



# Notes to the financial statements for the year ended 30 June 2024

## 1 BASIS OF PREPARATION

The Commissioner of Main Roads (Main Roads) is a Government not for profit entity, controlled by the State of Western Australia, which is the ultimate parent.

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. These annual financial statements were authorised for issue by the accountable authority of Main Roads on 29 August 2024.

### Statement of compliance

The financial statements constitute general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, the Framework, Statement of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board as applied by Treasurer's instructions. Several of these are modified by Treasurer's instructions to vary application, disclosure, format and wording.

The Act and Treasurer's instructions are legislative provisions governing the preparation of financial statements and take precedence over Australian Accounting Standards, the Framework, Statement of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board. 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.

### Accounting for Goods and Services Tax (GST)

Income, expenses and assets are recognised net of the amount of goods and services tax (GST), except that the:

- (a) amount of GST incurred by Main Roads as a purchaser that is not recoverable from the Australian Taxation Office (ATO) is recognised as part of an asset's cost of acquisition or as part of an item of expense; and
- (b) receivables and payables are stated with the amount of GST included.

Cash flows are included in the Statement of cash flows on a gross basis. However, the GST component of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

### Contributed equity

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 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 will be credited directly to Contributed equity.



# Notes to the financial statements for the year ended 30 June 2024 continued

## 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.

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### 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 State 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.

**Schedule of Income and Expenses by Service for 2022-23 and 2023-24 (All amounts in \$'000)**

**Roadworks**

**Capitalised/Expenses Not Allocated to Outputs**

	Road Safety		Road System Management		Road Efficiency Improvements		Infrastructure for Community Access		Road Network Maintenance		Infrastructure for State Development		Capitalised/Expenses Not Allocated to Outputs		Total	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
<b>COST OF SERVICES</b>																
<b>Expenses</b>																
Employee benefits expense	11,787	9,292	124,067	119,625	26,357	24,965	4,744	3,012	59,990	31,696	9,330	7,682	(103,342)	(92,727)	132,934	103,545
Supplies and services	309,956	306,306	97,747	92,464	1,456,835	1,090,384	171,033	29,525	487,172	568,864	240,465	412,875	(2,101,372)	(1,904,074)	661,835	596,343
Depreciation of infrastructure assets	0	0	0	0	0	0	0	0	576,245	525,956	0	0	0	0	576,245	525,956
Depreciation and amortisation of other non-current assets	2,855	2,418	1,633	1,342	11,912	7,739	2,711	1,541	5,369	5,238	3,327	3,201	(18,594)	(14,865)	9,212	6,615
Depreciation and impairment expenses - right-of-use assets	579	421	331	234	2,415	1,349	550	269	1,089	913	675	558	(3,557)	(2,505)	2,081	1,239
Finance Costs	201	0	2,002	133	335	39	1,508	28	4,808	210	0	60	0	0	8,853	471
Grants and subsidies	40,508	38,004	3,906	3,358	28,775	13,854	164,188	196,042	139,622	167,863	169,282	46,792	1,309	(5,636)	547,591	460,276
Infrastructure assets retired or replaced	0	0	0	0	0	0	0	0	0	0	0	0	150,433	45,298	150,433	45,298
<b>Total cost of services</b>	<b>365,886</b>	<b>356,441</b>	<b>229,685</b>	<b>217,156</b>	<b>1,526,629</b>	<b>1,138,330</b>	<b>344,733</b>	<b>230,417</b>	<b>1,274,295</b>	<b>1,300,740</b>	<b>423,079</b>	<b>471,168</b>	<b>(2,075,122)</b>	<b>(1,974,509)</b>	<b>2,089,184</b>	<b>1,739,743</b>
<b>Income</b>																
<b>Revenue</b>																
Sale of goods and services	116	0	1,159	1,678	194	494	873	355	2,784	2,653	0	763	0	0	5,127	5,943
Commonwealth grants and contributions	140,995	190,445	2,019	0	735,691	554,181	1,299	5	121,250	312,878	57,998	85,907	0	0	1,059,253	1,143,417
Contributions to roadworks	2,373	2,461	(5)	6	31,219	19,654	5,374	8,536	1,994	474	10,215	38,224	0	0	51,170	69,355
Grants from other bodies	1,407	1,612	805	895	5,871	5,161	1,336	1,027	2,647	3,492	1,640	2,134	0	0	13,706	14,321
Interest revenue	137	68	78	38	571	218	130	43	257	148	159	90	0	0	1,332	605
Other revenue	2,471	2,051	1,413	1,138	10,311	6,566	2,346	1,307	4,648	4,444	2,880	2,716	0	0	24,070	18,223
<b>Total revenue</b>	<b>147,499</b>	<b>196,638</b>	<b>5,470</b>	<b>3,756</b>	<b>783,858</b>	<b>586,274</b>	<b>11,359</b>	<b>11,275</b>	<b>133,580</b>	<b>324,088</b>	<b>72,892</b>	<b>129,834</b>	<b>0</b>	<b>0</b>	<b>1,154,658</b>	<b>1,251,864</b>
<b>Gains</b>																
Gain on disposal of non-current assets	(50)	(3)	(29)	(2)	(209)	(10)	(48)	(2)	(94)	(7)	(58)	(4)	0	0	(489)	(28)
<b>Total gains</b>	<b>(50)</b>	<b>(3)</b>	<b>(29)</b>	<b>(2)</b>	<b>(209)</b>	<b>(10)</b>	<b>(48)</b>	<b>(2)</b>	<b>(94)</b>	<b>(7)</b>	<b>(58)</b>	<b>(4)</b>	<b>0</b>	<b>0</b>	<b>(489)</b>	<b>(28)</b>
<b>Total income other than income from State Government</b>	<b>147,449</b>	<b>196,634</b>	<b>5,441</b>	<b>3,754</b>	<b>783,648</b>	<b>586,264</b>	<b>11,311</b>	<b>11,273</b>	<b>133,486</b>	<b>324,081</b>	<b>72,834</b>	<b>129,830</b>	<b>0</b>	<b>0</b>	<b>1,154,169</b>	<b>1,251,836</b>
<b>NET COST OF SERVICES</b>	<b>218,437</b>	<b>159,806</b>	<b>224,244</b>	<b>213,402</b>	<b>742,981</b>	<b>552,066</b>	<b>333,422</b>	<b>219,144</b>	<b>1,140,809</b>	<b>976,659</b>	<b>350,245</b>	<b>341,338</b>	<b>(2,075,122)</b>	<b>(1,974,509)</b>	<b>935,015</b>	<b>487,907</b>
<b>INCOME FROM STATE GOVERNMENT</b>																
Service appropriation	80,403	54,358	274,272	260,504	101,455	112,882	245,830	221,111	588,018	606,892	244,769	109,880	0	0	1,534,748	1,365,628
Resources received free of charge	109	221	62	123	456	709	104	141	205	480	127	293	0	0	1,064	1,967
Other State Government Funds	31,306	26,911	0	0	6,548	181	0	0	211,846	113,824	0	0	0	0	249,701	140,916
Capital contribution	108,977	85,907	3,262	317	461,757	291,590	23,817	10,868	96,265	117,342	111,416	112,612	(805,495)	(618,636)	0	0
Revenue from Other Government Agencies	4,185	6,162	(8)	15	55,076	49,215	9,479	21,375	3,518	1,187	18,017	95,715	0	0	90,267	173,669
<b>Total income from State Government</b>	<b>224,981</b>	<b>173,559</b>	<b>277,589</b>	<b>260,959</b>	<b>625,292</b>	<b>454,576</b>	<b>279,230</b>	<b>253,496</b>	<b>899,853</b>	<b>839,725</b>	<b>374,330</b>	<b>318,500</b>	<b>(805,495)</b>	<b>(618,636)</b>	<b>1,875,779</b>	<b>1,682,180</b>
<b>SURPLUS/DEFICIT FOR THE PERIOD</b>	<b>6,544</b>	<b>13,752</b>	<b>53,345</b>	<b>47,557</b>	<b>(117,688)</b>	<b>(97,489)</b>	<b>(54,192)</b>	<b>34,352</b>	<b>(240,957)</b>	<b>(136,934)</b>	<b>24,085</b>	<b>(22,839)</b>	<b>1,269,627</b>	<b>1,355,873</b>	<b>940,764</b>	<b>1,194,273</b>

The schedule of income and expenses should be read in conjunction with accompanying notes



# Notes to the financial statements for the year ended 30 June 2024 continued

## 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	2024 \$000	2023 \$000
Employee benefits expense	3.1(a)	132,934	103,545
Employee related provisions	3.1(b)	51,796	47,838
Grants and subsidies	3.2	547,591	460,276
Other expenditure	3.3	812,268	641,641

### 3.1(a) Employee benefits expense

	2024 \$000	2023 \$000
Employee benefits	214,333	178,509
Termination benefits	–	41
Superannuation – defined contribution plans	21,888	17,800
<b>Total employee benefits expenses</b>	<b>236,221</b>	<b>196,350</b>
Add: AASB 16 Non-monetary benefits (not included in employee benefits expense)	321	183
Less: Employee Contributions (per the statement of comprehensive income)	(267)	(261)
<b>Net employee benefits</b>		
Less: capitalised to infrastructure	(103,341)	(92,727)
	<b>132,934</b>	<b>103,545</b>

**Employee benefits** include wages, salaries and social contributions, accrued and paid annual leave entitlements and paid sick leave; and non-monetary benefits recognised under accounting standards other than AASB 16 (such as medical care, housing, cars and free or subsidised goods or services) for employees.

**Termination benefits** are 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 terminating 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** is the amount recognised in profit or loss of the Statement of comprehensive income comprises employer contributions paid to the GSS (concurrent contributions), the WSS, other GESB schemes or other superannuation funds.

**Capitalisation to infrastructure** is where applicable employee benefit expenses are capitalised to the infrastructure assets as cost to construct the asset.

**AASB 16 non-monetary benefits** are non-monetary employee benefits predominantly relating to the provision of vehicle and housing benefits that are recognised under AASB 16 which are excluded from the employee benefits expense.

**Employee Contributions** are contributions made to Main Roads by employees towards employee benefits that have been provided by Main Roads. This includes both AASB 16 and non-AASB 16 employee contributions.

**3.1(b) Employee related provisions**

	2024 \$000	2023 \$000
<b>Current</b>		
<i>Employee benefits provisions</i>		
Annual leave	21,195	20,427
Long service leave	21,925	20,260
	43,120	40,687
<i>Other provisions</i>		
Employment on-costs	291	(26)
<b>Total current employee related provisions</b>	<b>43,411</b>	<b>40,661</b>
<b>Non-current</b>		
<i>Employee benefits provisions</i>		
Long service leave	8,329	7,182
<i>Other provisions</i>		
Employment on-costs	56	(5)
<b>Total non-current employee related provisions</b>	<b>8,385</b>	<b>7,177</b>
<b>Total employee related provisions</b>	<b>51,796</b>	<b>47,838</b>

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.

**Annual leave liabilities** are classified as current, as there is no right at the end of the reporting period to defer settlement for at least 12 months after the reporting period. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

	2024 \$000	2023 \$000
Within 12 months of the end of the reporting period	16,091	13,979
More than 12 months after the end of the reporting period	5,104	6,448
	<b>21,195</b>	<b>20,427</b>

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.

**Long service leave liabilities** are unconditional long service leave provisions and are classified as current liabilities as Main Roads does not have the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period.

Pre-conditional and conditional long service leave provisions are classified as non-current liabilities because Main Roads has the right to defer the settlement of the liability until the employee has completed the requisite years of service.



# Notes to the financial statements for the year ended 30 June 2024 continued

## 3.1(b) Employee related provisions continued

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

	2024 \$000	2023 \$000
Within 12 months of the end of the reporting period	5,165	4,562
More than 12 months after the end of the reporting period	25,089	22,880
	30,254	27,442

The provision for long service leave is 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.

**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 premiums, 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 offset is included in 'Employment on-costs provision'.

	2024 \$000	2023 \$000
<b>Employment on-costs provision</b>		
Carrying amount at start of period	(31)	(182)
Additional/(reversal of) provisions recognised	378	151
<b>Carrying amount at end of period</b>	<b>347</b>	<b>(31)</b>

### 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

	2024 \$000	2023 \$000
Recurrent		
Grants and subsidies to local government and other bodies <sup>(a)</sup>	269,071	243,912
Capital		
Grants and subsidies to local government and other bodies <sup>(b)</sup>	278,501	201,983
Grants of non-current assets to local government and other bodies	19	14,381
<b>Total grants and subsidies</b>	<b>547,591</b>	<b>460,276</b>

(a) Include payments made to Department of Transport, Department of Planning Lands and Heritage and Department of Biodiversity, Conservation and Attractions. Refer to Note 9.5.

(b) Include payments made to Public Transport Authority. Refer to Note 9.5.



Transferred infrastructure assets at fair value to Local Government and other bodies based on formal proclamation. The transferred assets during the year ended 30 June 2024 include Knock Place (City of Cockburn).

