticks to. The geotextile is rolled out and any creases are removed. Additional bitumen is then applied on top of the geotextile, followed by a spread of 14 mm aggregate then rolled. A final light coat of bitumen is applied to the 14 mm followed by a spread of 7 mm of sealing aggregate. Rollers then go over the entire section to secure the seal. Once completed, the road is open to traffic at low speed, until the seal has settled under heat and traffic.

This treatment is an innovative and cost effective way to increase the life and improve the safety of some our ageing roads without having to completely reconstruct them. A video showing the region laying the GRS onto the bond coat can be viewed on our website.

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 | | Results | |
|-----|--|------|---------|------------|
| | Community satisfaction with cycleways and pedestrian facilities was above our target and is continuing on an upward trend | | 91 | ¢ |
| | Percentage of the year that 100 per cent of the state Road Network was available came in under our target but has improved from last year's result | | 91 | • |
| | Contracts completed on budget exceeded our target showing continued strong performance | | 100 | \diamond |
| | | 2017 | 2018 | 2019 |

137

52

Looking Ahead

Program expenditure \$ million

Works planned for next financial year include the following:

- · commence planning and development activities on the Tanami Road
- continue undertaking improvement works on the Gibb River Road including gravel re-sheeting and drainage improvements

48

- continue sealing and improvements on Great Central Road between Laverton and the Western Australia and Northern Territory border
- provide a Principal Shared Path from Success Hill Station to Railway Parade (Midland line)
- · continue upgrade works on remote access roads
- improve pedestrian and cycling facilities.

Some of these are already underway; visit our Projects website to find out more.

Key Projects

| Project | Total Project Cost (\$ million) | 2018–19 Cost (\$ million) | Completion Date | Description |
|--|--|---------------------------------|--------------------|--|
| Goldfields-Esperance Region | | | | |
| Outback Way | 15.0 | 4.6 | Late 2019 | Shire of Laverton – improve formation and gravel |
| Outback Way | 46.5 | 0.1 | Late 2019 | Shire of Ngaanyatjarraku – improve formation and gravel |
| Mid West – Gascoyne Region | | | | |
| Square Kilometre Array Project | 37.2 | 1.0 | Mid 2024 | Construction and maintenance of access roads to the SKA project site |
| Kimberley Region | | | | |
| Bidyadanga Road | 3.8 | 4.1 | May 2019 | Construction and seal including improving drainage, construction of a parking bay and sealing of the airstrip |
| Metropolitan Region | | | | |
| Hepburn Avenue | 5.0 | 3.8 | August 2019 | Hepburn Avenue Noisewall |
| Bridge 904 Hamilton Street – Bridge Replacement | 10.4 | 4.2 | September 2019 | Replacement of existing timber bridge with a new composite concrete and steel bridge |
| Fremantle Railway Line – Grant Street to Cottesloe Station and Jarrad Street to Victoria Station | 9.9 | 5.4 | August 2019 | Provision of a Principal Shared Path including street lighting |
| South West Region | | | | |
| Collie Mumballup Road | 10.1 | 1.6 | May 2019 | Widen to 9 metre seal |

BUILT BY LOCALS, FOR LOCALS

Sealing of the Bidyadanga Road and Airstrip has provided vital connectivity to Western Australia's largest remote Aboriginal community and has helped boost employment and training for local residents.

Bidyadanga Community lacked all-weather access via road and air, resulting in periods of inaccessibility. This meant no access for emergency and primary health workers and significant health consequences for the locals.

While the approximately 12-kilometre access road was adequate in dry conditions, it was often closed in wet weather. Four million dollars of funding was committed for the project to seal the remainder of the access road.

Developing a community-centric partnership with Kullarri Regional Communities Incorporated for this project helped create employment and training opportunities for local Aboriginal people from the Bidyadanga Community.

D'Antoine, a Derby-based Aboriginal registered business, in partnership with Gungulla Mackay provided the majority of machinery for the delivery of works. Twenty-five Aboriginal people worked on the project including 12 employees from the local community, five employees from Derby and four employees working as cultural monitors for vegetation clearing operations. Additionally, traffic management training was held onsite in the community providing an accessible, onthe-job experience increasing Aboriginal participation in delivery of the works. This gave the opportunity for further collaboration with Aboriginal businesses and resource provision for Kimberley projects.

During construction we worked with a number of organisations to ensure essential services continued. Kimberley Aboriginal Medical Services needed to maintain medical and evacuation services, so regular communication with them meant interruption was minimised. We also worked with the Water Corporation who allowed access to water bores.

A multi-agency approach ensured ongoing maintenance of the road and airstrip during construction. Agencies included the Department of Communities, responsible for ongoing asset management of the airstrip, and the Department of Planning, Lands and Heritage, which arranges the road reservation.

This upgrade now provides all-weather access for critical medical services including health clinic visits, access to primary care workers and medical evacuations. Video footage of the project can be viewed on our YouTube channel.

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 | Results | |
|-----|--|---------|---------|
| | Community satisfaction with Main Roads target was achieved and has increased slightly since last year | 90 | • |
| | Percentage of the Network permitted for use by heavy vehicles B-Double – 27.5 m target was met | 97 | • |
| | We exceeded our target for percentage of the Networks bridges that met standard criteria for strength target | 94 | |
| | | | |

| | 2017 | 2018 | 2019 |
|--------------------------------|------|------|------|
| Program expenditure \$ million | 125 | 136 | 128 |
| | | | |

Looking Ahead

Projects and activities planned for next financial year, some of which have already commenced, include the following:

- complete the development and agree on a consolidated five-year Congestion Strategy and Movement Program
- manage Smart Freeway operations
- improve network performance monitoring and reporting, by expanding the Addinsight system
- complete Selective Vehicle Detection proof of concept for buses and emergency vehicle priority at traffic signals
- undertake the Heavy Vehicle Compliance Automation Project
- examine recommendations from the WA Heavy Vehicle Accreditation Scheme Operational Review
- develop a Chain of Responsibility gap analysis tool
- work with Industry to minimise the environmental impact and improve the whole-of-life sustainability of our construction projects, including greater use of crushed recycled concrete, reclaimed asphalt pavement and crumb rubber modified seals and asphalt
- engage with Infrastructure WA on future planning for the state, including the development of the State Infrastructure Strategy
- develop a Main Roads approach to achieve better outcomes that align with the new State Road Safety Strategy.

Some of these are already underway; visit our Projects website to find out more.

Network Operations Achievements Traffic Signal Timing Improvement Project

Our Road Network Operations Centre (RNOC) delivers projects and programs for managing congestion and improving journey times and reliability. A major success is the project reviewing traffic signal timing efficiency at all traffic signals on the State road network. Over the last four years this program has successfully demonstrated that slight changes to signal timings and better coordination can significantly improve journey times along key signalised routes.

This year we optimised traffic signal timings on one-third of our metropolitan State road network (131 signals) and reviewed 100 signals in the South West, Pilbara, Wheatbelt, Mid West – Gascoyne and Goldfields–Esperance regions.

The project has delivered up to 22 per cent journeytime improvements on some routes during peak periods, with examples below:

- Bussell Highway (Busselton): In the AM peak, travel time through the study area has improved by 2 minutes and 39 seconds (22 per cent improvement) in westbound direction.
- Tonkin Highway South (Perth): In the AM peak, travel time through the study area has improved by 2 minutes and 30 seconds (10 per cent improvement) in northbound direction (direction of peak traffic flow).
- West Coast Highway (Perth): In the PM peak, travel time through the study area has improved by 2 minutes and 47 seconds (16 per cent improvement) in northbound direction (direction of peak traffic flow).
- Great Eastern Highway Outer (Perth): In the PM peak, travel time through the study area has improved by 1 minute and 38 seconds (11 per cent improvement) in eastbound direction (direction of peak traffic flow).

Some local roads are better shared

As part of providing world-class outcomes for our customers through a safe, reliable and sustainable road-based transport system, we work closely with local government to develop and deliver shared spaces within key activity areas at town centres. Using shared spaces for managing competing demands can improve street-front activity, support sustainability and give an alternative to traditional traffic signals resulting in lower maintenance costs. We have been working with representatives from metropolitan local government, to promote the concept of shared space as an alternative street design approach in urban activity centres. The City of Perth has been using the shared space guidelines for some sites. The most evolved of these concepts is Hay Street, between Pier Street and Irwin Street, allowing the City to consider removing two sets of traffic signals. Further expansion of the initiative is under consideration.

Pedestrian Safety Initiatives at Traffic Signals

We are updating pedestrian crossings at traffic signals to operate as 'parallel walk' crossings. The update benefits both pedestrians and vehicles using the road network. These crossings allow vehicles to travel through an intersection while pedestrians are crossing the road in a parallel direction to the vehicle movement.

Compliance with the give way rule, where turning motorists must give way to any pedestrians crossing the road into which they are turning, is fundamental to the effectiveness and safe operation of these crossings.

One of the initiatives we have undertaken in an effort to improve driver awareness and compliance and to support pedestrian confidence with the rule, is to install 'Give Way to Pedestrians' signs at all traffic signal approaches with these parallel walk crossing facilities.

The project, for all parallel walk crossings in the Perth Metropolitan Region, has been completed and a 'Give Way to Pedestrians' public information video is available. The video explains correct operation of parallel walk crossings and can be viewed on our YouTube channel.

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 | 22 | 38 | 11 | 2080 | 53 | 24 | 85 | 66 | 2379 |
| Breakdown / tow away | 3 | 0 | 0 | 2439 | 7 | 11 | 10 | 12 | 2482 |
| Debris / trees / lost loads | 5 | 21 | 2 | 1904 | 7 | 7 | 56 | 27 | 2029 |
| Flooding | 6 | 0 | 2 | 41 | 9 | 8 | 2 | 9 | 77 |
| Public utilities (gas, water, power) | 3 | 1 | 1 | 99 | 0 | 0 | 3 | 2 | 109 |
| Bushfire | 6 | 9 | 13 | 29 | 4 | 13 | 10 | 9 | 93 |
| Animal / livestock | 5 | 2 | 3 | 189 | 4 | 5 | 18 | 7 | 233 |
| Hazmat (including spills) | 4 | 3 | 0 | 71 | 0 | 3 | 7 | 2 | 90 |
| Vehicle fire | 3 | 2 | 2 | 40 | 4 | 2 | 1 | 4 | 58 |

Heavy Vehicle Services Achievements

Access and Permits

Our Heavy Vehicle Services area is responsible for improving heavy vehicle safety, productivity and equity of services across the transport industry in Western Australia through compliance, innovation and road asset sustainability. This area: facilitates and regulates the movement of restricted access vehicles in WA; provides traffic escort services for oversize, overmass movements; and works with industry groups and other government agencies at a state and national level.

| Total Number of Permits Issued | | | | | | |
|------------------------------------|--------|--------|--|--|--|--|
| | 2018 | 2019 | | | | |
| Single Trip Permits | 10,634 | 10,657 | | | | |
| Period Permits | 14,786 | 16,585 | | | | |
| Special Purpose Vehicle Permits | 2,394 | 2,430 | | | | |
| Total | 27,814 | 29,675 | | | | |

Joint Border Operations

We continue to lead the way in heavy vehicle safety by coordinating or participating in multiagency operations. We have worked with: Western Australia Police Force; Department of Transport; Worksafe; Department of Mines, Industry Regulation and Safety; and, for the first time, Department of Primary Industries and Regional Development's Livestock Compliance Unit. Additionally, cross border operations saw us collaborating with the South Australia Police and the National Heavy Vehicle Regulator. Our Transport Inspectors check for compliance with mass and dimension limits, ensuring high productivity and oversize vehicles entering our state are operating in accordance with conditions set under Main Roads' permits and orders; they also check for currency of heavy vehicle accreditation for Western Australia.

There is additional monitoring of dangerous goods and for fatigue, followed by reporting to relevant state government agencies as required. Department of Transport inspect roadworthiness and licensing requirements and the local police check for drug and alcohol offences.

Western Australia Heavy Vehicle Accreditation Scheme Operational Review

WA Heavy Vehicle Accreditation (WAHVA) is mandatory for individuals and organisations requiring a permit or order for a transport task within Western Australia for profit or part of a commercial business, including interstate operators. Introduced in 2002, WAHVA involves three mandatory modules Fatigue, Maintenance and Dimension and Loading, which operators are expected to incorporate into their daily work practices. The Mass Management module is compulsory for those wishing to operate under the Accredited Mass Management Scheme.

The Operational Review of the WAHVA Scheme, looking at effectiveness of the scheme and potential changes, was completed in January 2019.

Extensive stakeholder engagement included more than 27 face-to-face interviews, three surveys generating 242 responses and a number of stakeholder workshops. The review report detailed 24 recommendations across four streams: policy, legislation, administration and audit management.

Weigh In Motion Scales and Mobile Vehicle Inspection Station Trailer

In mid-2018 we purchased our first fully mobile, selfcontained Vehicle Inspection Station, also known as a Shaker. The unit can:

- check truck and trailer brakes and suspension
- test vehicle brake force, brake balance, wheel rolling resistance
- test vehicle deceleration to determine braking performance and efficiency
- identify wear and drag on the wheels.

The Shaker has aluminium access ramps leading up to the unit giving a vehicle a smooth transition over the Shaker. The inspection is conducted when driving the vehicle, axle by axle, over the device allowing a Transport Inspector to examine the vehicle's steering and suspension components.

Weigh-in-motion scales are now used, giving a preliminary measurement of the weight of each individual axle group and the total mass of a heavy vehicle without the need for more accurate but timeconsuming traditional scales. The inspector can assess whether further measurement is required to determine the level of any overload. When used collectively at a roadblock, this new equipment helps make the inspection process more efficient, allowing compliant drivers to get back on the road more quickly.

Planning and Technical Services Achievements

Household Travel and Commercial Vehicle Surveys

On behalf of the Transport Portfolio we are responsible for the delivery of the Perth Area Travel Household (PATHS) and the Commercial Vehicle Surveys. The PATHS is an innovative transport data survey where householders are randomly selected and invited to participate in a survey to capture their travel behaviour. The survey participants are interviewed and invited to carry a GPS logger to capture their travel movements over the working week.

This approach is a world-first. Perth metropolitan residents had a high response rate of 43 per cent; more than 1,600 households voluntarily had their travel data recorded over the last 12 months. This data is currently being analysed, and collection of Year Two data has begun.

We have also developed an innovative methodology for capturing a snapshot of freight movements across the Perth metropolitan area. The Commercial Vehicle Survey methodology will be a world-first, a result of close collaboration between Main Roads, the Department of Transport and the Department of Planning, Lands and Heritage. The survey will capture freight movements at both the business premises and vehicle level, integrating to provide more detailed freight data. Surveys will commence next year with the data used to better model Perth's future freight movements, enabling more effective transport infrastructure planning and decision-making.

Remotely Piloted Aircraft Systems

Remotely Piloted Aircraft Systems (RPAS), or drones, have become low-cost devices for capturing information and offer increased availability and connectivity with available sensors; their deployment is becoming more affordable and desirable. We have activities that will be complemented, enhanced and perhaps one day replaced by the operation of remote devices such as RPAS. Benefits of this technology are delivering positive outcomes for staff safety, data capture, automation and asset awareness.

In May 2019, the Civil Aviation Safety Authority granted a Remotely Piloted Aircraft/Drones (RPA) Operators Certification to Main Roads. This allows us to conduct authorised operations of RPA aircraft.

Road Safety Management System Progress

Our Road Safety Management System (ROSMA) integration process took place in all operational and high priority branches across Main Roads. This process of meeting with each area to ensure Safe System principles are embedded in each of our priority areas led to a business case for further enhancements. This will ensure ROSMA is fit for purpose whilst reducing the need for ongoing support and having a more integrated tool for ease of use. It is envisaged streamlining and integrating the tools into one system will reduce the time undertaking ROSMA on a project and improve compliance and overall road safety benefits.

Towards Zero and the Safe System approach highlight the importance of managing the interaction of road users, roads and roadsides, travel speeds and vehicles for 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 road network and we are committed to managing the network to minimise likelihood of road trauma to all road users.

COLLABORATIVE APPROACH TO MANAGING LOCAL ROADS

Our commitment to managing an efficient, reliable and safe road network was reinforced when we renewed, for the fifth time, the State Road Funds to Local Government Agreement (SRFLGA) in collaboration with WA Local Government Association (WALGA).

The agreement provides an allocation of funds to local governments for the improvement and maintenance of our state's roads and bridges and aims to provide certainty of funding for local government.

The SRFLGA also highlights the strong working relationship between local and state government and provides a collaborative approach in the way both levels of government meet the challenge of maintaining and improving more than 150,000 kilometres of road networks.

While there has been significant State Government investment on local road election commitment projects outside of the agreement, it is anticipated that this funding will contribute \$966 million to the local road network. Funding is based on 20 per cent of the state's vehicle licence fee collections. The agreement recognises the importance of improving road safety, providing opportunities for Aboriginal employment, facilitating local economic development through local employment and encouraging more sustainable road construction practices through the use of recycled materials.

This builds upon the previous agreements negotiated in 1995, 2000, 2005 and 2011 and reinforces the strong working relationship between local government and the state government.

Funding also supports tourism, via the agreement's State Initiatives Program, for National Park roads and upgrades on Rottnest Island and on Kings Park roads.

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.

| Managing the Environment | 58 |
|--|----|
| Improving Customer Experience | 71 |
| Our People | 80 |
| Enhancing Safety, Health and Wellbeing | 87 |

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.



Looking Ahead

Projects and activities planned for next financial year, some of which have already commenced, include the following:

- embed a strategic approach within government processes to meet environmental and road safety objectives in the agricultural region of Western Australia
- launch the revised environmental specifications for our contracts to drive improved environmental performance
- continue implementation of the Wildflower Capital Initiative at key sites within the Metropolitan Region including on the Mitchell Freeway and at the Narrows and Mounts Bay Road approach to the Point Lewis Roundabout. Approximately 32,850 native Western Australian species will be planted
- disseminate information gathered through the Aboriginal Journey Ways Project to road users and the general public
- renew or replace Main Roads' State-Wide Clearing Permit CPS818, which is used to clear native vegetation for approximately 70 project activities throughout the state each year
- deliver high-quality impact assessments that meet regulatory standards and obtain timely environment and heritage approvals for our projects
- continue the roll out of the Infrastructure Sustainability rating tool Version 2.0, for major projects within our project development processes
- progress plans to utilise 100,000 tonnes crushed recycled concrete and double the usage of crumbed rubber to 1,200 tonnes in road construction
- support the Memorandum of Understanding for sub-national collaboration on increasing the uptake of electric vehicles
- review the sustainability key aspect management plans that underpin our sustainability policy including setting a new approach for our Carbon Reduction Plan.

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 | 31 | 2 | 33 |
| Endangered | 26 | 15 | 41 |
| Vulnerable | 26 | 24 | 50 |
| Near Threatened | 572 | 32 | 604 |
| Total | 655 | 73 | 728 |

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.

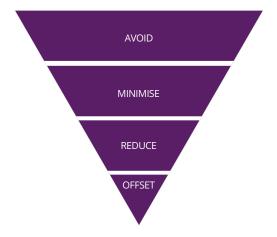
Our road network transects: sensitive and protected environmental areas such as Ramsar wetlands, wetlands of international importance; threatened ecological communities; environmentally sensitive areas; conservation areas; Bush Forever sites; and habitat for threatened fauna such as Baudin's Black Cockatoo, 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.

Environmental Management of Road Projects

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 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 and relate to more than just the clearing of native vegetation, we refer our projects to be assessed by the relevant regulators such as the Western Australian Environmental Protection Authority (EPA) or the Commonwealth Department of the Environment and Energy (DotEE). The regulator will decide whether or not to assess the project. Where the regulator does not assess the project, the project 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 consultation.

We do not implement projects assessed by the regulators until they are approved, and the relevant approval conditions have been met.

Environmental Management of the Road Network

At a regional level, network environmental risk is managed through its Regional Environmental Management Plans. The activities delivered through Term Network Contracts are screened for environmental impacts and the risks managed through Construction or Maintenance Environmental Management Plans. These detail how the Region's implement their ISO 14001 requirements. Some of the environmental operational controls that are implemented under these are:

- · Water Bore Management Plans
- Pit Management Plans
- Aggregate Stockpile Plans
- Special Environmental Area Registers
- Revegetation Plans.

Environmental Management of Buildings and Depots

We manage the safety, environment and property risks of each of our depots through Depot Management Plans (DMP), Depot Inspections and Depot Compliance Checks. A DMP, details how they manage safety, health and wellbeing, environment and property management requirements. In addition to the plans, regular depot inspections and compliance checks are conducted to ensure that the DMP are being complied with. Corporately there are quarterly Depot Management Meetings where incidents, results from compliance checks and inspections, innovations, feedback and corporate templates are discussed.

Screening all Projects for Impacts

Of the 398 projects that we screened in 2018 for potential environmental impacts we concluded that 178 of these were low impact and could be managed through standard management actions. 220 projects required further investigations through Main Roads Environmental Impact Assessment, Management and Compliance process.

| | 2016 | 2017 | 2018 |
|---|------|------|------|
| No. projects screened | 305 | 431 | 398 |
| No. projects assessed as low impact | 144 | 206 | 178 |
| No. projects subject to further impact assessment (i.e. not low impact) | 161 | 225 | 220 |

Data is based on calendar year

Clearing Native Vegetation

In 2018 we assessed 114 projects under CPS818, 38 of which were referred to the Department of Water and Environmental Regulation (DWER) for assessment in accordance with the permit conditions and 65 projects were delivered.

| | 2016 | 2017 | 2018 |
|---|------|------|------|
| No. projects assessed under CPS818 | 82 | 63 | 114 |
| No. projects referred to DWER under CPS818 | 41 | 30 | 38 |
| No. projects cleared under CPS818 | 68 | 70 | 65 |

Data is based on calendar year

In 2018 we applied for 21 project-specific Clearing Permits, 14 were granted, and seven were appealed. In 2018 10 projects were cleared under projectspecific clearing permits.

| | 2016 | 2017 | 2018 |
|---|------|------|------|
| No. project-specific clearing permit applications | 16 | 15 | 21 |
| No. project-specific clearing permit applications granted | 22 | 13 | 14 |
| No. project-specific clearing permit applications appealed | 1 | 3 | 7 |
| No. projects cleared under project specific clearing permit | 2 | 3 | 10 |

Data is based on calendar year

Projects with Potentially Significant Environmental Impacts

In 2018, two projects were referred to the EPA for potential assessment under s38 EP Act. The EPA assessed one project, which the Minister for the Environment approved in May 2019.

| | 2016 | 2017 | 2018 |
|--|------|------|------|
| No. of projects referred to the EPA | 1 | 1 | 2 |
| No. of projects assessed by the EPA | 1 | 1 | 1 |
| No. of projects approved by the Minister for the Environment | 1 | 0 | 0* |

Data is based on calendar year

* The project that was assessed by the EPA in 2018 was approved by the Minister for Environment in May 2019

In 2018, seven projects were referred to the DotEE for potential assessment under the EPBC Act. The DotEE assessed two projects, including projects referred in previous years. Five projects received approval under the EPBC Act in 2018.

| | 2016 | 2017 | 2018 |
|--|------|------|------|
| No. of projects referred to the DotEE | 11 | 10 | 7 |
| No. of projects assessed by the DotEE | 6 | 3 | 2 |
| No. of projects approved by the Commonwealth Minister for the Environment | 3 | 4 | 5 |

Data is based on calendar year

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 2018, we cleared 535 hectares of native vegetation for the delivery of 104 projects. To mitigate the negative impacts of this clearing we undertook 139 hectares of revegetation works of which six hectares was required under a legislative approval. We provided offsets in the form of \$557,844 to the Western Australian Environmental Offsets Fund for the purchase and management of 324 hectares of native vegetation. 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.

| | | 2016 | 2017 | 2018 |
|---|-----|--------------|--------------|--------------|
| Clearing (ha) | | 487 | 246 | 535 |
| Total revegetation (ha) | | 287 | 206 | 139 |
| Offset | | | | |
| Revegetation (ha) | (a) | 3 | 83 | 6 |
| Land acquisition (ha) | (b) | 3,285 | None settled | None settled |
| (Value of land acquired (\$)) | | (16,642,883) | | |
| Financial contribution (\$) | (C) | 3,077,979 | 1,978,567 | 557,844 |
| (Area of land to be acquired using the financial contribution (ha)) | | (691) | (1,738) | (318) |
| Total offset (ha) (a+b+c) | | 3,979 | 1,822 | 324 |

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, Lands and Heritage (DPLH) 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 DPLH Due Diligence Guidelines using our internal Aboriginal Heritage Risk Assessment. In 2018 we screened 503 projects for potential impacts to Aboriginal Heritage Sites and determined that 402 of these were low impact projects, while 101 projects required further assessment.

| | 2016 | 2017 | 2018 |
|--|------|------|------|
| Aboriginal Heritage Risk Assessments | 449 | 479 | 503 |
| No. projects considered low risk (No further assessment) | 299 | 353 | 402 |
| No. projects not considered low risk (Further assessment required) | 152 | 126 | 101 |

Where it is not possible to avoid impacts to an Aboriginal heritage site, Main Roads will seek consent and will not proceed with the works without obtaining approval from either the Registrar of Aboriginal Sites or Minister for Aboriginal Affairs. Prior to the application for an approval, we will undertake consultation with the relevant Traditional Owners.

We value the input and contribution of Traditional Owners and seek, via site surveys and other consultation processes, their advice and opinions regarding potential impacts. In our endeavour to protect Aboriginal cultural values we also liaise with other stakeholders including Prescribed Body Corporates, Native Title Representative Bodies and Aboriginal Corporations and we directly engage with relevant community groups. Throughout 2018, we conducted 48 Aboriginal heritage surveys (ethnographic, archaeological or a combination of both) across Western Australia with 24 different Aboriginal groups. Of these surveys, 17 were commissioned via heritage consultants and 27 were conducted in line with a Heritage Agreement. Where the works will not impact an Aboriginal heritage site in a negative way, an application under Regulations 7 and 10 of the *Aboriginal Heritage Regulations 1974* is submitted for approval by the Registrar of Aboriginal Sites (Regulation 10). Where the impacts have the potential to be significant, an application under Section 18 of the *Aboriginal Heritage Act 1972* (Section 18 approval) is submitted for approval by the Minister for Aboriginal Affairs. Prior to the application for a Regulation 10 or Section 18 approval, we will undertake consultation with the traditional custodians.

In 2018, we applied for two Regulation 10 approvals and were granted three, including an application from a previous year. We applied for 12 Section 18 approvals and were granted 23, including applications made in previous years.

| | 2016 | 2017 | 2018 |
|---|------|------|------|
| Regulation 10 Applications Submitted** | 2 | 7 | 2 |
| Regulation 10 Applications Granted** | 2 | 6 | 3 |
| Section 18 Applications Submitted* | 19 | 26 | 12 |
| Section 18 Applications Granted* | 18 | 23 | 23 |

* Applications under the Western Australian *Aboriginal Heritage Regulations* 1974 submitted or granted between 1st January to 31st December 2018.

** Applications under the *Aboriginal Heritage Act 1972* (WA) submitted or granted between 1st January to 31st December 2018.

Committed to Continual Improvement

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 and achieve our environmental objectives.

Management of Environmental Incidents

All regions and operational areas in Main Roads prepare for the possibility of significant environmental incidents by ensuring that there are systems and processes in place to ensure valid contingency planning and incident response.

Main Roads environmental incident reporting and investigation process reflects the risk classification adopted across the Transport Portfolio agencies, with 5 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 (i.e. an organisation or a person not employed by or working on behalf of Main Roads). The significant Third Party and Main Roads Environmental Incidents that occurred last year are outlined below.

| Significant Incidents (Moderate, Major and Catastrophic) | 2016 | 2017 | 2018 |
|---|------|------|------|
| Incidents caused by Third Parties | 4 | 3 | 9 |
| Incidents caused by Main Roads or people working on Main Roads behalf | 11 | 19 | 33 |

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.

