



mainroads
WESTERN AUSTRALIA

Building for Tomorrow

2020 Annual Report



*We're working for
Western Australia.*

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Welcome

Welcome to our 94th Annual Report

This report has information about our operational, financial and business performance for 2019-20 and will:

- highlight who we are, what we do and how we went about delivering our services to the people of Western Australia
- share with you how we performed in delivering our services and whether we met the targets we set out to achieve
- look ahead at the challenges and exciting new opportunities that can influence our business, our industry and the community that we serve, particularly in light of the impacts of the COVID-19 pandemic
- showcase the work we are doing around sustainability and the environment and how we are working to improve the experience our customers have, whilst ensuring we have a positive enabling work environment for our people
- demonstrate our commitment to governance and integrity, underpinned by our 'Every Day by Everyone – Do the right thing' campaign.

Last year at the Australasian Reporting Awards, we received a Gold Excellence Award and a Bronze Award for Sustainability. We were also a finalist in both Online Reporting and Work, Health and Safety Reporting. At the time of preparing this report, the Institute of Public Administration Australia WA Lonnie Awards were still to be announced.

Once again, our Annual Report is online only. It presents our performance and achievements through up-to-date online content coupled with information outlining and demonstrating current activities.

Acknowledgement of Country

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

Reporting Structure

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

We set out to create value, guided by our Keeping WA Moving strategy and our business model. This report shows what we have achieved during the year, how we performed, the value we created and our plans for future value creation. We detail what matters most for our customers, especially in our report's material issues and customer experience sections, and we reflect our strong commitment to our customers.

We recognise and acknowledge the relationships we have with our Transport Portfolio partners and how we work with them in our Connecting People and Places report, available on our website.

Our story begins with our highlights, an overview of the year that was and continues with messages from our Acting Commissioner and Managing Director who provide a summary of our performance and the direction we are going. We then step into our Value Creation Model, showing alignment with our strategic direction and how that, in turn, drives delivery of our Key Services and Outcomes – resulting in value created through our activities.

These Outcomes are the basis of our Annual Report and are represented in particular, in the following sections:

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

In each of these chapters we show how we work to achieve goals, share performance measures alongside projects, and look to plans for the year ahead.

Each chapter includes Our Stories – snapshots, bringing to life some of our achievements – along with the people who made them happen over the past 12 months.

A key part of any organisation is the application of good governance practices. Reassuring the community of the approaches that we are taking around integrity is important. The Governance and Financial chapter highlights what we are doing to ensure that we continue to maintain good practices.

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

Reporting Frameworks

In preparing this report, we have sought to adopt the International Integrated Reporting Council Framework. Throughout the report, you will see symbols indicating the Key Resources consumed as inputs for our business activities. The aim of integrated reporting is to promote a more cohesive approach to corporate reporting by explaining how we create value over time. Our intention is to show the benefits to all stakeholders, including employees, customers, suppliers, business partners, local communities, legislators and policymakers.

With respect to our Global Reporting Initiative (GRI) disclosure, we have moved to the ‘Standards: Core’ option, and continue to develop to a ‘Comprehensive’ level with the inclusion of more reporting against these indicators. This is part of our continuing commitment to GRI and, the most widely used standards on sustainability reporting and disclosure.

In addition, we have reported in line with the *Financial Management Act 2006* (WA) and supporting Treasurer’s Instructions and the 2020 Western Australian Public Sector Reporting Framework.

We believe these approaches enable better decision-making based on information that matters. We will continue to explore our understanding of these approaches and adopt them into the future in relation to how we report against the services we deliver.

Comments and Feedback

We welcome your comments, feedback or thoughts on our approach or on any aspect of our Annual Report.



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

In accordance with Section 63 of the *Financial Management Act 2006* (WA), I hereby submit for your information and presentation to Parliament, the Annual Report of Main Roads Western Australia for the financial year ended 30 June 2020.

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

Des Snook
Acting Managing Director
of Main Roads
8 September 2020

Peter Woronzow
Acting Commissioner
of Main Roads
8 September 2020

Overview

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

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Following are some of our stories from the last twelve months that we have featured in this year's report.



Infrastructure Boost Crucial To Recovery

An unprecedented level of investment in road construction projects, together with procurement initiatives designed to create more opportunities for local jobs, businesses and the economy will play a key role in the State's COVID-19 recovery strategy.



Transforming Our Freeways

Our Transforming Perth's Freeways Strategy has seen a record number of projects undertaken or completed on our freeways designed to improve their efficiency, safety, and access. This strategy aims on maintaining a productive and reliable freeway for the movement of people and freight as Perth's population grows.