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 and subsidies expenses'. Grants and subsidies can either be operating or capital in nature. These payments or transfers are recognised at fair value at the time of the transaction and are recognised in the reporting period in which they are paid. They include transactions such as: grants, subsidies, other transfer payments made to public sector agencies, local government, non government schools, and community groups.

### 3.3 Other expenditure

	2024 \$000	2023 \$000
<b>Supplies and services</b>		
Insurance	5,140	3,099
Accommodation, plant and equipment hire costs <sup>(a)</sup>	11,885	7,351
Electricity, gas and water	11,772	11,742
Building maintenance and equipment	10,870	8,447
Advertising	268	328
Communications	7,289	5,924
Consultants and contractors <sup>(b)</sup>	566,811	520,815
Consumables	4,814	3,149
Materials	2,344	2,668
Expected credit losses/(reversal)	33	112
Licences, fees and registration	22,304	16,591
Other	18,305	16,117
<b>Total supplies and services expenses</b>	<b>661,835</b>	<b>596,343</b>
<b>Other expenses</b>		
Non-current assets retired/replaced	147,624	45,532
Write-down of non-current assets classified as held for sale	1,348	(234)
Write-(back)/down of infrastructure works in progress	1,461	-
<b>Total other expenses</b>	<b>150,433</b>	<b>45,298</b>
<b>Total other expenditure</b>	<b>812,268</b>	<b>641,641</b>

(a) Include payments to Department of Finance. Refer to Note 9.5.

(b) Include payments made to Department of Transport and Western Power. Refer to Note 9.5.

#### 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.

#### Accommodation, plant and equipment hire costs include:

- 1) Short-term leases with a lease term of 12 months or less;
- 2) Low-value leases with an underlying value of \$5,000 or less; and
- 3) Variable lease payments, recognised in the period in which the event or condition that triggers those payments occurs.

**Office rental** is expensed as incurred as Memorandum of Understanding Agreements between Main Roads and the Department of Finance for the leasing of office accommodation contain significant substitution rights.

**Building maintenance and equipment** costs are recognised as expenses as incurred, except where they relate to the replacement of a significant component of an asset. In that case, the costs are capitalised and depreciated.

**Expected credit losses** is recognised for movement in allowance for impairment of trade receivables. Please refer to note 6.1.1 Receivables for more details.



# Notes to the financial statements for the year ended 30 June 2024 continued

## 3.3 Other expenditure continued

### Other expenses

Non-current assets replaced or retired: Non-current assets replaced or retired during the year have been expensed at their carrying amount. Projects include Tonkin Gap, Manuwarra Red Dog Highway and Leach Highway Welshpool Road grade separation and various bridge replacements and roads reseal program.

*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.

## 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	2024 \$000	2023 \$000
Income from State Government	4.1	1,875,779	1,682,180
Sale of goods and services	4.2	5,127	5,943
Commonwealth grants	4.3	1,059,253	1,143,417
Contributions to roadworks	4.4	51,170	69,355
Grants from other bodies	4.5	13,706	14,321
Interest income	4.6	1,332	605
Other income	4.7	24,070	18,223
Gain/(loss) on disposal	4.8	(489)	(28)

### 4.1 Income from State Government

		2024 \$000	2023 \$000
Appropriation received during the period:			
Motor vehicle licence fees <sup>(a)</sup>		855,062	883,629
Untied funds <sup>(b)</sup>		668,124	470,223
Motor vehicle permit fees <sup>(c)</sup>	9.10	11,134	11,349
<i>Salaries and Allowances Act 1975</i>		428	427
		1,534,748	1,365,628
Resources received free of charge from other public sector entities during the period <sup>(d)</sup> :			
WA Land Information Authority (Landgate)		33	482
Department of Justice (State Solicitor's Office)		827	1,370
WA Police Services (Road Safety Commission)		57	57
Department of Finance		40	40
Other		107	18
<b>Total service appropriation received</b>		1,064	1,967
Income from other public sector entities			
Road Trauma Trust Fund <sup>(e)</sup>		31,306	26,911
Natural disaster funds <sup>(f)</sup>		210,810	33,471
Royalties for Regions Fund <sup>(g)</sup>		7,584	80,534
Contributions to roadworks <sup>(h)</sup>		90,267	173,669
<b>Total other funds</b>		339,967	314,585
<b>Total Income from other public sector entities</b>		<b>1,875,779</b>	<b>1,682,180</b>





### Service appropriations

Service appropriations are recognised as income at the fair value of consideration received 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 holding account held at Treasury.

#### (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 2023-24 was \$1,293.001 million (2022-23: \$1,204.715 million). An amount of \$855.063 million (2022-23: \$883.629 million) was received as a service appropriation and the balance of \$437.938 million (2022-23: \$321.086 million) appropriated as a capital contribution by owners and included under 'Contributed Equity' (note 9.9) 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 2023-24 was \$971.892 million (2022-23: \$750.574 million). This includes a service appropriation of \$668.124 million (2022-23: \$470.223 million) and a capital contribution of \$303.768 million (2022-23: \$280.351 million). The service appropriation includes \$137.668 million cash component (2022-23: \$62.585) and a \$530.456 million (2022-23: \$407.638 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 certain types of vehicles. Main Roads charges a fee to issue the permits in accordance with the regulations.

#### (d) Resources received free of charge from other public sector entities

Resources received free of charge from other public sector entities is recognised as income equivalent to the fair value of assets received or the fair value of services that can be reliably determined and which would have been purchased if not donated.

### Other funds received from State Government

#### (e) Road Trauma Trust Fund

Funds provided by WA Police Force (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 National Emergency Management Agency 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 and are recognised as income when Main Roads receives the funds from Department of Primary Industries and Regional Development. Main Roads obtains control of the funds at the time the funds are deposited into Main Roads' bank account. Main Roads has assessed Royalties for Regions agreements and concludes that they are not within the scope of AASB 15 as they do not meet the 'sufficiently specific' criterion.

#### (h) Contributions to roadworks

This revenue represents contributions by public entities 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. Significant contributions were received from Public Transport Authority (\$65.3 million) and Department of Transport (\$16.9 million).



# Notes to the financial statements for the year ended 30 June 2024 continued

## 4.1 Income from State Government continued

### Summary of consolidated account appropriations For the year ended 30 June 2024

	2024 Budget \$000	2024 Section 25 transfers \$000	2024 Additional funding* \$000	2024 Revised budget \$000	2024 Actual \$000	2024 Variance \$000
<b>Delivery of Services</b>						
Item 83 Net amount appropriated to deliver services	582,788	9,069	76,267	668,124	668,124	–
Amount Authorised by Other Statutes						
– Road Traffic Act 2008	832,534	–	33,662	866,196	866,196	–
– Salaries and Allowances Act 1975	428	–	–	428	428	–
<b>Total appropriations provided to deliver services</b>	<b>1,415,750</b>	<b>9,069</b>	<b>109,929</b>	<b>1,534,748</b>	<b>1,534,748</b>	<b>–</b>
<b>Capital</b>						
Item 147 capital appropriation	238,950	606	64,818	304,374	303,768	(606)
Amount Authorised by Other Statutes						
– Road Traffic Act 2008	437,938	–	–	437,938	437,938	–
<b>Total consolidated account appropriations</b>	<b>2,092,638</b>	<b>9,675</b>	<b>174,747</b>	<b>2,277,060</b>	<b>2,276,454</b>	<b>–</b>

\*Additional funding includes supplementary funding and new funding authorised under section 27 of the Act and amendments to standing appropriations.

## 4.2 Sale of goods and services

	2024 \$000	2023 \$000
Sale of goods and services	5,127	5,943

This amount represents works undertaken for other private bodies and includes the recovery of expenditure from the Commonwealth Department of Infrastructure, Transport, Regional Development, Communications and the Arts under service delivery arrangements with the Shires of Christmas Island and Cocos (Keeling) Island. The amounts expended or set aside for expenditure during 2023-24 are summarised at note 9.12 'Indian Ocean Territories'.

Revenue is recognised in line with AASB 15 and AASB 1058. 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 performance obligations are met and can be measured reliably.



### 4.3 Commonwealth grants

	2024 \$000	2023 \$000
<b>Commonwealth grants</b>		
– Land Transport Infrastructure Projects	1,059,253	1,143,417
	<b>1,059,253</b>	<b>1,143,417</b>

#### Commonwealth grants

Income from grants to construct a recognisable non-financial asset to be controlled by Main Roads is recognised when Main Roads satisfies its obligations under the transfer. Main Roads satisfies the obligations under the transfer over time as the non-financial assets are being constructed. Main Roads typically satisfies the obligations under the transfer when it achieves milestones specified in the grant agreement or spends the grants in constructing the asset. Amounts received in advance of obligation satisfaction are reported at note 6.8.

#### Land Transport Infrastructure Projects

Specific purpose 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.

### 4.4 Contributions to roadworks

	2024 \$000	2023 \$000
Contributions to roadworks	51,170	69,355

This revenue represents contributions by 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.

### 4.5 Grants from other bodies

	2024 \$000	2023 \$000
<b>Grants from local government authorities and other bodies</b>		
Transferred infrastructure assets at fair value <sup>(a)</sup>	393	7,836
Local Government contribution to traffic signal construction	–	1,260
Developers contribution to roadworks <sup>(b)</sup>	13,313	5,225
	<b>13,706</b>	<b>14,321</b>

(a) Transferred infrastructure assets at fair value are transfers from Local Government to State Government based on formal proclamation. Transferred assets during the year include Gorge Rock Lake Grace Road and Jilakin Street intersection realignment (Shire of Kulin).

(b) The developers contribution to roadworks relate to construction costs met by private developers on roads owned by Main Roads. The roadworks include Great Eastern Highway and Mt Walton and Emu Fence Road Intersections, North West Coastal Highway and Mardie Road Intersection and Great Northern Highway and Mt Jowleanga Homestead Rd Intersection Improvement.

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

Capital grants are recognised as income when Main Roads achieves milestones specified in the grant agreement.



# Notes to the financial statements for the year ended 30 June 2024 continued

## 4.6 Interest income

	2024 \$000	2023 \$000
Land Transport Infrastructure Projects interest revenue	780	414
Other interest revenue	552	191
	<b>1,332</b>	<b>605</b>

Revenue is recognised as the interest accrues.

## 4.7 Other income

	2024 \$000	2023 \$000
Rental income	6,493	3,825
Traffic escort services	10,664	8,811
Assets not previously recognised	18	2,727
Other	6,895	2,860
	<b>24,070</b>	<b>18,223</b>

Other revenues are mainly recognised at fair value when rent is accrued or Main Roads obtains control over the assets or performance obligations are achieved.

## 4.8 Gain/(loss) on disposal

	2024 \$000	2023 \$000
<b>Net proceeds from disposal of non-current assets</b>		
Land acquired for roadworks	(14)	(27)
Land and buildings	–	–
Plant, equipment and vehicles	112	8
	98	(19)
<b>Carrying amount of non-current assets disposed</b>		
Land acquired for roadworks	–	–
Land and buildings	598	–
Plant, equipment and vehicles	51	10
Right-of-use asset	(62)	(1)
	587	9
<b>Net gain/(loss)</b>	<b>(489)</b>	<b>(28)</b>

**Realised and unrealised gains** are usually recognised on a net basis. These include gains arising on the disposal of non-current assets and some revaluations of non-current assets.

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

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

Insured non-current assets written-off as a result of 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	2024 \$000	2023 \$000
Property, plant and equipment	5.1	677,376	588,975
Infrastructure	5.2	65,040,160	61,038,569
Intangible assets	5.3	8,839	7,861
Right-of-use assets	5.4	17,252	7,990
<b>Total key assets</b>		<b>65,743,627</b>	<b>61,643,395</b>

### 5.1 Property, plant and equipment

	2024 \$000	2023 \$000
<b>Land</b>		
At fair value	96,468	88,657
	96,468	88,657
<b>Buildings</b>		
At fair value	157,450	128,844
Accumulated depreciation	(199)	(70)
	157,251	128,774
<b>Buildings under construction</b>		
Construction costs	5,574	18,228
	5,574	18,228
<b>Plant, equipment and vehicles</b>		
At cost	96,371	64,656
Accumulated depreciation	(52,888)	(43,586)
	43,483	21,070
<b>Surplus assets</b>		
At fair value	87,258	77,283
Accumulated depreciation	(3)	-
	87,255	77,283
<b>Land acquired for roadworks</b>		
At fair value	287,345	254,963
	287,345	254,963
<b>Total property, plant and equipment</b>	<b>677,376</b>	<b>588,975</b>

Information on fair value measurements is provided in Note 8.3.