There were no catastrophic Third Party or Main Roads incidents in 2018.

Two major Third Party and three Main Roads incidents occurred in 2018. The two Third party incidents classified as major related the disturbance of a known Declared Rare Flora (DRF) site and the spill of approximately 40,000 litres of diesel due to a truck roll over on the Main Road's road network.

Of the three major Main Roads incidents, one related to unauthorised disturbance of native vegetation adjacent to a known threatened (declared rare) flora site (no impact to DRF plants), while two incidents related to the unauthorised clearing of native vegetation.

The incident relating to unauthorised disturbance of native vegetation adjacent to a known threatened flora site was subject to a formal incident investigation. The incident investigation concluded that the works did not impact the threatened flora and the clearing of native vegetation was authorised, however DBCA should have been notified at least one month prior to the works commencing in accordance with Main Roads Permit to take Threatened Flora. The incident investigation recommended the following actions that have now been completed;

- Notify DWER and the Department of Biodiversity, Conservation and Attractions (DBCA) of the incident and investigation outcomes,
- Undertake additional training for operation staff regarding DRF and the DRF permit requirements, and
- Update and communicate Main Roads procedures for the demarcation of significant environmental areas as exclusions zones.

The two incidents relating to unauthorised clearing of native vegetation are summarised below:

- Clearing of 6.47 hectares was undertaken prior to completion of a fauna management action. Works were stopped immediately upon identification of the incident, and a formal incident investigation was completed. The incident and investigation was reported to DotEE and DWER. No fauna were injured or killed as a result of the incident.
- Clearing of 0.02 hectares was undertaken outside of the approved clearing area due to operational error and confusion between the pegged and mapped project boundary and the approved clearing boundary. Once the incident was identified, the works were stopped immediately and a formal incident invitation was completed. The incident and investigation was reported to DWER.

The remaining 37 incidents were classified as moderate with seven caused by Third Parties and 30 caused by Main Roads or our contractor's actions. These 37 incidents related to; spills (28), unauthorised clearing (6), working outside of normal hours without an approval (1), non-compliance with an approval (no environmental impact) (1) and impact to ground / surface water (1).

No penalties or financial sanctions related to these incidents. We addressed these procedural failures through training, changes in processes and increased compliance audits to ensure they are not repeated.

Sustainability Assessment in Projects and Operations

For our highest value major projects we have adopted the Infrastructure Sustainability (IS) rating tool, 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 two individual projects have been registered for an IS Rating. The Bunbury Outer Ring Road is the first ever project registered for an IS Planning Rating. The NorthLink Southern Section was verified as having a Leading As Built rating of 95.2 points, the highest under IS to date.

Stand-alone public sustainability reports are produced for our projects with IS obligations. This year a Public Sustainability report was submitted by: Great Northern Highway Muchea to Wubin Stage 2 Upgrade; NorthLink WA – Central Section: Reid Highway to Ellenbrook; NorthLink WA Northern Section: Ellenbrook to Muchea; the Metropolitan Roads Improvement Alliance; Kwinana Freeway Northbound Widening; Smartways Alliance; Wanneroo / Ocean Reef Road and Marble Bar Road – Coongan Gorge Realignment. 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 | IS Version | Current Rating Phase | Target Rating | Tracking Status |
|----------------------------------|----------------------------------|---------------|---|---------------|----------------------------------|
| Great Northern Highway Muchea | Overall Program | 1.2 | First Round Interim Design | Commended | Commended |
| to Wubin Stage 2 Upgrade | Muchea North | 1.2 | As Built (complete, not verified) | Commended | Commended |
| | New Norcia Bypass | 1.2 | As Built (complete, not verified) | Commended | Commended |
| | Walebing | 1.2 | As Built | Commended | Commended |
| | Miling Bypass | 1.2 | As Built (complete, not verified) | Commended | Commended |
| | Miling Straight | 1.2 | As Built (complete, not verified) | Commended | Commended |
| | Pithara | 1.2 | As Built | Commended | Commended |
| | Dalwallinu to Wubin | 1.2 | As Built | Commended | Not Started |
| NorthLink WA | NorthLink WA Southern Section | 1.2 | As Built | Excellent | Verified Leading for Design |
| | | | | | Verified Leading for As Built |
| | NorthLink WA Central Section | 1.2 | Design | Excellent | Leading |
| | NorthLink WA Northern Section | 1.2 | Design | Excellent | Leading |
| Mitchell Freeway | Mitchell Freeway Extension | 1.0 | As Built | Commended | As Built Rating Abandoned |

| Program | Project | IS Version | Current Rating Phase | Target Rating | Tracking Status |
|----------------------------|---|---------------|-------------------------|---------------|-----------------|
| Metropolitan Roads | Armadale Road | 1.2 | Design | Excellent | Excellent |
| Improvement Alliance | Murdoch Activity Centre | 1.2 | Design | Excellent | Excellent |
| | Wanneroo Road Duplication | 1.2 | Design | Excellent | Excellent |
| Armadale Road | Armadale Road Northlake Road Bridge | 2.0 | Design | Silver | Silver |
| Bunbury Outer Ring Road | Bunbury Outer Ring Road | 2.0 | Planning | Bronze | Bronze |

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 | IS Version | Current Phase | Target | Tracking Status |
|--|---------------|------------------|-----------|---------------------|
| Swan River Pedestrian Bridge – Matagarup Bridge | 1.0 | As Built | Commended | Commended, Complete |
| New Lord Street | 1.2 | As Built | Commended | Commended |
| Nicholson Road Bridge Over Rail | 1.2 | As Built | Commended | Commended, Complete |
| Great Northern Highway – Wyndham Spur to Maggie's Jump Up | 1.2 | As Built | Commended | Excellent, Complete |
| SMART Freeways | 1.2 | Design | Excellent | Behind |
| Marble Bar Road – Coongan Gorge Realignment | 1.2 | As Built | Excellent | Behind |
| Mitchell Freeway Southbound Widening | 1.2 | Design | Excellent | Behind |
| Kwinana Freeway Widening Northbound | 1.2 | Design | Excellent | Excellent |
| Wanneroo/Joondalup Interchange Project | 2.0 | Design | Silver | Silver |

Emissions and Energy

Developing, operating and using a road network consumes energy and generates emissions in numerous forms including carbon emissions, noise, vibration and other air pollution such as carbon monoxide, nitrogen dioxide, and particles. The predominant impacts from energy and emissions fall outside our direct control and arise from use of the road network itself. Urban air pollution is a known carcinogen and has a range of human impacts. Globally air pollution contributes to more deaths than road accidents. Of all the pollutants assessed, PM2.5 (tiny particles of matter, one-fortieth the width of a hair) is considered to present the greatest potential impact to our health. No level of air pollution is completely safe for humans. Motor vehicles are a significant contributor to emissions, contributing 14 per cent of PM2.5, and 62 per cent of nitrogen oxides.

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 288.7 t CO2-e per million vehicle kilometres travelled (MKVT). In 2018–19, MKVT was 27,401 and thus emissions were approximately 7.9 mt CO2-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, travel times have improved in locations across the network including by up to two minutes along Marmion Avenue during peak periods. Reducing delays and stop-start traffic has a positive effect on carbon emissions from the road network. Noise and vibration is produced and influenced by the road network in a number of ways including from vehicles, infrastructure and road design, construction and maintenance activities. Installation of noise walls is an example of a mitigating activity.

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 25,110 CO2-e, achieving our target which was to be below 27,925 CO2-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. Together with Western Power, we were nominated joint lead to 'Take a coordinated approach to the strategic planning and construction of infrastructure for EVs'. In response, we commissioned UWA to undertake research into the need for Statewide EV Charging Infrastructure in WA. The report has been finalised and it is intended to be tabled in Parliament.

Emissions Metrics

| Scope 1 or 2 and 3 | | | |
|------------------------------------|--------|--------|--------|
| GHG Type (t CO ₂) | 2017 | 2018 | 2019 |
| Fuel* | 2,860 | 3,088 | 3,150 |
| Street and traffic lights | 16,804 | 18,614 | 23,497 |
| Buildings | 4,230 | 4,183 | 3,834 |
| Air travel* | 271 | 331 | 527 |
| Projects and maintenance fuel use* | 8,010 | 27,661 | 40,686 |
| Waste* | 8,391 | 10,241 | 19,317 |
| Offsets | -1,183 | 0 | -2,749 |
| Total | 44,472 | 53,877 | 88,262 |

 Note: Air travel, project and maintenance fuel usage and waste are Scope 3 emissions

| Scope 1 or 2 and 3 | | | |
|-----------------------------------|--------|--------|--------|
| GHG Category (t CO ₂) | 2017 | 2018 | 2019 |
| Scope 1 | 3,046 | 3,296 | 3,347 |
| Scope 2 | 20,848 | 22,590 | 24,578 |
| Sub Total | 23,848 | 25,886 | 27,925 |
| Offsets | -1,183 | 0 | -2,749 |
| Total | 22,711 | 25,886 | 25,176 |
| Scope 3 | 19,772 | 38,232 | 60,530 |

| Energy Use by Source | | | | | | | |
|--|---------------|---------------|---------------|--|--|--|--|
| Energy Source | 2017 (000) | 2018 (000) | 2019 (000) | | | | |
| Electricity usage (MJ) (within) | 105,404 | 116,622 | 126,677 | | | | |
| Fuel and gas usage (MJ) (within) | 45,095 | 47,353 | 49,387 | | | | |
| Projects and maintenance (outside) | 290,651 | 374,828 | 548,731 | | | | |

| Intensity Indicators | | | |
|--|-------|-------|-------|
| | 2017 | 2018 | 2019 |
| MJ per km State Road | 8,101 | 8,850 | 9,480 |
| Scope 1 & 2 t CO ₂ per km State Road | 1.29 | 1.40 | 1.50 |

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 to 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. Onsite materials unsuitable for use in road construction are used, as appropriate, for rehabilitating areas where road-building materials were obtained.

We also seek to incorporate recycled content into the significant materials used for road construction. Recycled content includes crumbed rubber, glass, asphalt and concrete. We have intent to contribute to developing the circular economy in WA. Crush Recycled Concrete (CRC) is a road building material making up 50 per cent of Western Australia's waste stream. We recognise our role in establishing an ongoing practice for the use of this material. A key project has been a collaboration with the Department of Water and Environmental Regulation (DWER), the Waste Authority and Industry to pilot the Roads to Reuse Program. A new product specification, that enables CRC to be used as road sub-base, has been released by DWER to manage the risk of contaminates including asbestos. Two infrastructure projects, Kwinana Freeway Northbound Widening and the Murdoch Drive Connection have been identified to use up to 25,000 tonnes of CRC under the product specification in 2019-20. Under the Waste Strategy 2030, we have committed to increasing our use of CRC to 100,000 tonnes.

Waste tyres are another significant challenge of the Waste Strategy 2030. We currently utilise crumbed rubber in resealing works, which could potentially be sourced using recycled tyres. We have committed to develop and implement alternative crumbed scrap rubber bituminous binders to double our and local government's usage to over 1,200 tonnes per year.

Imported Road Construction Materials

| Indicator (t) | 2017 (000) | 2018 (000) | 2019 (000) |
|--|---------------|---------------|---------------|
| Sand | 768.7 | 5,722.9 | 2,678 |
| Gravel | 1,244.4 | 1236.7 | 2,037.9 |
| Crushed rock | 404.3 | 684.5 | 825.7 |
| Limestone | 462.2 | 814.4 | 520.9 |
| Aggregate | 83.8 | 172.6 | 45.2 |
| Asphalt | 202.5 | 403.9 | 422.7 |
| Bitumen | 781.5 | 1284.4 | 40.8 |
| Bitumen cutter | 85.9 | 223 | 36.6 |
| Emulsion | 120.2 | 789.2 | 27.0 |
| Concrete and steel | 244.9 | 152.2 | 56.0 |
| Concrete | _ | - | 32.0 |
| Cement stabilised backfill | _ | _ | 12.0 |
| Mulch | - | - | 12.0 |
| Other (steel, paint, glass, primer, topsoil) | 2.6 | 67.5 | 19.0 |

Imported Recycled Construction Materials

| Indicator (t) | 2017 (000) | 2018 (000) | 2019 (000) |
|--|---------------|---------------|---------------|
| Sand | 4.8 | 0 | 99.6 |
| Road base | 0 | 33.9 | 66.3 |
| Asphalt / profiling | 6 | 2.1 | 14.4 |
| Crushed glass | 0 | 17.1 | 7.4 |
| Rehabilitation purposes – unsuitable material | 4.2 | 7 | 88.5 |
| Other (crumbed rubber, limestone, plastic, concrete, steel, topsoil, mulch) | 0.1 | 0.6 | 0.8 |
| Imported construction materials with an eco label | 0 | 6 | 1.5 |

Waste Materials to Landfill (Waste)

| Indicator (t) | 2017 (000) | 2018 (000) | 2019 (000) |
|--|---------------|---------------|---------------|
| Kerbing / concrete | 0.6 | 0.02 | 2.4 |
| Existing seal | 0.05 | 3.0 | 2.5 |
| Unsuitable material | 5 | 39 | 77 |
| Site office / general waste | - | 0.04 | 2.2 |
| Other (roadside litter / waste, plastics) | 0.4 | 0.1 | 0.02 |

Materials Recycled

| Indicator (t) | 2017 (000) | 2018 (000) | 2019 (000) |
|---|---------------|---------------|---------------|
| Sand | 0.6 | 73.7 | 162.2 |
| Road base | 0.0 | 3.6 | 46.8 |
| Asphalt / profiling | 6.2 | 24.8 | 17.0 |
| Steel | 0.9 | 0.6 | 0.24 |
| Concrete | 6.7 | 0.3 | 12.6 |
| Office waste, general, roadside litter | 3.0 | 1.6 | 0.7 |
| Timber | | 0.2 | 0.9 |
| Rock | - | - | 89.4 |
| Other (green waste, plastic, topsoil, hydrocarbons) | 0.0 | 0.0 | 0.5 |

Waste Management: Roadsides, Buildings and Facilities

Controlling roadside waste across the State's road network requires ever-increasing attention. We collaborate with key stakeholders, interested parties and community groups for a consistent litter management approach taking into account individual regional requirements. We continue to implement our State-Wide Litter Plan developed with the primary objectives of educating road users to take their litter with them and to reduce littering and illegal dumping. Implementing the plan involves boosting public awareness as well as increasing 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. These incorporate waste management principles in design and construction, achieving five-star Green Star and NABERS ratings. Our offices have waste avoidance strategies and our depots have waste management plans for 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.

We are reducing single-use plastics in the Don Aitken Centre by using alternative bin liners, replacing disposable cups with a biodegradable paper product and completely removing plastic cups from several building levels.

ANIMAL WELFARE A PRIORITY WITH OUR FIRST FAUNA BRIDGE

Along with 37 new road bridges, nine new interchanges and more than 150 kilometres of road safety barriers, NorthLink WA features the state's first dedicated fauna bridge. Whilst we have many animal underpasses throughout the State this is a first for us.

Contractor Great Northern Connect, a joint venture between BGC Contracting and Laing O'Rourke, has built the bridge as part of the NorthLink WA central section.

There are 12 fauna underpasses along Western Australia's newest stretch of freeway, but the jewel in the crown is our first ever fully vegetated fauna bridge.

Located north of Ellenbrook, the bridge will connect bushland known to house abundant wildlife. At 12 metres wide, it will provide a natural route that encourages and allows animals of all kinds to cross the freeway safely. During the design phase, the contractor indicated a preference to keep the profile of Tonkin Highway as low as possible to reduce noise and visual intrusion for residents of Ellenbrook.

Because of this low profile, a fauna overpass was a more viable option at this location, with better environmental outcomes than fauna underpasses used elsewhere on the project.

With construction now complete, the fauna bridge will be densely landscaped to mimic the natural environment by using trees, bushes, shrubs and ground covers native to the area.

Natural barriers such as heavy logs will be placed at each entrance to discourage unauthorised human access. Mounding and rockeries are built into the design providing habitat and cover for crossing animals.

The bridge will be closely monitored and maintained, ensuring continued habitat connectivity for the longterm sustainability of our treasured wildlife.

COMMITMENT TO INFRASTRUCTURE SUSTAINABILITY RECOGNISED

Winning the 2018 Organisational Leadership in Infrastructure Sustainability Award once again shows our contribution and commitment to sustainability.

The award, from the Infrastructure Sustainability Council of Australia (ISCA), recognises the organisation exhibiting the most outstanding performance, leadership and greatest contribution to advancing infrastructure sustainability in Australasia.

This is the second time we have won this award, having previously received it in 2014, illustrating our continuing dedication to sustainability. 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'. In other words, we meet the needs of today without compromising those of future generations.

The judges acknowledged Main Roads' leadership and significant contribution to advancing sustainability, highlighting examples such as:

- being actively involved in building staff capability, sustainable practices and sharing knowledge and experience across the industry
- setting an internal standard to utilise the Infrastructure Sustainability (IS) Rating tool across all infrastructure projects

- aligning with the United Nations Sustainable Development Goals
- being an award winner in category three, Earth Award for the Third Avenue Bridge Replacement by contractor BMD Constructions
- being an award winner in category one, Earth Award for the Enviro Infrastructure for Refurbishment of Bridge 0930, Haydn Bunton Drive
- winning the IS Impact Award and the IS Outstanding Achievement Award for the NorthLink Southern Section.

ISCA developed and administers the infrastructure sustainability (IS) rating scheme which evaluates the performance of infrastructure assets during planning, design, construction and operations.

By using the rating tool to independently assess and verify our claims for sustainability, the IS scheme is effectively an independent auditing process looking at both 'process' and 'outcome' to determine the extent to which an infrastructure project embeds sustainability. The ISCA is a not-for-profit peak industry body operating in Australia and New Zealand with the purpose of advancing sustainability outcomes in infrastructure.

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 | | Results |
|----------------------------|--|---------|
| | We achieved our target for community satisfaction with Main Roads and it has increased slightly since last year | 90 |
| | The aim to continue to increase the number of customer subscriptions to our project updates was achieved with more than double the amount recorded last year | + 141% |
| | The target for resolving enquires at first point of contact with our customer information centre was achieved and significantly improved compared to last year | 81 |

Looking Ahead

Projects and activities planned for next financial year, some of which have already commenced, include the following:

- deliver the new website project, which seeks to improve our customers' online interactions with us
- redefine how we deliver key services such as travel information, based on what the community wants and expects
- refine our new Customer Experience Measures, ensuring a focus on the right things and use of data and analytics to continuously improve
- transition Main Roads' telephony services to be provided by the Department of Transport
- discover and surface previously untapped customer insights to help ensure every area at Main Roads is working towards better outcomes for the community

Our Customers' Experience

Customer experience starts with understanding our customer needs, pain points and expectations. We use that understanding to develop and deliver services for improving experiences in all interactions.

We know we won't always get it right, or make everyone happy all the time, but that doesn't stop us from striving to deliver better outcomes for our customers and stakeholders.





GENERAL GINO

Customer Types - regional and metro motorists, general public or community members

Key Need - I want to travel from A to B safely and efficiently

Pain Points – I don't like not knowing about issues affecting my journey until it's too late, I don't like not knowing what work is going on in my local area, I don't like not knowing who to report issues to, I don't like it when issues I've reported don't get fixed

Improving Gino's Experience: Communication during Incidents

Managing the road network during incidents and significant weather events is critical for us. This year, Tropical Cyclone Veronica caused 1,244 kilometres of road to be closed across the Pilbara and damaged numerous properties requiring substantial communication support during and after the cyclone.

We know that our customers like to source and receive information in different ways, particularly with regard to incidents and events with significant impacts on the road network. During Cyclone Veronica we used a range of channels for communicating critical network information to road users and the community, including:

- Travel Map
- website
- traffic broadcasts
- Facebook
- Instagram
- Twitter
- Customer Information Centre.

Read the Cyclone Veronica Case Study to find out more.



Customer Types – community advocates, local government, researchers and students

Key Need – I want to get the right information early on about the things that matter to me, so I can have my say

Pain Points – I don't like finding out about things that impact me too late in the project, I don't like not having an opportunity to have my say on things that matter to me, I don't like feeling like my opinion doesn't matter

Improving Chrissy's Experience: MySay Transport

MySay Transport is an interactive, online consultation portal enabling the community to provide thoughts and insights for shaping Western Australia's transport network.

Alongside our portfolio partners, we use MySay Transport to help shape what and how we deliver, operate and maintain State Roads in Western Australia. Through MySay we collect valuable feedback and data on proposed projects and initiatives.

Kwinana Freeway Foreshore Access

Between December 2018 and February 2019, we asked the community to complete a survey on how and when they use the Kwinana Freeway foreshore.

We received 366 responses and the information collected will assist us in planning for the future maintenance and protection of the Kwinana Freeway.

Visit MySay Transport to learn more.



INVESTIGATING YVONNE

Customer Types – industry or interest groups, lobbyists or journalists, politicians

Key Need – I want to get more information about an issue I am invested in and I want to get a response from Main Roads

Pain Points – I don't like having to wait a long time for information or a response, I don't like receiving less than the full story on an issue, I don't like feeling that my opinion doesn't matter

Improving Yvonne's Experience: Project Website

We have made it easier for customers to discover how we are transforming and upgrading the road network, with the introduction of a state-wide map to our Project website. The map enables users to explore road projects in our state, including plans for future developments.

Users can view clusters of work in a state-wide view and zero in on areas of interest for project overviews with an option to read more on the detailed project pages. With a look and an approach based on Google Maps, the Project map provides a familiar and simple user experience. The Stay Updated feature of the website allows customers to subscribe to the latest project news and keeps them up-to-date on areas they are invested in.

Visit the Project website to learn more.



Customer Types – heavy vehicle drivers or companies, fleet managers, compliance officers

Key Need – I want to be given timely and accurate information to get on with my job

Pain Points – I don't like it when I'm on the move and I can't access accurate road information, I don't like trying to understand government lingo, I don't like Main Roads changing things without me knowing

Improving Andy's Experience: Travel Map

Our Travel Map helps residents, tourists and commercial road users travel on Western Australia's vast road network. Sourced from a network of data and information, the Travel Map provides accurate and timely information about road conditions, closures and other incidents that may impact road use.

Fatigue is a silent killer on Western Australian roads so planning ahead is crucial to managing fatigue on long road trips. This can present even bigger challenges for heavy vehicle drivers who do not have the same flexibility or capacity to stop and revive before continuing their journey. This year, we enhanced our Travel Map to display a wide range of data about rest areas across the State road network. Additions such as Heavy Vehicle Parking and Overnight Stopping, allow drivers to plan journeys ensuring safe and efficient travel to and from their destination.

Visit the Travel Map to learn more.



DETAIL DARREN

Customer Types - consultants, engineers, land developers, government

Key Need – I want to source relevant and accurate standards, specifications and guidelines so I can propose, design or construct

Pain Points – I don't like not knowing what information I need to obtain, I don't like things being out of date, I don't like conflicting information

Improving Darren's Experience: Standards and Technical Expertise

We have accumulated a wealth of specialised knowledge on design and construction of roads and bridges and associated environmental aspects. Expertise is used for developing guidelines, standards and specifications, for internal staff and external consultants.

This specialised knowledge is available on our website for customers like Darren. Such information plays an important part in the planning, design, construction and maintenance of our road network. On our website, a broad spectrum of information on the following is available: road and bridge design, environmental management, pavement technology, surveying methods and data, traffic engineering, and projects and contracts.

Visit Main Roads website to learn more.



MAINTENANCE MAX

Customer Types - traffic managers, minor works crews, local governments

Key Need – I want to know rules and regulations so I can get the job done

Pain Points – I don't like not knowing what information I need to obtain, I don't like the way in which things are processed and interpreted. It should be black and white. I don't like not knowing where my application is in the approval process

Improving Max's Experience: trafficmap

The trafficmap provides, in relation to roads in Western Australia, fast, easy traffic information about vehicles – including the number and type of vehicles travelling, speed of travel and, for some locations, the mass of the vehicle.

Drawing data from more than 4,000 sites across Western Australia, trafficmap helps identify the way people use the road network and how this has changed over time. This makes the trafficmap vital for traffic managers, crews, local government and the community for planning, executing and navigating efficient and safe use of the road transport network.

Visit trafficmap to learn more.

Community Perception Survey

Our annual Community Perception Survey gives people an opportunity to tell us what they really think. By examining responses about our performance in construction, maintenance and management of the road network, we can plan and deliver projects and services based on what the community wants, needs and expects.

The following table shows this year's results.

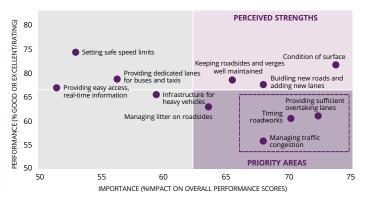
| Area of Satisfaction | 2017 (%) | 2018 (%) | 2019 (%) |
|--|-------------|-------------|-------------|
| Overall performance | 87 | 88 | 90 |
| Road safety | 90 | 88 | 91 |
| Provision of cycleways and pedestrian facilities | 87 | 89 | 91 |
| Road maintenance | 84 | 82 | 87 |
| Sustainability | 85 | 86 | 91 |
| Environmental Management* | - | 88 | 91 |

*Collected for first time in 2017-18

We also ask the community to rate our performance across a range of services and responsibilities. This helps us determine our strengths and priorities, giving insights for integrating 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.

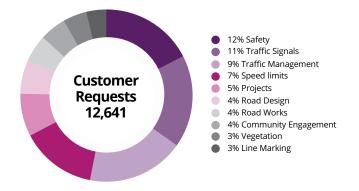


Customer Feedback

We value customer feedback and regularly investigate trends and issues that provide us with insights for improving our business areas. The types of feedback received from all sources across the past 12 months are shown below.

Customer Requests

This year we received 12,641 customer requests. The top 10 categories are shown and represent almost 62 per cent of all customer requests.



Customer Complaints

Sixty-eight per cent of all customer complaints fall into one of 10 categories, as shown. This year we received 6,663 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 frontline 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 had a very slight increase during 2019, and our customer interaction via email and digital services continues to rise. In 2019, we undertook work to refine the channels we use for engagement with our customers and to improve the digital experience. This continues to be a key priority as we progress the new website project in 2020.

| Customer Contact Statistics | 2017 | 2018 | 2019 |
|--|---------|--------|--------|
| Telephone calls | 103,531 | 91,573 | 91,732 |
| Calls self-serviced | 16,409 | 11,896 | 14,293 |
| Email enquiries | 30,474 | 32,620 | 53,988 |
| Percentage of enquiries to Customer Information Centre resolved at first point of contact | 73 | 65 | 81 |

Complaints Handling Process

We provide an accessible, fair and equitable complaint handling process, meeting Australian Standard for Complaints Handling, AS ISO 10002 – 2006.

We use our customer information and quality assurance framework to:

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

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

Engaging with Local Communities

Main Roads is delivering an unprecedented program of major infrastructure works across the Perth metropolitan area, with 72 projects in the delivery stage and numerous others at the latter stages of design and development.

We are engaging with distinct communities across 29 Perth metropolitan projects and many more in the regions. Transforming our road network brings with it the challenge of minimising the impacts of construction on local communities in the vicinity of the works and providing timely, ongoing communication to road users. We are widening key sections of the Mitchell and Kwinana Freeways, upgrading major intersections and enhancing other key arterial routes such as Armadale and Wanneroo Roads to improve safety, relieve congestion and enhance traffic flow.

In the past 12 months we have significantly strengthened contractual requirements for external contractors delivering engagement on our behalf, and put in place forums to encourage cross project collaboration, ensuring communications are delivered in an effective, customer-centric manner. The outcome has been a marked improvement in the quality and consistency of our engagement programs, in accordance with ever-increasing community expectations.

In addition to projects being delivered, future projects have necessitated earlier engagement with stakeholders and the community, fostering better understanding of the works and advocating our broader vision for our State's road network.

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.

Open and Transparent Project Communications

We provide project information and engagement opportunities reflecting the diverse ways in which communities seek and digest information. We maintain a strong digital presence ensuring changes to the road network can be shared in real-time and we utilise online engagement including community surveys with strong levels of participation.