WA's Biggest Road Project Wraps Up

This year we completed NorthLink WA, the single largest project in our history. NorthLink WA is a non-stop freeway-standard highway providing an efficient alternative freight route, which will take about 80 per cent of trucks away from Great Northern Highway.



Keeping You Moving – No Matter How You Choose To Travel

We made a significant investment in building Principal Shared Paths along the freeway and rail corridors and completing gaps in the path network to improve connectivity and accessibility for cyclists and pedestrians.



Protecting The Iconic Western Ringtail Possum

The Western Ringtail Possum Regional Survey Project led by Main Roads is set to provide an invaluable resource for environmental regulators, universities, researchers and environmental groups across Australia and the world, by contributing important knowledge about the species and its protection.



Award Winning Kimberley Region Projects

We won the Best Practice in Corporate Social Values award at the 2019 IPAA Achievement Awards for our focus and dedication to Aboriginal engagement and participation on our Kimberley regional projects. The award recognises excellence in the demonstration and delivery of programs, policies and approaches in public values in corporate citizenry. Social responsibility and welfare of staff are the two foci of this award.



Every Day By Everyone – Do The Right Thing

We are committed to embedding integrity into all aspects of our work by demonstrating professional behaviours that are consistent with our values and guiding principles. This year, we rolled out an awareness campaign for our people with the catchline 'Every Day By Everyone – Do The Right Thing'.



Infrastructure Boost Crucial to Recovery

Main Roads, along with our Portfolio colleagues, is playing a key role in the state's COVID-19 economic recovery strategy with an unprecedented level of investment in road and rail construction projects, together with procurement initiatives designed to create more opportunities for local jobs, businesses and the economy.

The State Government's current program of major road projects is worth \$2.37 billion and will create and support around 13,000 jobs. We have fast-tracked the tendering process for a number of these projects to help stimulate the economy in response to the impact of the COVID-19 pandemic.

These major projects target some of our critical road corridors, including Mitchell Freeway, Roe Highway and Great Northern Highway. Construction will soon begin on Bunbury Outer Ring Road, improving journey times in the south west; taking freight off local roads and improving safety.

Successful negotiations between the State and Commonwealth Government have secured an additional \$223 million for shovel-ready projects. These include Bussell Highway widening between Capel and Busselton, replacement of a bridge on Great Eastern Highway, safety improvements on Toodyay Road and a package of road improvements near Exmouth.

This new funding package includes \$100 million for a Regional State Road Safety Improvement Program that will widen and seal more than 20 regional routes across the state, as well as installing audio-tactile line markings on them. This will improve safety, save lives and bolster the resilience of road networks in our regional areas.

As part of efforts to protect the viability of small to mid-size contractors during the COVID-19 downturn, the State Government also approved new measures to streamline the awarding of contracts for smaller road construction projects, to the value of \$20 million. A new state-wide Construction Panel Contract includes buying rules; these minimise tendering costs and maximise the spread of work for small and medium-sized contractors.

Expediting road projects through the new Construction Panel assists contractors in planning and programming of works, enables time and cost savings, and gives local businesses certainty and the ability to retain local workers. Projects with a combined value of more than \$140 million are being procured through the panel contract, ensuring jobs are retained and created, and protecting the future contracting capacity of local Western Australian businesses. Panel arrangements will be considered for future projects, as they come online.

Main Roads will continue to review procurement and contracting arrangements to ensure the best possible contribution to the WA Recovery Plan.



Smart Freeways

We delivered Perth's first Smart Freeway in 2020, designed to reduce congestion, improve safety and make better use of existing infrastructure.

Part of the Transforming Perth's Freeways strategic program, the Smart Freeway – Kwinana Northbound project is the largest Intelligent Transport Systems (ITS) project we've undertaken.

More than 800 ITS devices were installed on Kwinana Freeway northbound to create the Smart Freeway section. The devices support smart technologies used to adjust speed limits to get more traffic through during busy periods, open and close traffic lanes in the event of an incident, and control the flow of traffic on the ramps.

A Smart Freeway was the best solution for the constrained section between Canning Highway and Narrows Bridge where the railway and Swan River prevented traditional widening. The project gives greater journey reliability, improves travel times, enhances safety and reduces construction costs.

The Smart Freeway includes a range of impressive measures.

- **All-Lane running:** creation of an additional lane by transitioning the emergency stopping lane for use between Canning Highway and the Narrows Bridge.
- **Lane use management system:** safely enabling all-lane running by implementing a 'smart system' to close and reopen traffic lanes, adjust speed limits and provide emergency access during incidents, similar to the system used in the Northbridge tunnel.
- **Variable speed limits:** used to improve traffic flow by adjusting the speed limits based on traffic volumes and conditions.