# Notes to the financial statements for the year ended 30 June 2024 continued

## 5.1 Property, plant and equipment continued

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 2024	Land \$000	Buildings \$000	Buildings under construction \$000	Plant, equipment and vehicles \$000	Surplus assets \$000	Land acquired for roadworks \$000	Total \$000
<b>Carrying amount at 1 July 2023</b>	88,657	128,774	18,228	21,070	77,283	254,963	588,975
Additions <sup>(a)</sup>	8	397	17,837	33,874	–	16,288	68,404
Disposals	–	(630)	–	(20)	(497)	–	(1,147)
Classified as held for sale	–	–	–	–	(4,264)	–	(4,264)
Transfers	4,329	26,161	(30,491)	–	–	1	–
Transfer (to)/from infrastructure	(112)	–	–	–	(168)	(8,065)	(8,345)
Equity contribution/(distribution)	–	–	–	–	–	(556)	(556)
Revaluation increments/ (decrements)	3,586	16,859	–	–	15,091	24,714	60,250
Assets not previously recognised/ Grants	–	–	–	18	–	–	18
Depreciation	–	(14,310)	–	(11,459)	(190)	–	(25,959)
<b>Carrying amount at 30 June 2024</b>	96,468	157,251	5,574	43,483	87,255	287,345	677,376

(a) Include payments made to Department of Finance and Department of Justice (State Solicitor's Office). Refer to Note 9.5.

Year ended 30 June 2023	Land \$000	Buildings \$000	Buildings under construction \$000	Plant, equipment and vehicles \$000	Surplus assets \$000	Land acquired for roadworks \$000	Total \$000
<b>Carrying amount at 1 July 2022</b>	72,838	116,018	9,144	15,617	71,168	163,378	448,163
Additions <sup>(a)</sup>	–	2,201	10,546	9,962	–	54,910	77,619
Disposals	(24)	–	–	(10)	–	–	(34)
Classified as held for sale	29	–	–	–	752	801	1,582
Transfers	434	1,028	(1,462)	–	–	–	–
Transfer (to)/from infrastructure	(44)	–	–	–	(516)	(1,052)	(1,612)
Equity contribution/(distribution)	(345)	–	–	–	(19)	–	(364)
Revaluation increments/ (decrements)	15,867	20,901	–	–	6,050	36,926	79,744
Impairment losses	–	–	–	–	–	–	–
Assets not previously recognised	(98)	–	–	2,727	–	–	2,629
Depreciation	–	(11,374)	–	(7,226)	(152)	–	(18,752)
<b>Carrying amount at 30 June 2023</b>	88,657	128,774	18,228	21,070	77,283	254,963	588,975

(a) Include payments made to Department of Justice (State Solicitor's Office). Refer to Note 9.5.



## 5.2 Infrastructure

	Notes	2024 \$000	2023 \$000
<b>Roads and principal shared paths</b>			
Earthworks at fair value		17,755,826	17,369,826
Accumulated depreciation		(3,792,108)	(3,737,497)
		13,963,718	13,632,329
Pavement and drainage at fair value		11,078,818	10,777,197
Accumulated depreciation		(6,430,615)	(6,186,818)
		4,648,203	4,590,379
Drainage at fair value		4,099,836	3,967,270
Accumulated depreciation		(1,958,315)	(1,871,352)
		2,141,521	2,095,918
Seals at fair value		2,702,060	2,489,539
Accumulated depreciation		(1,514,072)	(1,431,749)
		1,187,988	1,057,790
<b>Land under roads</b>			
At fair value		30,980,033	29,099,512
		30,980,033	29,099,512
<b>Structures</b>			
At fair value		9,810,276	9,027,334
Accumulated depreciation		(3,057,658)	(2,819,399)
		6,752,618	6,207,935
<b>Road furniture</b>			
At fair value		1,071,875	979,884
Accumulated depreciation		(511,270)	(464,889)
		560,605	514,995
<b>Infrastructure work in progress</b>			
At cost		4,805,474	3,839,711
		4,805,474	3,839,711
<b>Total Infrastructure</b>		<b>65,040,160</b>	<b>61,038,569</b>



# Notes to the financial statements for the year ended 30 June 2024 continued

## 5.2 Infrastructure continued

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 2024	Roads and principal shared paths \$000	Road Drainage \$000	Land under roads \$000	Structures \$000	Road furniture \$000	Work in progress \$000	Total \$000
<b>Carrying amount at 1 July 2023</b>	19,280,498	2,095,918	29,099,512	6,207,935	514,995	3,839,711	61,038,569
Additions <sup>(a)</sup>						2,227,015	2,227,015
Retirements	(136,532)	(5,198)	–	(5,648)	(199)	–	(147,577)
Transfers	848,109	87,224	12,610	234,466	77,382	(1,259,791)	–
Transfer (to)/from land acquired for roadworks	–	–	8,345	–	–	–	8,345
Revaluation increments/(decrements)	170,762	22,934	1,859,585	416,619	7,927	–	2,477,827
Highways and main roads reclassified as local roads	–	–	(19)	–	–	–	(19)
Local roads classified as highways and main roads	12,792	914	–	–	–	–	13,706
Equity contribution/(distribution)	–	–	–	–	–	–	–
Assets not previously recognised	–	–	–	–	–	–	–
Write-down of infrastructure work in progress	–	–	–	–	–	(1,461)	(1,461)
Depreciation	(375,720)	(60,271)	–	(100,754)	(39,500)	–	(576,245)
<b>Carrying amount at 30 June 2024</b>	<b>19,799,909</b>	<b>2,141,521</b>	<b>30,980,033</b>	<b>6,752,618</b>	<b>560,605</b>	<b>4,805,474</b>	<b>65,040,160</b>

(a) Include payments to Department of Justice (State Solicitor's Office), Western Power and Department of Biodiversity Conservation & Attractions. Refer to Note 9.5.

Year ended 30 June 2023	Roads and principal shared paths \$000	Road Drainage \$000	Land under roads \$000	Structures \$000	Road furniture \$000	Work in progress \$000	Total \$000
<b>Carrying amount at 1 July 2022</b>	19,155,340	–	26,834,231	5,251,946	566,863	2,849,325	54,657,705
Additions <sup>(a)</sup>	–	–	–	–	–	2,019,805	2,019,805
Retirements	(37,238)	(107)	–	(2,712)	(5,469)	–	(45,526)
Transfers <sup>(b)</sup>	(140,184)	925,565	53,129	146,835	44,074	(1,029,419)	–
Transfer (to)/from land acquired for roadworks	–	–	1,612	–	–	–	1,612
Revaluation increments/(decrements)	686,536	1,185,212	2,215,801	892,804	(49,708)	–	4,930,645
Highways and main roads reclassified as local roads	(8,500)	–	(5,782)	–	–	–	(14,282)
Local roads classified as highways and main roads	11,333	–	521	812	1,655	–	14,321
Equity contribution/(distribution)	240	–	–	–	5	–	245
Assets not previously recognised	–	–	–	–	–	–	–
Write-back of infrastructure work in progress	–	–	–	–	–	–	–
Depreciation	(387,029)	(14,752)	–	(81,750)	(42,425)	–	(525,956)
<b>Carrying amount at 30 June 2023</b>	<b>19,280,498</b>	<b>2,095,918</b>	<b>29,099,512</b>	<b>6,207,935</b>	<b>514,995</b>	<b>3,839,711</b>	<b>61,038,569</b>

(a) Include payments to Department of Justice (State Solicitor's Office) and Department of Biodiversity Conservation & Attractions. Refer to Note 9.5.

(b) Include \$894 million transferred to a newly created Road Drainage asset category on 31 March 2023.





## 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 cost or significantly less than fair value, 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 (Landgate) 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 2023 by the Western Australian Land Information Authority (Landgate) in conjunction with estimations by Main Roads' management. The valuations were performed during the year ended 30 June 2024 and recognised at 30 June 2024.

### Significant assumptions and judgements:

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 Landgate for the period 1 July 2022 to 1 July 2023. These properties have been valued based on the average percentage increase for the Metro and Rural areas respectively over the period 1 July 2022 to 1 July 2023. The average percentage increases have been determined by calculating the movement in the value of Main Roads' Metro and Rural properties where Landgate have provided a value. The effective date of the valuations is 1 July 2023. In undertaking the revaluation, fair value was determined by reference to market values of Freehold land \$73.364 million (2022-23: \$66.734) and Buildings \$104.737 million (2022-23: \$84.115). 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 professional estimators 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) has been applied to roads and principal shared paths (earthworks, drainage, pavements and seals), structures and 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.



# Notes to the financial statements for the year ended 30 June 2024 continued

## 5.2 Infrastructure continued

### 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 professional estimators 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) is applied to principal shared paths and certain road 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), structures and road furniture at 30 June 2024 is based on the current replacement cost determined at 30 June 2024. A cost index (ABS Road and Bridge Construction Cost Index or rates obtained by professional estimators) was used at 30 June 2024. The revaluation process resulted in a gain as at 30 June 2024.

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 (Landgate) 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.

**Insurance**

Main Roads regularly reviews its insurance arrangements including areas where self-insurance is deemed to be economically justified. Self insurance covers the risks of natural disasters causing damage to infrastructure assets. Currently, these self-insurance areas are:

- roads, structures and road furniture

**5.1.1 Depreciation and impairment expense of property, plant and equipment assets**

	2024 \$000	2023 \$000
<b>Charge for the period</b>		
Depreciation		
Plant, equipment and vehicles	11,458	7,309
Buildings	14,500	11,443
<b>Total depreciation for the period</b>	25,958	18,752
Less: depreciation capitalised to infrastructure	(17,399)	(12,878)
	<b>8,559</b>	<b>5,874</b>

As at 30 June 2024 there were no indications of impairment to property, plant and equipment.

**Capitalisation to infrastructure:** Where applicable depreciation expenses are capitalised to the infrastructure assets as cost to construct the asset.

**5.2.1 Depreciation and impairment expenses of infrastructure assets**

	2024 \$000	2023 \$000
<b>Charge for the period</b>		
Roads – earthworks	506	539
Roads – pavements	223,077	247,612
Roads – drainage	60,272	14,752
Roads – seal	152,136	138,878
Structures	100,754	81,750
Road furniture	39,500	42,425
<b>Total depreciation for the period</b>	<b>576,245</b>	<b>525,956</b>

There were 204 road seal assets and one bridge assets on the road network which had their useful lives reduced as part of the annual assessment of property, plant and equipment, infrastructure and intangible assets at 30 June 2024. These road seal and pavement assets and bridges are planned to be fully or partially retired during next financial year.



# Notes to the financial statements for the year ended 30 June 2024 continued

## 5.2.1 Depreciation and impairment expenses of infrastructure assets continued

### 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:

<b>Road Infrastructure:</b>	
<b>Pavement:</b>	
Gravel roads	12 years
Metropolitan asphalt roads	40 years
Rural sealed roads	50 years
Drainage	50 to 80 years
Seals	7 to 19 years
Structures (mainly bridges)	50 to 100 years
Road furniture	5 to 50 years
<b>Property, Plant &amp; Equipment:</b>	
Buildings (includes Surplus buildings)	25 to 40 years
Plant and vehicles	5 to 10 years
Equipment and furniture	5 to 10 years
Computer hardware and software <sup>(a)</sup>	3 to 5 years

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

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

	2024 \$000	2023 \$000
<b>Computer software and licences</b>		
At cost	43,743	40,917
Accumulated amortisation	(34,913)	(33,065)
	8,830	7,852
<b>Drainage easements</b>		
At cost	9	9
	9	9
<b>Total intangible assets</b>	<b>8,839</b>	<b>7,861</b>
<i>Reconciliations:</i>		
<b>Computer software and licences</b>		
Carrying amount at start of period	7,852	6,593
Additions	2,826	3,987
Disposals	-	-
Transfers	-	-
Amortisation expense	(1,848)	(2,728)
<b>Carrying amount at end of period</b>	<b>8,830</b>	<b>7,852</b>

#### Initial recognition

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.

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 Intangible Assets (as noted below), are capitalised.

Costs incurred below these thresholds are immediately expensed directly to the Statement of comprehensive income.

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; and
- (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 assets, requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses.



# Notes to the financial statements for the year ended 30 June 2024 continued

## 5.3.1 Amortisation and impairment expense of intangible assets

	2024 \$000	2023 \$000
<b>Amortisation</b>		
Intangible assets	1,848	2,728
<b>Total amortisation for the period</b>	1,848	2,728
Less: amortisation capitalised to infrastructure	(1,195)	(1,987)
	<b>653</b>	<b>741</b>

As at 30 June 2024 one software asset is impaired by reducing useful life.

Main Roads held no goodwill assets 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 estimated useful lives for each class of intangible asset are:

Computer software <sup>(a)</sup> and licences	3 to 10 years
-----------------------------------------------	---------------

(a) Software that is not integral to the operation of any related hardware

**Capitalisation to infrastructure:** Where applicable amortisation expenses are capitalised to the infrastructure assets as cost to construct the asset.

### 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 indefinite useful lives are tested for impairment annually or when an indication of impairment is identified.

The policy in connection with testing for impairment is outlined in Notes 5.1.1 and 5.2.1.

## 5.4 Right-of-use assets (ROU)

	2024 \$000	2023 \$000
<b>Building and office accommodation</b>		
At cost	2,942	6,462
Accumulated depreciation	(1,406)	(3,847)
	1,536	2,615
<b>State Fleet vehicles</b>		
At cost	19,932	12,375
Accumulated depreciation	(8,740)	(7,000)
	11,192	5,375
<b>Plant and equipment</b>		
At cost	4,835	-
Accumulated depreciation	(311)	-
	4,524	-
<b>Total right-of-use assets</b>	<b>17,252</b>	<b>7,990</b>



Reconciliations of the carrying amounts of right-of-use assets at the beginning and end of the reporting period are set out in the table below.