Our communications include effective use of the portfolio MySay Transport forum, which has encouraged community participation on a number of high profile projects including the High Street Upgrade in Fremantle and our Orrong Road Planning Study.

This has been complemented by encouraging online subscriptions to our newsletters and project updates through our centralised Customer Relationship Management system, and the ongoing restructure of our Projects website to create a more user-friendly customer experience. Widespread community input – though information sessions, reference group meetings and face-toface meetings on projects in both metropolitan and regional areas – confirms that traditional engagement techniques remain popular and relevant for the community.

Feedback from the broader community and specific stakeholders informs our work from early planning stages to final delivery; this is balanced against the technical requirements that ensure our road network enhancements continue to improve the travel experiences of all Western Australians.

Digital Channels

In addition to our regular media updates, we provide project and road user information on a range of digital channels. We support business areas within Main Roads with their communication needs, and our customers have told us that this is their preferred way of receiving information.

Our website continues to be a popular source of information for the community with more than 1.31 million visitors.

The official source of traffic and travel information for the main road network in Western Australia is our Travel Map. This includes live, up-to-date information on road conditions, closures and other incidents that may affect road use. With enhancements to rest area information, users can now filter travel requirements such as overnight stopping, accessible toilets and bins. The map is most popular during major incidents, and has had more than 858,000 visits.

We've made it easier for customers to discover how we're transforming and upgrading the road network, with the introduction of a state-wide map. The map enables customers to explore all projects currently taking place across the state, including our plans for future developments.

Popular projects include:

- NorthLink WA
- Matagarup Bridge
- Great Northern Highway Muchea to Wubin

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. Images during major incidents visually help motorists understand impacts, and they highlight 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 63,379 followers and 6,999 tweets, earning 49,336 clicks on links posted
- WA Roads 16,878 followers and 1,598 tweets, earning 9,813 clicks on links posted.

f Our Facebook channels are expanding with two new groups for customers to communicate with us. The Main Roads WA in the Kimberley Group allows customers in the Kimberley region to interact with us and to hear about things relevant to their community.

Information on major traffic disruptions during peak travel is now provided through our Perth Traffic Group. For users seeking information on possible impacts on their trip, this complements our existing traffic channels.

Customers continue to connect with us on our NorthLink WA Group, with the most popular topic being new road sections due to open. Our members have nearly tripled to 3,431.

Our corporate page, with more than 54,000 followers, continues to provide updates on our activity around the state. Our posts reached more than 5.5 million customers with images from hay bale relief deliveries over east being our most viewed post during the year, reaching more than half a million people. A new way to share information is through Facebook Stories and is another avenue for us to promote Main Roads.

To join any of our Facebook Regional or Project Groups visit the Main Roads Facebook page. Throughout the year we anticipate that more of our regions will create Community Group pages.

You Tube

YouTube showcases some of our services, network changes and fantastic images of our construction projects. Our YouTube subscribers increased by 244 to 740 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 media. We have nearly 2,500 Instagram followers and continue to develop our engagement focusing on trending hashtags and story highlights. The use of Stories, which are available for 24 hours, is increasing on Instagram. They are a great tool to promote communications, such as advising customers what the Matagarup Bridge lighting theme is. Our Instagram account started in January 2016 and complements our digital channels.

LinkedIn allows us to engage with those specifically interested in Main Roads business and services. Our following, which increased by around 2,450 over the past year, is now more than 8,850 followers.

Disability Access and Inclusion Action Plan 2018-2022

Over the year, we have been working on delivering key actions from the Disability Access and Inclusion Plan (DAIP) 2018-2022. The DAIP aligns with the Western Australian *Disability Services Act 1993*, amended in 2004 and 2014, and was 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 actioned by an internal working group and monitored by Corporate Executive to ensure we keep access and inclusion a high priority when we are making decisions.

OUR STORIES

TEAMWORK ENSURES COMMUNITY AND ROAD USER SAFETY

In March 2019, Tropical Cyclone Veronica caused widespread damage to the Pilbara region – flooding roads, spreading debris and isolating communities. In some areas the cyclone brought in excess of 300 millimetres of rain, more than a year's worth, in one day.

Our Pilbara Team worked hard to make the road network safe and to reopen routes to traffic as soon as possible. Where necessary, detours were established and emergency repairs began immediately.

More than 1,600 kilometres away our Customer Information Centre worked to ensure support was provided to the region – both to road users and to local Main Roads personnel, extremely busy with local matters, by allowing them time to tend to the safety of their own families and homes.

Keeping the travelling public informed was the main aim during and after Cyclone Veronica and entailed, for example:

- 6,288 calls received by our Customer Information Centre with 63 per cent of callers choosing the 'self-service' option
- 270 Travel Map updates and 46 traffic broadcasts published online
- 1,244 kilometres of road closed across the Pilbara

- six emergency response teams deployed to undertake repairs
- 175 permits issued for delivery of essential supplies and services
- three flights to inspect the network
- 12 Corporate Crisis Management team meetings
- 10 Main Roads properties requiring repair
- \$7 million estimated full-recovery cost.

We worked with agencies to ensure community and road user safety. These included the Department of Fire and Emergency Services, who helped us to survey road conditions and undertake preliminary damage reports. When it was deemed safe we also escorted a convoy of Horizon Power trucks through the damaged area to provide much needed fuel supplies. This assisted in preventing the potential for energy restrictions in the region.

Our People

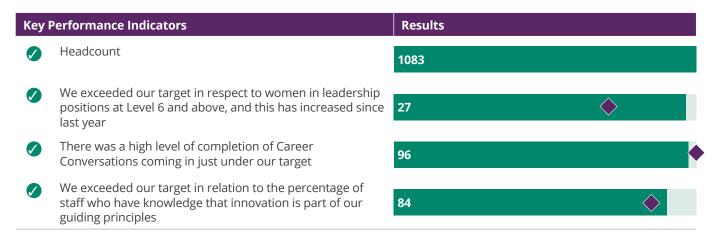
Aim

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
- focusing on solutions
- engaging with our people
- sustaining good workforce planning practices.



Looking Ahead

Projects and activities planned for next financial year, some of which have already commenced, include the following:

- meeting the challenge of attracting and retaining appropriately skilled employees, particularly in regional areas
- negotiating and implementing new Employee Bargaining Agreements
- consolidating new maintenance contracts in Metropolitan, South West and Great Southern regions and working with the accompanying resourcing challenges
- continuing a focus on increased Aboriginal employment and creating pathway programs beyond the traditional university stream
- beginning a new blended learning approach which will improve understanding of our responsibilities and deliver learning across the agency in a more timely and effective way. The newly developed Learning Management System is to be implemented in July 2019
- continuing workforce planning with a strong focus on providing the information to enable us to make strategic decisions for our future workforce.

Our Profile

Our workforce profile helps to illustrate who we are. As at 30 June 2019, we have 1,083 employees.

| Demographics | 2017 (%) | 2018 (%) | 2019 (%) |
|---|-------------|-------------|-------------|
| Female employees | 31 | 31 | 31 |
| Male employees | 69 | 69 | 69 |
| Indigenous Australian employees* | 1 | 2 | 1 |
| Employees with a disability* | 2 | 3 | 3 |
| Employees of culturally diverse background* | 20 | 22 | 25 |
| Employee age profile | 2017 (%) | 2018 (%) | 2019 (%) |
| <30 | 12 | 12 | 10 |
| 30-39 | 21 | 22 | 23 |
| 40-49 | 20 | 21 | 21 |
| 50-59 | 28 | 28 | 30 |
| 60+ | 19 | 17 | 16 |
| Regional profile (headcount) | 2017 | 2018 | 2019 |
| Great Southern | 31 | 30 | 31 |
| Goldfields-Esperance | 15 | 21 | 21 |
| Kimberley | 30 | 29 | 30 |
| Mid West – Gascoyne | 45 | 44 | 44 |
| Pilbara | 24 | 33 | 28 |
| South West | 58 | 62 | 63 |
| Wheatbelt | 40 | 34 | 33 |
| New starters | Employe | ees (head | count) |
| Number of new starters | | 55 | |
| New Starters by gender | | | |
| Female | | 22 | |
| Male | | 33 | |
| Turnover | | | |
| Turnover rate | | 4% | |
| Turnover by gender (headcount) | | | |
| Female | | 19 | |
| Male | | 29 | |
| | | | |

*Figures do not represent an accurate profile of our diversity, as the information is provided by self-declaration.

Developing Our People

Our people are the key to our success. Investing in them and their knowledge is essential 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 within our business and grow and develop in ways that will help us to make the most of the opportunities that are facing our industry.

Learning Management System

In July 2019, we will be releasing a new corporate Learning Management System, called LearningHub. LearningHub is designed to be a 'one stop shop' for all training and development; that is, a centralised, easy-to-use portal to which all employees have access. It will enhance access to online learning for employees – offering a smoother process for registering for training and approvals; giving enhanced visibility to managers on training activities of their team; and providing compliance reporting capability at the fingertips of training coordinators.

Training Engaging Accountable Managers

Our tailored in-house management skills development program called TEAM (Training Engaging Accountable Managers) has continued over the last 12 months. The program empowers 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. TEAM has been popular with approximately 145 staff having completed individual modules identified as a development need or as refresher training.

Development Employee Programs

With a renewed focus on Development Employee Programs, the Human Resources team is reviewing pathway programs to align with our capability gaps and long-term workforce planning. Recruitment is planned ensuring a pipeline of capability is developed. We continue to focus on diversity through our recruitment efforts. We aim to exceed the current gender split of our Development Employees – 31 per cent female, 69 per cent male – as well as look at Aboriginal Pathway programs involving sponsorship at secondary and tertiary level.

Career Conversations

Our performance review process, Career Conversations, 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 focused participants on feedback, reflection and review. This year we had a 96 per cent completion rate for the initial Career Conversations and 89 per cent of midyear reviews were carried out.

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.

Some of the activities and projects include:

- improving road safety at signalised intersections
- eradication of dieback from gravel pits
- electric vehicle infrastructure strategic planning
- using drones to capture traffic engineering data at signalised intersections
- continued testing of cold applied plastic line marking
- improving software used for water runoff catchment design
- development of a prototype pointcloud visualisation tool
- capturing, sharing and warehousing innovations from across the business.

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.

Employee Relations and Recruitment

Freedom of Association and Collective Bargaining

Our employees are covered by enterprise bargaining agreements between the Commissioner of Main Roads and each of the unions. Negotiation and registration gives opportunities for key stakeholders to provide input into agreement provisions, in particular, recognising the needs of employees and our business. All employees are free to join unions and we recognise the integral role of unions in the agreement making process.

Labour Relations

After successful negotiation we registered three Enterprise Bargaining Agreements (AWU, APEA, CSA) with the Western Australian Industrial Relations Commission in mid-2018.

Negotiations will soon begin with the intent of registering the three new agreements in January 2020. Agreements continue to reflect our business requirements while recognising the needs of our employees.

Workforce Planning

Our workforce planning cycle has identified that attracting and retaining critical skills, particularly in regional areas, continues to be a significant challenge. Workforce planning has been focused on identifying and addressing key capability risks and gaps in core areas within a five-year forecast. It involves a comprehensive environmental scan of the organisation and considers current capability, succession planning, recruitment forecasting and other capability development and resourcing strategies.

Recruitment and Turnover

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. We also focused on the re-introduction of our Development Employee Programs. Last year, there were 14 Development Employees, including graduate engineers, engineering associates and trainees commencing programs. 55 new starters joined the organisation throughout the year with 40 per cent being female. Our turnover remains relatively stable at 4 per cent.

Promoting Diversity and Equal Opportunity

We want to have a workforce that is rich, diverse and based on equality ensuring that we can all work in an environment that is free from harassment and discrimination. We want all of our employees to have access to training, progression and promotion. We firmly believe that a diverse workforce brings a greater range of skills, knowledge, experiences, backgrounds and capabilities into our organisation. This environment will lead to higher performing teams and better outcomes for our customers. The public sector has an obligation to engage people from diverse backgrounds, reflecting the broader community, however, we want to see and deliver more than just an obligation. An update on achievements in this area follows.

Equal Employment Opportunity Management Plan 2017–2020

Our Equal Employment Opportunity (EEO) Management Plan focuses on increasing the engagement and representation of:

- Aboriginal and Torres Strait Islander people
- women
- people with disabilities
- youth
- people from culturally diverse backgrounds
- lesbian, gay, bisexual, transgender, intersex and questioning (LGBTIQ+).

Our Diversity Calendar notes dates and events of significance to our focus groups. These dates are highlighted and awareness raised through internal communications, information sessions by guest speakers and participation in community events and projects supporting 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. We continue our 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. On International Women's Day, celebrating the social, economic, cultural and political achievements of women, the theme '#BalanceForBetter' was about motivating and uniting friends, colleagues and whole communities to think, act and be gender inclusive.

We promoted the day through both internal communications and by having four of our aspiring female leaders, nominated by Corporate Executive, attend a valuable networking event by Engineers Australia. This included a panel of industry leaders and keynote speaker Turia Pitt inspiring women with her life-changing events, personal journey, achievements and lessons learned.

| | 2017 | 2018 | 2019 |
|---------------------------------------|------|------|------|
| | (%) | (%) | (%) |
| Women in Level 6 and higher positions | 19 | 21 | 27 |

Reconciliation Action Plan

Our Reconciliation Action Plan focuses on:

- building 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.

Some key workplace and employment achievements through our Reconciliation Action Plan have been:

- working with Aboriginal people through employment and engagement opportunities specific to our road infrastructure industry
- creating a more culturally safe environment through cultural awareness
- participating in key events
- trialling new eLearning
- developing and adopting new Aboriginal protocols embodying respect, understanding and protection of cultural heritage.

In support of the Government's Aboriginal participation policy, our Aboriginal Advisory and Working Groups have progressed in implementing Aboriginal engagement initiatives specific to procurement of goods and services from Aboriginal businesses and engagement of Aboriginal groups in design, construction and maintenance activities related to our road infrastructure projects. See 'Our Stories' for more on Aboriginal Engagement.

Aboriginal Employment

We are delivering on our commitment to increase the direct employment of Aboriginal people through targeted recruitment for Aboriginal-specific positions. We are achieving this by working in partnership with Nudge, a for purpose charity that focuses on getting young people into jobs and training opportunities. We will be looking at other employment pathways for Aboriginal people as an even more targeted approach next year.

This year we have engaged the expertise of a Senior Advisor in Aboriginal Engagement who has played an integral role in helping us achieve the outcomes of our Strategic Business Case for Aboriginal Engagement. We have also engaged the expertise of an Indigenous Employment Officer to assist with the consultation and coordination of our next Reconciliation Action Plan 2020-22.

National Reconciliation Week

This week reflects on impacts of Australia's colonial history and the importance of ongoing reconciliation. National Reconciliation Week theme was 'Grounded in Truth, Walk Together With Courage'. The week was celebrated by:

- sponsoring and participating in the launch of the 2019 Street Banner Project
- participating in the Walk for Reconciliation 2019, a public show of leadership, support and solidarity to reconcile our state and promote equity
- participating in the Breakfast held by Reconciliation WA along with our portfolio partners
- promoting the event through articles on our internal communications
- supporting the initiatives of Reconciliation WA.

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.

The 2018 theme was 'Because of Her We Can' which was a tribute to all Aboriginal and Torres Strait Islander women who have played, and continue to play, crucial roles in our history.

Our celebration included a metropolitan office based event with a Welcome to Country and storytelling from Whadjuk Elder, Doolann Leisha Eatts. Her book *Our Country, my Nyungah Home* and husband Elder Walter Eatts' book *Somewhere Between Not White, Not Black, Not Wanted* were promoted. This was followed by bush tucker inspired delicacies for afternoon tea sourced from Kuditj Kitchen, an Aboriginal-owned and locally based café. NAIDOC week raises the cultural awareness of our staff and also includes internal communications and articles on the meaning behind NAIDOC week and the celebration.



OUR STORIES

INTERVIEW WITH OUR SENIOR ADVISOR ABORIGINAL ENGAGEMENT DENNIS KICKETT

During the year we welcomed Dennis Kickett to Main Roads. Dennis has traditional ties to the people from the Ballardong and Whadjuk language groups. He brings to Main Roads extensive experience around Aboriginal engagement having worked in Government and private industry, mainly in the resources sector.

Dennis said that since joining, a big focus for him has been on developing and building effective relationships internally and externally with our local Aboriginal businesses and suppliers.

He said that his role provides a focus on developing an effective strategy to enable Main Roads practitioners to embed broader diversity outcomes and real opportunities through our projects and partnerships with our major contractors.

The approach being taken is broken into different components focusing on how we want to work and engage with local Aboriginal people throughout the state. Dennis said the fact is that we have highly skilled Aboriginal people ready, developing their own businesses, and wanting to work with us and our large contractors. He said that as he talks to different people around the state its clear that we have a long history of employing local Aboriginal people and he feels that this can be built upon further through opening the doors for the next generation. The aim is that through the continued work of Main Roads it will enable the next generation to be a part of Australia's mainstream business economy.

Dennis believes that it is important to have the courage to challenge mindsets in a healthy way, and to work together as one to achieve genuinely sustainable outcomes that will make a difference. We are not exactly at the beginning of the journey and we can certainly build on what we have. There is still much more to do and he will try to work with everyone to facilitate and guide that process.

Dennis said that he believes there is a very strong commitment to succeed and to make a difference and for those people that want to be a part of that, he will do what he can to get the right outcome.

OUR STORIES

INAUGURAL AWARD WIN FOR HARDWORKING TRAINEE

rical Trainee f the Year 2018

nudge

Becoming a role model and inspiration to her family, youth and community members, and encouraging them to pursue their dreams and career pathways, is a goal that Cynthia Nelly is already well and truly on her way to achieving.

Her dedication and drive saw her being awarded the inaugural Nudge Clerical Trainee of the Year.

Nudge is a for-purpose charity focusing on getting young people into jobs and training opportunities. It is committed to empowering business through community employment. The awards, launched last year, acknowledge and recognise the contribution across sectors and industries of trainees and organisations in their commitment to training.

A proud young Aboriginal Yamaji woman, Cynthia won the award from a field of 33 clerical trainees state-wide. She has quickly become a respected member of the Mid West – Gascoyne Geraldton office receiving praise from her co-workers for the hard work she has put in throughout the year, both in her formal traineeship requirements and in her work environment. She recently completed her Certificate III in Business with Registered Training Organisation, Trainwest and will continue on to the Certificate IV in Business and take advantage of the many opportunities Main Roads has to offer. She says this will help to increase and enhance her knowledge and skills, to gain more personal and professional development and help build her career pathway.

Speaking from personal experience, Cynthia says advantages and opportunities that are offered to youth though traineeships from organisations such as Main Roads can lead to many positive impacts. She sees these opportunities through training, employment and upskilling as vital to achieving great outcomes. Not only are there benefits for employers but the flow-on effect for trainees, their families and communities from taking on full-time roles is immeasurable.

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 F | Performance Indicators | Results |
|-------|--|------------------|
| | There were no Fatalities last year | 0 |
| | Our Lost-time injury (LTI) and/or disease incidence rate target was achieved with continued improvement | 0.196(1) |
| | Our Lost-time injury and severity rate target was achieved | 0 ⁽²⁾ |
| | We exceeded our target of helping injured workers return to work within 13 weeks | 100(3) |
| | We met our target of helping injured workers return to work within 26 weeks demonstrating consistent performance | 100(4) |

- 1. There were 2 LTI claims lodged in 2018-19
- 2. There were 2 LTI claims lodged in 2018-19, zero of these resulted in severe lost time injuries (actual or estimated 60 days or more lost from work)
- 3. There were 2 LTI claims lodged in 2018-19, both employees have returned to work within 13 weeks
- 4. There were 2 LTI claims lodged in 2018-19, both employees have returned to work within 26 weeks

Looking Ahead

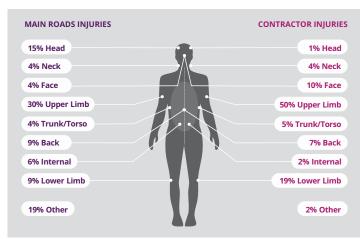
Projects and activities planned for next financial year, some of which have already commenced, include the following:

- implementing actions from the three year Safety, Health and Wellbeing Strategy
- maintaining our Federal Safety Accreditation for our Direct Managed Works in the Kimberley Region
- · reviewing low cost, low-complexity works to ensure safety requirements are met
- maintaining proactive safety, health and wellbeing practices across the organisation through leadership walks, workplace inspections and internal audits
- working across Main Roads to ensure the Semi Quantitative Risk Assessment (SQRA) process is used to manage our critical risks. The SQRA approach combines the inherent strengths of both qualitative and quantitative risk assessment methodologies.

Our Safety Performance

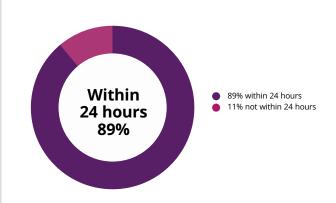
A series of Safety, Health and Wellbeing (SHW) measures are tabled at the monthly Corporate Executive and Corporate SHW Committee meetings. The information available in our online incident reporting system, EQSafe, has enabled us to review both employee and contractor injuries. The Pin Man figure below is used for our Key Performance Indicator (KPI) reporting and data is based on a rolling 12 months. The data from 2018-19 has shown that of all the injuries recorded, 24 per cent are Main Roads employees and 76 per cent are contractor injuries. Other KPIs include the number of serious incidents reported for the month, and the status of outstanding investigation reports. This information helps identify critical issues, trends and emerging challenges that assist Corporate Executive to make strategic decisions to ensure the safety of our workforce and those that work with us in delivering our services.

Total Injuries on Body

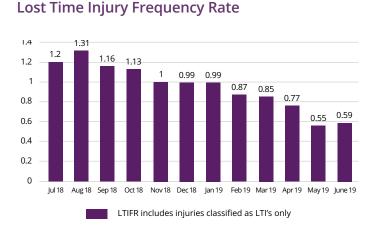


There was a high incidence of upper hand and arm injuries throughout the year. A trend that is being seen across industry generally.

Serious Incidents Reported Within 24 Hours

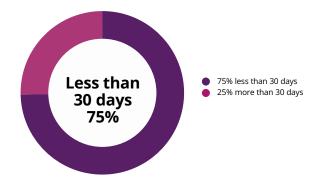


Over the last 12 months, almost 90 per cent of serious incidents were reported within 24 hours.



Over the last 12 months, the Lost Time Injury rate has improved.

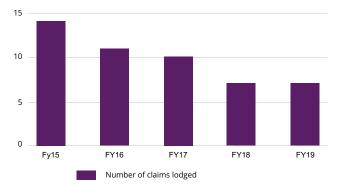
Incident Investigations Closed Out <30 Days



We seek to have all incident investigations closed out within 30 days. Last year, we achieved a 75 per cent closure rate.

Workers' Compensation and Injury Management

Injury prevention and effective injury management continue to be a key focus of our SHW Strategy. We have continued to steadily reduce claims over the last few years achieving a 57 per cent reduction of workers compensation claims and improved claim-closure rates. Amongst the three workers compensation events, two have resulted in LTIs and are being managed.



Safety Health and Wellbeing Strategy

We completed all 2018-19 actions associated with the SHW Strategy. The actions were reviewed quarterly by the Corporate SHW management committee.

The SHW Policy Statement was reviewed and approved by the Managing Director for two years with a commitment to focus on both physical and mental wellbeing.

We also operate and implement policies that manage the risk of being killed or seriously injured on our roads, or while working directly or indirectly for Main Roads, through our overall Road Safety Strategy.

Proactive Safety, Health and Wellbeing

Many of our people and the people we work with are directly engaged in road construction activities or interact with the road environment in some way. The construction industry itself is characterised by activities that are high risk from a safety perspective. According to Safe Work Australia the construction industry is consistently among the top industries in Australia with the highest number of serious incidents and is currently ranked as having the fifth highest incident rate of all industries.

We aim to influence safe practice throughout our business including on our construction projects, road maintenance and operational activities. 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. The following outline some of our key achievements over the last 12 months.

Certification to ISO45001:2018

Following the 2019 Integrated Management System external audit Main Roads was recommended for certification to ISO45001:2018 – Occupational Health and Safety Management Systems. The focus for this certification includes leadership, consultation and risk management.

Critical Risk Project

We are committed to employee safety and commenced, in November 2018, a project examining potential fatality scenarios for Main Roads personnel and contracting partners. The project focused on the top 10 fatality risks to our workers, contractors and sub-contractors, and involved workshops with more than 70 employees. The Critical Risk Project was finalised at the end of May 2019 providing us with a thorough understanding of the causes of fatality risk events. We will now focus on strengthening the performance of identified critical controls and planning for the implementation of the Network Critical Risk Management Program during the next 12 months.

Mental Health Strategy

Mental health is increasingly important in the workplace, playing a crucial role in everything from productivity and economic success to the social wellbeing of the nation. The impact of mental health on organisations can be significant – especially from work absences and long-term work incapacity. Nationally, this impact is estimated to be as high as \$11 billion per year.

Our Main Roads Mental Wellbeing in the Workplace Survey has set a baseline. Results indicate that 45 per cent of our workforce report a need for an approach to mental health in the workplace (including awareness raising, capability building, and prevention and support) that is embedded in an integrated and sustained way.

During 2019, Human Resources has developed the Mental Wellness Strategic Framework and the Mental Wellness Action Plan 2019–2022, with release set for late 2019.

This is Main Roads' first comprehensive approach for workplace mental health. It is a three-year program, delivered across four principles: people management; prevention; early recognition and support; and rehabilitation and return to work. It is a framework for staff to build their capability and commitment to positive workplace culture, to assess mental health risks, to take informed action for improving mental health and ensure early access to effective care and rehabilitation.

Working in Isolation Technology

Main Roads has been conducting a trial for a device called Spot Generation 3, a location, tracking and emergency response device. The device is used for hazards associated with driving on the network and working in isolation. Functions include global coordinate tracking, message notifications and SOS functions to initiate an emergency response. If the trial is successful then the device may form part of our journey management and working in isolation processes.

Incident Management

We have reviewed and updated incident management processes. The update simplifies the process, summarised via flowcharts, and aims to increase efficiencies whilst also gaining better quality outcomes. In summary, working harder at the prevention of reoccurrence. Streamlining of root-cause analysis tools to a single methodology (Incident Cause Analysis Method – ICAM and ICAM Lite) to drive behaviours whilst also separating the investigation process from the analysis process gives more compete reports.

Communication of Safety Banner Alerts

We regularly communicate Safety Banner Alerts across the organisation and to our contractors providing lessons learnt from serious incidents with associated corrective actions. During 2018-19 the following Banner Alerts were communicated:

| Safety Banner Alert Type | Number |
|---|--------|
| Red (Initial information on a serious incident) | 30 |
| Grey (Final investigation with corrective actions associated) | 27 |
| Blue (Safety information – General) | 16 |
| Orange (Technology and Innovation) | 1 |
| Contractor | 11 |

Austroads Occupational Safety and Health Networks

This year has seen the establishment of the Austroads' OSH Working Group Network with all Australian jurisdictions and New Zealand represented. Each agency provides a quarterly report that can include innovation, safety alerts and policy and procedure updates. Under the auspices of Austroads an Asbestos Management Working Group has been created and we have allocated a technical specialist to be part of this group. The working group will meet annually to discuss current best practice and share learnings.

Supporting the 16 Days in WA to Stop Violence Campaign

In November 2018, the State Government was shining a light on the state's horrifying family and domestic violence statistics through their '16 Days in WA to Stop Violence' campaign. The campaign raised awareness, particularly on violence against women, and encouraged active change in communities.

Main Roads supported the campaign and was involved in lighting, in orange, recognisable Perth landmarks such as the Matagarup Bridge. We also promoted the campaign to staff through articles and items on workplace impacts, support available, and tips for supportive environments and respectful relationships.