- **Emergency stopping bays:** provided at regular intervals, 600 metres on average, for vehicles to use in the event of a breakdown or incident.
- **Automatic incident detection systems:** installed between Canning Highway and the Narrows Bridge, to alert the Road Network Operations Centre to incidents or breakdowns, supported by CCTV cameras that allow further visual investigation.
- **Coordinated ramp signals:** installed at on-ramps to help the flow of traffic onto the freeway and improve merging at Farrington Road, South Street, Leach Highway and Cranford Avenue.
- **Comprehensive CCTV coverage:** linked to our Road Network Operations Centre.
- **Driver information:** better facilitated through freeway electronic message signs informing motorists in real-time of traffic conditions ahead.

To operate these new technologies a training program was created with input from leading experts around the world. More than 50 staff were trained, undertaking theory tests and practical examinations using a sophisticated Smart Freeways emulator.

To smoothly transition to operations, the project team undertook a series of desktop and on-site familiarisation trials with emergency services, vehicle recovery companies, maintenance providers and others. In this controlled environment teams experienced the new road configuration and technologies, updating team operating practices prior to project opening. For more information search smart freeways.

Our Performance

We manage and maintain:

18,600 km

of roads over 2.5 million kms²

Including **5,160 km** of the National Land Transport Routes

1,000+ Incidents managed from RNOC per month

More than **800 Intelligent Transport System devices** installed on the new Smart Freeway

We regulate and provide services:

34,000+

heavy vehicle permits issued

4,500+ WA Heavy Vehicle Accredited Operators

2,000+ Heavy Vehicle Pilot Licence Holders

We engage with our customers:

99,900

calls received

1,120 COVID-19 related calls

5,014 new subscribers to our project updates

2,000+ traffic reports provided monthly to media outlets

Improving the customer experience:

★ ★ ★ ★ ☆ **Community satisfaction** with

Main Roads

90%



Road Safety

92%



Cycleways & Pedestrians

91%

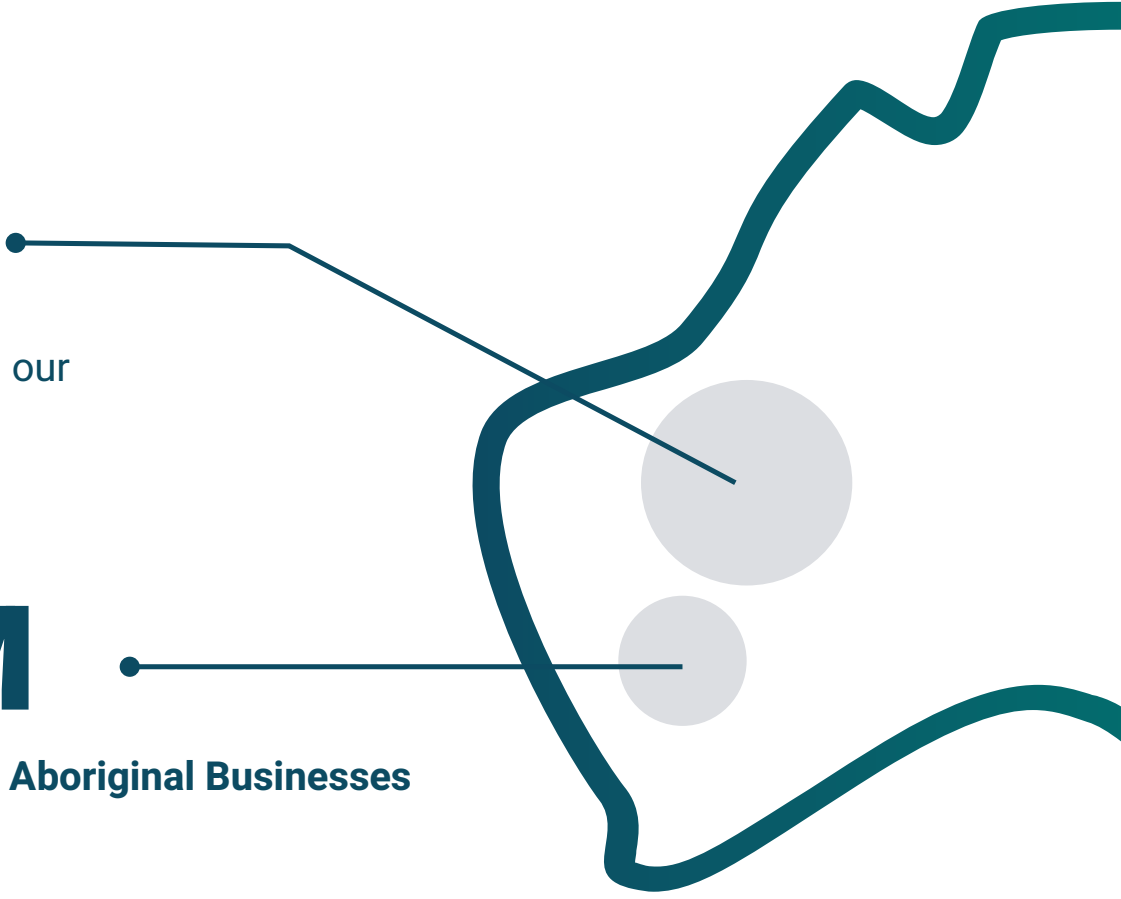


23%

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

over **\$62M**

total spend through **Aboriginal Businesses** across the state



Environment and Sustainability

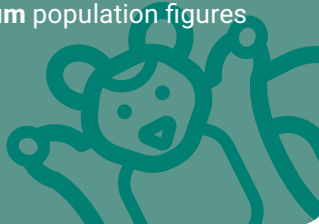
1,000+

activities screened for potential **environment and heritage impacts**



114,234

hectares surveyed in search of current **Western Ringtail Possum** population figures



34,000+

tonnes of crushed recycled concrete used in our road construction projects



2 million+

plants and 750 kg of seed used to landscape NorthLink WA



91,000

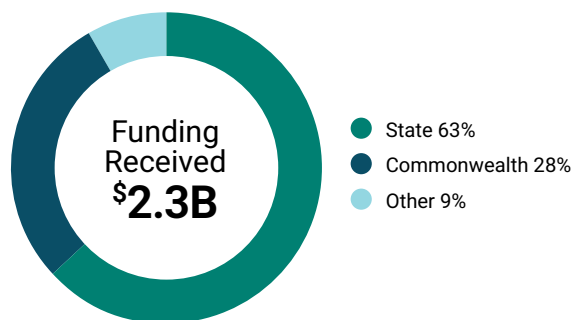
plants including 1,000 **native trees** planted as part of our Wildflower Capital Initiative



Our Finances

Our financial summary shows key elements of our performance, with further detailed information in the Financial Statements and Notes. This year Main Roads received \$2.34 billion in funding and invested more than \$2.46 billion in managing the state road network.

Funding Sources



	2018	2019	2020
	\$ million		
State	1,575	1,630	1,489
Commonwealth	772	623	667
Other	145	212	190
Total Funding Received	2,490	2,465	2,346

The largest contribution to our income is from the State Government totalling just over \$1.48 billion or 63 per cent of total funds received. At 28 per cent, our second highest contribution comes from the Commonwealth Government valued at more than \$667 million. These funds assist national and regional economic and social development by improving the performance of land transport infrastructure and include the Heavy Vehicle Safety and Productivity and Black Spot Program. Other income sources include the Royalties for Regions Program and contributions to roadworks on our infrastructure made by public and private bodies.

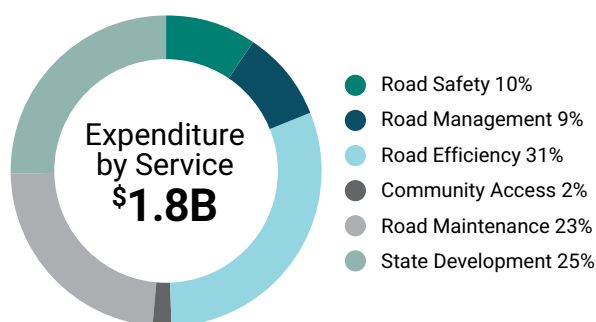
Expenditure

During the year, we spent funds of \$2.46 billion delivering services and managing the road network across the state.

Expenditure by Service

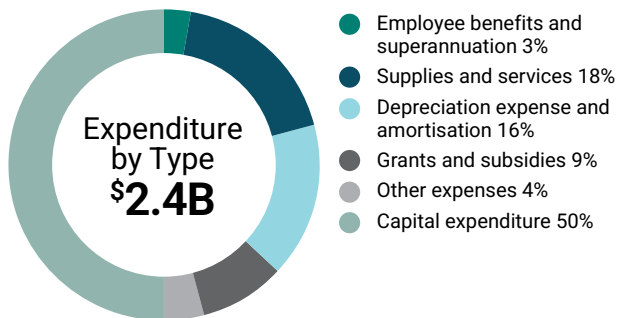
The following shows the allocation of these funds aligned against our six outcome-based Services. Further information on each of the services, the projects delivered, our performance and achievements are included in the Operational Performance section.