	State Fleet vehicles \$000	Buildings and office accommodations \$000	Plants and Equipment \$000	Total \$000
<b>Year ended 30 June 2024</b>				
<b>Carrying amount at 1 July 2023</b>	5,375	2,615	–	7,990
Additions <sup>(a)</sup>	9,697	2,192	5,651	17,540
Adjustments	380	–	–	380
Disposals	(2)	(2,220)	(798)	(3,020)
Impairment losses	–	–	–	–
Depreciation	(4,258)	(1,051)	(329)	(5,638)
<b>Carrying amount at 30 June 2024</b>	<b>11,192</b>	<b>1,536</b>	<b>4,524</b>	<b>17,252</b>

(a) Include payments made to Department of Finance (State Fleet)

	State Fleet vehicles \$000	Buildings and office accommodations \$000	Plants and Equipment \$000	Total \$000
<b>Year ended 30 June 2023</b>				
<b>Carrying amount at 1 July 2022</b>	4,217	3,329	–	7,546
Additions <sup>(a)</sup>	3,270	328	–	3,598
Adjustments	615	–	–	615
Disposals	(24)	–	–	(24)
Impairment losses	–	–	–	–
Depreciation	(2,703)	(1,042)	–	(3,745)
<b>Carrying amount at 30 June 2023</b>	<b>5,375</b>	<b>2,615</b>	<b>–</b>	<b>7,990</b>

(a) Include payments made to Department of Finance (State Fleet)

#### Initial recognition

At the commencement date of the lease, the Main Roads recognises right-of-use assets are measured at cost comprising of:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs, including dismantling and removing the underlying asset.

This includes all leased assets other than investment property right-of-use assets, which are measured in accordance with AASB 140 *Investment Property*.

The corresponding lease liabilities in relation to these right-of-use assets have been disclosed in note 7.2 *Lease liabilities*.

Main Roads has leases for vehicles, buildings and office accommodations, plants and equipment.

Main Roads has also entered into Memorandum of Understanding Agreements with the Department of Finance for the leasing of office accommodation. These are not recognised under AASB 16 because of substitution rights held by the Department of Finance and are accounted for as an expense as incurred.

Main Roads has elected not to recognise right-of-use assets and lease liabilities for short-term leases (with a lease term of 12 months or less) and low value leases (with an underlying value of \$5,000 or less). Lease payments associated with these leases are expensed over a straight-line basis over the lease term.

#### Subsequent Measurement

The cost model is applied for subsequent measurement of right-of-use assets, requiring the asset to be carried at cost less any accumulated depreciation and accumulated impairment losses and adjusted for any re-measurement of lease liability.

#### Depreciation and impairment of right-of-use assets

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the underlying assets.



# Notes to the financial statements for the year ended 30 June 2024 continued

If ownership of the leased asset transfers to Main Roads at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Right-of-use assets are tested for impairment when an indication of impairment is identified. The policy in connection with testing for impairment is outlined in notes 5.1.1 and 5.2.1.

## 5.4.1 Depreciation and impairment expense of right-of-use assets

	2024 \$000	2023 \$000
State Fleet vehicles	4,258	2,701
Building and accommodation	1,051	1,042
Plant and equipment	329	–
<b>Total depreciation for the period</b>	<b>5,638</b>	<b>3,743</b>
Less: amortisation capitalised to infrastructure	(3,557)	(2,504)
	<b>2,081</b>	<b>1,239</b>

**Capitalisation to infrastructure:** Where applicable depreciation expenses are capitalised to the infrastructure assets as cost to construct the asset.

## 5.4.1 Depreciation and impairment expense of right-of-use assets continued

### Impairment of right-of-use assets

As at 30 June 2024 no right-of-use asset is impaired.

The following amounts relating to leases have been recognised in the statement of comprehensive income:

	2024 \$000	2023 \$000
Lease interest expense (included in Finance cost)	829	333
Depreciation expense of right-of-use assets	2,081	1,239
Short-term leases (included in Other Expenditure)	1,699	754
Gains or losses from right-of-use assets	63	(1)
<b>Total amount recognised in the statement of comprehensive income</b>	<b>4,672</b>	<b>2,325</b>

The total cash outflow for leases in 2023-24 was \$6.470 million (2022-23: \$4.164 million). As at 30 June 2024 there were no indications of impairment to right-of-use-assets.

## 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	2024 \$000	2023 \$000
Receivables	6.1	655,898	421,193
Amounts receivable for services (Holding Account)	6.2	4,817,117	4,286,661
Inventories	6.3	27,456	9,954
Prepayments	6.4	80,051	80,501
Payables	6.5	446,343	388,406
Other provisions	6.6	94	94
Contract liabilities	6.7	4,296	3,873
Grant liabilities	6.8	338,968	165,509
Amounts due to the Treasurer	6.9	–	107,220



**6.1 Receivables**

	2024 \$000	2023 \$000
<b>Current</b>		
Trade receivables	23,792	21,968
Other debtors	484	172
Allowance for impairment of trade receivables	(271)	(238)
Trade debtors – unbilled receivables	49,650	31,944
GST receivable	71,867	58,675
Accrued revenue	501,322	308,452
<b>Total current</b>	<b>646,844</b>	<b>420,973</b>
<b>Non-current</b>		
Trade receivables	9,054	220
<b>Total non-current</b>	<b>9,054</b>	<b>220</b>
<b>Total receivables</b>	<b>655,898</b>	<b>421,193</b>

Trade receivables are initially recognised at their transaction price or, for those receivables that contain a significant financing component (if applicable), at fair value. Main Roads holds the receivables with the objective to collect the contractual cash flows and therefore subsequently measured at amortised cost using the effective interest method, less an allowance for impairment.

Main Roads recognises a loss allowance for expected credit losses (ECLs) on a receivable not held at fair value through profit or loss. The ECLs based on the difference between the contractual cash flows and the cash flows that the entity expects to receive. Individual receivables are written off when Main Roads has no reasonable expectations of recovering the contractual cash flows.

For trade receivables, Main Roads recognises an allowance for ECLs measured at the lifetime expected credit losses at each reporting date. Main Roads has established a provision matrix that is based on analysing the aged debtor report to identify the trade receivables not expected to receive based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. Please refer to note 3.3 for the amount of ECLs expensed in this reporting period.

Accrued revenue is recognised when work is delivered under partnership agreement with the Commonwealth or third party but fund is not yet received. Accrued revenue is recognised at the cost of the delivery.

**6.1.1 Movement in the allowance for impairment of trade receivables**

	2024 \$000	2023 \$000
<b>Reconciliation of changes in the allowance for impairment of trade receivables:</b>		
Balance at start of period	238	126
Expected credit losses expense	35	216
Amounts written off during the year	(2)	(51)
Expected credit losses reversed during the period	–	(53)
<b>Allowance for impairment at end of period</b>	<b>271</b>	<b>238</b>

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 risk management'.

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



# Notes to the financial statements for the year ended 30 June 2024 continued

## 6.2 Amounts receivable for services (Holding Account)

	2024 \$000	2023 \$000
Non-current	4,817,117	4,286,661
<b>Total amounts receivable for services at end of period</b>	<b>4,817,117</b>	<b>4,286,661</b>

**Amounts receivable for services** represents the non-cash component of service appropriations. It is restricted and it can only be used for asset replacement or payment of leave liability.

The amounts receivable for services are financial assets at amortised cost, and are not considered to be impaired (i.e. there is no expected credit loss of the holding accounts).

## 6.3 Inventories

	2024 \$000	2023 \$000
<b>Current</b>		
Inventories held for distribution:		
– Construction and maintenance materials	9,138	2,739
<b>Total current</b>	<b>9,138</b>	<b>2,739</b>
<b>Non-current</b>		
Inventories held for distribution:		
– Construction and maintenance materials	18,318	7,215
<b>Total non-current</b>	<b>18,318</b>	<b>7,215</b>
<b>Total inventories at end of period</b>	<b>27,456</b>	<b>9,954</b>

Inventories held for distribution (for roadworks) are measured at cost, adjusted when applicable for any loss of service potential. Costs are assigned on weighted average basis.

Inventories are valued at the lower of cost and net realisable value.

## 6.4 Prepayments

	2024 \$000	2023 \$000
<b>Current</b>		
Contractors' advance	66,267	61,967
Prepaid insurance	7,190	8,212
<b>Total current</b>	<b>73,457</b>	<b>70,179</b>
<b>Non-current</b>		
Prepaid environmental offset	5,795	5,795
Prepaid insurance	799	4,527
<b>Total non-current</b>	<b>6,594</b>	<b>10,322</b>
<b>Total prepayments at end of period</b>	<b>80,051</b>	<b>80,501</b>

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.

Prepaid environmental offset was paid in advance to the Department of Biodiversity, Conservation and Attractions under the *Environment Protection Act 1986* to counterbalance the residual impacts on environment from the delivery of infrastructure projects. The balance will be utilised for the future road projects.

**6.5 Payables**

	2024 \$000	2023 \$000
<b>Current</b>		
Trade payables	123	12,673
Major contracts and services <sup>(a)</sup>	331,680	294,145
Property acquisitions liability <sup>(b)</sup>	78,947	64,526
Contractors' retention	8,745	8,869
Performance bonds/surety	3,671	4,046
Accrued salaries and wages <sup>(c)</sup>	9,204	4,147
<b>Total current</b>	<b>432,370</b>	<b>388,406</b>
<b>Non-current</b>		
Other payables <sup>(d)</sup>	13,973	–
<b>Total non-current</b>	<b>13,973</b>	<b>–</b>
<b>Total payables at end of period</b>	<b>446,343</b>	<b>388,406</b>

**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 for Main Roads is generally within 15-30 days.

- (a) Major contracts and services liability represents the work performed or services delivered under major contracts but invoice not been paid at the end of the reporting period. The liability is mostly settled within a month of the reporting period end.
- (b) 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.
- (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.
- (d) Other payables represent the purchase of CISCO computer hardware on five year loan.

**6.6 Other provisions**

	2024 \$000	2023 \$000
<b>Non-current</b>		
Make-good provisions	94	94
Total Non-current	94	94
<b>Total other provisions at end of period</b>	<b>94</b>	<b>94</b>



# Notes to the financial statements for the year ended 30 June 2024 continued

## 6.6.1 Restoration (make good) provisions

Some leased premises are required to be restored to their original condition at the end of their respective lease terms. A provision needs to be recognised for the present value of the estimated expenditure required to remove any leasehold improvements. These costs are capitalised as part of the cost of leasehold improvements or right-of-use assets and are amortised over the shorter of the lease term and the useful life of the assets.

Under the lease agreement Main Roads has a legal or constructive obligation to restore the site.

A restoration provision 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 make-good provision for future restoration costs is the best estimate of the present value of the expenditure required to settle the restoration obligation at the reporting date.

### Movements in other provisions

	2024 \$000	2023 \$000
<b>Make-good provisions</b>		
Carrying amount at start of period	94	94
<b>Carrying amount at end of period</b>	<b>94</b>	<b>94</b>

## 6.7 Contract liabilities

	2024 \$000	2023 \$000
Current contract liabilities	4,296	3,873
<b>Total contract liabilities at end of period</b>	<b>4,296</b>	<b>3,873</b>

### 6.7.1 Movement in contract liabilities

	2024 \$000	2023 \$000
<b>Reconciliation of contract liabilities</b>		
Opening balance	3,873	6,685
Additions	29,444	42,443
Revenue recognised in the reporting period	(29,021)	(45,255)
<b>Total contract liabilities at end of period</b>	<b>4,296</b>	<b>3,873</b>

Contract liabilities primarily relate to funds received by Main Roads to construct roads and infrastructure yet to be constructed.

Main Roads expects to satisfy the performance obligations at the end of the reporting period within the next 12 months.

**6.8 Grant liabilities**

	2024 \$000	2023 \$000
Current grant liabilities	338,968	165,509
<b>Total grant liabilities at end of period</b>	<b>338,968</b>	<b>165,509</b>

Grant liabilities represent payments received mainly from the Commonwealth for agreed future works under the National Partnership on Infrastructure Projects in Western Australia. Main Roads recognises a grant liability for the excess of the initial carrying amount of a financial asset received in a transfer to enable the entity to construct a recognisable non-financial asset that is to be controlled by Main Roads.

When the obligations of the grant liability are satisfied in accordance with the policy, Main Roads recognises income in Statement of comprehensive income. Information on the Main Roads' obligations can be found in note 4.3.

**6.8.1 Movement in grant liabilities**

	2024 \$000	2023 \$000
<b>Reconciliation of grant liabilities</b>		
Opening balance	165,509	240,231
Additions	1,317,552	1,246,500
Income recognised in the reporting period	(1,144,093)	(1,321,222)
<b>Total grant liabilities at end of period</b>	<b>338,968</b>	<b>165,509</b>

**6.8.2 Expected satisfaction of grant liabilities**

	2024 \$000	2023 \$000
<b>Income recognition</b>		
1 year	338,968	165,509
	<b>338,968</b>	<b>165,509</b>

**6.9 Amounts due to the Treasurer**

	2024 \$000	2023 \$000
Current	-	107,220

The **amount due to the Treasurer** is in respect of a Treasurer's Advance. This amount is payable within 12 months after the reporting period. Although no interest is charged on the outstanding amount, the carrying amount is equivalent to fair value. The amount was paid back to Treasurer during current financial year.