Family Day

We value our employees and recognise family is an important part of our employee's life. To embrace work–life balance, we host a Family Day event annually with family members invited to the workplace. Activities, including displays of Main Road's initiatives, can enhance understanding and show employee contributions to the community. **OUR STORIES**

SUCCESSFUL SAFETY FORUM BECOMES A REGULAR EVENT

THE .

During the year, we hosted a two-day forum promoting, through speakers and topics, a positive safety culture and providing an opportunity to network and knowledge share. This brought together our business managers, safety personnel and representatives as well as colleagues from our portfolio partners.

Some of our own safety champions gave informative presentations on a broad range of topics including:

- asbestos management
- risk perception
- Direct Managed Works
- journey and traffic management
- effective communication for engaging our people.

External guest speakers included representatives from the Public Transport Authority, Department of Transport, WorkSafe, RiskCover, Department of Mines, Industry Regulation and Safety and HBF. They presented on a range of subjects including injury management, WorkSafe and legislation updates, exercises for stretching, and internal safety processes. SafetyWise facilitated a two-hour Incident Cause Analysis Method Lite training, and attendees were able to participate in the challenging session as well as have this recognised in their personal performance record. We also heard from a road safety advocate who spoke of his personal road trauma and recovery story and a mental health awareness proponent on the importance of this in the workplace and home.

We were able to network and build our understanding of the safety risks faced by co-workers in the regions, on projects, and in other agencies and how these are managed across the portfolio. Discussion from a panel of key safety advocates at the conclusion of the forum also gave an opportunity for questions beyond the presentations and training.

The feedback from participants was positive and the intention is to host a similar event across the Transport Portfolio in two years.

We will continue to discuss safety, health and wellbeing priorities and share our stories, with the objective of having a unified approach to best practices and leading the way with safety in the Western Australian Government.

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 our:

| Our Governance Model | . 93 |
|-----------------------------------|-------------|
| Governing Bodies | . 96 |
| Additional Governance Disclosures | 101 |

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.



Our Legislation

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

Additional Western Australian legislation guiding and empowering Main Roads includes:

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

We have processes and controls in place ensuring our compliance with other State and Commonwealth legislation and regulations impacting 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. This table reflects the new ASX Corporate Governance Council's *Governance Principles and Recommendations 4th Edition* released in February 2019. It 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</i> <i>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 including the capture and reporting of interactions. |
| 2. Management and oversight – The organisation's management and oversight is accountable and has clearly defined responsibilities | Lay solid foundations for management and oversight A listed entity should clearly delineate the respective roles and responsibilities of its board and management and regularly review their performance. | Keeping WA Moving clearly outlines our Aspiration, Strategic Areas of Focus, Guiding Principles and Values. Our Corporate Executive has a Charter and Performance Agreements are in place across the organisation at all levels. |
| 3. Organisational structure – The organisation's structure serves its operations | 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 main governance body, it is made up of the leader from each directorate and is supported by a number of subcommittees. Details of their roles and achievements are included in this report including performance reporting. |
| 4. Operations – <i>The organisation plans</i> <i>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. Instil a culture of action lawfully, ethically and responsibly – A listed entity should instil and continually reinforce a culture across the organisation of acting lawfully, ethically and responsibly. | Our Integrity Framework and Code of Conduct ensure our commitment to professional behaviours that are consistent with our values and guiding principles. These are included in all inductions for new employees and contractors into the business. |
| 6. People – The organisation's leadership in people management contributes to individual and organisational achievements | | Workforce planning across the portfolio is a high priority and we invest in leaders who will genuinely challenge the status quo. A culture of diversity and inclusion is actively promoted and supported. |
| 7. Finance – The organisation safeguards financial integrity and accountability | 4. Safeguard the integrity or corporate reports – A listed entity should have appropriate processes to verify the integrity of its corporate reports. | Financial integrity is achieved through our Financial Management Manual, Internal Audit Charter and internal processes. The Budget Committee reviews and manages our financial performance on a monthly basis. |

| PSC Governance Principles | ASX Governance Principles | Our Commitment |
|---|--|---|
| 8. Communication – The organisation communicates with all parties in a way that is accessible, open and responsive | 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. | To provide consistent communications and services of value we work with the community and our customers by understanding their needs. We have high levels of engagement in conventional, digital and social media and have strong customer complaint handling procedures in place including Freedom of Information and PID. |
| 9. Risk management – The organisation identifies and manages its risks | 7. Recognise and manage risk – A listed entity should establish a sound risk management framework and periodically review the effectiveness of that framework. | 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 tracking of high priority risks. |

Note: ASX Principle 6 – Respect the rights of security holders and Principle 8 – Remunerate fairly and responsibly are not appropriate in the context of a Statutory Authority such as Main Roads and are excluded from the table.

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
- · Oversee the identification of and monitor treatment actions against risks classified as being very high and high
- Embed and champion the engagement of Aboriginal people and businesses through our contracting activities
- Review and refresh the Keeping WA Moving strategic direction
- Monitor the deployment of activities through the Corporate Business Plan
- · Review and promote activities to mitigate the risk of cyber-crime
- · Oversee the deployment of the new maintenance contracting regime

Main Roads has five executive committees capably and professionally supporting our Corporate Executive.

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

- 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
- Considers audits and reviews of the Management Review and Audit Branch
- Ensures audits and reviews are in accordance with the Annual Audit Plan
- Reviews and approves the Annual Audit Plan

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

- Comprehensive risk-based and strategic Annual Audit Plan for 2018–19 was approved
- Twenty-six internal audits were monitored and approved
- Quarterly audit progress reports were discussed and approved
- · Quarterly status reports of audit findings were monitored and approved

Executive Members: Peter Woronzow (Chair) Philip D'Souza Doug Morgan

Budget Committee

This committee meets monthly with the objective of ensuring financial management oversight and best use of funds to achieve our strategic outcomes.



Role

- Peak decision-making body for Financial and Budget Management, Investment Planning, Program Development and Delivery
- · Accountability for
- Investment Planning
- Program Development
- Annual finance and budget performance

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 to comply with Treasury Instructions (TI 813 Variances in Capital Expenditure)
- 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 for Future Asset Investment Program including: the Investment Planning Cycle; sound Business Case Strategy; successful negotiation strategy with our external funding providers, that is, Commonwealth Government; Royalties for Regions; and the Western Australia Police Force; Road Safety Commission
- Identify risk and opportunities in the scope of investment planning, program development and project delivery

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; the committee is chaired by the Executive Director Human Resources. It also includes the Safety, Health and Wellbeing Manager and Manager Communities of Expertise along with safety representatives from each Directorate.

Role

- Presides over safety, health and wellbeing issues from high-level strategy to reviews of individual incidents
- Acts as a primary occupational safety and health governance channel and reports to Corporate Executive on full-time and contracted employees

Des Snook John Erceg Tony Earl Alan Colegate Neville Willey Philip D'Souza Doug Morgan Leo Coci

Executive Members:

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

- · Review Main Roads and Contractor serious incidents ensure timely reporting of incidents
- Endorsed Main Roads to gain ISO 45001:2018 accreditation
- · Advise senior management of WorkSafe improvement notifications and reporting of serious incidents
- Endorse Critical Risk Project
- Review 2018-19 action plan of the three-year strategy
- Endorsed the Alcohol and Drugs Policy and Procedure
- Endorsed the two-day Safety, Health and Wellbeing Forum
- Review of corporate key performance indicators dashboard
- Update senior management on wellbeing initiatives
- Advise senior management of innovation and technology

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

Executive Members:

- Peter Woronzow (Chair) Philip D'Souza Doug Morgan Leo Coci Des Snook
- John Erceg Tony Earl Alan Colegate Neville Willey

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

- 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

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

- Undertook a maturity assessment of our asset management processes and systems to inform refinements required to the existing Road Map to achieve an Asset Management System aligned with requirements of ISO 55001
- Continued review of each region's road maintenance Ten-Year Network Delivery Plan to ensure accuracy and consistency across the state
- · Continued development of our Pavement Asset Management Plan including an interim program
- Obtained endorsement of our State-Wide Road Maintenance Management Plan
- Completed first draft of all our Route Development and Management Plans including verification of geometry and 'fit for purpose' standards
- Continued development of training initiatives and implementation of mentoring within the regions
- Refined the generic deterioration model to reflect local conditions through the review of historical condition data

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

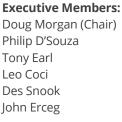
- Review and endorse the long-term Network Development Strategy and Plan (20 Year Horizon)
- Establish the investment focus and link organisational strategic objectives with outcomes that address defined needs and problems
- Review and endorse the Ten-Year Investment Plan
- Review and endorse project priorities for the annual Investment Planning and Budget cycle
- · Approve the allocation of definition and development funding

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

- Continued strategic oversight of high-priority projects, and reporting to the Minister for Transport, for consideration in the state budget process and for submission to Infrastructure Australia for consideration for inclusion in the Infrastructure Priority List
- Endorsement of all major and complex project scopes as part of the new requirements associated with the Budget and Investment Planning Framework
- Endorsement of the 2019–2020 Strategic Asset Plan

Executive Members: John Erceg (Chair)

Doug Morgan Des Snook Philip D'Souza



Risk Management

Risk is inherent in everything we do; risk management is a continuous function affecting all facets of our lives and is something we act upon either consciously or subconsciously. From an organisational viewpoint, 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 regulatory, financial, safety, political and economic compliance requirements; reputational exposures; community expectations; and other governance needs. We adopt AS/NZS 31000: 2009 Risk Management – Principles and Guidelines Standard as our approach for managing risk.

Portfolio-wide Risk Management Policy

We have continued to adopt the Portfolio-wide Risk Management Policy. This policy was developed in 2018 in collaboration with our portfolio partners and approved by the Corporate Executive and Transport Portfolio Governance Council. A single approach allows for consistency and tracking of high-level risk assessment and prioritisation across the three agencies.

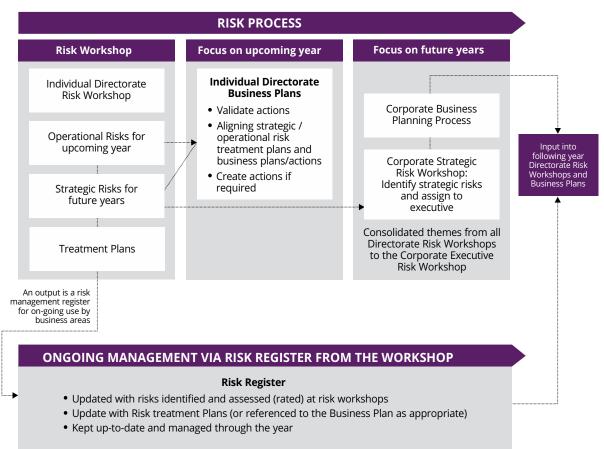
Corporate Risk Management

Main Roads' corporate strategic risk assessment is embedded in the corporate business planning process. This enables resources to be spent on risk management as opposed to risk administration. Corporate strategic risk workshops for all Main Roads directorates and the Corporate Executive are run every year.

Project Risk Management

Project risk management at Main Roads is embedded in our project management tools, methodologies and the Enterprise Project Management system. Through risk management workshops at the commencement of projects and quality audits during projects, we ensure that the correct reviews and controls are in place. Any high project risks are escalated appropriately to the Corporate Executive on a monthly basis.

This diagram outlines the annual risk process.



The following table shows our principal risks and opportunities identified last year, aligned against material issues.

| Risk Theme | Material Issues | Key Resources Impacted |
|---|---|--------------------------|
| Strategic AlignmentFailure to embed new operating models to achieve strategic objectives | Good public policy Procurement practices Labour Management Relations | <u>َنْ</u> ال |
| Outcomes Failure to coordinate and implement key infrastructure projects Inability to improve congestion management outcomes Inability to identify and adopt emerging technologies | Road safety Congestion and freight productivity Regional presence and development Indigenous heritage and native title Value for money Customer Privacy Climate Change Energy and Emissions Biodiversity | |
| Capability Inadequate strategic asset management approach Inability to optimise funding opportunities Failure to build and retain the skills and capabilities to meet objectives and changing needs Failure to effectively embed a culture that enables adaptability to changes | Congestion and freight productivity Regional presence and development Value for money | |
| Communication Ineffective engagement with stakeholders | Local communities Good public policy | ÿ 🕸 🗘 🗐 |

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*. 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 19(b) of the *Main Roads Act 1930* (WA), as amended, during the year.

Freedom of Information

The *Freedom of Information Act 1992* 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 (FOI) 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 the FOI process. During the year, we received 37 FOI applications. FOI enquiries can be emailed to: foi@mainroads. wa.gov.au.

Integrity Framework

Main Roads' Integrity Framework represents our commitment to effective fraud and corruption risk management and the promotion of a culture of integrity. The framework 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 detection activities and strategic controls in place to prevent the misappropriation of funds and inappropriate use of public property including a comprehensive Annual Audit Plan, Detection Plan and Fraud and Corruption Risk Management Cycle. Our 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 the Public Sector Code of Ethics, Main Roads' Code of Conduct and Main Roads' Values and Integrity Framework. When a complaint or a report of alleged inappropriate behaviour or misconduct is received, management is required to act by 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.

Customer Privacy

Main Roads, as with all Western Australian Government agencies, is not subject to the *Privacy Act 1988* (Cwlth) and to date we do not have an equivalent statute. However, where possible, we adhere to the Australian Privacy Principles set out in Schedule 1 of the Privacy Act.

We value the privacy of our customers, however some of our activities may be of concern to them. These include the data or personal information we may collect through our website, communications, surveys, permits or through technologies deployed to the road network such as CCTV cameras or Bluetooth detectors.

Main Roads complies with the CCTV Usage Policy which outlines appropriate use of CCTV. The main purposes for this usage within our Road Network Operations Centre include traffic management, enforcement, engineering and safety and security. The list of incidents and scenes that CCTV should not be used for viewing include private property, open public places, individuals' faces and bodies, close up scenes where there are injured parties present (unless at the request of the Emergency Services), items involving personal identification or for personal purposes that do not support business activities. Main Roads does not automatically record its CCTV cameras but can do so in a limited way for training purposes or if requested by Emergency Services.

We also operate in accordance with the Surveillance Devices Regulations 1999. We use a commercially available off-the-shelf system to anonymously collect traffic data from Bluetooth-enabled devices in passing vehicles using sensors installed at signalised intersections and selected locations on freeways. The Media Access Control address collected from the sensors is replaced with randomly generated identification numbers, which is then used to derive travel times and monitor performance of the road network. This data cannot identify individual vehicles or people. Our external website has further information on our privacy policy.

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 and Integrity Framework 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 consider conflict of interest to include:

- decisions that are biased, as a result of outside activities or private employment
- outside activities resulting in less than satisfactory work performance or causing breaches of standards such as those relating to occupational safety and health
- use of information for private gain when the information was acquired through official employment
- use of government resources for private gain
- use of government time to pursue private interests

- acceptance of gifts or benefits
- disclosure of confidential information obtained during the course of duty
- breach of ethics
- favours granted or received for advantage including political, status, relationship, personal or business advantage
- actions jeopardising government and Main Roads' policies and procedures
- actions placing 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 (MLIS) must be adhered. We also have a Conflict of Interest and Gifts and Benefits register, maintained by the MLIS.

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, the Legal and Commercial Services branch works collaboratively across Main Roads to develop, maintain and test 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
- providing greater protection of agency reputation and public image
- allocating and using assets, finances and resources effectively and efficiently
- 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

Our Integrated Management System (IMS) brings together our third-party certified systems and processes into a single framework. This system has been certified under the Quality, Environment and Occupational Health and Safety Standards for a number of years and provides:

- consistency in how we plan and manage projects, contracts, supply, environment, and occupational health and safety
- clarification of roles and responsibilities
- alignment of our processes, procedures and policies with our business activities
- a culture of continuous improvement.

During the year we undertook a re-certification audit of our IMS, confirming we continue to comply with requirements of International and Australian Standards and consequently received certification for a further three years.

In addition, Main Roads successfully achieved certification to the new International Standard ISO 45001:2018 Occupational Health and Safety Management System.

| Current Certification | |
|--|--|
| Standard | Processes |
| ISO 9001:2015 Quality Management Systems | Project Management Contract Management Supply Corporate |
| ISO 14001:2015 Environmental Management Systems | Environmental |
| AS/NZS 4801:2001 Occupational Health and Safety Management Systems | Occupational Health and Safety |
| ISO 45001:2018 Occupational Health and Safety Management Systems | Occupational Health and Safety |

PERFORMANCE AND FINANCIALS

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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 2019.

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 2019 and the financial position as at 30 June 2019.

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

15 August 2019

Peter Woronzow MANAGING DIRECTOR OF MAIN ROADS

15 August 2019

Richard Sellers ACCOUNTABLE AUTHORITY

15 August 2019

Auditor General's Opinion

INDEPENDENT AUDITOR'S REPORT

To the Parliament of Western Australia

COMMISSIONER OF MAIN ROADS



Auditor General

Report on the Financial Statements

Opinion

I have audited the financial statements of the Commissioner of Main Roads which comprise the Statement of Financial Position as at 30 June 2019, the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows for the year then ended, and Notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements are based on proper accounts and present fairly, in all material respects, the operating results and cash flows of the Commissioner of Main Roads for the year ended 30 June 2019 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 of Main Roads in accordance with the *Auditor General Act 2006* and the relevant ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial statements. I have also fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibility of the Commissioner for the Financial Statements

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

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

Auditor's Responsibility for the Audit of the Financial Statements

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

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

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

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

Report on Controls

Opinion

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

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

In my opinion, in all material respects, the controls exercised by the Commissioner of Main Roads are sufficiently adequate to provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities have been in accordance with legislative provisions during the year ended 30 June 2019.

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 2019. The key performance indicators are the key effectiveness indicators and the key efficiency indicators that provide performance information about achieving outcomes and delivering services.

In my opinion, in all material respects, the key performance indicators of the Commissioner of Main Roads are relevant and appropriate to assist users to assess the Commissioner of Main Roads' performance and fairly represent indicated performance for the year ended 30 June 2019.

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 2019 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 described above 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 15 August 2019

Performance Measures

Introduction

Reliable and accessible transport infrastructure is a cornerstone for socioeconomic progress. It enables productivity, growth, shortens travel times and costs, creates jobs, and connects different parts of society. One way to determine if the services delivered by transport agencies contribute towards this outcome is through timely accurate and meaningful performance information.

Done well, this information assists in improving accountability and transparency and aids in our decisionmaking. We use performance measurements to gain insight into, and make judgements about, the effectiveness and efficiency of the services we provide to society.

We measure our progress in meeting strategic goals and outcomes and use that to drive improvements and determine the success, or failure, derived from the delivery of our services into positive societal 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 in order to achieve the delivery of transport and road related services to our customers on behalf of the Government. This table illustrates that relationship.

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

In this report are agreed key effectiveness indicators that 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 information gives an overview as to the approach taken with two of the more prominent measures featured 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 1,306 people (594 in the metropolitan area and 712 in regional areas). When extending these results to estimate the percentage of satisfied Western Australians, the overall sampling error is +/ – 2.71% at the 95% confidence interval. The data is also weighted to reflect the actual population distribution based on ABS statistics. In each case, respondents had the opportunity to rate 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 ratings.

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.

A target of 90% has been established for each of the On Time and On Cost measures based on what is considered to be an acceptable outcome taking into account risk and the variable nature of delivering road contracts. A result within the target range indicates that internal processes and procedures are appropriate, working well and deployed. A result below the targets warrants further investigation to determine if there are any underlying systemic issues. There has been no changes to the approaches or methodology underpinning our measures this year.

Structure

The structure of this section of the report begins with a table that summarises our service outcomes and measures for each indicator showing the trend over time in addition to providing a comparison as to how the results for the current year compare against the targets established in the State Budget Papers.

The remainder of this section provides a narrative on each of the efficiency and effectiveness indicators for the six outcome based services.

SUMMARY OF KEY PERFORMANCE MEASURES AND OUTCOMES

| | | | 2016 | 2017 | 2018 | 2019 Target | 2019 Actual |
|---|----------------|-------------|-------|-------|-------|----------------|----------------|
| Road Safety | | | | | | | |
| % Community Satisfaction | of road safety | , | 91 | 90 | 88 | 90 | 91 |
| Black Spot location indicate | or | | 9.1 | 8.43 | 7.92 | 7.66 | 7.46 |
| % of contracts completed o | on time | | 91 | 77 | 89 | 90 | 80 |
| % of contracts completed o | on budget | | 87 | 93 | 92 | 90 | 100 |
| Road Efficiency and Road | System Man | agement | | | | | |
| % Community Satisfaction | | | 91 | 87 | 88 | 90 | 90 |
| Road network permitted | B Double - | - 27.5m % | 98 | 97 | 97 | 97 | 97 |
| for use by heavy vehicles | Double RT | – 27.5m % | 97 | 97 | 97 | 97 | 97 |
| | Double RT | – 36.5m % | 80 | 80 | 80 | 80 | 80 |
| | Triple RT – | 53.5m % | 45 | 45 | 45 | 45 | 45 |
| % Network configuration | Roads | | 91 | 92 | 92 | 90 | 92 |
| | Bridges | Strength | 92 | 92 | 94 | 93 | 94 |
| | | Width | 96 | 96 | 96 | 96 | 96 |
| % of contracts completed o | on time | | 98 | 68 | 83 | 90 | 100 |
| % of contracts completed o | on budget | | 98 | 93 | 100 | 90 | 97 |
| Average \$ cost of network r vehicle km travelled | management | per million | 5,846 | 5,291 | 5,887 | 5,540 | 6,195 |
| State Development | | | | | | | |
| Average return on construc | ction expendit | ture | 4.2 | 3.2 | 3.3 | 3.8 | 4.1 |
| % of contracts completed o | on time | | 100 | 40 | 75 | 90 | 75 |
| % of contracts completed o | on budget | | 75 | 100 | 100 | 90 | 92 |
| Road Maintenance | | | | | | | |
| % Smooth Travel Exposure | | | n/a | 96 | n/a | 97 | 97 |
| % Community Satisfaction | road mainten | ance | 88 | 84 | 82 | 90 | 87 |
| % Preventative maintenance | e indicator | | 86 | 85 | 84 | 85 | 84 |
| Average \$ cost of network r kilometre of road network | maintenance | per lane | 9,957 | 9,372 | 9,047 | 6,800 | 9,428 |
| Community Access | | | | | | | |
| % of the year that 100% of road network is available | the Main Roa | ds' State | 89 | 92 | 87 | 95 | 91 |
| % Community satisfaction v pedestrian facilities | with cycleway | s and | 83 | 87 | 89 | 90 | 91 |
| % of contracts completed o | on time | | 91 | 100 | 64 | 90 | 86 |
| % of contracts completed o | on budget | | 100 | 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:

| | 2019 Target | 2019 Actual |
|---|-------------|-------------|
| % Community Satisfaction of road safety | 90 | 91 |
| Black Spot location indicator | 7.66 | 7.46 |
| % of contracts completed on time | 90 | 80 |
| % of contracts completed on budget | 90 | 100 |

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 2019 survey results show that Main Roads exceeded its target this year, with 91% of participants giving an okay or better rating, improving three percent on 2018. After experiencing a significant drop in results in 2018, both the Great Southern and Wheatbelt regions have improved this year achieving 76% and 70% respectively.

Black Spot Location Indicator

This indicator gives a measure of the number of locations on the road network that meet State Black Spot (high risk locations) 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.

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 80% against a target of 90%. There were five contracts that were over time, one was due to wet weather and minor scope changes associated with unsuitable materials, two have variations issued and as at 30 June 2019 had not been approved. The remaining two contracts were delayed due to contractor's not completing works on time and no extensions of time were granted.

Percentage of Contracts Completed on Budget

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

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:

| | | | 2019 Target | 2019 Actual |
|---|-----------------|-----------|-------------|-------------|
| % Community Satisfaction | | | 90 | 90 |
| Road network permitted for use by heavy vehicles | B Double - | - 27.5m % | 97 | 97 |
| | Double RT | – 27.5m % | 97 | 97 |
| | Double RT | – 36.5m % | 80 | 80 |
| | Triple RT – | 53.5m % | 45 | 45 |
| % Network configuration | Roads | | 90 | 92 |
| | Bridges | Strength | 93 | 94 |
| | | Width | 96 | 96 |
| % of contracts completed on time | | | 90 | 100 |
| % of contracts completed on budget | | | 90 | 97 |
| Average \$ cost of network management per million vehic | cle km travelle | d | 5,540 | 6,195 |

Effectiveness Indicators

Community Satisfaction

This indicator represents how satisfied the community is with Main Roads' overall performance in the management and operation of the State road network. The upward trend for this target continued in 2019 with 90% of survey participants rating Main Roads performance as okay or better. Three regions exceeded the 90% target with the South West region achieving 96%. Goldfields-Esperance had the lowest overall performance rating of 58%.

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 heavy loads 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 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 2019, 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 93%.

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

Efficiency Indicators

Percentage of Contracts Completed on Time

This indicator represents the percentage of contracts delivered on time 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%.

Percentage of Contracts Completed on Budget

This indicator represents the percentage of contracts that were delivered on budget in the Road Efficiency Service. The result achieved was 97%, which is above the target of 90%. There was one contract that was over budget for this Service and a claim for variation is being reviewed but at the time of reporting was outstanding.

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 \$6,195 per million vehicle kilometres travelled is higher than the target of \$5,540. This variation reflects a combination of a reduction in the total vehicle kilometres travelled that was not factored in when setting the target and an increased focus on addressing congestion with non built solutions.

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:

| | 2019 Target | 2019 Actual |
|--|-------------|-------------|
| Average return on construction expenditure | 3.8 | 4.1 |
| % of contracts completed on time | 90 | 75 |
| % of contracts completed on budget | 90 | 92 |

Effectiveness Indicators

Return on Construction Expenditure

New roads and bridge construction adds 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 4.1 against the target of 3.8.

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 were three contracts late of which one was due to issues associated with delivery of infrastructure to the site, one is subject to a variation that has not been approved as at 30 June and the final contract remains a work in progress.

Percentage of Contracts Completed on Budget

This indicator represents the percentage of contracts delivered on budget in the State Development Service. The result achieved was 92%, which is above the target of 90%. The one contract that was over budget had liquidated damages applied.

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:

| | 2019 Target | 2019 Actual |
|---|-------------|-------------|
| % Smooth Travel Exposure | 97 | 97 |
| % Community Satisfaction road maintenance | 90 | 87 |
| % Preventative maintenance indicator | 85 | 84 |
| Average \$ cost of network maintenance per lane kilometre of road network | 6,800 | 9,428 |

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. 87% of survey participants rate our performance as okay or better, an improvement from 2018 and our highest result of the past three years. Regionally, Mid West – Gascoyne had the best improvement, up 15 percent from 2018 whilst Goldfields-Esperance achieved the lowest result of 37%.

Preventative Maintenance Indicator

The Preventative Maintenance Indicator provides a measure of the proportion of sealed state road network that 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 the 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 results over the four-year period remain relatively consistent.

Smooth Travel Exposure

This indicator is based on the percentage of travel undertaken on the State road network meeting specific roughness criteria. It is therefore an important measure of the effectiveness of road maintenance expenditure. In 2019, 97% of the total travel on sealed state roads was undertaken on roads that meet the roughness standard. There has been a steady improvement over the past four years, with the current result an improvement on the previous years results.

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 State roads. Expenditure on structures and infrastructure depreciation is not included when calculating the cost basis. All figures are in current year's dollars, which can influence the overall trend. This year's result shows a variance against the target with the result being higher than the target. Contributing factors towards this outcome include significant additional funding for resealing and rehabilitation works that was not known when the target was being established. As has occurred in previous years there was additional work from natural disasters that also was not considered when setting the target.

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:

| | 2019 Target | 2019 Actual |
|--|-------------|-------------|
| % of the year that 100% of the Main Roads' State road network is available | 95 | 91 |
| % Community satisfaction with cycleways and pedestrian facilities | 90 | 91 |
| % of contracts completed on time | 90 | 86 |
| % 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 91% of the year, which is below the target of 95%.