	2018	2019	2020
	\$ million		
Road Safety	163	159	175
Road Management	136	128	174
Road Efficiency	330	411	563
Community Access	137	52	36
Road Maintenance	491	449	426
State Development	467	619	461
Total expenditure	1,724	1,818	1,835



Expenditure by Type

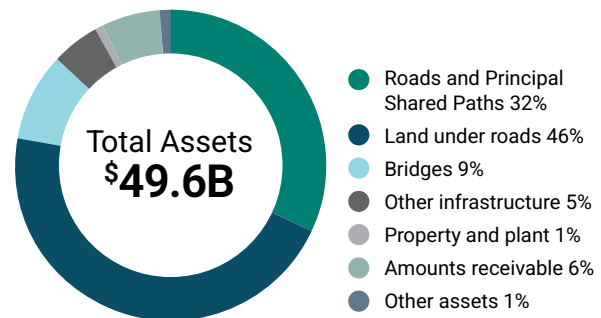
As you might expect, capital works represent our largest expenditure. This is followed by supplies and services associated with asset management, network operations and of course maintenance of our road network. In addition, due to the size of our asset base, we have a significant amount of depreciation.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



	2018	2019	2020
	\$ million		
Employee benefits and superannuation	72.0	64.5	66.0
Supplies and services	519.0	431.3	446.9
Depreciation expense and amortisation	349.0	378.1	396.1
Grants and subsidies	271.1	332.6	232.2
Other expenses	46.1	93.0	101.5
Capital expenditure	1,065.2	1,271.2	1,221.6
Total expenditure	2,322.4	2,570.7	2,464.3

Our Assets

This year the total value of our assets is \$49.68 billion which is an increase of \$1.4 billion when compared against last year. The major component of our assets is road infrastructure assets, making up 92% of what we own representing \$45.63 billion. Following is a breakdown of the main categories of assets we managed on behalf of the community over the last three years.



	2018	2019	2020
	\$ billion		
Roads and Principal Shared Paths	14.3	14.5	15.9
Land under roads	23.6	23.2	22.9
Bridges	3.9	4.1	4.3
Other infrastructure	2.0	2.5	2.5
Property and plant	0.4	0.4	0.4
Amounts receivable	2.5	2.8	3.1
Other assets	0.7	0.7	0.5
Total	47.4	48.2	49.6

Our Outcomes

Timely, accurate and meaningful performance information provides Government and the communities we serve insights and judgements on the effectiveness and efficiency of how well we are doing in delivery of our services.

Done well, good performance information assists in improving accountability and transparency and aids decision-making. We recognise that to manage our business effectively we have to access information and report against different dimensions of value using interconnected information across multiple key resources. This integration of reporting strengthens governance, ensures we focus on the issues that are material to our business and customers and helps to identify and mitigate risks earlier.

The following scorecard provides a snapshot of how well we are performing against our key outcomes. More information and other measures are included throughout the report.



Movement

Improve mobility of people and the efficiency of freight



Customers

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



Safety

Provide improved safety outcomes for all users of the transport network



Sustainability

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

GOVERNMENT GOAL

Future Jobs and Skills

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

Customers

Assets

Network performance

Financial capital

Natural resources

Our people

Know-how

KEY OUTCOMES SOUGHT	RESULTS	TARGET	ACTUAL	STATUS
State Development Facilitation of economic and regional development	Our target for the average return on which road and bridge construction expenditure will deliver future economic benefits to the community was exceeded and continues to improve	4.0	4.3	✓
	We exceeded our contracts completed on time target and significantly improved on previous years	90	100	✓
	Contracts completed on budget exceeded our target and was higher than last year	90	100	✓
Our People To attract, develop and sustain organisational capability through our people	Headcount	N/A	1,140	✓
	We exceeded our target in respect to women in leadership positions at Level 6 and above, however it was a slight decrease since last year	20	26	✓
	There was a high level of completion of Career Conversations coming in just under our target but remains consistent with previous years	100	96	✓