# Notes to the financial statements for the year ended 30 June 2024 continued

## 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
Lease liabilities	7.2
Borrowings	7.3
Finance costs	7.4
Capital commitments	7.5

### 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:

	Notes	2024 \$000	2023 \$000
Cash and cash equivalents		272,237	72,436
Restricted cash and cash equivalents		136,539	194,115
<b>Total cash and cash equivalents at end of period</b>		<b>408,776</b>	<b>266,551</b>
<b>Restricted cash and cash equivalents</b>			
Contractors' deposits <sup>(a)</sup>	9.7	12,415	12,915
Land Transport Infrastructure Projects <sup>(b)</sup>		16,485	15,879
Commonwealth Paid Parental Leave Scheme <sup>(c)</sup>		14	10
Future maintenance – Concessional loading <sup>(d)</sup>		62,728	50,599
Metronet SPA <sup>(e)</sup>	9.7	37,658	84,413
Royalties for Regions Fund <sup>(f)</sup>		7,239	30,299
<b>Total restricted cash and cash equivalents at end of period</b>		<b>136,539</b>	<b>194,115</b>

*(a) Contractors' 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. Balance remaining represents interest earned from funds received.

*(c) Commonwealth Paid Parental Leave Scheme*

Funds held in this account are to be used for purpose of meeting payments to eligible working parents with 18 weeks of Parental Leave Pay.

*(d) Future maintenance – Concessional loading*

Amount withheld in the restricted cash account received from private companies to fund future maintenance on roads with accelerated damage due to heavy usage by mining companies.

*(e) Metronet special purpose account*

Unspent funds are committed to fund Metronet road related projects.

*(f) 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**

	Notes	2024 \$000	2023 \$000
Net cost of services		(935,015)	(487,907)
<b>Non-cash items</b>			
Depreciation expense – infrastructure	5.2.1	576,245	525,956
Depreciation and amortisation expense – other assets	5.1.1, 5.3.1	9,212	6,615
Depreciation expense – right-of-use assets	5.4.1	2,081	1,239
Finance cost	7.4	3,439	471
Grants to other bodies	3.2	19	14,381
Grants received from other bodies	4.5	(13,706)	(14,321)
Resources received free of charge	4.1	1,064	1,967
Infrastructure assets retired/replaced	3.3	150,433	45,298
Assets not previously recognised	4.7	(18)	(2,727)
Right-of-use asset related non-cash items		88	(108)
Net (gain)/loss on sale of property, plant and equipment	4.8	489	28
<b>(Increase)/decrease in assets:</b>		(207,338)	(115,364)
Receivables <sup>(a)</sup>		(17,502)	(1,170)
Inventories		450	(1,653)
Prepayments			
<b>Increase/(decrease) in liabilities:</b>		31,558	(9,375)
Payables <sup>(a)</sup>		173,882	(77,534)
Grants and contract liabilities		3,958	4,397
Provisions			
Net GST receipts/(payments) <sup>(b)</sup>		299,543	283,502
Change in GST in receivables/payables <sup>(c)</sup>		(312,735)	(285,580)
<b>Net cash provided by/(used in) operating activities</b>		<b>(233,853)</b>	<b>(111,885)</b>

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

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

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



# Notes to the financial statements for the year ended 30 June 2024 continued

## 7.2 Lease liabilities

	2024 \$000	2023 \$000
Current	5,976	3,068
Non-current	11,754	5,316
	<b>17,730</b>	<b>8,384</b>

### Initial measurement

At the commencement date of the lease, Main Roads recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, Main Roads uses the incremental borrowing rate provided by Western Australia Treasury Corporation.

Lease payments included by Main Roads as part of the present value calculation of lease liability include:

- (a) fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- (b) variable lease payments that depend on an index or a rate initially measured using the index or rate as at the commencement date;
- (c) amounts expected to be payable by the lessee under residual value guarantees;
- (d) the exercise price of purchase options (where these are reasonably certain to be exercised);
- (e) payments for penalties for terminating a lease, where the lease term reflects the agency exercising an option to terminate the lease.

The interest on the lease liability is recognised in profit or loss over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Lease liabilities do not include any future changes in variable lease payments (that depend on an index or rate) until they take effect, in which case the lease liability is reassessed and adjusted against the right-of-use asset.

Periods covered by extension or termination options are only included in the lease term by Main Roads if the lease is reasonably certain to be extended (or not terminated).

This section should be read in conjunction with note 5.4.

### Subsequent measurement

Lease liabilities are measured by increasing the carrying amount to reflect interest on the lease liabilities; reducing the carrying amount to reflect the lease payments made; and remeasuring the carrying amount at amortised cost, subject to adjustments to reflect any reassessment or lease modifications.

## 7.3 Borrowings

	2024 \$000	2023 \$000
<b>Current</b>		
Western Australian Treasury Corporation loans	687,220	130,000
<b>Total current</b>	<b>687,220</b>	<b>130,000</b>

Borrowings refer to interest bearing liabilities mainly raised through Western Australian Treasury Corporation.

Main Roads borrowed the fund to deliver the road projects due to delay in receiving payments from the Commonwealth Government as a result of delayed approval of Project Proposal Reports (PPR).

Interest bearing financial liabilities are classified at amortised cost are initially recognised at fair value of the consideration received less directly attributable transactions costs.

Subsequent to initial recognition the borrowings are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised and through the amortisation process.

Main Roads has not designated any financial liabilities as at fair value through profit or loss.





## 7.4 Finance costs

	2024 \$000	2023 \$000
<b>Finance costs</b>		
Interest expense <sup>(a)</sup>	8,024	138
Lease interest expense	829	333
<b>Total finance costs expensed</b>	<b>8,853</b>	<b>471</b>

Finance costs include the costs incurred in connection with the borrowing of funds and interest on borrowings and the interest component of lease liability repayments.

(a) Include payments to Western Australian Treasury Corporation. Refer to Note 9.5.

## 7.5 Capital commitments

	2024 \$000	2023 \$000
Within 1 year	973,829	1,248,835
Later than 1 year and not later than 5 years	359,268	292,684
Later than 5 years	-	-
	<b>1,333,097</b>	<b>1,541,519</b>

The total presented for capital commitments are GST inclusive.

## 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, payables, Western Australian Treasury Corporation (WATC) borrowings and lease liabilities. 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, short term borrowings and monitoring forecast cash flows to ensure that sufficient funds are available to meet its commitments.



# Notes to the financial statements for the year ended 30 June 2024 continued

## (a) Summary of risks and risk management continued

### Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates will affect Main Roads' income or the value of its holdings of financial instruments. Main Roads does not trade in foreign currency and is not materially exposed to other price risks. Main Roads' exposure to market risk for changes in interest rates relate primarily to the short-term debt obligations.

All borrowings are due to the WATC and are repayable at fixed rates with varying maturities. Other than as detailed in the interest rate sensitivity analysis table at note 8.1(e), Main Roads is not exposed to interest rate risk because the majority of cash and cash equivalents and restricted cash are non-interest bearing and it has no borrowings other than the WATC borrowings (fixed interest rate).

## (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:

	2024 \$000	2023 \$000
<b>Financial assets</b>		
Cash and cash equivalents	272,237	72,437
Restricted cash and cash equivalents	136,539	194,114
Financial assets at amortised cost <sup>(a)</sup>	5,401,148	4,649,179
<b>Total financial assets</b>	<b>5,809,924</b>	<b>4,915,730</b>
<b>Financial liabilities</b>		
Financial liabilities at amortised cost <sup>(a)</sup>	446,343	388,406
Lease liabilities	17,730	8,384
Borrowings	687,220	130,000
Amounts due to the Treasurer	–	107,220
<b>Total financial liability</b>	<b>1,151,293</b>	<b>634,010</b>

(a) The amount of financial assets and liabilities at amortised cost excludes GST recoverable from or payable to ATO.

## (c) Credit risk exposure

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

	Days past due					
	Total \$000	Current \$000	1-30 Days \$000	31-60 Days \$000	61-90 Days \$000	>91 Days \$000
<b>30 June 2024</b>						
Expected credit loss rate		0%	0%	0%	90%	87.04%
Estimated total gross carrying amount at default	32,846	18,735	12,801	999	10	301
Expected credit losses	(271)	–	–	–	(9)	(262)
	32,575	18,735	12,801	999	1	39
<b>30 June 2023</b>						
Expected credit loss rate		0%	0%	0%	0%	7.81%
Estimated total gross carrying amount at default	22,188	13,109	2,733	3,227	71	3,048
Expected credit losses	(238)	–	–	–	–	(238)
	21,950	13,109	2,733	3,227	71	2,810

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

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

2024	Weighted Average Effective Interest Rate %	Interest rate exposure				Maturity date					
		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
<b>Financial Assets</b>											
Cash and cash equivalents	-	272,237	-	-	272,237	272,237	-	-	-	-	-
Restricted cash and cash equivalents	4.06	136,539	-	136,539	-	136,539	-	-	-	-	-
Receivables <sup>(a)</sup>	-	584,031	-	-	584,031	584,031	-	-	-	-	-
Amounts receivable for services	-	4,817,117	-	-	4,817,117	4,817,117	-	-	-	-	4,817,117
		5,809,924	-	136,539	5,673,385	5,809,924	-	-	-	-	4,817,117
<b>Financial Liabilities</b>											
Payables	-	432,370	-	-	432,370	432,370	-	-	-	-	-
Lease liabilities <sup>(b)</sup>	-	17,730	-	-	17,730	17,730	549	1,091	4,434	11,404	252
Amounts due to the Treasurer	-	-	-	-	-	-	-	-	-	-	-
Other Payables	1.19	13,973	13,973	-	-	-	-	-	-	13,973	-
Borrowings	4.75	687,220	687,220	-	-	687,220	-	-	687,220	-	-
		1,151,293	701,193	-	450,100	1,137,320	432,919	1,091	691,654	25,377	252

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

(b) The amount of lease liabilities includes \$4.521 million from plants, \$1.669 million from leased buildings and \$11.540 million from leased vehicles.

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

2023	Weighted Average Effective Interest Rate %	Interest rate exposure				Maturity date					
		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
<b>Financial Assets</b>											
Cash and cash equivalents	-	72,437	-	-	72,437	72,437	-	-	-	-	-
Restricted cash and cash equivalents	2.68	194,114	-	194,114	-	194,114	-	-	-	-	-
Receivables <sup>(a)</sup>	-	362,518	-	-	362,518	362,518	-	-	-	-	-
Amounts receivable for services	-	4,286,661	-	-	4,286,661	4,286,661	-	-	-	-	4,286,661
		4,915,730	-	194,114	4,721,616	4,915,730	629,069	-	-	-	4,286,661
<b>Financial Liabilities</b>											
Payables	-	388,406	-	-	388,406	388,406	-	-	-	-	-
Lease liabilities <sup>(b)</sup>	-	8,384	-	-	8,384	8,384	319	581	2,511	4,915	58
Amounts due to the Treasurer	-	107,220	-	-	107,220	107,220	-	-	107,220	-	-
Borrowings	4.76	130,000	130,000	-	-	130,000	-	-	130,000	-	-
		634,010	130,000	-	504,010	634,010	388,725	581	239,731	4,915	58

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

(b) The amount of lease liabilities includes \$2.844 million from leased buildings and \$5.540 million from leased vehicles.



# Notes to the financial statements for the year ended 30 June 2024 continued

## 8.1 Financial risk management continued

### (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 1% change in interest rates. It is assumed that the change in interest rates is held constant throughout the reporting period.

	-100 basis points			-100 basis points	
	Carrying amount \$000	Surplus \$000	Equity \$000	Surplus \$000	Equity \$000
<b>2024</b>					
<b>Financial Assets</b>					
Restricted cash and cash equivalents	136,539	(1,365)	(1,365)	1,365	1,365
<b>Total Increase/(Decrease)</b>		(1,365)	(1,365)	1,365	1,365

	-100 basis points			+100 basis points	
	Carrying amount \$000	Surplus \$000	Equity \$000	Surplus \$000	Equity \$000
<b>2023</b>					
<b>Financial Assets</b>					
Restricted cash and cash equivalents	194,114	(1,941)	(1,941)	1,941	1,941
<b>Total Increase/(Decrease)</b>		(1,941)	(1,941)	1,941	1,941

## 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

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

	2024 \$000	2023 \$000
Remediation for diesel spill	5,988	5,148
	<b>5,988</b>	<b>5,148</b>

#### Remediation for diesel spill

Main Roads is seeking to recover the cost for a diesel spill caused by third parties.

### 8.2.2 Contingent liabilities

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

	2024 \$000	2023 \$000
Contract claims in dispute	43,594	22,931
Resumption claims in dispute	245,466	247,250
	<b>289,060</b>	<b>270,181</b>

#### Contract claims in dispute

Claims have been submitted by contractors in relation to services provided under roadwork contracts. The contingent liability is the difference between the amount of the claim and the liability estimated and recognised by Main Roads based on legal advice.