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. 91% of survey participants rated our performance as okay or better this year, surpassing our target and continuing the upward trend for this indicator. The majority of regions maintained or improved their results with minor reductions in the Kimberley and Pilbara regions.

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 86%, which is below the target of 90%. One contract remains over time and is still a work in progress at the time of preparing this report.

Percentage of Contracts Completed on Budget

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

Financial Statements and Notes

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STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2019

| | Note | 2019 \$000 | 2018 \$000 |
|--|--------------|----------------|---------------|
| COST OF SERVICES | | | |
| Expenses | | | |
| Employee benefits expenses | 3.1(a) | 64,536 | 72,081 |
| Supplies and services | 3.3 | 431,321 | 521,297 |
| Depreciation and impairment expense of infrastructure assets | 5.2.1 | 373,475 | 343,782 |
| Depreciation, amortisation and impairment expense – other | 5.1.1, 5.3.1 | 4,606 | 5,296 |
| Grants and subsidies | 3.2 | 332,610 | 268,975 |
| Other expenses | 3.3 | 91,387 | 51,427 |
| Total cost of services | | 1,297,935 | 1,262,858 |
| Income | | | |
| Revenue | | | |
| Sale of goods and services | 4.2 | 10,577 | 10,970 |
| Commonwealth grants and contributions | 4.3 | 622,697 | 772,639 |
| Contributions to roadworks | 4.4 | 70,510 | 108,341 |
| Grants from other bodies | 4.5 | 116,297 | 9,731 |
| Interest revenue | 4.6 | 4,287 | 6,004 |
| Other revenue | 4.7 | 11,883 | 11,300 |
| Total revenue | | 836,251 | 918,985 |
| Gains | | | |
| Gain/(loss) on disposal of non-current assets | 4.8 | (1,599) | (708) |
| Total gains | | (1,599) | (708) |
| Total income other than income from State Government | | 834,652 | 918,277 |
| NET COST OF SERVICES | | 463,283 | 344,581 |
| Income from State Government | 4.1 | | |
| Income from State Government | | 979,697 | 897,792 |
| Services received free of charge | | 2,530 | 1,672 |
| Other funds received from State Government | | 204,015 | 183,337 |
| Total income from State Government | | 1,186,242 | 1,082,801 |
| SURPLUS FOR THE PERIOD | | 722,959 | 738,220 |
| OTHER COMPREHENSIVE INCOME | | | |
| Items not reclassified subsequently to profit or loss | | | |
| Changes in asset revaluation surplus | 9.8 | (381,883) | (34,166) |
| Total other comprehensive income | | (381,883) | (34,166) |
| | | (301,003) | (3-1,100) |

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 2019

| | Note | 2019 \$000 | 2018 \$000 |
|--|--------|---------------|---------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash and cash equivalents | 7.1 | 196,875 | 283,742 |
| Restricted cash and cash equivalents | 7.1 | 188,888 | 251,059 |
| Receivables | 6.1 | 208,714 | 116,822 |
| Amounts receivable for services | 6.2 | 31,065 | 38,936 |
| Inventories | 6.3 | 914 | 3,932 |
| Prepayments | 6.4 | 14,640 | 9,715 |
| Non-current assets classified as held for sale | 9.7 | 6,787 | 11,620 |
| Total Current Assets | | 647,883 | 715,826 |
| | | | |
| Non-Current Assets | | | |
| Receivables | 6.1 | 234 | 238 |
| Amounts receivable for services | 6.2 | 2,794,812 | 2,502,858 |
| Inventories | 6.3 | 6,619 | 5,408 |
| Prepayments | 6.4 | 386 | 367 |
| Property, plant and equipment | 5.1 | 405,237 | 426,473 |
| Infrastructure | 5.2 | 44,396,721 | 43,802,551 |
| Intangible assets | 5.3 | 13,668 | 14,828 |
| Total Non-Current Assets | | 47,617,677 | 46,752,723 |
| TOTAL ASSETS | | 48,265,560 | 47,468,549 |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Payables | 6.5 | 315,323 | 277,315 |
| Employee related provisions | 3.1(b) | 30,534 | 28,426 |
| Other provisions | 6.6 | 2,208 | 1,877 |
| Total Current Liabilities | | 348,065 | 307,618 |
| | | | |
| Non-Current Liabilities | 1 | 1 | |
| Payables | 6.5 | 56,345 | 40,818 |
| Employee related provisions | 3.1(b) | 4,937 | 4,925 |
| Total Non-Current Liabilities | | 61,282 | 45,743 |
| TOTAL LIABILITIES | | 409,347 | 353,361 |
| NET ASSETS | | 47,856,213 | 47,115,188 |
| EQUITY | 9.8 | | |
| Contributed equity | 5.0 | 5,452,489 | 5 052 202 |
| | | | 5,052,392 |
| Reserves | | 27,254,418 | 27,636,30 |
| Accumulated surplus | | 15,149,306 | 14,426,495 |
| TOTAL EQUITY | | 47,856,213 | 47,115,188 |

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 2019

| | Note | Contributed Equity \$000 | Reserves \$000 | Accumulated surplus/ (deficit) \$000 | Total Equity \$000 |
|---|------|--------------------------------|-------------------|---|-----------------------|
| Balance at 1 July 2017 | 9.8 | 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 |
| Balance at 1 July 2018 | | 5,052,392 | 27,636,301 | 14,426,495 | 47,115,188 |
| Changes in accounting policy | 9.2 | - | - | (148) | (148) |
| – Surplus | | _ | _ | 722,959 | 722,959 |
| – Other comprehensive income | | - | (381,883) | _ | (381,883) |
| Total comprehensive income for the period | | _ | (381,883) | 722,811 | 340,928 |
| Transactions with owners in their capacity as owners: | | | | | |
| – Capital appropriations | | 300,579 | _ | _ | 300,579 |
| – Other contributions by owners | | 143,800 | _ | _ | 143,800 |
| - Distributions to owners | | (44,282) | _ | _ | (44,282) |
| Total | | 400,097 | _ | _ | 400,097 |
| Balance at 30 June 2019 | | 5,452,489 | 27,254,418 | 15,149,306 | 47,856,213 |

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 2019

| | Note | 2019 \$000 | 2018 \$000 |
|---|-------|---------------|---------------|
| CASH FLOWS FROM STATE GOVERNMENT | | | |
| Service appropriation | | 656,678 | 568,932 |
| Capital appropriation | | 287,916 | 336,556 |
| Holding account drawdown | | 38,936 | 32,300 |
| Road Trauma Trust Fund | | 42,883 | 57,671 |
| Natural disaster funds | | 53,650 | 97,017 |
| Royalties for Regions Fund | | 69,114 | 138,250 |
| Net cash provided by State Government | | 1,149,177 | 1,230,726 |
| Utilised as follows: | | | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Payments | | | |
| Employee benefits | | (63,373) | (71,793) |
| Supplies and services | | (427,669) | (519,639) |
| Grants and subsidies | | (289,890) | (251,228) |
| GST payments on purchases | | (170,451) | (149,346) |
| Receipts | | | |
| Sale of goods and services | | 117,818 | 128,704 |
| Commonwealth grants and contributions | | 622,698 | 772,639 |
| Interest received | | 4,782 | 5,630 |
| GST receipts on sales | | 16,290 | 20,225 |
| GST receipts from taxation authority | | 153,175 | 128,100 |
| Other receipts | | 9,357 | 12,745 |
| Rent received | | 3,788 | 3,575 |
| Net cash provided by/(used in) operating activities | 7.1.2 | (23,475) | 79,612 |

CASH FLOWS FROM INVESTING ACTIVITIES

| Payments | | | |
|--|-------|-------------|-------------|
| Purchase of non-current assets | | (16,652) | (15,225) |
| Purchase of infrastructure assets | | (1,264,488) | (1,038,819) |
| Receipts | | | |
| Proceeds from sale of non-current assets | | 6,400 | 3,387 |
| Net cash provided by/(used in) investing activities | | (1,274,740) | (1,050,657) |
| Net increase/(decrease) in cash and cash equivalents | | (149,038) | 259,681 |
| Cash and cash equivalents at the beginning of the period | | 534,801 | 275,120 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD | 7.1.1 | 385,763 | 534,801 |

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 2019

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.

| | Note |
|--|------|
| 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 expense Schedule of Income and Expenses by |
|--|
|--|

| | ROAD SAFETY | SAFETY | ROAD S | ROAD SYSTEM MANAGEMENT | ROAD EFFICIENCY IMPROVEMENTS | ICIENCY | INFRASTRUCTURE FOR COMMUNITY ACCESS | JCTURE AUNITY SS | ROAD NETWORK MAINTENANCE | TWORK | INFRASTRUCTURE FOR STATE DEVELOPMENT | LUCTURE TATE PMENT | Roadworks Capitalised/ Expenses not allocated to Outputs | vorks / Expenses cated to outs | TOTAL | AL |
|---|-----------------|----------------------|------------------|---------------------------|---------------------------------|----------|---|------------------------|-----------------------------|-----------|--|--------------------------|---|---|-----------|-----------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| COST OF SERVICES | | | | | | | | | | | | | | | | |
| Expenses | | | | | | | | | | | | | | | | |
| Employee benefits expense | 4,718 | 4,462 | 59,801 | 64,509 | 9,334 | 9,136 | 1,025 | 1,617 | 9,178 | 9,155 | 5,218 | 5,812 | (24,738) | (22,609) | 64,536 | 72,081 |
| Supplies and services | 135,621 | 129,527 | 66,287 | 69,685 | 392,556 | 305,836 | 39,995 | 113,622 | 439,966 | 482,151 | 611,071 | - | (1,253,627) | (1,041,047) | 431,868 | 519,093 |
| Depreciation of infrastructure assets | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 373,475 | 343,782 | 0 | 0 | 0 | 0 | 373,475 | 343,782 |
| Depreciation and amortisation of other non-current assets | 347 | 446 | 323 | 411 | 898 | 879 | 112 | 372 | 1,571 | 1,923 | 1,355 | 1,265 | 0 | 0 | 4,606 | 5,296 |
| Grants and subsidies | 18,677 | 28,223 | 1,712 | 1,621 | 8,581 | 14,367 | 10,703 | 20,970 | 284,116 | 206,630 | 1,130 | 1,000 | 7,143 | (1,632) | 332,063 | 271,178 |
| Infrastructure assets retired / replaced | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 91,387 | 51,427 | 91,387 | 51,427 |
| Total cost of services | 159,363 | 162,658 | 128,123 | 136,226 | 411,369 | 330,217 | 51,835 | 136,581 | 1,108,306 | 1,043,641 | 618,775 | 467,396 | (1,179,836) (1,013,861) | (1,013,861) | 1,297,935 | 1,262,858 |
| Income | | | | | | | | | | | | | | | | |
| Revenue | | | | | | | | | | | | | | | | |
| Sale of goods and services | 0 | 60 | 2,284 | 2,446 | 1,532 | 932 | 172 | 152 | 6,360 | 7,340 | 229 | 41 | 0 | 0 | 10,577 | 10,970 |
| Commonwealth grants and contributions | 36,342 | 28,927 | 0 | 0 | 256,493 | 364,721 | 3,000 | 6,463 | 51,136 | 54,529 | 275,726 | 318,000 | 0 | 0 | 622,697 | 772,639 |
| Contributions to roadworks | 5,424 | 12,365 | 118 | 0 | 24,083 | 8,956 | 10,801 | 57,280 | 666'6 | 21,021 | 20,083 | 8,718 | 0 | 0 | 70,510 | 108,341 |
| Grants from other bodies | 8,763 | 819 | 8,167 | 755 | 22,666 | 1,616 | 2,828 | 684 | 39,652 | 3,533 | 34,221 | 2,324 | 0 | 0 | 116,297 | 9,731 |
| Interest revenue | 323 | 505 | 301 | 466 | 836 | 666 | 104 | 422 | 1,462 | 2,180 | 1,262 | 1,434 | 0 | 0 | 4,287 | 6,004 |
| Other revenue | 895 | 951 | 834 | 877 | 2,316 | 1,876 | 289 | 795 | 4,051 | 4,103 | 3,497 | 2,698 | 0 | 0 | 11,883 | 11,300 |
| Total revenue | 51,748 | 43,626 | 11,705 | 4,545 | 307,926 | 379,098 | 17,194 | 65,796 | 112,660 | 92,706 | 335,018 | 333,215 | 0 | 0 | 836,251 | 918,985 |
| Gains | | | | | | | | | | | | | | | | |
| Gain on disposal of non- current assets | (121) | (09) | (112) | (55) | (312) | (117) | (39) | (50) | (545) | (257) | (471) | (169) | 0 | 0 | (1,599) | (708) |
| Total gains | (121) | (09) | (112) | (55) | (312) | (117) | (39) | (20) | (545) | (257) | (471) | (169) | 0 | 0 | (1,599) | (708) |
| Total income other than income from State Government | 51,627 | 43,567 | 11,593 | 4,490 | 307,614 | 378,980 | 17,155 | 65,746 | 112,115 | 92,449 | 334,547 | 333,046 | 0 | 0 | 834,652 | 918,277 |
| NET COST OF SERVICES | 107,736 | 119,091 | 116,531 | 131,736 | 103,754 | (48,763) | 34,679 | 70,835 | 996,191 | 951,192 | 284,228 | 134,350 | (1,179,836) (1,013,861) | (1,013,861) | 463,283 | 344,581 |
| INCOME FROM STATE GOVERNMENT | VERNMENT | | | | | | | | | | | | | | | |
| Service appropriation | 30,607 | 64,535 | 185,872 | 86,499 | 51,190 | 55,434 | 45,076 | 79,065 | 666,715 | 602,655 | 238 | 9,604 | 0 | 0 | 979,697 | 897,792 |
| Services received free of charge | 191 | 141 | 178 | 130 | 493 | 278 | 62 | 118 | 863 | 607 | 745 | 399 | 0 | 0 | 2,530 | 1,672 |
| Other State Government Funds | 45,413 | 53,223 | 325 | 0 | 2,224 | 0 | 14,545 | 3,081 | 141,508 | 124,189 | 0 | 2,844 | 0 | 0 | 204,015 | 183,337 |
| Capital contribution | 44,632 | 67,000 | 331 | 942 | 116,636 | 132,646 | 5,352 | 3,954 | 20,250 | 53,785 | 162,694 | 216,547 | (349,895) | (474,875) | 0 | 0 |
| Total income from State Government | 120,843 | 184,899 | 186,706 | 87,571 | 170,542 | 188,357 | 65,034 | 86,218 | 829,336 | 781,236 | 163,677 | 229,394 | (349,895) | (474,875) | 1,186,242 | 1,082,801 |
| SURPLUS/DEFICIT FOR THE PERIOD | 13,107 | 65,808 | 70,175 | (44,165) | 66,788 | 237,120 | 30,355 | 15,383 | (166,855) | (169,956) | (120,551) | 95,044 | 829,941 | 538,986 | 722,959 | 738,220 |
| or occord to | | bu Comisco chould ho | di ho vo di hi o | conince! | | | | | | | | | | • | | |

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 | 2019 \$000 | 2018 \$000 |
|-----------------------------|--------|---------------|---------------|
| Employee benefits expenses | 3.1(a) | 64,536 | 72,081 |
| Employee related provisions | 3.1(b) | 35,471 | 33,351 |
| Grants and subsidies | 3.2 | 332,610 | 268,975 |
| Other expenditure | 3.3 | 522,708 | 572,724 |

3.1(a) Employee benefits expenses

| | 2019 \$000 | 2018 \$000 |
|--|---------------|---------------|
| Wages and salaries | 125,444 | 122,408 |
| Termination benefits | 261 | 4,137 |
| Superannuation – defined contribution plans ^(a) | 12,703 | 12,512 |
| | 138,408 | 139,057 |
| Less: capitalised to infrastructure | (73,872) | (66,976) |
| | 64,536 | 72,081 |

(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 Benefits: 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 Main Roads 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.

| | 2019 \$000 | 2018 \$000 |
|---|---------------|---------------|
| Current | | |
| Employee benefits provisions | | |
| Annual leave (a) | 13,652 | 12,783 |
| Long service leave ^(b) | 16,598 | 15,310 |
| | 30,250 | 28,093 |
| Other provisions | | |
| Employment on-costs ^(c) | 284 | 333 |
| Total current employee related provisions | 30,534 | 28,426 |
| Non-current | | |
| Employee benefits provisions | | |
| Long service leave ^(b) | 4,891 | 4,867 |
| Other provisions | | |
| Employment on-costs ^(c) | 46 | 58 |
| Total non-current employee related provisions | 4,937 | 4,925 |
| Total employee related provisions | 35,471 | 33,351 |

(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:

| | 2019 \$000 | 2018 \$000 |
|---|---------------|---------------|
| Within 12 months of the end of the reporting period | 10,731 | 10,274 |
| More than 12 months after the end of the reporting period | 2,921 | 2,509 |
| | 13,652 | 12,783 |

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:

| | 2019 \$000 | 2018 \$000 |
|---|---------------|---------------|
| Within 12 months of the end of the reporting period | 4,042 | 4,225 |
| More than 12 months after the end of the reporting period | 17,447 | 15,952 |
| | 21,489 | 20,177 |

The provision for long service leave 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'.

| Employment on-costs provision | 2019 \$000 | 2018 \$000 |
|---|---------------|---------------|
| Carrying amount at start of period | 391 | 310 |
| Additional/(reversals of) provisions recognised | (61) | 81 |
| Carrying amount at end of period | 330 | 391 |

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

| | 2019 \$000 | 2018 \$000 |
|--|---------------|---------------|
| Recurrent | | |
| Grants and subsidies to local government and other bodies ^(a) | 296,629 | 263,878 |
| Capital | | |
| Grants and subsidies to local government and other bodies | - | 500 |
| Grants of non-current assets to other bodies | 35,981 | 4,597 |
| Total grants and subsidies | 332,610 | 268,975 |

(a) Include payments made to Public Transport Authority and Department of Biodiversity Conservation & Attractions

Transferred infrastructure assets at fair value to Local Government and other bodies based on formal proclamation. The following assets were transferred during the year ended 30 June 2019: Margaret River Perimeter Road – John Archibald Drive and Bridge (Augusta Margaret River Shire), Matagarup Bridge principal shared path and lighting (City of Perth & Town of Vic Park), Bridge over Avon River (Town of Northam), Lloyd Street (City of Swan), Bridge over Mayfield Drain (Shire of Waroona) and Marble Bar Road Realignment (Roy Hill Mining).

Transactions in which Main Roads 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

| | 2019 \$000 | 2018 \$000 |
|--|---------------|---------------|
| Supplies and services | | |
| Insurance ^(a) | 3,997 | 4,177 |
| Accommodation, lease and plant hire charges ^(b) | 9,578 | 5,914 |
| Electricity, gas and water | 9,713 | 9,098 |
| Building maintenance and equipment ^(c) | 6,555 | 6,809 |
| Advertising | 141 | 127 |
| Communications | 5,183 | 5,282 |
| Consultants and contractors | 370,309 | 467,357 |
| Consumables | 2,318 | 2,626 |
| Materials | 1,875 | 3,813 |
| Doubtful debt expense | - | 102 |
| Expected credit losses expense ^(d) | (10) | - |
| Other | 21,662 | 15,992 |
| Total supplies and services expenses | 431,321 | 521,297 |

(a) Include payments to RiskCover

(b) Include payments to Department of Finance

(c) Include payments to Department of Finance

(d) Expected credit losses were not required to be measured in 2017/18

| Total other expenditure | 522,708 | 572,724 |
|--|---------|---------|
| Total other expenses | 91,387 | 51,427 |
| Write-(back)/down of infrastructure works in progress | 4,547 | (1,477) |
| Write-down of non-current assets classified as held for sale | 264 | 1,831 |
| Non-current assets retired/replaced | 86,576 | 51,073 |
| <u>Other</u> | | |

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.

Doubtful debts expense was recognised as the movement in the allowance for doubtful debts. From 2018-19, expected credit losses expense is recognised as the movement in the allowance for expected credit losses. The allowance for expected credit losses of trade receivables is measured at the lifetime expected credit losses at each reporting date. Main Roads has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. Refer to note 6.1.1 Movement in the allowance for impairment of receivables.

Other

Non-current assets replaced or retired: Non-current assets replaced or retired during the year have been expensed at their carrying amount. Projects include Great Northern Highway – Wyndham Spur and Maggie's Jump Up and Onslow Road.

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-down of infrastructure works in progress: This amount mainly represents the infrastructure work in progress written down relating to the Government decision to discontinue work on Ellenbrook Bus Rapid Transit project.

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 | 2019 \$000 | 2018 \$000 |
|---------------------------------------|-------|---------------|---------------|
| Income from State Government | 4.1 | 1,186,242 | 1,082,801 |
| Sale of goods and services | 4.2 | 10,577 | 10,970 |
| Commonwealth grants and contributions | 4.3 | 622,697 | 772,639 |
| Contributions to roadworks | 4.4 | 70,510 | 108,341 |
| Grants from other bodies | 4.5 | 116,297 | 9,731 |
| Interest revenue | 4.6 | 4,287 | 6,004 |
| Other revenue | 4.7 | 11,883 | 11,300 |
| Gain/(loss) | 4.8 | (1,599) | (708) |

4.1 Income from State Government

| | 2019 \$000 | 2018 \$000 |
|--|-----------------------------------|---------------|
| Appropriation received during the period: | | |
| Motor vehicle licence fees ^(a) | 648,255 | 557,889 |
| Untied funds ^(b) | 323,019 | 332,019 |
| Motor vehicle permit fees ^(c) | 7,998 | 7,459 |
| Salaries and Allowances Act 1975 | 425 | 425 |
| | 979,697 | 897,792 |
| Services received free of charge from other State government agencies du | Iring the period ^(d) : | |
| WA Land Information Authority (Landgate) | 1,034 | 333 |
| Department of Justice (State Solicitor's Office) | 1,394 | 1,141 |
| WA Police Services (Road Safety Commission) | 62 | 98 |
| Department of Mines, Industry Regulations and Safety | - | 71 |
| Other | 40 | 29 |
| Total services received | 2,530 | 1,672 |
| Other funds received from State Government | | |
| Road Trauma Trust Fund ^(e) | 42,809 | 53,020 |
| Natural disaster funds ^(f) | 141,408 | 124,189 |
| Royalties for Regions Fund ^(g) | 19,798 | 6,128 |
| Total other funds | 204,015 | 183,337 |
| Total Income from State Government | 1,186,242 | 1,082,801 |

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 2018-19 was \$948.833 million (2017-18: \$894.445 million). An amount of \$648.255 million (2017-18: \$557.889 million) was received as a service appropriation and the balance of \$300.578 million (2017-18: \$336.556 million) appropriated as a capital contribution by owners and included under 'Contributed Equity (note 9.8)' 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 2018-19 was \$323.019 million (2017-18: \$332.019 million). This includes a service appropriation of \$323.019 million (2017-18: \$332.019 million) and no capital contribution (2017-18: nil). The service appropriation includes no cash component (2017-18: \$3.159 million) and a \$323.019 million (2017-18: \$328.860 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

| | 2019 \$000 | 2018 \$000 |
|---|---------------|---------------|
| Sale of goods and services ^(a) | 10,577 | 10,970 |

This amount represents works undertaken for other public and private bodies and includes the recovery of expenditure from the Commonwealth Department of Infrastructure, Transport, Cities 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 2018-19 are summarised at note 9.11 'Indian Ocean Territories'.

Revenue from 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

| | 2019 \$000 | 2018 \$000 |
|--|---------------|---------------|
| Land Transport Infrastructure Projects | 622,436 | 769,596 |
| Interstate Road Transport Act 1985 | 261 | 3,043 |
| | 622,697 | 772,639 |

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 2019, \$157.655 million of the National Land Transport Act 2014 grants recognised as revenue remained unspent on approved projects (at 30 June 2018 the amount was \$206.427 million). The unspent amount is non-restricted in nature and disclosed under note 7.1.1 'Cash and cash equivalents'.

At 30 June 2019, \$160.433 million of the National Partnership on Infrastructure Projects in WA grants recognised as revenue remained unspent on approved projects (at 30 June 2018 the amount was \$233.852 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

| | 2019 \$000 | 2018 \$000 |
|---|---------------|---------------|
| Contributions to roadworks ^(a) | 70,510 | 108,341 |

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 Department of Jobs Tourism Science and Innovation, Department of Transport and Public Transport Authority

4.5 Grants from other bodies

| | 2019 \$000 | 2018 \$000 |
|--|---------------|---------------|
| Grants from local government authorities and other bodies | | |
| Transferred infrastructure assets at fair value (a) | 546 | 426 |
| Local Government contribution to traffic signal construction | 1,069 | 258 |
| Developers contribution to roadworks ^(b) | 114,682 | 9,047 |
| | 116,297 | 9,731 |

(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 the year ended 30 June 2019 include Mottram Perup and Graphite intersections upgrade – Shire of Manjimup Grant.

(b) The developers contribution to roadworks relate to construction costs met by private developers on roads owned by Main Roads. The roadworks include Warrida Road, Marble Bar Road realignment, Great Eastern Highway – Burswood Intersection, Great Northern Highway and Wodgina East Road.

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

4.6 Interest revenue

| | 2019 \$000 | 2018 \$000 |
|---|---------------|---------------|
| Land Transport Infrastructure Projects interest revenue | 4,273 | 5,988 |
| Other interest revenue | 14 | 16 |
| | 4,287 | 6,004 |

Revenue is recognised as the interest accrues.