Key Resources

Achieved ✓ More work to do ✗

GOVERNMENT GOAL Strong Communities Safe communities and supported families				
Customers Assets Network performance Financial capital Natural resources Our people Know-how				
KEY OUTCOMES SOUGHT	RESULTS	TARGET	ACTUAL	STATUS
Road Safety Provision of a safe road environment	Community satisfaction with road safety is performing well exceeding our target and consistent with last year's result	90	92	✓
	Contracts completed on time came in below target but has increased upon last year's result	90	87	✓
	Contracts completed on budget exceeded our target showing continued strong performance	90	100	✓
	Black Spot location indicator exceeded our target and is consistent with previous results	6.81	7.33	✓
Community Access Improved community access and roadside amenity	Community satisfaction with cycleways and pedestrian facilities was above our target and is consistent with last year's result	90	91	✓
	Percentage of the year that 100 per cent of the state Road Network was available came in under our target with a decrease from last year	95	89	✓
	Contracts completed on budget exceeded our target showing continued strong performance	90	100	✓
	The contracts completed on time target was not achieved, due to various factors including inclement weather and design changes	90	0	✗
Enhancing Safety, Health and Wellbeing Consistently leading safe outcomes	There were no Fatalities last year	0	0	✓
	Our Lost-time injury (LTI) and/or disease incidence rate target was not achieved	0.17	0.28	✗
	Our Lost-time injury and severity rate target was not achieved	0	33.3	✗
	We did not achieve our target of helping 100 per cent of our injured workers return to work within 13 weeks	100	66	✗
	We met our target of helping injured workers return to work within 26 weeks	100	100	✓
Improving Customer Experience Providing a transport network centred on what our customers need and value	We achieved our target for Community satisfaction demonstrating a consistent level with previous outcomes	90	90	✓
	The aim to continue to increase the number of customer subscriptions to our project updates was achieved	5 % Increase	14% increase	✓
	The target for resolving enquires at first point of contact with our customer information centre was achieved	80	90	✓

Key Resources

Achieved ✓ More work to do ✗

GOVERNMENT GOAL Better Places A quality environment with liveable and affordable communities and vibrant regions						
Customers Assets Network performance Financial capital Natural resources Our people Know-how						
KEY OUTCOMES SOUGHT	RESULTS	TARGET	ACTUAL	STATUS		
Road Maintenance A well-maintained road network	Community satisfaction with road maintenance came in within our target and was a slight decrease from last year.	90	86	✓		
	Our preventative and proactive maintenance undertaken on the network indicator target was met and is consistent with previous year's results	85	85	✓		
	Average \$ cost of network maintenance per lane-kilometre of road network target was achieved and was lower than estimated	7,950	7,757	✓		
Road Efficiency and Road Management Reliable and efficient movement of people and goods	Community satisfaction with Main Roads target was achieved however was a small decrease on last year's result	90	90	✓		
	Road network permitted for use by heavy vehicles	B-double – 27.5 m %	97	98	✓	
		Double Road Train – 27.5 m %	97	97	✓	
		Double Road Train – 36.5 m %	80	81	✓	
		Triple Road Train – 53.5 m %	45	45	✓	
	% Network configuration	Roads	90	93	✓	
		Bridges	Strength	94	94	✓
			Width	96	96	✓
	Contracts completed on time was below our target and considerably lower than previous results	90	77	✗		
	Contracts completed on budget exceeded our target showing continued strong performance	90	100	✓		
Average \$ cost of network management per million vehicle kilometres travelled came in higher than our target	5,983	6,427	✗			
Managing the Environment Protecting and enhancing the natural environmental and social values in all our activities	Percentage of state-wide clearing permit compliance audits completed CPS 818 continues to meet our target	100	100	✓		
	Scope 1 and 2 Emissions (t CO ₂) are lower than expected and continue to come in under target	29,302	26,257	✓		
	Community satisfaction with our sustainability practices was slightly below target with a decrease from last year	90	89	✓		
	Targets of community satisfaction with our performance managing the environmental impacts in our activities was achieved and remains at a consistent level with previous years	90	90	✓		

Key Resources

Achieved  More work to do 

Commissioner's Foreword



It is my pleasure to present Main Roads Western Australia's Annual Report for 2019-20. The year has been one quite unlike any other.

The COVID-19 pandemic presented the world with a unique challenge in cooperation, adaptability and resilience. The situation evolved rapidly; in February, our leaders came together

at the 2020 Transport Portfolio Leadership Forum identifying opportunities to improve transport outcomes for the state. In early March, the Portfolio supported Perth Festival in staging the successful Highway to Hell AC/DC tribute concert, attended by more than 150,000 people. Only weeks later, Western Australia closed its borders to international and interstate visitors, people were asked to avoid leaving their homes, and entire industries were forced to close.

Yet, in this time of adversity, we banded together and adhered to strict hygiene and social distancing regulations. This enabled the state to navigate through the pandemic and relax our restrictions much sooner than many other places. I have felt a sense of pride and gratitude to be a Western Australian during this time.

I am also proud of our dedicated employees, who responded quickly and effectively by implementing additional health and safety protocols to protect both frontline workers and customers. We rolled out alternative methods of delivering important services and in some instances, temporarily closed to ensure the safety of our customers and employees.

For Main Roads, work continued on our projects throughout the state with several major milestones being achieved. These included the opening of the Murdoch Drive Connection and completion of the Armadale Road Upgrade, NorthLink WA and the delivery of the Great Northern Highway – Ord River North project.