### Resumption claims in dispute

Claims have been lodged by owners of property acquired for road construction purposes. The contingent liability is the difference between the owner's claim and the estimated settlement price determined and recognised by Main Roads (under note 6.5 as property acquisition liability) 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 ten suspected contaminated sites to DWER. Four sites have yet to be classified, two sites were classified as possibly contaminated – investigation required, three sites was classified as contaminated – restricted use and one site was classified as contaminated – remediation required. Main Roads is unable to assess the likely outcome of the classification process, and accordingly, it is not practicable to estimate the potential financial effect or to identify the uncertainties relating to the amount or timing of any outflows. Whilst there is no possibility of reimbursement of any future expenses that may be incurred in the remediation of these sites, Main Roads may apply for funding from the Contaminated Sites Management Account to undertake further investigative work or to meet remediation costs that may be required.

### 8.3 Fair value measurements

Assets measured at fair value: 2024	Level 1 \$000	Level 2 \$000	Level 3 \$000	Fair value at end of period \$000
Non-current assets classified as held for sale (Note 9.8)	–	3,071	–	3,071
Land (Note 5.1)	–	73,364	23,104	96,468
Buildings (Note 5.1)	–	104,737	52,514	157,251
Surplus assets (Note 5.1)	–	60,005	27,250	87,255
Land acquired for roadworks (Note 5.1)	–	242,431	44,914	287,345
Infrastructure (Note 5.2)	–	–	60,234,686	60,234,686
	–	<b>483,608</b>	<b>60,382,468</b>	<b>60,866,076</b>

Assets measured at fair value: 2023	Level 1 \$000	Level 2 \$000	Level 3 \$000	Fair value at end of period \$000
Non-current assets classified as held for sale (Note 9.8)	–	155	–	155
Land (Note 5.1)	–	66,734	21,923	88,657
Buildings (Note 5.1)	–	84,115	44,659	128,774
Surplus assets (Note 5.1)	–	49,446	27,837	77,283
Land acquired for roadworks (Note 5.1)	–	220,095	34,868	254,963
Infrastructure (Note 5.2)	–	–	57,198,858	57,198,858
	–	<b>420,545</b>	<b>57,328,145</b>	<b>57,748,690</b>

### Valuation techniques to derive Level 2 fair values

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

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



# Notes to the financial statements for the year ended 30 June 2024 continued

## 8.3 Fair value measurements continued

### Fair value measurements using significant unobservable inputs (Level 3)

	Non-current asset held for sale \$000	Land \$000	Buildings \$000	Surplus assets \$000	Land acquired for roadworks \$000	Infrastructure \$000
<b>2024</b>						
Fair value at start of period	–	21,923	44,659	27,837	34,868	57,198,858
Additions	–	66	3,394	–	2,731	1,281,842
Revaluation increments/(decrements) recognised in Other Comprehensive Income	–	525	4,306	4,307	3,805	2,477,827
Transfers from/(to) Level 2/Level 3	–	590	4,302	(4,804)	5,235	–
Disposals	–	–	(358)	–	(1,725)	(147,596)
Depreciation expense	–	–	(3,789)	(90)	–	(576,245)
<b>Fair value at end of period</b>	<b>–</b>	<b>23,104</b>	<b>52,514</b>	<b>27,250</b>	<b>44,914</b>	<b>60,234,686</b>
Total gains or losses for the period included in profit or loss	–	–	–	–	–	–

	Non-current asset held for sale \$000	Land \$000	Buildings \$000	Surplus assets \$000	Land acquired for roadworks \$000	Infrastructure \$000
<b>2023</b>						
Fair value at start of period	–	8,101	14,678	25,446	32,163	51,808,380
Additions	–	4,628	90	103	1,299	1,045,597
Revaluation increments/(decrements) recognised in Other Comprehensive Income	–	2,289	10,717	1,813	1,916	4,930,645
Transfers from/(to) Level 2/Level 3	–	8,044	22,818	844	(510)	–
Disposals	–	(1,139)	–	(298)	–	(59,808)
Depreciation expense	–	–	(3,644)	(71)	–	(525,956)
<b>Fair value at end of period</b>	<b>–</b>	<b>21,923</b>	<b>44,659</b>	<b>27,837</b>	<b>34,868</b>	<b>57,198,858</b>
Total gains or losses for the period included in profit or loss	–	–	–	–	–	–

### 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 (Landgate) 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 from 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, which 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 (Landgate).

**Historical cost per square metre floor area (m<sup>2</sup>)**

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

**Consumed economic benefit/obsolescence of asset**

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

**Historical cost per cubic metre (m<sup>3</sup>)**

The fair value of road infrastructure comprising of earthworks, pavements, drainage and seals, structures 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 (Landgate).

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

Description	Fair value 2024 \$000	Fair value 2023 \$000	Valuation technique(s)	Unobservable inputs
Land, Surplus asset and Land acquired for roadworks	95,268	84,628	Market approach	Selection of land with similar approximate utility
Buildings	52,514	44,659	Current replacement cost	Historical cost per square metre floor area (m <sup>2</sup> ) Consumed economic benefit/obsolescence of asset
Infrastructure (Earthworks)	13,963,718	13,632,329	Current replacement cost	Historical cost per cubic metre (m <sup>3</sup> )
Infrastructure (Pavements, drainage and seals)	7,977,712	7,744,087	Current replacement cost	Historical cost per cubic metre (m <sup>3</sup> )
Infrastructure (Bridges)	6,752,618	6,207,935	Current replacement cost	Historical cost per cubic metre (m <sup>3</sup> )
Infrastructure (Road furniture)	560,605	514,995	Current replacement cost	Consumed economic benefit/obsolescence of asset
Infrastructure (Land under roads)	30,980,033	29,099,512	Market approach	Selection of land adjoining road reserve

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



# Notes to the financial statements for the year ended 30 June 2024 continued

## 9 OTHER DISCLOSURES

This section includes additional material disclosures required by accounting standards or other pronouncements, for the understanding of this financial report.

	<b>Notes</b>
Events occurring after the end of the reporting period	9.1
Initial application of an Australian Accounting Standard	9.2
Future impact of Australian Accounting Standards issued not yet operative	9.3
Key management personnel	9.4
Related party transactions	9.5
Remuneration of auditors	9.6
Special purpose accounts	9.7
Non-current assets classified as held for sale	9.8
Equity	9.9
Supplementary financial information	9.10
Services provided free of charge	9.11
Indian Ocean Territories	9.12

### 9.1 Events occurring after the end of the reporting period

There were no events occurring after the end of the period that have any financial effect on the results reported in these financial statements.

### 9.2 Initial application of an Australian Accounting Standard

The following standards are first applied for the reporting period ended on 30 June 2024:

- AASB 2021-2 – Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates
- AASB 2022-1 – Amendments to Australian Accounting Standards – Initial Application of AASB 17 and AASB 9 – Comparative Information





### 9.3 Future impact of Australian Accounting 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 1 Jan 2024

AASB 2020-1	<p><i>Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current</i></p> <p>This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current.</p> <p>There is no financial impact.</p>	1 Jan 2024
AASB 2022-5	<p><i>Amendments to Australian Accounting Standards – Lease Liability in a Sale and Leaseback</i></p> <p>This Standard amends AASB 16 to add measurement requirements for sale and leaseback transactions that satisfy the requirements in AASB 15 to be accounted for as a sale.</p> <p>There is no financial impact.</p>	1 Jan 2024
AASB 2022-6	<p><i>Amendments to Australian Accounting Standards – Non-current Liabilities with Covenants</i></p> <p>This Standard amends AASB 101 to improve the information an entity provides in its financial statements about liabilities arising from loan arrangements for which the entity's right to defer settlement of those liabilities for at least twelve months after the reporting period is subject to the entity complying with conditions specified in the loan arrangement.</p> <p>The Standard also amends an example in Practice Statement 2 regarding assessing whether information about covenants is material for disclosure.</p> <p>There is no financial impact.</p>	1 Jan 2024
AASB 2022-10	<p><i>Amendments to Australian Accounting Standards – Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities</i></p> <p>This Standard amends AASB 13 for fair value measurements of non-financial assets of not-for-profit public sector entities not held primarily for their ability to generate net cash inflows. Specifically, it provides guidance on how the cost approach is to be applied to measure the asset's fair value, including guidance on the nature of costs to include in the replacement cost of a reference asset. As such, for non-financial assets measured by the cost approach, professional and management fees are to be included in the replacement cost of a reference asset (that are currently excluded by the valuer). This is likely to increase the fair value of those assets (and a corresponding increase in other comprehensive income accumulated in revaluation surplus).</p>	1 Jan 2024
AASB 2023-1	<p><i>Amendments to Australian Accounting Standards – Supplier Finance Arrangements</i></p> <p>This Standard amends: (a) AASB 107; and (b) AASB 7 as a consequence of the issuance of International Financial Reporting Standard Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7) by the International Accounting Standards Board in May 2023.</p> <p>There is no financial impact.</p>	1 Jan 2024



# Notes to the financial statements for the year ended 30 June 2024 continued

## Operative for reporting periods beginning on/after 1 Jan 2025

AASB 2014-10	<i>Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	1 Jan 2025
	This Standard amends AASB 10 and AASB 128 to address an inconsistency between the two standards. Main Roads has not assessed the impact of the Standard.	
AASB 2021-7C	<i>Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections</i>	1 Jan 2025
	This Standard further defers (to 1 January 2025) the amendments to AASB 10 and AASB 128 relating to the sale or contribution of assets between an investor and its associate or joint venture. The standard also includes editorial corrections. Main Roads has not assessed the impact of the Standard.	
AASB 2023-5	<i>Amendments to Australia Accounting Standards – Lack of Exchangeability</i>	1 Jan 2025
	This Standard amends AASB 121 and AASB 1 to require entities to apply a consistent approach to determining whether a currency is exchangeable into another currency and the spot exchange rate to use when it is not exchangeable. The Standard also amends AASB 121 to extend the exemption from complying with the disclosure requirements for entities that apply AASB 1060 to ensure Tier 2 entities are not required to comply with the new disclosure requirements in AASB 121 when preparing their Tier 2 financial statements. Main Roads has not assessed the impact of the Standard.	

## Operative for reporting periods beginning on/after 1 Jan 2026

AASB 2022-9	<i>Amendments to Australian Accounting Standards – Insurance Contracts in the Public Sector</i>	1 Jan 2026
	This Standard amends AASB 17 and AASB 1050 to include modifications with respect to the application of AASB 17 by public sector entities. This Standard also amends the following Standards to remove the temporary consequential amendments set out in AASB 2022-8 since AASB 4 and AASB 1023 do not apply to public sector entities for periods beginning on or after 1 July 2026: (a) AASB 1; (b) AASB 3; (c) AASB 5; (d) AASB 7; (e) AASB 9; (f) AASB 15; (g) AASB 119; (h) AASB 132; (i) AASB 136; (j) AASB 137; (k) AASB 138; (l) AASB 1057; and (m) AASB 1058. Main Roads has not assessed the impact of the Standard.	

## 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 (\$)	2024	2023
000,000 – 010,000	2	2

### Compensation of senior officers

Compensation Band (\$)	2024	2023
350,001 – 400,000	1	2
300,001 – 350,000	1	–
250,001 – 300,000	3	4
200,001 – 250,000	5	6
150,001 – 200,000	1	–



	2024 \$000	2023 \$000
Short term employee benefits	2,497	2,792
Post-employment benefits	315	354
Other long term benefits	9	67
<b>The total compensation of senior officers</b>	<b>2,821</b>	<b>3,213</b>

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 various acting arrangements.

### 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)
- Capital appropriation (Note 9.9)
- 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 9.9)
- contributions to roadworks (Notes 4.1)
- superannuation payments to GESB (Note 3.1(a))
- remuneration for services provided by the Auditor General (Note 9.6)
- contribution from Department of Transport for Westport (Note 9.9)
- payments mainly for road construction and Metronet to Public Transport Authority amounting \$276.2 million (Notes 3.2)
- payments mainly for property construction, management and fleet leasing to Department of Finance amounting \$16.0 million (Notes 3.3 and 5.1)
- payments mainly for Bicycle network and Customer Information Centre service to Department of Transport amounting \$26.1 million (Notes 3.2 and 3.3)
- payments mainly for property acquisition used for road construction to State Solicitor’s Office amounting \$47.4 million (Notes 5.1 and 5.2)
- payments mainly for property acquisition used for conservation purposes and road construction maintenance to Department of Biodiversity, Conservation and Attractions amounting \$5.9 million (Notes 3.2, 3.3 and 5.2)
- payments mainly for High Wycombe and Redcliffe Precinct modifications to Department of Planning Lands and Heritage amounting \$5.6 million (Notes 3.2)
- payments mainly for Finance costs to Western Australian Treasury Corporation amounting \$5.3 million (Notes 7.4)
- payments mainly for service relocations to Western power amounting to \$9 million (Notes 3.2 & 3.3)
- borrowing of \$557.2 million from Western Australian Treasury Corporation (note 7.3)

#### 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.



# Notes to the financial statements for the year ended 30 June 2024 continued

## 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:

	2024 \$000	2023 \$000
Auditing the accounts, financial statements, controls and key performance indicators	527	458
	<b>527</b>	<b>458</b>

## 9.7 Special purpose accounts

### METRONET and Westport Roads Account

Established under section 16(1)(d) of the FMA. The purpose of the account is to provide a source of funding for the delivery of METRONET and Westport road-related transport infrastructure works including all associated costs.