4.7 Other revenue

| | 201 \$00 | |
|----------------------------------|-------------|------------|
| Rental income | 3,7 | 797 3,566 |
| Traffic escort services | 7,0 | 020 6,200 |
| Assets not previously recognised | | 207 443 |
| Other | 8 | 859 1,091 |
| | 11,8 | 883 11,300 |

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

4.8 Gain/(loss)

| | 2019 \$000 | 2018 \$000 |
|--|---------------|---------------|
| Net proceeds from disposal of non-current assets | | |
| Land acquired for roadworks | 2,654 | 1,209 |
| Land and buildings | 3,634 | 2,143 |
| Plant, equipment and vehicles | 159 | 74 |
| | 6,447 | 3,426 |
| Carrying amount of non-current assets disposed | | |
| Land acquired for roadworks | 3,121 | 1,579 |
| Land and buildings | 4,757 | 2,542 |
| Plant, equipment and vehicles | 168 | 13 |
| | 8,046 | 4,134 |
| Net gain/(loss) | (1,599) | (708) |

Realised and unrealised gains are usually recognised on a net basis. These include gains arising on the disposal of noncurrent 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 events are treated as other expenses (write-off of assets destroyed by fire/storm/earthquake etc.). The subsequent insurance recovery is 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 | 2019 \$000 | 2018 \$000 |
|-------------------------------|-------|---------------|---------------|
| Property, plant and equipment | 5.1 | 405,237 | 426,473 |
| Infrastructure | 5.2 | 44,396,721 | 43,802,551 |
| Intangible assets | 5.3 | 13,668 | 14,828 |
| Total key assets | | 44,815,626 | 44,243,852 |

5.1 Property, plant and equipment

| | 2019 \$000 | 2018 \$000 |
|-------------------------------------|---------------|---------------|
| Land | | |
| At fair value | 64,307 | 64,995 |
| | 64,307 | 64,995 |
| Buildings | | |
| At fair value | 88,726 | 86,526 |
| Accumulated depreciation | (11) | (8) |
| | 88,715 | 86,518 |
| Buildings under construction | | |
| Construction costs | 2,611 | 2,117 |
| | 2,611 | 2,117 |
| Plant, equipment and vehicles | | |
| At cost | 42,850 | 42,076 |
| Accumulated depreciation | (31,700) | (30,085) |
| | 11,150 | 11,991 |
| <u>Surplus assets</u> | | |
| At fair value | 71,722 | 82,345 |
| Accumulated depreciation | - | - |
| | 71,722 | 82,345 |
| Land acquired for roadworks | | |
| At fair value | 166,732 | 178,507 |
| | 166,732 | 178,507 |
| Total property, plant and equipment | 405,237 | 426,473 |

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 2019 | Land \$000 | Buildings \$000 | Buildings under construct- ion \$000 | Plant, equip- ment and vehicles \$000 | Surplus assets \$000 | Land acquired for road- works \$000 | Total \$000 |
|---|---------------|--------------------|--|---|----------------------------|---|----------------|
| Carrying amount at 1 July 2018 | 64,995 | 86,518 | 2,117 | 11,991 | 82,345 | 178,507 | 426,473 |
| Additions ^(a) | 241 | 154 | 4,721 | 3,145 | 275 | 4,852 | 13,388 |
| Disposals | - | (202) | _ | (169) | - | - | (371) |
| Classified as held for sale | (254) | (423) | _ | _ | (2,309) | (216) | (3,202) |
| Held for sale removed from disposal program | _ | - | _ | - | _ | _ | - |
| Transfers | 507 | 3,720 | (4,227) | - | _ | _ | _ |
| Transfer (to) / from infrastructure | _ | _ | _ | _ | (1,284) | (9,405) | (10,689) |
| Equity contribution / (distribution) | 55 | _ | _ | - | (1,560) | _ | (1,505) |
| Revaluation increments / (decrements) | (1,433) | 4,639 | _ | _ | (5,608) | (7,006) | (9,408) |
| Impairment losses | (11) | _ | _ | _ | - | _ | (11) |
| Assets not previously recognised | 207 | _ | _ | _ | _ | _ | 207 |
| Depreciation | _ | (5,691) | - | (3,817) | (137) | _ | (9,645) |
| Carrying amount at 30 June 2019 | 64,307 | 88,715 | 2,611 | 11,150 | 71,722 | 166,732 | 405,237 |

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

| Year ended 30 June 2018 | Land \$000 | Buildings \$000 | Buildings under construct- ion \$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 | 409 | | 5,957 | 3,055 | 35 | 309 | 9,765 |
| Disposals | 409 | | 5,957 | (21) | | 509 | (21) |
| Classified as held for sale | (1,698) | (2,648) | | (21) | (8,147) | (3,500) | (15,993) |
| Held for sale removed from disposal program | | - | _ | _ | | - | |
| 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 | _ | _ | _ | _ | _ | _ | _ |
| Assets not previously recognised | _ | _ | _ | _ | _ | _ | _ |
| 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 |

5.2 Infrastructure

| | 2019 \$000 | 2018 \$000 |
|-------------------------------------|---------------|---------------|
| Roads and principal shared paths | | |
| Earthworks at fair value | 13,062,954 | 12,978,704 |
| Accumulated depreciation | (2,969,006) | (2,987,397) |
| | 10,093,948 | 9,991,307 |
| Pavement and drainage at fair value | 9,353,166 | 9,169,546 |
| Accumulated depreciation | (5,539,078) | (5,405,575) |
| | 3,814,088 | 3,763,971 |
| Seals at fair value | 1,496,681 | 1,428,076 |
| Accumulated depreciation | (879,801) | (865,743) |
| | 616,880 | 562,333 |
| Land under roads | | |
| At fair value | 23,176,529 | 23,540,388 |
| | 23,176,529 | 23,540,388 |
| Bridges | | |
| At fair value | 5,939,720 | 5,654,159 |
| Accumulated depreciation | (1,774,235) | (1,725,080) |
| | 4,165,485 | 3,929,079 |
| Road furniture | | |
| At fair value | 666,019 | 618,018 |
| Accumulated depreciation | (258,668) | (235,001) |
| | 407,351 | 383,017 |
| Infrastructure work in progress | | |
| At cost | 2,122,440 | 1,632,456 |
| | 2,122,440 | 1,632,456 |
| Total Infrastructure | 44,396,721 | 43,802,551 |

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 2019 | 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 2018 | 14,317,611 | 23,540,388 | 3,929,079 | 383,017 | 1,632,456 | 43,802,551 |
| Additions ^(a) | - | - | _ | _ | 1,276,784 | 1,276,784 |
| Retirements | (78,535) | - | (4,596) | (3,349) | _ | (86,480) |
| Transfers | 501,409 | 11,459 | 300,808 | 60,322 | (873,998) | - |
| Transfer (to) / from land acquired for roadworks | _ | 10,689 | _ | _ | | 10,689 |
| Revaluation increments / (decrements) | 13,740 | (386,000) | _ | (216) | _ | (372,476) |
| Highways and main roads reclassified as local roads | (21,458) | (7) | (12,337) | (2,179) | _ | (35,981) |
| Local roads classified as highways and main roads | 84,344 | _ | 28,194 | 2,747 | _ | 115,285 |
| Equity contribution / (distribution) | (12,849) | _ | (10,585) | (3,940) | 91,744 | 64,370 |
| Assets not previously recognised | - | _ | _ | _ | _ | - |
| Write-down of infrastructure work in progress | _ | _ | _ | _ | (4,546) | (4,546) |
| Depreciation | (279,346) | - | (65,078) | (29,051) | _ | (373,475) |
| Carrying amount at 30 June 2019 | 14,524,916 | 23,176,529 | 4,165,485 | 407,351 | 2,122,440 | 44,396,721 |

(a) Include payments to Department of Biodiversity Conservation & Attractions, Department of Water and Environmental Regulation, Department of Justice (State Solicitor's Office), WA Planning Commission, Water Corporation and Western Power

| 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 | - | _ | - | - | 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 |
| Assets not previously recognised | _ | - | - | - | | _ |
| 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 |

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 2018 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 2019 and recognised at 30 June 2019.

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 2017 to 1 July 2018. These properties have been valued based on the average percentage increase for the Metro and Rural areas respectively over the period 1 July 2017 to 1 July 2018. 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 2018. In undertaking the revaluation, fair value was determined by reference to market values of Freehold land \$57.902 million (2017-18: \$58.631) and Buildings \$73.755 million (2017-18: \$72.136). 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 from a professional estimator specialising in road infrastructure works) to ensure the carrying 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 2019 is based on the current replacement cost determined at 30 June 2019 calculated using construction unit rates provided by a professional estimator and multiplying these by the units of relevant categories 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

(a) 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.

(b) 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 restate the net carrying amount 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 from a professional estimator specialising in road infrastructure works) to ensure the carrying values do not materially differ from fair value. A cost index (ABS Road and Bridge Construction Cost Index or rates obtained furniture assets to ensure the carrying 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 2019 is based on the current replacement cost determined at 30 June 2019. This was calculated as at 30 June 2017 using construction unit rates determined by a professional estimator and multiplying these by the units of multiple categories that form the infrastructure asset. A cost index (ABS Road and Bridge Construction Cost Index or rates obtained by professional estimators) was used at 30 June 2019. There was no material change in the cost indices to require a change at 30 June 2019. The existing 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 sought 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.

<u>Insurance</u>

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

| | 2019 \$000 | 2018 \$000 |
|--|---------------|---------------|
| Charge for the period | | |
| Depreciation | | |
| Plant, equipment and vehicles | 3,816 | 4,756 |
| Buildings | 5,829 | 5,549 |
| Total depreciation for the period | 9,645 | 10,305 |
| Less: depreciation capitalised to infrastructure | (6,653) | (6,360) |
| | 2,992 | 3,945 |

As at 30 June 2019 there were no indications of impairment to property, plant and equipment or infrastructure.

5.2.1 Depreciation and impairment expense of infrastructure assets

| | 2019 \$000 | 2018 \$000 |
|-----------------------------------|---------------|---------------|
| Charge for the period | | |
| Roads – earthworks | 805 | 803 |
| Roads – pavements and drainage | 186,818 | 176,513 |
| Roads – seal | 91,723 | 82,735 |
| Bridges | 65,078 | 58,270 |
| Road furniture | 29,051 | 25,461 |
| Total depreciation for the period | 373,475 | 343,782 |

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 2019.

Road Seal

There were 311 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 |
| <i>Property, Plant & Equipment:</i> Buildings (includes Surplus buildings) Plant and vehicles Equipment and furniture | 25 to 40 years 5 to 10 years 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 are 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

| | 2019 \$000 | 2018 \$000 |
|------------------------------------|---------------|---------------|
| Computer software and licences | | |
| At cost | 33,681 | 30,903 |
| Accumulated amortisation | (20,022) | (16,084) |
| | 13,659 | 14,819 |
| Drainage easements | | |
| At cost | 9 | 9 |
| | 9 | 9 |
| Total intangible assets | 13,668 | 14,828 |
| Reconciliations: | | |
| Computer software and licences | | |
| Carrying amount at start of period | 14,819 | 13,489 |
| Additions | 2,778 | 4,523 |
| Disposals | - | _ |
| Transfers | _ | _ |
| Amortisation expense | (3,938) | (3,193) |
| Carrying amount at end of period | 13,659 | 14,819 |

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

| | 2019 \$000 | 2018 \$000 |
|--|---------------|---------------|
| Amortisation | | |
| Intangible assets | 3,937 | 3,193 |
| Total amortisation | 3,937 | 3,193 |
| Less: amortisation capitalised to infrastructure | (2,323) | (1,842) |
| | 1,614 | 1,351 |

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 | 2019 \$000 | 2018 \$000 |
|---|-------|---------------|---------------|
| Receivables | 6.1 | 208,948 | 117,060 |
| Amounts receivable for services (Holding Account) | 6.2 | 2,825,877 | 2,541,794 |
| Inventories | 6.3 | 7,533 | 9,340 |
| Prepayments | 6.4 | 15,026 | 10,082 |
| Payables | 6.5 | 371,668 | 318,133 |
| Other provisions | 6.6 | 2,208 | 1,877 |

6.1 Receivables

| | 2019 \$000 | 2018 \$000 |
|---|---------------|---------------|
| Current | | |
| Trade receivables | 148,961 | 47,990 |
| Other debtors | 810 | 1,321 |
| Allowance for impairment of trade receivables | (231) | (243) |
| Trade debtors – unbilled receivables | 14,331 | 24,244 |
| GST receivable | 32,573 | 32,269 |
| Accrued revenue | 12,270 | 11,241 |
| Total current | 208,714 | 116,822 |
| Non-current | | |
| Trade receivables | 234 | 238 |
| Total non-current | 234 | 238 |
| Total receivables | 208,948 | 117,060 |

Trade 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 in the allowance for impairment of trade receivables

| | 2019 \$000 | 2018 \$000 |
|---|---------------|---------------|
| Reconciliation of changes in the allowance for impairment of trade receivables: | | |
| Balance at start of period | 243 | 2,205 |
| Remeasurement under AASB 9 (note 9.2) | 148 | _ |
| Restated balance at start of period | 391 | 2,205 |
| Doubtful debts expense | - | 102 |
| Expected credit losses expense | (10) | _ |
| Amounts written off during the year | (121) | (2,064) |
| Expected credit losses reversed during the period | (29) | _ |
| Balance at end of period | 231 | 243 |

The maximum exposure to credit risk at the end of the reporting period for trade receivables is the carrying amount of the asset inclusive of any allowance for impairment as shown in the table at Note 8.1(c) 'Financial instruments disclosures'.

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

6.2 Amounts receivable for services (Holding Account)

| | 2019 \$000 | 2018 \$000 |
|--------------------------|---------------|---------------|
| Current | 31,065 | 38,936 |
| Non-current | 2,794,812 | 2,502,858 |
| Balance at end of period | 2,825,877 | 2,541,794 |

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.

Amounts receivable for services are not considered to be impaired (i.e. there is no expected credit loss of the holding accounts).

6.3 Inventories

| | 2019 \$000 | 2018 \$000 |
|--|---------------|---------------|
| <u>Current</u> | | |
| Inventories held for distribution: | | |
| – Construction and maintenance materials | 914 | 1,177 |
| – Electrical Stores | _ | 2,755 |
| Total current | 914 | 3,932 |
| Non-current | | |
| Inventories held for distribution: | | |
| – Construction and maintenance materials | 6,619 | 5,408 |
| Total non-current | 6,619 | 5,408 |
| Total inventories | 7,533 | 9,340 |

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

| | 2019 \$000 | 2018 \$000 |
|----------------------|---------------|---------------|
| Current | | |
| Contractor's advance | 13,920 | 8,854 |
| Prepaid insurance | 720 | 861 |
| Total current | 14,640 | 9,715 |
| Non-current | | |
| Contractor's advance | - | - |
| Prepaid insurance | 386 | 367 |
| Total non-current | 386 | 367 |
| Total prepayments | 15,026 | 10,082 |

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

| | 2019 \$000 | 2018 \$000 |
|--|---------------|---------------|
| Current | | |
| Trade creditors | 8,220 | 6,600 |
| Major contracts and services | 197,800 | 196,655 |
| Property acquisitions liability ^(a) | 67,012 | 57,083 |
| Contractors' retention | 607 | 623 |
| Funds received in advance ^(b) | 34,319 | 9,830 |
| Performance bonds / surety | 2,032 | 971 |
| Accrued salaries ^(c) | 5,333 | 5,553 |
| Total current | 315,323 | 277,315 |
| Non-current | | |
| Funds received in advance ^(b) | 56,345 | 40,818 |
| Total non-current | 56,345 | 40,818 |
| Total Payables | 371,668 | 318,133 |

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) Funds received in advance represents payments for agreed future works for third parties including public and private companies. The balance comprises mainly the agreed maintenance contribution scheme by private companies. The balance is divided into current and non-current portion. The comparative is also adjusted accordingly.
- (c) 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

| | 2019 \$000 | 2018 \$000 |
|------------------------|---------------|---------------|
| Current | | |
| Site restoration | 2,208 | 1,877 |
| Total Current | 2,208 | 1,877 |
| Non-current | | |
| Site restoration | _ | - |
| Total Non-current | - | - |
| Total other provisions | 2,208 | 1,877 |

6.6.1 Provision for remediation

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

| | 2019 \$000 | 2018 \$000 |
|------------------------------------|---------------|---------------|
| Site restoration cost provision | | |
| Carrying amount at start of period | 1,877 | 5,744 |
| Movement in provisions | 331 | (3,867) |
| Carrying amount at end of period | 2,208 | 1,877 |

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:

| | 2019 \$000 | 2018 \$000 |
|---|---------------|---------------|
| Cash and cash equivalents | 196,875 | 283,742 |
| Restricted cash and cash equivalents | 188,888 | 251,059 |
| | 385,763 | 534,801 |
| Restricted cash and cash equivalents | | |
| Contractor's deposits ^(a) | 607 | 623 |
| Land Transport Infrastructure Projects ^(b) | 160,432 | 233,852 |
| Commonwealth Paid Parental Leave Scheme (c) | 3 | 11 |
| Royalties for Regions Fund ^(d) | 27,846 | 16,573 |
| | 188,888 | 251,059 |

(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 | 2019 \$000 | 2018 \$000 |
|--|--------------|---------------|---------------|
| | | | |
| Net cost of services | | (463,283) | (344,581) |
| Non-cash items | | | |
| Depreciation expense – infrastructure | 5.2.1 | 373,475 | 343,782 |
| Depreciation and amortisation expense – other assets | 5.1.1, 5.3.1 | 4,606 | 5,296 |
| Grants to other bodies | 3.2 | 35,981 | 4,597 |
| Grants received from other bodies | 4.5 | (116,297) | (9,731) |
| Services received free of charge | 4.1 | 2,530 | 1,672 |
| Infrastructure assets retired/replaced | 3.3 | 91,387 | 51,427 |
| Assets not previously recognised | | (207) | (443) |
| Adjustment for other non-cash items | | (147) | - |
| Net (gain)/loss on sale of property, plant and equipment | 4.8 | 1,599 | 708 |
| (Increase)/decrease in assets: | | | |
| Receivables ^(a) | | (3,853) | 5,681 |
| Inventories | | 1,807 | (3,606) |
| Prepayments | | (4,944) | 4,969 |
| Increase/(decrease) in liabilities: | | | |
| Payables ^(a) | | 52,055 | 20,402 |
| Provisions | | 2,120 | 884 |
| Net GST receipts/(payments) ^(b) | | 153,175 | 137,882 |
| Change in GST in receivables/payables ^(c) | | (153,479) | (139,327) |
| Net cash provided by/(used in) operating activities | | (23,475) | 79,612 |

(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.

7.2 Commitments

7.2.1 Non-cancellable operating lease commitments

| | 2019 \$000 | 2018 \$000 |
|--|---------------|---------------|
| Commitments for minimum lease payments are payable as follows: | | |
| Within 1 year | 4,523 | 4,671 |
| Later than 1 year and not later than 5 years | 12,842 | 12,643 |
| Later than 5 years | 6,753 | 9,034 |
| | 24,118 | 26,348 |

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:

| | 2019 \$000 | 2018 \$000 |
|--|---------------|---------------|
| Within 1 year | 523,647 | 524,133 |
| Later than 1 year and not later than 5 years | 191,917 | 127,762 |
| Later than 5 years | - | _ |
| | 715,564 | 651,895 |

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:

| | 2019 \$000 | 2018 \$000 |
|--|---------------|---------------|
| Within 1 year | 430,761 | 218,847 |
| Later than 1 year and not later than 5 years | 648,099 | 346,996 |
| Later than 5 years | 155 | 487 |
| | 1,079,015 | 566,330 |

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, 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.

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. Debt will be written-off against the allowance account when it is improbable or uneconomical to recover the debt. 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 2019.

(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:

| | 2019 \$000 | 2018 \$000 |
|---|---------------|---------------|
| Financial assets | | |
| Cash and cash equivalents | 196,875 | 283,742 |
| Restricted cash and cash equivalents | 188,888 | 251,059 |
| Loans and receivables ^(a) | _ | 2,626,585 |
| Financial assets at amortised cost ^(a) | 3,002,252 | - |
| Total financial assets | 3,388,015 | 3,161,386 |
| Financial liabilities | | |
| Financial liabilities measured at amortised cost | 371,668 | 318,133 |
| Total financial liability | 371,668 | 318,133 |

(a) The amount of Loans and receivables/Financial assets at amortised cost excludes GST recoverable from the ATO (statutory receivable).

(c) Credit risk exposure

The following table details the credit risk exposure on the Agency's trade receivables using a provision matrix.

| | | | Days p | ast due | | |
|--|----------------|------------------|--------------------|---------------------|---------------------|-------------------|
| | Total \$000 | Current \$000 | 1-30 Days \$000 | 31-60 Days \$000 | 61-90 Days \$000 | >91 days \$000 |
| 30 June 2019 | | | | | | |
| Expected credit loss rate | | 0% | 0% | 0% | 0% | 0.47% |
| Estimated total gross carrying amount at default | 149,195 | 18,493 | 28,487 | 204 | 20,068 | 81,943 |
| Expected credit losses | (381) | _ | _ | - | - | (381) |
| | 148,814 | 18,493 | 28,487 | 204 | 20,068 | 81,562 |
| 1 July 2018 (Remeasurement) | | | | | | |
| Expected credit loss rate | | 0% | 0% | 0% | 0% | 24.22% |
| Estimated total gross carrying amount at default | 48,228 | 14,364 | 31,789 | 371 | 89 | 1,616 |
| Expected credit losses | (391) | _ | _ | - | _ | (391) |
| | 47,837 | 14,364 | 31,789 | 371 | 89 | 1,225 |

(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.

| | | Inte | erest rate e | xposures an | d maturity | Interest rate exposures and maturity analysis of financial assets and financial liabilities | inancial ass | ets and fina | ancial liabilit | ies | |
|---|---|-----------------------------|------------------------------------|---------------------------------------|--------------------------------------|---|---------------------------|------------------------|--------------------------------|--------------------|----------------------------------|
| | | | | Interest rat | Interest rate exposure | | | 2 | Maturity date | a) | |
| | Weighted Average Effective Interest Rate % | Carrying Amount \$000 | 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 |
| 2019 | | | | | | | | | | | |
| Financial Assets | | | | | | | | | | | |
| Cash and cash equivalents | 1 | 196,875 | I | I | 196,875 | 196,875 | 196,875 | I | I | I | 1 |
| Restricted cash and cash equivalents | 2.17 | 188,888 | I | 188,888 | I | 188,888 | 188,888 | I | I | I | I |
| Receivables ^(a) | 1 | 176,375 | I | I | 176,375 | 176,375 | 176,375 | I | I | I | I |
| Amounts receivable for services | 1 | 2,825,877 | I | I | 2,825,877 | 2,825,877 | 4,330 | 7,576 | 19,159 | I | 2,794,812 |
| | | 3,388,015 | I | 188,888 | 3,199,127 | 3,388,015 | 566,468 | 7,576 | 19,159 | I | 2,794,812 |
| Financial Liabilities | | | | | | | | | | | |
| Payables | ı | 371,668 | I | Ι | 371,668 | 371,668 | 371,668 | I | I | I | I |
| | | 371,668 | I | I | 371,668 | 371,668 | 371,668 | I | I | I | I |

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

| | | | | Interest rai | Interest rate exposure | | | 2 | Maturity date | a | |
|---|---|-----------------------------|------------------------------------|---------------------------------------|--------------------------------------|----------------------------|---------------------------|------------------------|--------------------------------|--------------------|----------------------------------|
| | Weighted Average Effective Interest Rate % | Carrying Amount \$000 | 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 | | | | | | | | | | | |
| Financial Assets | | | | | | | | | | | |
| Cash and cash equivalents | I | 283,742 | I | I | 283,742 | 283,742 | 283,742 | I | I | I | I |
| Restricted cash and cash equivalents | 1.97 | 251,059 | I | 251,059 | I | 251,059 | 251,059 | I | 1 | I | 1 |
| Receivables ^(a) | 1 | 84,791 | I | I | 84,791 | 84,791 | 84,791 | I | 1 | I | I |
| Amounts receivable for services | I | 2,541,794 | I | I | 2,541,794 | 2,541,794 | 4,330 | 7,576 | 27,030 | 263,918 | 2,238,940 |
| | | 3,161,386 | I | 251,059 | 2,910,327 | 3,161,386 | 623,922 | 7,576 | 27,030 | 263,918 | 2,238,940 |
| Financial Liabilities | | | | | | | | | | | |
| Payables | 1 | 318,133 | I | I | 318,133 | 318,133 | 318,133 | I | I | I | I |
| | | 318,133 | I | I | 318,133 | 318.133 | 318.133 | I | I | I | I |

(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 | -25 basis | s points | +25 basi | s points |
|--------------------------------------|-----------------|------------------|-----------------|------------------|-----------------|
| | amount \$000 | Surplus \$000 | Equity \$000 | Surplus \$000 | Equity \$000 |
| 2019 | | | | | |
| Financial Assets | | | | | |
| Restricted cash and cash equivalents | 188,888 | (472) | (472) | 472 | 472 |
| Total Increase/(Decrease) | | (472) | (472) | 472 | 472 |

| | Carrying | -25 basis | s points | +25 basi | s points |
|--------------------------------------|-----------------|------------------|-----------------|------------------|-----------------|
| | amount \$000 | Surplus \$000 | Equity \$000 | Surplus \$000 | Equity \$000 |
| 2018 | | | | | |
| Financial Assets | | | | | |
| Restricted cash and cash equivalents | 251,059 | (628) | (628) | 628 | 628 |
| Total Increase/(Decrease) | | (628) | (628) | 628 | 628 |

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 the best estimate.

Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

8.2.1 Contingent assets

The following contingent assets are excluded from the assets within the financial statements:

| | 2019 \$000 | 2018 \$000 |
|----------------------------|---------------|---------------|
| Contract claims in dispute | 1,493 | - |
| | 1,493 | - |

8.2.2 Contingent liabilities

The following contingent liabilities are excluded from the liabilities within the financial statements:

| | 2019 \$000 | 2018 \$000 |
|------------------------------|---------------|---------------|
| Contract claims in dispute | 44,482 | 5,560 |
| Resumption claims in dispute | 249,664 | 244,885 |
| | 294,146 | 250,445 |

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 eight suspected contaminated sites to DWER. Three sites were classified as possibly contaminated – investigation required and five were classified as remediated for restricted use. Main Roads is unable to assess 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

| Assets measured at fair value: | Level 1 \$000 | Level 2 \$000 | Level 3 \$000 | Fair value at end of period \$000 |
|---|------------------|------------------|------------------|---|
| 2019 | | | | |
| Non-current assets classified as held for sale (Note 9.7) | _ | 5,756 | 1,031 | 6,787 |
| Land (Note 5.1) | - | 57,902 | 6,405 | 64,307 |
| Buildings (Note 5.1) | _ | 73,755 | 14,960 | 88,715 |
| Surplus assets (Note 5.1) | _ | 42,083 | 29,639 | 71,722 |
| Land acquired for roadworks (Note 5.1) | _ | 127,132 | 39,600 | 166,732 |
| Infrastructure (Note 5.2) | - | _ | 42,274,281 | 42,274,281 |
| | - | 306,628 | 42,365,916 | 42,672,544 |

| Assets measured at fair value: | Level 1 \$000 | Level 2 \$000 | Level 3 \$000 | Fair value at end of period \$000 |
|---|------------------|------------------|------------------|---|
| 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 |

Valuation techniques to derive Level 2 fair values

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

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

Fair value measurements using significant unobservable inputs (Level 3)

| | Non- current asset held for sale \$000 | Land \$000 | Buildings \$000 | Surplus assets \$000 | Land acquired for road- works \$000 | Infra- structure \$000 |
|--|--|---------------|--------------------|----------------------------|---|------------------------------|
| 2019 | | | | | | |
| Fair value at start of period | 708 | 6,364 | 14,382 | 32,572 | 41,714 | 42,170,095 |
| Additions | - | 262 | 389 | 105 | 4,384 | 972,598 |
| Revaluation increments/(decrements) recognised in Profit or Loss | _ | _ | _ | _ | _ | _ |
| Revaluation increments/(decrements) recognised in Other Comprehensive Income | _ | (228) | 361 | (2,114) | (14,799) | (372,476) |
| Transfers from/(to) Level 2/Level 3 | 323 | 7 | 472 | (87) | 11,090 | - |
| Disposals | - | _ | _ | (813) | (2,789) | (122,461) |
| Depreciation expense | - | _ | (644) | (24) | _ | (373,475) |
| Fair value at end of period | 1,031 | 6,405 | 14,960 | 29,639 | 39,600 | 42,274,281 |
| Total gains or losses for the period included in profit or loss, under 'Other Gains' | _ | _ | _ | _ | _ | _ |

| | Non- current asset held for sale \$000 | Land \$000 | Buildings \$000 | Surplus assets \$000 | Land acquired for road- works \$000 | lnfra- structure \$000 |
|--|--|---------------|--------------------|----------------------------|---|------------------------------|
| 2018 | | | | | | |
| Fair value at start of period | _ | 6,127 | 14,105 | 34,987 | 45,479 | 41,976,023 |
| Additions | _ | 64 | _ | 342 | 1,479 | 605,525 |
| Revaluation increments/(decrements) recognised in Profit or Loss | _ | _ | _ | _ | _ | _ |
| Revaluation increments/(decrements) recognised in Other Comprehensive Income | _ | (92) | (146) | (722) | (2,543) | (12,008) |
| Transfers from/(to) Level 2/Level 3 | 708 | 265 | 1,025 | 972 | 23 | _ |
| Disposals | _ | _ | _ | (2,979) | (2,724) | (55,663) |
| Depreciation expense | _ | - | (602) | (28) | - | (343,782) |
| Fair value at end of period | 708 | 6,364 | 14,382 | 32,572 | 41,714 | 42,170,095 |
| 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 estimator and multiplying these by the units of relevant categories 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 2019 \$000 | Fair value 2018 \$000 | Valuation technique(s) | Unobservable inputs |
|---|-----------------------------|-----------------------------|--------------------------|---|
| Land, Surplus asset and Land acquired for roadworks | 75,644 | 80,650 | Market approach | Selection of land with similar approximate utility |
| Buildings | 14,960 | 14,382 | Current replacement cost | Historical cost per square metre floor area (m²) |
| | | | | Consumed economic benefit/ obsolescence of asset |
| Infrastructure (Earthworks) | 10,093,948 | 9,991,307 | Current replacement cost | Historical cost per cubic metre (m ³) |
| Infrastructure (Pavements including drainage and seals) | 4,430,968 | 4,326,304 | Current replacement cost | Historical cost per cubic metre (m ³) |
| Infrastructure (Bridges) | 4,165,485 | 3,929,079 | Current replacement cost | Historical cost per cubic metre (m ³) |
| Infrastructure (Road furniture) | 407,351 | 383,017 | Current replacement cost | Consumed economic benefit/ obsolescence of asset |
| Infrastructure (Land under roads) | 23,176,529 | 23,540,388 | Market approach | Selection of land adjoining road reserve |

Reconciliations of the opening and closing balances are provided in Notes 5.1 and 5.2.