With restrictions now easing, WA is focused on economic recovery. The Transport Portfolio partners will play a leading role in revitalising the State's economy through the delivery of infrastructure projects.

To achieve this, the Office of Major Transport Infrastructure Delivery (OMTID) was established as a new Portfolio office in May 2020. OMTID is responsible for delivering infrastructure projects valued at more than \$100 million, and comprises teams from both PTA and Main Roads. This will enable a faster, more streamlined rollout of major infrastructure projects, including METRONET, to inject stimulus and create jobs.

Transport has been, and continues to be, a major focus of the State Government, with more than \$8 billion of funding allocated to transport projects over the next four years. Furthermore, 24 road and maritime projects worth \$140 million are being expedited to support the COVID-19 economic recovery through a new State-wide Construction Panel Contract. These projects are predicted to support more than 1,000 local jobs. Additionally, Main Roads is fast-tracking the tendering process for 11 major road projects worth \$2.37 billion, estimated to support a further 13,000 jobs. Projects such as the Bunbury Outer Ring Road, Fremantle Traffic Bridge, Tonkin Highway Gap project and Mitchell Freeway extension will vastly improve connectivity and travel times. There has truly never been a better opportunity for the Portfolio to influence the future of our State and play a major role in our economic and social prosperity.

I would like to acknowledge Richard Sellers for his leadership as the Director General Transport until his secondment to lead the Department of Jobs, Tourism, Science and Innovation for 12 months in March this year.

I am proud of the achievements of the Portfolio. Connected and efficient transport networks and supply chains are critically important and I am honoured to be leading the Transport Portfolio at this time. I thank all employees for their hard work and commitment in delivering the best outcomes for our customers and the State.

For more examples of collaboration in action, you may be interested in reading our *Connecting People and Places 2019-20* publication.

Given the way we have responded to the challenges of such an unusual year, I have confidence looking forward and believe that it will be a positive and exciting year for the Transport Portfolio and Western Australia.

Peter Woronzow

Acting Commissioner of Main Roads



Transport plays an important role in the wellbeing of Western Australians and is a critical part of supporting our state and our people to achieve their full potential. It connects communities and businesses, helps the economy grow, keeps us safe, and creates liveable cities and thriving regions.

Our constant challenge is to ensure we plan for the long term and yet adapt to meet changing circumstances and the needs of our

customers. This makes investment in the road network and efficient movement of freight crucial in delivering services that both benefit the community and respond to current and future levels of demand.

This year was no exception. Our state changed when, already feeling the impacts of bushfires and tropical cyclones, the COVID-19 crisis made its presence felt and a State of Emergency was declared in response to the pandemic.

Impacts from the COVID-19 crisis represent one of the biggest challenges to the global and domestic economy that any of us have ever experienced. Main Roads has had a unique role to play in supporting the Western Australian economy and its people through this period and into the future recovery phase.

Whilst none of us predicted or expected that we would be faced with such unusual circumstances, what this report demonstrates is that we managed to continue delivering our projects and services in line with the directions we have set under our Keeping WA Moving strategy.

Our Operational Performance

This year saw an investment of \$1.8 billion through our six service areas as we continued to deliver safe, reliable and sustainable services to the community. We completed one of our biggest projects to date – NorthLink WA. This is a non-stop, freeway-standard highway between Morley and Muchea providing an efficient alternative freight route; NorthLink WA also takes about 80 per cent of trucks away from Great Northern Highway through the Swan Valley. The project supported around 7,000 jobs throughout construction. Peter has highlighted a number of other significant projects from across the state and throughout the Operational Performance section of the report.

Road safety continues to be a serious concern and we will begin to deliver the largest road safety improvement program ever seen in this state. In its first year, the program will see around 1,400 kilometres of roads treated as part of a package funded jointly by the State and Commonwealth Governments. The program is valued, for the first year alone, at \$100 million.

We released our Aboriginal Engagement and Participation Policy in early 2020. This outlines our commitment to involve Aboriginal peoples in the works we do and to embrace their unique cultures and traditions. This financial year Aboriginal peoples and businesses have helped us develop and deliver our works with over \$62 million spent with Aboriginal businesses and over 466,000 hours worked by Aboriginal peoples.

Our Business Activities

Our business and support services continue to focus on encouraging sustainable practices, improving customer experience and developing our people and their safety, health and wellbeing.

We are committed to protecting and enhancing the natural environmental and social values in all our activities, and a key area of focus for us is sustainability. It was pleasing to see that 90 per cent of the community are satisfied with our handling of environmental management and 89 per cent with our approaches to sustainability. During the year, we exceeded our target of doubling the usage of crumb rubber to 1,300 tonnes per annum by 2021, with almost 1,500 tonnes used this year in asphalt and spray sealing works.