	Note	2024 \$000	2023 \$000
<b>Balance at start of period</b>		84,413	108,732
Receipts		246,905	177,369
Payments		(293,660)	(201,688)
<b>Balance at end of period</b>	7.1	<b>37,658</b>	<b>84,413</b>

### Deposits – Main Roads

Established under section 16(1)(c) of the FMA. The purpose of the account is to hold moneys that are deposit in nature including contractors' retention and performance bonds to perform the functions under *Main Roads Act 1930*.

	Note	2024 \$000	2023 \$000
<b>Balance at start of period</b>		12,915	8,491
Receipts		9,117	7,279
Payments		(9,617)	(2,855)
<b>Balance at end of period</b>	7.1	<b>12,415</b>	<b>12,915</b>

### Railway Crossing Protection Account

Established under section 32A of the *Main Roads Act 1930*. The purpose of the account is to provide a source of funding for the cost of improving, maintaining and repairing such crossings under, across or above railways in the State as the Minister may approve on the recommendation of the Commissioner.

	Note	2024 \$000	2023 \$000
<b>Balance at start of period</b>		–	–
Receipts		–	–
Interest received		–	–
Payments		–	–
<b>Balance at end of period</b>	7.1	<b>–</b>	<b>–</b>



**9.8 Non-current assets classified as held for sale**

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

	2024 \$000	2023 \$000
<b>Freehold land and buildings</b>		
Opening balance	155	1,495
Assets reclassified as held for sale	2,916	–
Assets removed from current disposal program	–	(1,582)
Assets sold	–	–
Write-down of assets from carrying value to fair value less selling costs	–	242
<b>Total non-current assets classified as assets held for sale at end of period</b>	<b>3,071</b>	<b>155</b>

Information on fair value measurements is provided in note 8.3.

Main Roads disposes freehold land and buildings where they are no longer required for road construction, falls outside the defined road plan or no longer required for operations. These properties are then offered to sale in public auction or through tender process. If the properties remain unsold after auction and tender process, the properties may then be sold under private treaties. 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. Fair value is provided by the Western Australian Land Information Authority (Landgate) annually.



# Notes to the financial statements for the year ended 30 June 2024 continued

## 9.9 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	2024 \$000	2023 \$000
<b>CONTRIBUTED EQUITY</b>			
Balance at start of period		7,354,125	6,659,989
<b>Contributions by owners</b>			
Capital contributions		741,706	601,437
<b>Other contributions by owners</b>			
Royalties for Regions Fund – Regional Infrastructure and Headwork Account		63,789	17,199
<b>Transfer of net assets from other agencies</b>			
Public Transport Authority		–	246
Westport – Department of Transport		4,191	62,346
Perth City Deal – Department of Transport		45,000	15,000
Department of Lands		–	–
<b>Total contributions by owners</b>		<b>854,686</b>	<b>696,228</b>
<b>Distributions to owners</b>			
Transfer of net assets to other agencies			
Department of Transport – Westport		(506)	–
Department of Planning, Land and Heritage		–	(19)
Proceeds for disposal of assets paid to Consolidated Account		–	(1,728)
Other		(556)	(345)
<b>Total distributions to owners</b>		<b>(1,062)</b>	<b>(2,092)</b>
<b>TOTAL CONTRIBUTED EQUITY AT END OF PERIOD</b>		<b>8,207,749</b>	<b>7,354,125</b>
<b>RESERVES</b>			
<b>Asset revaluation surplus</b>			
Balance at start of period		38,229,932	33,219,543
Net revaluation increments/(decrements)			
Earthworks, Drainage, Pavements and Seals		242,798	1,871,748
Structures		367,515	892,804
Land under roads		1,859,587	2,215,801
Road Furniture		7,927	(49,708)
Land and Buildings		60,248	79,744
<b>Total asset revaluation surplus at end of period</b>		<b>40,768,007</b>	<b>38,229,932</b>
<b>Accumulated surplus</b>			
Balance at start of period		20,273,029	19,078,756
Result for the period		940,764	1,194,273
<b>Balance at end of period</b>		<b>21,213,793</b>	<b>20,273,029</b>
<b>Total Equity at end of period</b>		<b>70,189,549</b>	<b>65,857,086</b>



**9.10 Supplementary financial information**

**(a) Write-offs**

During the financial year following assets were written off the Main Roads’ asset register (2023: \$107,000) under the authority of:

	2024 \$000	2023 \$000
The accountable authority	12	107
	<b>12</b>	<b>107</b>

**(b) Losses through theft, defaults and other causes**

	2024 \$000	2023 \$000
Fixed asset stocktake discrepancies	–	–
	–	–

**(c) Gifts of public property**

	2024 \$000	2023 \$000
Gifts of public property provided by Main Roads	20	19
	<b>20</b>	<b>19</b>

**(d) Forgiveness of debt**

	2024 \$000	2023 \$000
Forgiveness of debt by Main Roads	16	–
	<b>16</b>	–

**(e) Restricted Access Vehicle permits<sup>(a)</sup>**

	2024 \$000	2023 \$000
Regulatory fees	11,126	11,351
Transfer payments	11,134	11,388
Cash held in lieu of transfer	30	39

(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.



# Notes to the financial statements for the year ended 30 June 2024 continued

## 9.11 Services provided free of charge

	2024 \$000	2023 \$000
Department of Transport – accommodation and transport planning	729	304
Department of Planning, Lands and Heritage – traffic modelling	14	–
Department of Biodiversity, Conservation & Attractions – consultation	536	12
Public Transport Authority – accommodation and traffic management	194	145
Department of Water and Environmental Regulation – consultation	234	191
Western Australian Police – consultation & incident management	18	3
Services provided free of charge to other agencies	117	84
	<b>1,842</b>	<b>739</b>

## 9.12 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 2023-24 are summarised below:

	2024 \$000	2023 \$000
Amount brought forward for recovery	(9)	(58)
Amount received during the period	(105)	–
	(114)	(58)
Expenditure during the year	9	49
<b>Amount carried forward for recovery</b>	<b>(105)</b>	<b>(9)</b>

## 10 EXPLANATORY STATEMENTS

This section explains variations in the financial performance of Main Roads.

This explanatory section explains variations in the financial performance of Main Roads undertaking transactions under its own control, as represented by the primary financial statements.

All variances between annual estimates (original budget) and actual results for 2024, and between the actual results for 2024 and 2023 are shown below. Narratives are provided for major variances which are more than 10% of the comparative and which are also more than 1% of the following:

- Total Cost of Services of the previous year for the Statements of comprehensive income and Statement of cash flows (\$17.40 million), and
- Total Assets of the previous year for the Statement of financial position (\$667.08 million).





## 10.1 Statement of comprehensive income variances

	Variance Note	Original Budget 2024 <sup>1</sup> \$000	Actual 2024 \$000	Actual 2023 \$000	Variance between estimate and actual \$000	Variance between actual results for 2024 and 2023 \$000
<b>Expenses</b>						
Employee benefits expenses	A	123,682	132,934	103,545	9,252	29,389
Supplies and services	B	689,160	661,835	596,343	(27,325)	65,492
Depreciation and impairment expenses of infrastructure assets		628,012	576,245	525,956	(51,767)	50,289
Depreciation, amortisation and impairment expenses – other		1,532	9,212	6,615	7,680	2,597
Depreciation and impairment expenses – right-of-use assets		3,353	2,081	1,239	(1,272)	842
Finance costs		445	8,853	471	8,408	8,382
Grants and subsidies	C	530,001	547,591	460,276	17,590	87,315
Other expenses	1,D	172,974	150,433	45,298	(22,541)	105,135
<b>Total cost of services</b>		<b>2,149,159</b>	<b>2,089,184</b>	<b>1,739,743</b>	<b>(59,975)</b>	<b>349,441</b>
<b>Income</b>						
Sale of goods and services		–	5,127	5,943	5,127	(816)
Commonwealth grants	2	1,674,956	1,059,253	1,143,417	(615,703)	(84,164)
Contributions to roadworks	E	56,033	51,170	69,355	(4,863)	(18,185)
Grants from other bodies	3	278,222	13,706	14,321	(264,516)	(615)
Interest income		1,500	1,332	605	(168)	727
Other income		11,426	24,070	18,223	12,644	5,847
<b>Total income</b>		<b>2,022,137</b>	<b>1,154,658</b>	<b>1,251,864</b>	<b>(867,479)</b>	<b>(97,206)</b>
<i>Gains</i>						
Gain/(loss) on disposal of non-current assets		–	(489)	(28)	(489)	(461)
<b>Total gains</b>		<b>–</b>	<b>(489)</b>	<b>(28)</b>	<b>(489)</b>	<b>(461)</b>
<b>Total income other than income from State Government</b>		<b>2,022,137</b>	<b>1,154,169</b>	<b>1,251,836</b>	<b>(867,968)</b>	<b>(97,667)</b>
<b>NET COST OF SERVICES</b>		<b>127,022</b>	<b>935,015</b>	<b>487,907</b>	<b>807,993</b>	<b>447,108</b>
<b>Income from State Government</b>						
Service appropriation	F	1,424,819	1,534,748	1,365,628	109,929	169,120
Resources received free of charge		2,700	1,064	1,967	(1,636)	(903)
Income from other public sector entities	4	182,489	339,967	314,585	157,478	25,382
<b>Total income from State Government</b>		<b>1,610,008</b>	<b>1,875,779</b>	<b>1,682,180</b>	<b>265,771</b>	<b>193,599</b>
<b>SURPLUS/(DEFICIT) FOR THE PERIOD</b>		<b>1,482,986</b>	<b>940,764</b>	<b>1,194,273</b>	<b>(542,222)</b>	<b>(253,509)</b>
<b>OTHER COMPREHENSIVE INCOME</b>						
<b>Items not reclassified subsequently to profit or loss</b>						
Changes in asset revaluation surplus		–	2,538,075	5,010,389	2,538,075	(2,472,314)
<b>Total other comprehensive income</b>		<b>–</b>	<b>2,538,075</b>	<b>5,010,389</b>	<b>2,538,075</b>	<b>(2,472,314)</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>1,482,986</b>	<b>3,478,839</b>	<b>6,204,662</b>	<b>1,995,853</b>	<b>(2,725,823)</b>

1. These estimates are published in the State Budget 2023–24, Budget Papers No.2 'Budget Statements'.



# Notes to the financial statements for the year ended 30 June 2024 continued

## 10.2 Statement of Financial Position Variances

	Variance Note	Original Budget 2024 <sup>1</sup> \$000	Actual 2024 \$000	Actual 2023 \$000	Variance between estimate and actual \$000	Variance between actual results for 2024 and 2023 \$000
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash and cash equivalents		103,328	272,237	72,437	168,909	199,800
Restricted cash and cash equivalents		79,046	136,539	194,114	57,493	(57,575)
Receivables		283,617	646,844	420,973	363,227	225,871
Amounts receivable for services		-	-	-	-	-
Inventories		2,479	9,138	2,739	6,659	6,399
Prepayments		49,809	73,457	70,179	23,648	3,278
Non-current assets classified as held for sale		1,495	3,071	155	1,576	2,916
<b>Total Current Assets</b>		<b>519,774</b>	<b>1,141,286</b>	<b>760,597</b>	<b>621,512</b>	<b>380,689</b>
<b>Non-Current Assets</b>						
Receivables		226	9,054	220	8,828	8,834
Amounts receivable for services		4,840,533	4,817,117	4,286,661	(23,416)	530,456
Inventories		6,305	18,318	7,215	12,013	11,103
Prepayments		9,039	6,594	10,322	(2,445)	(3,728)
Property, plant and equipment		458,459	677,376	588,975	218,917	88,401
Infrastructure		60,734,625	65,040,160	61,038,569	4,305,535	4,001,591
Intangible assets		7,450	8,839	7,861	1,389	978
Right-of-use assets		8,142	17,252	7,990	9,110	9,262
<b>Total Non-Current Assets</b>		<b>66,064,779</b>	<b>70,594,710</b>	<b>65,947,813</b>	<b>4,529,931</b>	<b>4,646,897</b>
<b>TOTAL ASSETS</b>		<b>66,584,553</b>	<b>71,735,996</b>	<b>66,708,410</b>	<b>5,151,443</b>	<b>5,027,586</b>
<b>LIABILITIES</b>						
<b>Current Liabilities</b>						
Payables		419,135	432,370	388,406	13,235	43,964
Lease liabilities		3,683	5,976	3,068	2,293	2,908
Contract liabilities		3,873	4,296	3,873	423	423
Grants liabilities		243,042	338,968	165,509	95,926	173,459
Borrowings	5	-	687,220	130,000	687,220	557,220
Amounts due to the Treasurer		-	-	107,220	-	(107,220)
Employee related provisions		43,481	43,411	40,661	(70)	2,750
<b>Total Current Liabilities</b>		<b>713,214</b>	<b>1,512,241</b>	<b>838,737</b>	<b>799,027</b>	<b>673,504</b>
<b>Non-Current Liabilities</b>						
Payables		-	13,973	-	13,973	13,973
Lease liabilities		5,069	11,754	5,316	6,685	6,438
Employee related provisions		10,749	8,385	7,177	(2,364)	1,208
Other provisions		-	94	94	94	-
<b>Total Non-Current Liabilities</b>		<b>15,818</b>	<b>34,206</b>	<b>12,587</b>	<b>18,388</b>	<b>21,619</b>
<b>TOTAL LIABILITIES</b>		<b>729,032</b>	<b>1,546,447</b>	<b>851,324</b>	<b>817,415</b>	<b>695,123</b>
<b>NET ASSETS</b>		<b>65,855,521</b>	<b>70,189,549</b>	<b>65,857,086</b>	<b>4,334,028</b>	<b>4,332,463</b>
<b>EQUITY</b>						
Contributed equity		8,205,162	8,207,749	7,354,125	2,587	853,624
Reserves		35,942,805	40,768,007	38,229,932	4,825,202	2,538,075
Accumulated surplus		21,707,554	21,213,793	20,273,029	(493,761)	940,764
<b>TOTAL EQUITY</b>		<b>65,855,521</b>	<b>70,189,549</b>	<b>65,857,086</b>	<b>4,334,028</b>	<b>4,332,463</b>