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 |
| Initial application of Australian Accounting Standards | 9.2 |
| Future impact of Australian standards issued not yet operative | 9.3 |
| Key management personnel | 9.4 |
| Related party transactions | 9.5 |
| Remuneration of auditors | 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 Initial application of Australian Accounting Standards

AASB 9 Financial instruments

AASB 9 Financial instruments replaces AASB 139 Financial instruments: Recognition and Measurements for annual reporting periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

Main Roads applied AASB 9 prospectively, with an initial application date of 1 July 2018. The adoption of AASB 9 has resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. In accordance with AASB 9.7.2.15, Main Roads has not restated the comparative information which continues to be reported under AASB 139. Differences arising from adoption have been recognised directly in Accumulated surplus/(deficit).

| | Adjustments | 1 July 2018 \$000 |
|-------------------------------|-------------|----------------------|
| Assets | | |
| Trade receivables | (a), (b) | (148) |
| Loans and advances | (a) | - |
| Total Assets | | (148) |
| Total adjustments on Equity | | |
| Accumulated surplus/(deficit) | (a), (b) | (148) |
| | | (148) |

The nature of these adjustments are described below:

(a) Classification and measurement

Under AASB 9, financial assets are subsequently measured at amortised cost, fair value through other comprehensive income (fair value through OCI) or fair value through profit or loss (fair value through P/L). The classification is based on two criteria: Main Roads' business model for managing the assets; and whether the assets' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of Main Roads business model was made as of the date of initial application, 1 July 2018. The assessment of whether contractual cash flows on financial assets are solely comprised of principal and interest was made based on the facts and circumstances at the time of initial recognition of the assets.

The classification and measurement requirements of AASB 9 did not have a significant impact on Main Roads. The following are the changes in the classification of Main Roads' financial assets:

- Trade receivables and Loans and advances (i.e. Other debtors) classified as Loans and receivables as at 30 June 2018 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as Financial assets at amortised cost beginning 1 July 2018.
- Main Roads did not designate any financial assets as at fair value through P/L.

In summary, upon the adoption of AASB 9, Main Roads had the following reclassifications as at 1 July 2018:

| | | AASB 9 category | | |
|---|-----------|----------------------------|------------------------------------|------------------------------------|
| | | Amortised cost \$000 | Fair value through OCI \$000 | Fair value through P/L \$000 |
| AASB 139 category | \$000 | | | |
| Loans and receivables | | | | |
| Trade receivables* | 47,985 | 47,837 | _ | _ |
| Receivables – other | 36,806 | 36,806 | | |
| Amounts receivable for services (Holding Account) | 2,541,794 | 2,541,794 | | |
| Loans and advances | - | _ | _ | _ |
| | | 2,626,437 | _ | _ |

* The change in carrying amount is a result of additional impairment allowance. See the discussion on impairment below.

(b) Impairment

The adoption of AASB 9 has fundamentally changed Main Roads' accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward-looking expected credit loss (ECL) approach. AASB 9 requires Main Roads to recognise an allowance for ECLs for all financial assets not held at fair value through P/L.

Upon adoption of AASB 9, Main Roads recognised an additional impairment on the Main Roads' Trade receivables of \$148,250.83 which resulted in a decrease in accumulated surplus/(deficit) of \$148,250.83 as at 1 July 2018.

Set out below is the reconciliation of the ending impairment allowances in accordance with AASB 139 to the opening loss allowances determined in accordance with AASB 9:

| | Impairment under AASB 139 as at 30 June 2018 \$000 | Remeasure- ment \$000 | ECL under AASB 9 as at 1 July 2018 \$000 |
|--|--|-----------------------------|---|
| Loans and receivables under AASB 139 /Financial assets at amortised cost under AASB 9 (note 6.1.1) | 243 | 148 | 391 |
| | _ | _ | _ |
| | 243 | 148 | 391 |

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 15 | Revenue from Contracts with Customers | 1 Jan 2019 |
| Nature of Change | 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 contracts with customers. The mandatory effective date of this Standard is currently 1 January 2019 after being amended by AASB 2016-17. | |
| Impact | Main Roads income is primarily derived from appropriations which will be measured under AASB 1058. Main Roads also derives funds from the Commonwealth to deliver Road Infrastructure Projects. Main Roads will defer income from the Commonwealth until services are provided or performance obligations are met. | |
| Transition | Main Roads will adopt the modified retrospective approach on transition to AASB 15. No comparative information will be restated under this approach, and the agency will recognise the cumulative effect of initially applying the Standard as an adjustment to the opening balance of accumulated surplus/(deficit) at the date of initial application. | |

| | | Operative for reporting periods beginning on/after |
|---------------------|--|--|
| AASB 16 | Leases | 1 Jan 2019 |
| Nature of Change | 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. | |
| Impact | The recognition of additional assets and liabilities, mainly from operating leases, will increase the Main Road's total assets by \$24.118m and total liabilities by \$24.118m. This will have an nil equity impact on 1 July 2019. In addition, interest and depreciation expenses will increase, offset by a decrease in rental expense for the year ending 30 June 2020 and beyond. The above assessment is based on the following accounting policy positions: Option 2 of the modified retrospective approach on transition; the 'low value asset' threshold set at AUD \$5,000 (unless GROH, GOA or State Fleet); For leases classified as 'short term' (12 months or less), these are not recognised under AASB 16 (unless GROH, GOA or State Fleet); Land, buildings and investment property ROU assets are measured under the fair value model, subsequent to initial recognition; and Discount rates are sourced from WA Treasury Corporation (WATC). | |
| Transition | Main Roads will adopt the modified retrospective approach on transition to AASB 16. No comparative information will be restated under this approach, and Main Roads will recognise the cumulative effect of initially applying the Standard as an adjustment to the opening balance of accumulated surplus/(deficit) at the date of initial application. | |
| AASB 1058 | Income of Not-for-Profit Entities | 1 Jan 2019 |
| Nature of Change | 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. | |
| Impact | AASB 1058 will have no impact on appropriations and recurrent grants received by Main Roads – they will continue to be recognised as income when funds are deposited in the bank account or credited to the holding account. | |
| Transition | Main Roads will adopt the modified retrospective approach on transition to AASB 1058. No comparative information will be restated under this approach, and Main Roads will recognise the cumulative effect of initially applying the Standard as an adjustment to the opening balance of accumulated surplus/(deficit) at the date of initial application. | |

| | | Operative for reporting periods beginning on/after |
|---------------------|---|--|
| AASB 1059 | Service Concession Arrangements: Grantors | 1 Jan 2020 |
| Nature of Change | 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. The mandatory effective date of this Standard is currently 1 January 2020 after being amended by AASB 2018-5. | |
| Impact | Main Roads does not manage any public private partnership that is within the scope of the Standard. | |
| AASB 2016-8 | Amendments to Australian Accounting Standards Australian Implementation Guidance for Not-for-Profit Entities | 1 Jan 2019 |
| Nature of Change | 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. | |
| AASB 2018-4 | Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Public Sector Licensors | 1 Jan 2019 |
| Nature of Change | This Standard amends AASB 15 to add requirements and authoritative implementation guidance for application by not-for-profit public sector licensors to transactions involving the issue of licences. There is no financial impact as the Main Roads does not issue licences. | |
| AASB 2018-5 | Amendments to Australian Accounting Standards – Deferral of AASB 1059 | 1 Jan 2019 |
| Nature of Change | This Standard amends the mandatory effective date of AASB 1059 so that AASB 1059 is required to be applied for annual reporting periods beginning on or after 1 January 2020 instead of 1 January 2019. There is no financial impact. | |
| AASB 2018-7 | Amendments to Australian Accounting Standards – Definition of Material | 1 Jan 2020 |
| Nature of Change | This Standard clarifies the definition of material and its application by improving the wording and aligning the definition across AASB Standards and other publications. There is no financial impact. | |
| AASB 2018-8 | Amendments to Australian Accounting Standards – Right-of-Use Assets of Not-for-Profit Entities | 1 Jan 2019 |
| Nature of Change | This Standard provides a temporary option for not-for-profit entities to not apply the fair value initial measurement requirements for right-of-use assets arising under leases with significantly below-market terms and conditions principally to enable the entity to further its objectives. | |
| Impact | Main Roads will elect to apply the option to measure right-of-use assets under peppercorn leases at cost (which is generally about \$1). As a result, the financial impact of this Standard is not material. | |

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 (\$) | 2019 | 2018 |
|------------------------|------|------|
| 0 - 10,000 | 1 | 2 |

Compensation of senior officers

| Compensation Band (\$) | 2019 | 2018 |
|------------------------|------|------|
| 400,001 - 410,000 | 1 | _ |
| 360,001 – 370,000 | _ | 1 |
| 270,001 – 280,000 | 1 | _ |
| 250,001 – 260,000 | _ | 2 |
| 240,001 – 250,000 | 3 | 1 |
| 230,001 – 240,000 | 2 | 2 |
| 220,001 – 230,000 | _ | 1 |
| 210,001 – 220,000 | 1 | 1 |
| 200,001 – 210,000 | _ | 1 |
| 190,001 – 200,000 | _ | 1 |
| 180,001 – 190,000 | 1 | _ |
| 40,001 – 50,000 | 1 | _ |

| | 2019 \$000 | 2018 \$000 |
|---|---------------|---------------|
| Short term employee benefits | 1,930 | 1,915 |
| Post-employment benefits | 375 | 248 |
| Other long term benefits | 23 | 62 |
| Termination benefits | - | 206 |
| The total compensation of senior officers | 2,328 | 2,431 |

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 termination payment in previous financial year.

9.5 Related party transactions

Main Roads is a wholly owned public sector entity that is controlled by 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 \$1.1 million (Note 5.2)
- payments mainly for vegetation clearing permits required for road construction to Department of Water and Environmental Regulation amounting \$1.4 million (Note 5.2)
- payments for property management expenses and fleet leasing to the Department of Finance amounting \$10.9 million (Notes 3.3 and 5.1)
- commitments of \$24.1 million future lease payments to the Department of Finance (Note 7.2)
- payments mainly for road maintenance to Department of Biodiversity Conservation & Attractions amounting \$2.0 million (Note 3.2)
- payments mainly for Bicycle Boulevard Program to Department of Transport amounting \$3.0 million (Note 3.2)
- payments mainly for land acquisition used for road construction to State Solicitor's Office amounting \$29.8 million (Notes 5.1 and 5.2)
- payments mainly for land acquisition used for road construction to Western Australian Planning Commission amounting \$6.9 million (Notes 5.1 and 5.2)
- payments mainly for land acquisition to Department of Communities amounting \$1.9 million (Note 5.1)
- payments mainly for service relocation enabling road construction to Western Power amounting \$8.9 million (Note 5.2)
- payments mainly for service relocation enabling road construction to Water Corporation amounting \$1.5 million (Note 5.2)
- insurance payments of \$2.8 million to RiskCover fund (Note 3.3)
- payments mainly received as contribution to roadworks from Public Transport Authority amounting \$12.7 million (Note 4.2 and 4.4)
- payments mainly received from Department of Transport as contribution to roadworks amounting \$51.7 million (Note 4.2 and 4.4)
- payments mainly received from Department of Jobs Tourism Science and Innovation as contribution to roadworks amounting \$20.8 million (Note 4.4)

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 auditors

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

| | 2019 \$000 | 2018 \$000 |
|--|---------------|---------------|
| Auditing the accounts, financial statements and key performance indicators | 253 | 239 |
| Other audits | 59 | 30 |
| | 312 | 269 |

9.7 Non-current assets classified as held for sale

The following table represents a summary of assets held for sale:

| | 2019 \$000 | 2018 \$000 |
|---|---------------|---------------|
| Freehold land and buildings | | |
| Opening balance | 11,620 | 1,579 |
| Assets reclassified as held for sale | 3,606 | 15,993 |
| Assets removed from current disposal program | (404) | _ |
| Assets sold | (7,771) | (4,120) |
| Write-down of assets from carrying value to fair value less selling costs | (264) | (1,832) |
| Closing balance | 6,787 | 11,620 |

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.

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 | 2019 \$000 | 2018 \$000 |
|--|-------|---------------|---------------|
| Contributed equity | | | |
| Balance at start of period | | 5,052,392 | 4,574,692 |
| Correction of errors in prior period | 9.2 | _ | 2,826 |
| Contributions by owners | | | |
| Capital contributions | | 300,579 | 336,556 |
| Other contributions by owners | | | |
| Royalties for Regions Fund – Regional Infrastructure and Headwork Accoun | t | 49,316 | 132,122 |
| Transfer of net assets from other agencies | | | |
| Public Transport Authority | | 92,336 | 24,303 |
| Western Australian Planning Commission | | 2,093 | 52 |
| Department of Planning, Lands and Heritage | | 55 | 61 |
| Total contributions by owners | | 444,379 | 493,094 |
| Distributions to owners | | | |
| Transfer of net assets to other agencies | | | |
| Public Transport Authority | | (31,620) | (17,326) |
| Department of Primary Industries and Regional Development | | (4,525) | (894) |
| Department of Treasury | | (8,137) | _ |
| Total distributions to owners | | (44,282) | (18,220) |
| Balance at end of period | | 5,452,489 | 5,052,392 |
| Reserves | | | |
| Asset revaluation surplus | | | |
| Balance at start of period | | 27,636,301 | 27,670,467 |
| Net revaluation increments/(decrements) | | | |
| Earthworks, Drainage, Pavements and Seals | | 13,683 | 236,209 |
| Bridges | | _ | 57,005 |
| Land under roads | | (385,942) | (310,186) |
| Road Furniture | | (216) | 4,964 |
| Land and Buildings | | (9,408) | (22,158) |
| Balance at end of period | | 27,254,418 | 27,636,301 |
| Accumulated surplus | | | |
| Balance at start of period | | 14,426,495 | 13,691,101 |
| Correction of errors in prior period/Changes in accounting policy | | (148) | (2,826) |
| Result for the period | | 722,959 | 738,220 |
| Income and expense recognised directly in equity | | _ | _ |
| Balance at end of period | | 15,149,306 | 14,426,495 |
| Total Equity at end of period | | 47,856,213 | 47,115,188 |

9.9 Supplementary financial information

(a) Write-offs

During the financial year \$121,000 (2018: \$2.064 million) was written off the Main Roads' asset register under the authority of:

| | 2019 \$000 | 2018 \$000 |
|---------------------------|---------------|---------------|
| The accountable authority | 121 | 81 |
| The Minister | - | 197 |
| Executive Council | - | 1,786 |
| | 121 | 2,064 |

(b) Losses through theft, defaults and other causes

| | 2019 \$000 | 2018 \$000 |
|-------------------------------------|---------------|---------------|
| Fixed asset stocktake discrepancies | - | 8 |
| | - | 8 |

(c) Gifts of public property

| | 2019 \$000 | 2018 \$000 |
|---|---------------|---------------|
| Gifts of public property provided by Main Roads | 19 | 21 |
| | 19 | 21 |

(d) Restricted Access Vehicle permits (a)

| | 2019 \$000 | 2018 \$000 |
|-------------------------------|---------------|---------------|
| Regulatory fees | 8,009 | 7,447 |
| Transfer payments | 8,032 | 7,458 |
| Cash held in lieu of transfer | 34 | 23 |

(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:

| | 2019 \$000 | 2018 \$000 |
|---|---------------|---------------|
| Department of Transport – accommodation costs and provision of traffic modelling services | 388 | 112 |
| Department of Planning, Lands and Heritage – traffic modelling | 170 | 49 |
| Venues West | 392 | _ |
| Public Transport Authority – provision of professional services | 353 | 218 |
| Department of Water and Environmental Regulation – provision of professional services | 231 | 138 |
| Services provided free of charge to other agencies | 10 | 39 |
| | 1,544 | 556 |

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 2018-19 are summarised below:

| | 2019 \$000 | 2018 \$000 |
|-------------------------------------|---------------|---------------|
| Amount brought forward for recovery | (27) | 5 |
| Amount received during the period | (45) | (68) |
| | (72) | (63) |
| Expenditure during the year | 33 | 36 |
| Amount carried forward for recovery | (39) | (27) |

9.12 Explanatory statement (Controlled Operations)

All variances between estimates (original budget) and actual results for 2019 and between the actual results for 2019 and 2018 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 2019 \$000 | Actual 2019 \$000 | Actual 2018 \$000 | Variance between estimate and actual \$000 | Variance between actual results for 2019 and 2018 \$000 |
|--|------------------|-------------------------------------|-----------------------------|-----------------------------|--|---|
| 9.12.1 Statement of Comprehensive Income Variances | | | | | | |
| Expenses | | | | | | |
| Employee benefits expenses | | 73,626 | 64,536 | 72,081 | (9,090) | (7,545) |
| Supplies and services | 1 A | 557,605 | 431,321 | 521,297 | (126,284) | (89,976) |
| Depreciation and impairment expense of infrastructure assets | В | 376,346 | 373,475 | 343,782 | (2,871) | 29,693 |
| Depreciation, amortisation and | | | | | | |
| impairment expense – other | | 2,525 | 4,606 | 5,296 | 2,081 | (690) |
| Grants and subsidies | 2 C | 237,411 | 332,610 | 268,975 | 95,199 | 63,635 |
| Other expenses | 3 D | 34,431 | 91,387 | 51,427 | 56,956 | 39,960 |
| Total cost of services | | 1,281,944 | 1,297,935 | 1,262,858 | 15,991 | 35,077 |
| Income | | | | | | |
| Revenue | | | | | | |
| Sale of goods and services | | | 10,577 | 10,970 | 10,577 | (393) |
| Commonwealth grants and contributions | 4 E | 855,298 | 622,697 | 772,639 | (232,601) | (149,942) |
| Contributions to roadworks | F | 65,245 | 70,510 | 108,341 | 5,265 | (37,831) |
| Grants from other bodies | 5 G | 42,216 | 116,297 | 9,731 | 74,081 | 106,566 |
| Interest revenue | 50 | 10 | 4,287 | 6,004 | 4,277 | (1,717) |
| Other revenue | | 14,107 | 11,883 | 11,300 | (2,224) | 583 |
| Total revenue | | 976,876 | 836,251 | 918,985 | (140,625) | (82,734) |
| | | | | | | |
| Gains | | | | | | |
| Gain/(loss) on disposal of non-current | | 200 | (1,599) | (709) | (1 700) | (901) |
| assets | | | | (708) | (1,799) | (891) |
| Total gains Total income other than income from | | 200 | (1,599) | (708) | (1,799) | (891) |
| State Government | | 977,076 | 834,652 | 918,277 | (142,424) | (83,625) |
| NET COST OF SERVICES | | 304,868 | 463,283 | 344,581 | 158,415 | 118,702 |
| | | | | | | |
| Income from State Government | | | | | | |
| Income from State Government | | 982,697 | 979,697 | 897,792 | (3,000) | 81,905 |
| Services received free of charge | | 2,700 | 2,530 | 1,672 | (170) | 858 |
| Other funds received from State | 6 | 100 460 | 204.045 | 402 227 | 64550 | 20.670 |
| Government | 6 | 139,463 | 204,015 | 183,337 | 64,552 | 20,678 |
| Total income from State Government SURPLUS/(DEFICIT) FOR THE PERIOD | | 1,124,860 819,992 | 1,186,242 722,959 | 1,082,801 738,220 | 61,382 (97,033) | 103,441 (15,261) |
| Sold Eds/(Denen) For the Ferror | | 015,552 | 722,333 | 730,220 | (57,055) | (13,201) |
| OTHER COMPREHENSIVE INCOME | | | | | | |
| ltems not reclassified subsequently to profit or loss | | | | | | |
| Changes in asset revaluation surplus | | _ | (381,883) | (34,166) | (381,883) | (347,717) |
| Total other comprehensive income | | - | (381,883) | (34,166) | (381,883) | (347,717) |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD | | 819,992 | 341,076 | 704,054 | (478,916) | (362,978) |

| | Variance Note | Original Budget 2019 \$000 | Actual 2019 \$000 | Actual 2018 \$000 | Variance between estimate and actual \$000 | Variance between actual results for 2019 and 2018 \$000 |
|---|------------------|-------------------------------------|-------------------------|-------------------------|--|---|
| 9.12.2 Statement of Financial Position | | | | | | |
| Variances | | | | | | |
| ASSETS | | | | | | |
| Current Assets | | | | | | |
| Cash and cash equivalents | | 272,273 | 196,875 | 283,742 | (75,398) | (86,867) |
| Restricted cash and cash equivalents | | 94,540 | 188,888 | 251,059 | 94,348 | (62,171) |
| Receivables | | 89,756 | 208,714 | 116,822 | 118,958 | 91,892 |
| Amounts receivable for services | | 45,767 | 31,065 | 38,936 | (14,702) | (7,871) |
| Inventories | | 3,379 | 914 | 3,932 | (14,762) | (3,018) |
| Prepayments | | 13,894 | 14,640 | 9,715 | 746 | 4,925 |
| Non-current assets classified as held for | | 13,894 | 14,040 | 9,715 | 740 | 4,923 |
| sale | | 1,579 | 6,787 | 11,620 | 5,208 | (4,833) |
| Total Current Assets | | 521,188 | 647,883 | 715,826 | 126,695 | (67,943) |
| | | | | | | |
| Non-Current Assets | | | | | | |
| Receivables | | 1,147 | 234 | 238 | (913) | (4) |
| Amounts receivable for services | | 2,780,110 | 2,794,812 | 2,502,858 | 14,702 | 291,954 |
| Inventories | | 1,912 | 6,619 | 5,408 | 4,707 | 1,211 |
| Prepayments | | 1,157 | 386 | 367 | (771) | , 19 |
| Property, plant and equipment | 7 | 509,183 | 405,237 | 426,473 | (103,946) | (21,236) |
| Infrastructure | 8 | 46,335,269 | 44,396,721 | 43,802,551 | (1,938,548) | 594,170 |
| Intangible assets | | 9,147 | 13,668 | 14,828 | 4,521 | (1,160) |
| Total Non-Current Assets | | 49,637,925 | 47,617,677 | 46,752,723 | (2,020,248) | 864,954 |
| TOTAL ASSETS | | 50,159,113 | 48,265,560 | 47,468,549 | (1,893,553) | 797,011 |
| | | 50,155,115 | 40,200,000 | 47,400,545 | (1,000,000) | 757,011 |
| LIABILITIES | | | | | | |
| Current Liabilities | | | | | | |
| Payables | | 289,409 | 315,323 | 277,315 | 25,914 | 38,008 |
| Employee related provisions | | 27,433 | 30,534 | 28,426 | 3,101 | 2,108 |
| Other provisions | | 5,744 | 2,208 | 1,877 | (3,536) | 331 |
| Total Current Liabilities | | 322,586 | 348,065 | 307,618 | 25,479 | 40,447 |
| | | 522,500 | 540,005 | 507,010 | 23,475 | |
| Non-Current Liabilities | | | | | | |
| Payables | | _ | 56,345 | 40,818 | 56,345 | 15,527 |
| Other provisions | | 5,034 | 4,937 | 4,925 | (97) | 12 |
| Total Non-Current Liabilities | | 5,034 | 61,282 | 45,743 | 56,248 | 15,539 |
| TOTAL LIABILITIES | | 327,620 | 409,347 | 353,361 | 81,727 | 55,986 |
| NET ASSETS | | 49,831,493 | 47,856,213 | 47,115,188 | (1,975,280) | 741,025 |
| | | ··,·· | 17,000,213 | +7,113,100 | (1,273,200) | , 41,023 |
| EQUITY | | | | | | |
| Contributed equity | | 5,364,313 | 5,452,489 | 5,052,392 | 88,176 | 400,097 |
| Reserves | 9 | 29,379,381 | 27,254,418 | 27,636,301 | (2,124,963) | (381,883) |
| Accumulated surplus | | 15,087,799 | 15,149,306 | 14,426,495 | 61,507 | 722,811 |
| | | | | | | |

| | Variance Note | Original Budget 2019 \$000 | Actual 2019 \$000 | Actual 2018 \$000 | Variance between estimate and actual \$000 | Variance between actual results for 2019 and 2018 \$000 |
|---|------------------|-------------------------------------|-------------------------|-------------------------|--|---|
| 9.12.3 Statement of Cash Flows Variances | | | | | | |
| Vallalices | | | | | | |
| CASH FLOWS FROM STATE | | | | | | |
| GOVERNMENT | | | | | | |
| Service appropriation | Н | 659,678 | 656,678 | 568,932 | (3,000) | 87,746 |
| Capital appropriation | | 263,253 | 287,916 | 336,556 | 24,663 | (48,640) |
| Holding account drawdown | | 38,936 | 38,936 | 32,300 | - | 6,636 |
| Road Trauma Trust Fund | | 53,020 | 42,883 | 57,671 | (10,137) | (14,788) |
| Natural disaster funds | J | 43,930 | 53,650 | 97,017 | 9,720 | (43,367) |
| Royalties for Regions Fund | 10 K | 100,210 | 69,114 | 138,250 | (31,096) | (69,136) |
| Net cash provided by State | | | | | | |
| Government | | 1,159,027 | 1,149,177 | 1,230,726 | (9,850) | (81,549) |
| | | | | | | |
| CASH FLOWS FROM OPERATING | | | | | | |
| ACTIVITIES | | | | | | |
| Payments | | | | | | |
| Employee benefits | | (73,626) | (63,373) | (71,793) | 10,253 | 8,420 |
| Supplies and services | 11 L | (552,007) | (427,669) | (519,639) | 124,338 | 91,970 |
| Grants and subsidies | 12 M | (213,195) | (289,890) | (251,228) | (76,695) | (38,662) |
| GST payments on purchases | | (147,054) | (170,451) | (149,346) | (23,397) | (21,105) |
| Receipts | | (117,001) | | | (23,337) | (21,100) |
| Sale of goods and services | 13 | 72,688 | 117,818 | 128,704 | 45,130 | (10,886) |
| Commonwealth grants and contributions | 14 N | 855,298 | 622,698 | 772,639 | (232,600) | (149,941) |
| Interest received | 1411 | 10 | 4,782 | 5,630 | 4,772 | (149,941) |
| | | - | 16,290 | 20,225 | 4,772 | |
| GST receipts on sales | | 11,808 | | | | (3,935) |
| GST receipts from taxation authority | | 135,000 | 153,175 | 128,100 | 18,175 | 25,075 |
| Other receipts | | 10,907 | 9,357 | 12,745 | (1,550) | (3,388) |
| Rent received | | 3,200 | 3,788 | 3,575 | 588 | 213 |
| Net cash provided by/(used in) operating activities | | 103,029 | (23,475) | 79,612 | (126,504) | (103,087) |
| | | | | | | |
| CASH FLOWS FROM INVESTING | | | | | | |
| ACTIVITIES | | | | | | |
| Payments | | | | | | |
| Purchase of non-current assets | | (17,855) | (16,652) | (15,225) | 1,203 | (1,427) |
| Purchase of infrastructure assets | 0 | (1,315,026) | (1,264,488) | (1,038,819) | 50,538 | (225,669) |
| Receipts | | | | | | |
| Proceeds from sale of non-current assets | | _ | 6,400 | 3,387 | 6,400 | 3,013 |
| Net cash provided by/(used in) | | | , | | | |
| investing activities | | (1,332,881) | (1,274,740) | (1,050,657) | 58,141 | (224,083) |
| | | | | | | |
| CASH FLOWS FROM FINANCING | | | | | | |
| ACTIVITIES | | | | | | |
| Payments | | | | | | |
| Repayment of borrowings | | - | - | - | - | - |
| Net cash provided by/(used in) | | | | | | |
| | | | _ | - | - | _ |
| financing activities | | | | | | |
| financing activities | | - | | | | |
| financing activities Net increase/(decrease) in cash and cash | | (70.825) | (149.038) | 259.681 | (78.213) | (408.719) |
| financing activities Net increase/(decrease) in cash and cash equivalents | | (70,825) | (149,038) | 259,681 | (78,213) | (408,719) |
| financing activities Net increase/(decrease) in cash and cash equivalents Cash and cash equivalents at the | | | | | | |
| financing activities Net increase/(decrease) in cash and cash equivalents Cash and cash equivalents at the beginning of the period | | (70,825) 437,638 | (149,038) | 259,681 275,120 | (78,213) 97,163 | (408,719) 259,681 |
| financing activities Net increase/(decrease) in cash and cash equivalents Cash and cash equivalents at the beginning of the period Cash balance transferred to Other State | | | | | | |
| financing activities Net increase/(decrease) in cash and cash equivalents Cash and cash equivalents at the beginning of the period | | | | | | (408,719) 259,681 – |

Major Estimate and Actual (2019) Variance Narratives

- 1 Supplies and services underspent by \$126.3 million (22.6%) due to adjustments to the progress of the Royalties for Regions program, Commonwealth's Heavy Vehicle Safety and Productivity Program, Outback Way, Broome-Cape Leveque and Stephenson Avenue works.
- 2 Funding is provided to Local Governments under the WA Natural Disaster Relief and Recovery arrangements. During 2018-19, Local Governments revised the estimated damage and actual payments increased by \$90 million (AGRN743 – Flooding in Western Australia). A new model (Determination) came into effect on 1 November 2018 to strengthen the Local Governments estimating processes.
- 3 Other expenses was underestimated by \$57.0 million (165.4%) due to the retirements of Great Northern Highway – Wyndham Spur and Maggie's Jump Up, Miling Straight, Bow River Bridge and a part of the Gibb River Road-Derby Highway to Blina.
- 4 Commonwealth grants and contribution was lower than budgeted by \$232.6 million (27.2%) mainly due to delays in Major Works projects including Great Northern Highway – Muchea to Wubin, the New Norcia Bypass, Mitchell Freeway – Hutton to Cedric Street and Reid Highway – Altone Road to West Swan Road.
- 5 Grants from other bodies was underestimated by \$74.0 million (175.5%) mainly due to the transfer of ownership of the Warrida road and the Marble Bar realignment undertaken by Roy Hill Mining.
- 6 Other funds received from State Government was above budget by \$64.6 million (46.3%) mainly due to an increase in receipts under the state's WANDRRA program (AGN743-Flooding in Western Australia).
- 7 Property, plant and equipment was overestimated by \$103.9 million (20.4%) mainly due to optimistic land and building price estimates.
- 8 Infrastructure was overestimated by \$1.9 billion (4.2%) mainly due to overestimated capital expenditure and infrastructure asset revaluation gain.
- 9 Reserves was overestimated by \$2.1 billion (7.2%) during 2018/19 which was offset by the overestimate in the infrastructure assets, mainly due to a high estimated price of infrastructure and land under roads.
- 10 Royalties for regions was overestimated by \$31.1 million (31%) due to reduced funding received as a result of a delay in works including, Local Government Commodity Freight Route, Square Kilometre Array, Albany Ring Road and on the Coolgardie-Esperance Highway.
- 11 Supplies and services was underspent by \$124.3 million (22.5%) due to slower progress of the Royalties for Regions program, Commonwealth's Heavy Vehicle Safety and Productivity Program, Outback Way, Broome-Cape Leveque and Stephenson Avenue works.
- 12 Main Roads provides funding to Local Governments under the WA Natural Disaster Relief and Recovery arrangements. During 2018-19 Local Governments revised the estimated damage and actual payments increased by \$90 million (AGRN743 – Flooding in Western Australia) above the February 2018 estimates. A new model (Determination) came into effect on 1 November 2018 to strengthen the Local Governments estimating processes.
- 13 Sale of goods and services were above expectations by \$45.1 million (62.1%) mainly due to unbudgeted third party funding of the Great Northern crossing Iron Ore Bridge, Armadale road upgrade and Nicholson Road Rail works.
- 14 Commonwealth grants and contributions decreased by \$232.6 million (27.2%) due to delays in major infrastructure works including Great Northern Highway Muchea to Wubin and the New Norcia Bypass, Mitchell Freeway Hutton to Cedric Street and Reid Highway Altone road to West Swan Road.

Major Actual (2019) and Comparative (2018) Variance Narratives

- A Supplies and services decreased by \$89.0 million (17.1%) mainly due to Main Roads' transition into the new forms of road maintenance contracts with lower comparable contract rates.
- B Depreciation expense of infrastructure increased by \$29.7 million (8.6%) mainly due to higher value of depreciable assets capitalised in this financial year.
- C Funding is provided to Local Governments under the WA Natural Disaster Relief and Recovery arrangements. During 2018-19 Local Governments revised the estimated damage (AGRN743 Flooding in Western Australia) which resulted an increase in expense by \$63.6 million (23.7%).
- D Other expenses increased by \$40.0 million (77.7%) due to retirement of old infrastructure assets which has been replaced by the new ones. New projects include Great Northern Highway Wyndham Spur and Maggie's Jump Up and Onslow Road.
- E Commonwealth grants and contributions decreased by \$149.9 million (19.4%) due to the one off National Partnership payment (\$226m) received in 2017/18 to support road infrastructure projects.
- F Contributions to roadworks decreased by \$37.8 million (34.9%) due to higher contribution from Public Transport Authority in 2017/18 for the construction of the Matagarup bridge.
- G Grants from other bodies increased by \$106.6 million (1095.1%) mainly due to the transfer ownership of the Warrida road and Marble Bar road realignment undertaken by Roy Hill Mining.
- H Service appropriation increased by \$87.7 million (15.4%) is mainly due to lower allocation of Capital Appropriation from Motor Vehicle License fees compared to previous financial year.
- Capital appropriation decreased by \$48.6 million (14.5%) is mainly due to lower allocation of Capital Appropriation from Motor Vehicle License fees compared to previous financial year.
- J Natural disaster funds decreased by \$43.4 million (44.7%) mainly due to lower number of payments received from Department of Fire and Emergency Services compared to previous year.
- K Royalties for regions decreased by \$69.1 million (50.0%) was mainly due to lower number of receipts received from Department of Primary Industries and Regional Development for the funding as some projects reached maximum funding (Margaret River Parameter Road, GEH Passing Lanes and Great Northern Highway Muchea to Wubin).
- L Supplies and services was decreased by \$92.0 million (17.7%) mainly due to Main Roads' transition into the new forms of road maintenance contracts with lower comparable contract rates.
- M Funding is provided to Local Governments under the WA Natural Disaster Relief and Recovery arrangements. During 2018-19 Local Governments revised the estimated damage (AGRN743 Flooding in Western Australia) which resulted an increase in funds received by \$38.7 million (15.4%).
- N Commonwealth grants and contributions reduced by \$149.9 million (19.4%) mainly due to the one off National Partnership payment (\$226m) made in 2017/18 to support road infrastructure projects.
- O Purchase of infrastructure assets increased by \$225.7 million (21.7%) as more higher value projects were undertaken during this year compared to previous financial year. The projects include NorthLink WA and Armadale Road Duplication.

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APPENDICES

The following form part of the appendices:

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| Road Facts Summary Sheet | 175 |
| Managing Our Information Assets | 177 |
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| Contact Information | 187 |

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
- Sustainable Development Goal Reference Sheet
- Wanneroo Road Joondalup Drive Interchange Project Annual Sustainability Report 2019
- Kwinana Freeway Northbound Widening Project Annual Sustainability Report 2019
- Great Northern Highway Upgrade Muchea to Wubin: Annual Project Sustainability Report 2019
- Metropolitan Roads Improvement Alliance: Annual Sustainability Project Report 2019
- NorthLink WA Northern Section: Annual Sustainability Project Report 2019
- NorthLink WA Central Section: Annual Sustainability Project Report 2019
- Marble Bar Road Coongan Gorge Realignment: Annual Sustainability Project Report 2019
- Smartways Alliance

Road Facts Summary Sheet

| Road Industry Fact Summary | WA | Australia | WA (%) |
|---|-----------|------------|--------|
| Area (square km) | 2,526,646 | 7,688,126 | 32.9 |
| Population | 2,595,192 | 24,992,860 | 10.4 |
| Licensed drivers and riders ¹ | 1,836,702 | N/A | |
| Vehicles on register including motorcycles | 2,231,564 | 19,173,279 | 11.6 |
| Annual vehicle kilometres travelled (VKT) (100 million VKT) ² | 274.0 | 2,550.31 | 10.7 |
| Road length excluding DBCA roads (kilometres) | 147,026 | N/A | |
| Fatalities (for calendar year 2018) | 159 | 1,147 | 13.9 |
| Fatalities/100 million VKT | 0.6 | 0.4 | |
| Fatalities /100,000 persons | 6.1 | 4.6 | |
| Fatalities/10,000 vehicles | 0.7 | 0.6 | |
| Serious injuries (for calendar year 2018) | 1,403 | N/A | |
| Serious injuries/100 million VKT | 5.1 | N/A | |
| Serious injuries /100,000 persons | 54.1 | N/A | |
| Serious injuries/10,000 vehicles | 6.3 | N/A | |

1: Active licences only

2: Main Roads estimates

N/A: Not available

DBCA: Department of Biodiversity, Conservation and Attractions

Sources

Area: ABS Regional Population Growth, Australia (Cat. No. 3218.0) – March 2019 Population: ABS Regional Population Growth, Australia (Cat. No. 3218.0) – March 2019 Licensed drivers: Drivers and Vehicle Services, Department of Transport – 30 June 2018 Vehicles on register: ABS Motor Vehicle Census (Cat. No. 9309.0) – 27 July 2018 Road length: Main Roads Corporate System (IRIS) – 1 June 2019 Fatalities: Main Roads Crash System and BITRE Road Deaths Australia – 31 December 2018 Serious injuries: Main Roads Crash System – 31 December 2018

Road Classifications

| Road Classification (as at 30 June 2019) | Sealed (km) | Unsealed (km) | Total (km) | Sealed (%) |
|--|----------------|------------------|---------------|---------------|
| National Land Transport Routes | 5,128 | 0 | 5,128 | 100 |
| Highways | 5,815 | 108 | 5,923 | 98 |
| Main Roads | 6,748 | 773 | 7,521 | 90 |
| Sub-Total | 17,691 | 881 | 18,572 | 95 |
| Local Roads regularly maintained | 39,826 | 87,606 | 127,432 | 31 |
| Local Roads not regularly maintained | 57 | 965 | 1,022 | 6 |
| Sub-Total | 39,883 | 88,571 | 128,454 | 31 |
| Roads managed by DBCA | 358 | 37,975 | 38,333 | 1 |
| Total WA Road Network | 57,932 | 127,427 | 185,359 | 31 |

Sources

Corporate and Local Extracts as at 1 June 2019 from Main Roads Corporate System (IRIS) DBCA: Department of Biodiversity, Conservation and Attractions

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 until 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.

Customers are central to everything we do and AS ISO 15489:2016 Records Management guides best practice recordkeeping in combination with using the State Records Commission (SRC) standards and principles. System upgrade considerations are underpinned by ISO 16175:2011 Principles and Functional Requirements for Records in Electronic Office Environments. It is used to consider needs for our records management 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 recertified to ISO 9001:2015 Quality Management until June 2022 as a component of our Integrated Management System.

Our Services

Services provided to our people and customers are delivered over a complex state-wide network consisting of approximately 2,350 personal computers, 1,777 servers, a voice (IP) network and wireless connectivity storing 290 terabytes of data.

We completed the remaining actions on our TRIM Roadmap 2016-18 including a minor review of the Business Classification Scheme to simplify file creation, implementation of Follow-Me-Print to enable confidential secure printing from anywhere across Main Roads and use of SharePoint for large document transfer.

Progress towards our next system upgrade from TRIM RM8.3 to TRIM CM9.3, including future use of Office 365 and the TRIM web client by general users is well advanced.

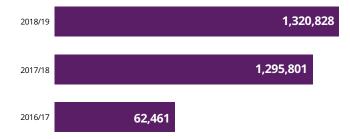
Our system of capture KOFAX TA7 provides bulk scanning and document processing utilising machine learning to automate the capture and storage of information to TRIM for further processing. All forms of incoming correspondence received go through KOFAX TA7 and this year 46,558 items have been processed and stored to TRIM. In accordance with the General Disposal Authority for Source Records, day-boxed scanned hardcopies have been legally destroyed. In addition to business-as-usual operations, the following initiatives to support best practice recordkeeping include:

- subscribed to Springer E-books providing access to approximately 24,000 publications consisting of academic textbooks, research findings and conference proceedings. We made this available to the Transport Portfolio for download DRM free to any device for work or personal use.
- conducted Derby and Kununurra Archiving Projects to register the combined contents of 1,600 boxes of records and 90 photo albums and store offsite
- implemented a new State Archiving Strategy
- developed a range of user test plans for the Trim Upgrade.
- progressed offsite scanning of 9,000 Main Roads
 Planning Reports
- implemented use of Annual Destruction Reports for aged Finance and HR records
- developed and implemented a Registration and Indexing Manual to standardise capture
- developed online training courses to load into our new corporate Learning Management System, together with historical course completion records
- Our Record Keeping Code of Practice for the Management of Contract Records guides compliance with SRC Standard 6 that applies to outsourcing. Under this Code, contract companies are required to submit a recordkeeping plan within 28 days for approval. Contract RKP reviews are conducted by a records practitioner prior to sign off. During the year, four reviews have been completed.

All records management operations are supported by our TRIM Support Help Desk who dealt with 5,941 customer enquiries with 98 per cent of enquiries resolved within 24 hours.

Representing a turnaround in file creation since 2015-16 there were 546 hardcopy and 3,896 electronic corporate files created this year.

There continues to be a steady ongoing increase in records stored and audit logs show that nearly 84 per cent of employees regularly use TRIM.



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 courses and materials including:

 induction training for all new employees, contractors and consultants; training that addresses recordkeeping responsibilities and compliance with our Record Keeping Plan

- online recordkeeping awareness and TRIM courses to support the capture of records. Course completion is monitored monthly and escalated to management for remediation where needed. Combined completion rates have dramatically improved and usually range from 52 per cent to 99 per cent over a six month period
- regular full-day, hands-on TRIM training offered on a classroom or one-on-one basis including support through remote online assistance
- customised, intensive hands-on TRIM training delivered to business areas on request
- one-hour intensive short courses regularly run to deliver records system training direct to the desktop throughout our offices. The range of standard courses available has increased from 13 to 20
- regularly updated records policies, procedures, quick reference guides, FAQs, news items, available services and contacts on our intranet site.

Participation in the records-training program is shown below:

| Training | 2017 | 2018 | 2019 |
|---|------|------|------|
| Lecture Based | 289 | 158 | 95 |
| Skype for Business | 540 | 386 | 563 |
| Total by Delivery Method | 829 | 544 | 658 |
| | | | |
| TRIM'n'Win Short Course | 662 | 417 | 531 |
| TRIM Full Day Training | 66 | 66 | 83 |
| TRIM Customised Training | 86 | 49 | 42 |
| One on One Training | 15 | 12 | 2 |
| Total by Training Type* | 829 | 544 | 658 |
| | | | |
| Online – Recordkeeping Awareness* | 199 | 292 | 234 |
| Online – Trim System Training – Essentials* | 179 | 286 | 232 |
| Online – Trim System Training – Next Step* | 167 | 273 | 226 |
| | | | |
| Metropolitan and Regional R&D Training* | 4 | 9 | 0 |
| Metropolitan and Regional Buddying* | 1 | 1 | 0 |
| Curtin Practicum Placement* | 0 | 1 | 3 |
| RIMPA Records Convention* | 6 | 1 | 1 |
| Total Trained | 1385 | 1407 | 1354 |

* Figures used to obtain Total Trained

During the year we were honoured to present at 'Becoming Better Leaders' which was part of the inForum 2018 Conference, an annual international convention run by the Records and Information Management Professionals Australasia.

Our Response to Future Trends

The suitability and dependability of information systems is important to the success of the business when addressing future directions.

This year, a Main Roads Information Communication and Technology (ICT) Strategy has been developed against a backdrop of significant disruptive change in the transport and technology sector, driven by rapidly evolving customer expectations, the impact of digital technologies, and imperatives from government to be more efficient, effective and collaborative in the provision of services to the public.

As technology evolves, it is clear that Main Roads is becoming critically dependent on the use of optimised digital services that will fundamentally change the way we operate over the next few years. This in turn requires radical new ways of working, the implementation of a new digital technology platform to deliver digital services together with more effective ways of leveraging critical information assets.

Following extensive consultation across the organisation, the following recommendations have been agreed with Corporate Executive:

- 1. Establish an Enterprise Architecture Office to drive innovation and collaboration.
- 2. Expedite Cloud Technologies to improve agility and deliver cost efficiencies.
- 3. Develop an enterprise approach to Data Management.
- 4. Develop advanced Data Analytics Capability.
- 5. Develop a holistic approach to Security Threat Management.
- 6. Transform the Main Roads Customer Experience.
- 7. Implement a contemporary Information Management Branch Services Model.

A business plan, consistent with Main Roads' overarching strategy and Corporate Business Plan, that highlights initiatives and focus areas is being pursued. These areas of focus include:

- improving overall cohesion of ICT services to the organisation, including levels of support for Directorate initiatives
- improving the visibility of ICT initiatives and spending across the organisation
- addressing a need for better business understanding and interaction for achieving business outcomes
- providing improved enterprise-wide frameworks, procedures and standards to guide the development of new ICT capabilities across different areas of the organisation.

These initiatives are enhancing our ability to respond to ever-changing customer and business needs.

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.

| | 2018-19 Target ⁽¹⁾ \$000 | 2018 – 19 Actual \$000 | Variation ⁽²⁾ \$000 |
|--|---|------------------------------|-----------------------------------|
| Total cost of services (expense limit) | 1,281,944 | 1,299,833 | 17,889 |
| Net cost of services | 207,918 | 279,064 | 71,146 ^(a) |
| Total equity | 49,831,493 | 47,856,211 | (1,975,282) ^(b) |
| Approved salary expense level | 118,174 | 124,440 | 6,366 ^(c) |
| Borrowing limit | - | - | _ (d) |

(1) As specified in the Budgets Statements.

(2) Further explanations are contained in Note 9.12 'Explanatory statements (Controlled Operations)' to the financial statements.

(a) The variation in Net Cost of Services is mainly due to grants and contributions from the Commonwealth Government during the year being reduced by \$192.601 million.

(b) The variation in Total Equity is mainly due to:

- Infrastructure Asset Revaluation Reserve was overestimated by \$2.1b (7.2%) during 2018/19 which was offset by the overestimate in the infrastructure assets, mainly due to a high estimated price of infrastructure and land under roads

- Surplus for the year was \$61m higher than anticipated

- Contributed Equity was \$88m higher than anticipated. This includes the equity transfer of Matagarup Bridge (\$86m) from the Public Transport Authority.

(c) The variation in Salary Expense is mainly due to:

- a reduced Salary Expense Limit in 2018-19 relating to the Voluntary Targeted Separation Scheme in 2017-18
- a lower than estimated clearance of leave as a result of an increased Priority Projects Works Program

(d) Main Roads did not borrow any funds during the 2018-19 financial year.

| | 2018 – 19 Agreed Limit ⁽¹⁾ \$000 | 2018 – 19 Actual \$000 | Variation ⁽²⁾ \$000 |
|---------------------------------------|---|------------------------------|-----------------------------------|
| Agreed Working Cash Limit (at Budget) | 41,941 | 39,047 | (2,894) ^(e) |

(e) The variation in Working Cash Limit was a result of a slightly decreased recurrent operating payment requirement.

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 Investment Planning Committee and Main Roads Investment 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 guantifiable 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 Transport Portfolio Investment Sub Committee for endorsement of 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. 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, Buy Local and WA Industry Participation Strategy

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 in the evaluation of tenders. With the introduction of the Western Australian Industry Participation Strategy, tenderers are required to submit local participation plans as part of their submission to demonstrate a commitment to involve local businesses, if awarded the contract.

In addition, we promote social procurement initiatives such as direct purchasing from Aboriginal businesses and Western Australian disability enterprises. Aboriginal procurement, employment and training targets are mandated in our major construction and maintenance contracts. Annual reporting outcomes is provided to the Department of Finance for publication (State Supply Commission) as required under the Buy Local Policy.

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. Further guidelines of expected behaviours of officers involved in the tendering and evaluation process is documented in the Tendering and Contract Administration Manual and Integrity Framework. An ongoing compliance program is in place to ensure these policies and procedures are adhered to.

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 procurement activities.

Procurement Grievances

Our procedure for dealing with procurement grievances is referenced in all tender documents and is accessible from our website. The procedure is 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 the year, one grievance was received, reviewed and subsequently closed out. There has been an average of only 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 awarded contracts during 2018–19 with a combined estimated value of \$10 million or more.

Trading Name

Advanteering Civil Engineers

Albem Operations Pty Ltd & Highway Construction Pty Ltd

Bitutek Pty Ltd

BMD Constructions Pty Ltd (WA)

Boral Resources (W.A) Ltd

Central Earthmoving (Centrals C.E.M.)

Colas Western Australia Pty Ltd

CPB Contractors Pty Ltd

Trading Name Decmil Southern Pty Ltd Densford Civil Pty Ltd DM Roads Downer EDI Works Pty Ltd Enviro Infrastructure Pty Ltd FED JV Fortec Australia Pty Ltd Freyssinet Australia Pty Ltd Fulton Hogan Industries Pty Ltd Georgiou Group Pty Ltd Highway Construction Pty Ltd Indus Mining Services Pty Ltd (Perth) Jomar Contracting Jonor Construction Pty Ltd Laing O'Rourke & BG&E JV LendLease Services Pty Limited MACA Civil/Coleman Rail JV Regional Bridging Pty Ltd SmartWays JV SRG Global Civil Pty Ltd Venture Smart Pty Limited WBHO Infrastructure Australia Pty Ltd (Perth) **WBHOSRGIV**

Unauthorised Use of Credit Cards

We hold 520 corporate credit cards with transactions reviewed for personal use by incurring and certifying officers during statement processing.

During the financial year there were 41,139 credit card transactions totalling \$31,484,874.41, of which 28 transactions totalling \$1,562.46 were found to be either for personal expenditure or potentially personal.

- one transaction remains under investigation due to the officer's leave at the end of the financial year
- all other transactions were accidental use of the corporate card instead of a personal card
- eleven transactions were the result of two accounts with companies remaining linked to the wrong card. This enabled repeat transactions to occur before detection at the end of the month.

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 represents 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 | 19 |
| Contracts granted a variation to the target training rate in the reporting period | 0 |
| Head contractors involved in the contracts | 21 |
| Construction apprentices/trainees required to meet target training rate across all contracts | 383 |
| Construction apprentices/trainees employed by head contractors and the subcontractors they are using for the contracts | 361 |
| Contracts which met or exceed the target training rate | 13 |

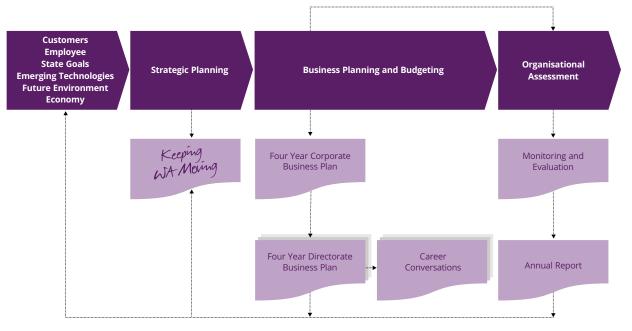
Statement of Expenditure

In accordance with Section 175ZE of the *Electoral Act 1907*, Main Roads Western Australia incurred expenses of \$357,700 during 2018–19 in advertising, market research, polling, direct mail and media advertising. Expenditure was incurred in the following areas:

| | \$ |
|---|---------|
| ADVERTISING AGENCIES | |
| Anthologie | 5,900 |
| Creative Adm | 6,200 |
| Advertising Agencies Total | 12,100 |
| | |
| DIRECT MAIL ORGANISATIONS | |
| Daniels Printing Craftsmen | 10,000 |
| Quickmail | 8,700 |
| The Pamphleteer | 10,900 |
| Direct Mail Organisations Total | 29,600 |
| | |
| MARKET RESEARCH ORGANISATIONS | |
| Metrix Consulting Pty Ltd | 145,200 |
| Market Research Organisations Total | 145,200 |
| | |
| POLLING ORGANISATIONS | Nil |
| | |
| MEDIA ADVERTISING ORGANISATIONS | |
| Adcorp Australia Ltd | 41,300 |
| Angry Chicken Publishing Pty Ltd | 21,600 |
| Denmark Bulletin | 100 |
| Derby Visitor Centre | 1,200 |
| Facebook | 1,300 |
| Farm Guide Pty Ltd | 5,100 |
| Initiative Media Australia Pty Ltd | 99,100 |
| Kojonup Community Newspaper Incorporated | 100 |
| West Australian Newspaper | 1,000 |
| Media Advertising Organisations Total | 170,800 |
| | |
| Grand Total | 357,700 |

Corporate Business Plan 2018–2022

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. This 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 and annually. Reporting varies from online scorecards and dashboard style information, through to staff communiques from Corporate Executive.

Stakeholder Map – Stakeholder Inclusiveness

For the purposes of our Sustainability reporting and communications the following is who we consider interested and influenced by our operations.

Investors

- State Treasury
- Federal Funding Agencies

Employees

- Full time, part time
- Contract

Road Customers

- General Travelling Public
- Commuters
- Workers
- Freight Industry
- Public Transport
- Interfacing landholders

Suppliers & Contractors Non-Governmental Organisations

- Regulators
- DWER

DPLH (Aboriginal Affairs)
 Local Government
 Lobbyists
 Media

Refining Our Stakeholder Engagement Approach

We adopt 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. The AA1000 principles of Inclusivity, Materiality and Responsiveness and Completeness align with our commitment to sustainability. The principles underpin our engagement processes for the entire project lifecycle to ensure we can effectively manage expectations about how feedback and involvement will influence decision making, whilst considering project, commercial and political realities.

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 |
| DRM | Digital Rights Management |
| 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 |
| ISCA | Infrastructure Sustainability Council of Australia |
| ITS | Intelligent Transport System |
| KPIs | Key Performance Indicators |
| LED | Light-Emitting Diode |
| LTI/D | Lost-Time Injury/Disease |
| OEP | Operational Event Plan |
| OSH | Occupational Safety and Health |
| PSPs | Principal Shared Paths |
| RNOC | Road Network Operations Centre |
| ROSMA | Road Safety Management System |
| SCATS | Sydney Coordinated Adaptive Traffic System |
| SHW | Safety, Health and Wellbeing |
| SVD | Selective Vehicle Detection |
| | |

Contact Information

24 hr Customer Information Centre: 138 138 Heavy Vehicle Services Helpdesk: 138 486 Website: www.mainroads.wa.gov.au Hearing Impaired TTY: 133 677

METROPOLITAN OFFICES Head Office

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

Media Relations/Public Affairs

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

Materials Engineering

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Heavy Vehicle Services

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

REGIONAL OFFICES

Goldfields-Esperance

Kalgoorlie Office 83 Piesse Street, Boulder, 6432 (08) 9080 1400

Great Southern

Albany Office 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

South Hedland Office Brand Street, South Hedland, 6722 (08) 9172 8877

South West

Bunbury Office Robertson Drive, Bunbury, 6231 (08) 9725 5677

Wheatbelt

Northam Office Peel Terrace, Northam, 6401 (08) 9622 4777

Narrogin Office

Mokine Road, Narrogin, 6312 (08) 9881 0566