1. These estimates are published in the State Budget 2023-24, Budget Papers No.2 'Budget Statements'.



## 10.3 Statement of Cash Flows Variances

	Variance Note	Original Budget 2024 <sup>1</sup> \$000	Actual 2024 \$000	Actual 2023 \$000	Variance between estimate and actual \$000	Variance between actual results for 2024 and 2023 \$000
<b>CASH FLOWS FROM STATE GOVERNMENT</b>						
Service appropriation	6	870,947	1,004,293	957,990	133,346	46,303
Capital appropriation	7, G	676,888	790,199	677,056	113,311	113,143
Holding account drawdown		-	-	-	-	-
Contributions to roadworks	8, H	117,806	80,616	173,496	(37,190)	(92,880)
Road Trauma Trust Fund		41,300	33,054	29,088	(8,246)	3,966
Natural disaster funds	9, I	13,134	197,916	11,694	184,782	186,222
Royalties for Regions Fund	10, J	115,423	71,373	97,733	(44,050)	(26,360)
<b>Net cash provided by State Government</b>		<b>1,835,498</b>	<b>2,177,451</b>	<b>1,947,057</b>	<b>341,953</b>	<b>230,394</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
<b>Payments</b>						
Employee benefits	K	(121,501)	(124,357)	(98,319)	(2,856)	(26,038)
Supplies and services	L	(651,912)	(652,667)	(592,031)	(755)	(60,636)
Grants and subsidies	M	(534,001)	(552,498)	(460,835)	(18,497)	(91,663)
GST payments on purchases	11	(147,054)	(351,580)	(324,510)	(204,526)	(27,070)
Finance costs		(445)	(5,414)	-	(4,969)	(5,414)
<b>Receipts</b>						
Sale of goods and services		53,402	64,082	72,194	10,680	(8,112)
Commonwealth grants	12	1,674,956	1,033,555	958,771	(641,401)	74,784
Interest received		1,500	1,024	457	(476)	567
GST receipts on sales	13	11,808	40,233	32,883	28,425	7,350
GST receipts from taxation authority	14	135,000	299,543	283,502	164,543	16,041
Other receipts		10,907	7,870	12,300	(3,037)	(4,430)
Rent received		3,200	6,356	3,703	3,156	2,653
<b>Net cash provided by/(used in) operating activities</b>		<b>435,860</b>	<b>(233,853)</b>	<b>(111,885)</b>	<b>(669,713)</b>	<b>(121,968)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
<b>Payments</b>						
Purchase of non-current assets	15, N	(28,435)	(53,989)	(81,466)	(25,554)	27,477
Purchase of infrastructure assets		(2,257,770)	(2,190,706)	(1,996,733)	67,064	(193,973)
<b>Receipts</b>						
Proceeds from sale of non-current assets		-	(207)	200	(207)	(407)
<b>Net cash provided by/(used in) investing activities</b>		<b>(2,286,205)</b>	<b>(2,244,902)</b>	<b>(2,077,999)</b>	<b>41,303</b>	<b>(166,903)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
<b>Payments</b>						
Principal elements of lease payments		(3,302)	(6,471)	(4,164)	(3,169)	(2,307)
<b>Receipts</b>						
Other receipts	16	30,000	-	-	(30,000)	-
Amounts due to the Treasurer	O	-	(107,220)	107,220	(107,220)	(214,440)
Proceeds from borrowing	17, P	-	557,220	130,000	557,220	427,220
<b>Net cash provided by/(used in) financing activities</b>		<b>26,698</b>	<b>443,529</b>	<b>233,056</b>	<b>416,831</b>	<b>210,473</b>
Net increase/(decrease) in cash and cash equivalents		11,851	142,225	(9,771)	130,374	151,996
Cash balance transferred in		17,529	-	-	(17,529)	-
Cash and cash equivalents at the beginning of the period		152,994	266,551	276,322	113,557	(9,771)
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>		<b>182,374</b>	<b>408,776</b>	<b>266,551</b>	<b>226,402</b>	<b>142,225</b>

1. These estimates are published in the State Budget 2023-24, Budget Papers No.2 'Budget Statements'.



# Notes to the financial statements for the year ended 30 June 2024 continued

## Major estimate and actual (2024) variance narratives:

- 1 Other expenses is lower than anticipated by \$22.5 million (13.0%) due to less road assets retired as a result of project delays.
- 2 Commonwealth grants revenue is lower than anticipated by \$615.7 million (36.8%) due to rescheduling of Commonwealth Grant receipts after the review of Commonwealth funded programs and delay in finalising project proposal reports. Major projects include Tonkin Highway Extension Stage 3, Great Northern Highway Ord River and Hodges Drive to Hepburn Avenue widening.
- 3 Grants from other bodies revenue is lower than anticipated by \$264.5 million (95%) mainly due to delays in finalising transfers of Abernethy Road and North Lake road from Local Governments.
- 4 Income from other public sector entities is higher than anticipated by \$157.4 million (86.3%) mainly due to higher amount of disaster recovery funds received from Department of Fire and Emergency Services for recovery works after Tropical Cyclone Ellie.
- 5 Borrowings is higher than anticipated by \$687.2 million due to unplanned borrowing by the agency.
- 6 Service appropriation is higher than anticipated by \$133.3 million (15.3%) mainly due to additional funds received for Moorine Rock to Mt Holland Road upgrades and Kwinana crash barriers.
- 7 Capital appropriation is higher than anticipated by \$113.3 million (16.7%) mainly due to additional Regional Road Safety Program funding.
- 8 Contributions to roadworks is lower than anticipated by \$37.1 million (31.6%) due to low level of works delivered on the Principle Shared Path program and rescheduling of Marble Bar road upgrade project.
- 9 Natural disaster funds is higher than anticipated by \$184.7 million mainly due to higher amount of disaster recovery funds received from Department of Fire and Emergency Services for recovery works after Tropical Cyclone Ellie.
- 10 Royalties for Regions Fund is lower than anticipated by \$44.1 million (38.2%) mainly due to rescheduling of Mandurah Estuary Bridge duplication related works.
- 11 GST payments on purchases is higher than anticipated by \$204.5 million due to higher than estimated purchases.
- 12 Commonwealth grants is lower than anticipated by \$641.4 million (38.3%) mainly due to delays in approval of project proposals by the Commonwealth Government. Major projects include Tonkin Highway Extension Stage 3, Great Northern Highway Ord River and Hodges Drive to Hepburn Avenue widening.
- 13 GST receipts on sales is higher than anticipated by \$28.4 million due to higher payments received from customers.
- 14 GST receipts from taxation authority is higher than anticipated by \$164.5 million due to higher amount of GST paid on purchases.
- 15 Purchase of non-current assets is higher than anticipated by \$25.6 million (89.9%) mainly due to land acquisitions for the Westport project, construction of staff houses and computer hardware.
- 16 The variance of \$30 million is mainly due to rescheduling of work on the Anketell-Thomas Road Freight Corridor.
- 17 Proceeds from borrowing is higher than anticipated by \$557.2 million due to unplanned borrowing by the agency.

**Major actual (2024) and comparative (2023) variance narratives**

- A Employee benefits expenses increased by \$29.3 million (28.4%) mainly due to transition of road maintenance function inhouse.
- B Supplies and services increased by \$65.4 million (11%) mainly due to higher expense on recurrent projects including Stirling station bus Interchange and road maintenance undertaken within Metropolitan and Goldfields Esperance regions.
- C Grants and subsidies is higher by \$87.3 million (19.0%) due for increased payments for Metronet related works including Victoria Park Canning Level Crossing Removal, Thornlie Cockburn Link and Byford Rail Extension.
- D Other expenses increased by \$105.1 million due to higher infrastructure asset retirement in 2023-24 financial year compared to previous financial year. Projects include Tonkin Gap, Manuwarra Red Dog Highway and Leach Highway Welshpool Road grade separation.
- E Contribution to roadworks decreased by \$18.1 million (26.2%) this year due to reduced number of projects delivered for third party compared to the previous year.
- F Service appropriation has increased by \$169.1 million (12.4%) mainly due to increased amount provided to fund services and higher Motor Vehicle Licensing Fees compared to previous year.
- G Capital appropriation increased by \$113.1 million (16.7%) due to higher capital appropriation allocated from Motor Vehicles Licencing fees compared to last year.
- H Contributions to road works decreased by \$92.9 million (53.5%) mainly due to low level contribution receipts from other public sector agencies compared to previous year.
- I Natural disaster funding receipt is higher by \$186.2 million mainly due to higher amount of disaster recovery funds received from Department of Fire and Emergency Services for recovery works after Tropical Cyclone Ellie.
- J Royalties for Regions Fund decreased by \$26.3 million (27%) due to a one-off payment (\$80 million) last year for recovery of road network after Tropical Cyclone Ellie.
- K Employee benefits is higher by \$26 million (26.5%) mainly due to onboarding of road maintenance staff.
- L Supplies and services payments increased by \$60.6 million (10.2%) mainly due to higher expense on recurrent projects including Stirling station bus Interchange and road maintenance in Metropolitan and Goldfields Esperance regions.
- M Grant and subsidies is higher by \$91.6 million (19.9%) due to increased payment for Metronet related works including Victoria Park and Canning level crossing removal, Byford Rail extension, Thornlie Cockburn link and Bayswater Station.
- N Purchase of non-current assets is lower by \$27.4 million (33.7%) this year compared to last year. This decline is primarily due to reduced spending on land acquisition, particularly the Westport Land acquisition in the previous year.
- O The variance of \$107.2 million in Amounts due to Treasurer is attributed to a one-off payment from Treasury in 2022-23 financial year. The amount is paid back to Treasurer during 2023-24 financial year.
- P The variance of \$427.2 million in proceeds from borrowing is mainly attributed to additional loan drawdown from WATC in 2023-24 financial year.



### Special Purpose Statement (Amended)

#### Deposits - Main Roads

NAME	An account titled 'Deposits - Main Roads' (the Account) shall be maintained as a special purpose account pursuant to section 16(1)(c) of the <i>Financial Management Act 2006</i> by the Commissioner of Main Roads.
PURPOSE	To hold moneys that are deposits in nature including contractors' retention and performance bonds and held in trust by the Commissioner of Main Roads in the performance of functions under the <i>Main Roads Act 1930</i> .
RECEIPTS	There may be credited to the Account such moneys lawfully received for the purposes for which the account is established, and investment income.
PAYMENTS	Money standing to the credit of the Account may be expended for the purposes for which the Account is established, that is:  (i) repayments of moneys to persons; or  (ii) transfers of deposits to the Main Roads Trust Account upon default by contractors.
ACCOUNTABILITY AND GOVERNANCE	The Account shall be administered, accounted for and reported on by the Commissioner of Main Roads in accordance with the <i>Financial Management Act 2006</i> , <i>Financial Management Regulations 2007</i> and Treasurer's instructions.
REVIEW	A detailed review of the Account is to be undertaken on an annual basis. This is to include an assessment of the payments and receipts to ensure compliance with the purposes outlined above.
DISPOSAL OF FUNDS ON CESSATION	Upon closure of the Account, any balance standing to the credit of the Account shall be credited to Main Roads Trust Account established under section 31(1) of the <i>Main Roads Act 1930</i> or refunded to persons as applicable.

I have examined and agree to the provisions of this trust statement

Peter Woropzew  
Commissioner of Main Roads  
Date 5/6/2024

Approved  
(under delegated authority)

Pauline Burton  
Director Financial Policy & Operation  
Department of Treasury  
Date 7/6/2024