As part of our work in planning for the Bunbury Outer Ring Road, the outcomes of an extensive regional survey on the Western Ringtail Possum provides an invaluable resource for environmental regulators, universities, researchers and environmental groups across Australia and the world. Our efforts have contributed to new data and work protecting the future of this endangered marsupial.

We believe in providing a transport network centred on what our customers need and value. This year, we focused on improving our customers' digital experience as we delivered a new website providing better online tools and services. This is an important improvement for the nearly 6.1 million visits to our website each year.

I am proud that we have created a Regional Engineering Associate Traineeship Program to provide long-term technical resourcing, growth, flexibility and stability in our regions. We are a regionally based organisation operating and managing a state-wide road network so it is important for us to recruit people who live in the regions, to ensure we build a sustainable workforce as well as improving outcomes and opportunities for regional communities.

We are nothing without our people and it is extremely important to me to provide a culture and environment where everyone feels safe at work and returns home safely. We continue to help our people build their capacity and awareness in the Mental Wellness space. Our focus is to create a culture where risks are addressed and the provision of mental health support is readily available.

Future View

The next 12 months will be another big year for all of us as we will play a key role in our state's strategy for recovery from the impacts of COVID-19. There will be an unprecedented level of investment in road construction designed to create more opportunities for local jobs, businesses and the economy. We will continue to deliver our works program aimed at improving reliability, efficiency and safety whilst contributing towards creating more jobs and business investment opportunities across the state.

This includes progressing road infrastructure such as construction of the Fremantle High Street upgrade, Thomas Road safety improvements between Kwinana Freeway and South Western Highway and completion of the Reid Highway Dual Carriageway.

Investment in our roads continues across regional WA through works including the Duncan and Gordon Downs Roads Project, upgrades on the South Coast Highway, progress on plans for the next stage of the Coolgardie-Esperance Highway upgrade and ongoing construction of the Bunbury Outer Ring Road and the Albany Ring Road.

While firmly focused on delivery, we also have an eye on emerging trends, future opportunities, changing needs of our customers and transformative technologies. We pride ourselves on seeking ways to overcome challenges and identify new opportunities by being agile and innovative.

This year has provided unprecedented and unique challenges for us all. I especially would like to acknowledge the leadership that Corporate Executive has given to Main Roads during this time and the personal support they have provided to me as we have worked through the COVID-19 issues.

I would also like to acknowledge the work and effort made by our people and contractors across the state. The widespread cooperation and support I have seen across the public and private sectors, the community, our industry partners and from each other is something we should all be very proud of.

I appreciate the opportunity to have been asked to lead a team dedicated to Keeping WA Moving and I look forward to the next year and the exciting opportunities ahead.

Des Snook

Acting Managing Director of Main Roads

About Us

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

Our Minister, Legislation, Role and Operations	21
How We Create Value	22
Our Sustainable Approach and Defining Materiality	25
Linking Strategy, Futures, Innovation and Research	28
Our Structure	30
Our Leaders	32

Our Minister, Legislation, Role and Operations

Responsible Minister

Honourable Rita Saffioti MLA

Minister for Transport; Planning

Enabling Legislation

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

Our Role

Our role is to plan, build, maintain and operate Western Australia's State Road Network valued at more than \$49 billion. We work closely with our portfolio partners, the Department of Transport and the Public Transport Authority as well as local government to support the needs of all road users across the state by providing an integrated world-class road transport network.

Extent of Operations

We are one of the most geographically dispersed road agencies in the world, responsible for more than 18,600 kilometres of road spread over 2.5 million square kilometres.

Last year we engaged directly with more than 4,900 suppliers and made in the order of \$1.753 billion in payments. Of our suppliers, 200 were state or local government agencies and 14 were research bodies or universities. The remainder are classified as contractors, consultants or suppliers and are predominately from the Western Australian economy. Our indirect supply chain is again more extensive with our construction projects engaging with multiple sub-contractors and suppliers.

Main Roads operates from eight regional locations throughout the state.

Region	Population (000)	Area Covered (000 km ²)	State Roads (km)
Goldfields-Esperance	54	941	2,202
Great Southern	61	49	1,609
Kimberley	36	419	2,243
Metropolitan	1,983	5	943
Mid West – Gascoyne Region	62	421	3,625
Pilbara	62	506	2,748
South West	287	29	1,764
Wheatbelt	76	157	3,491
Total	2,621	2,527	18,625

How We Create Value



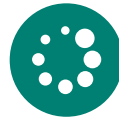
Customers

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



Movement

Improve mobility of people and the efficiency of freight



Sustainability

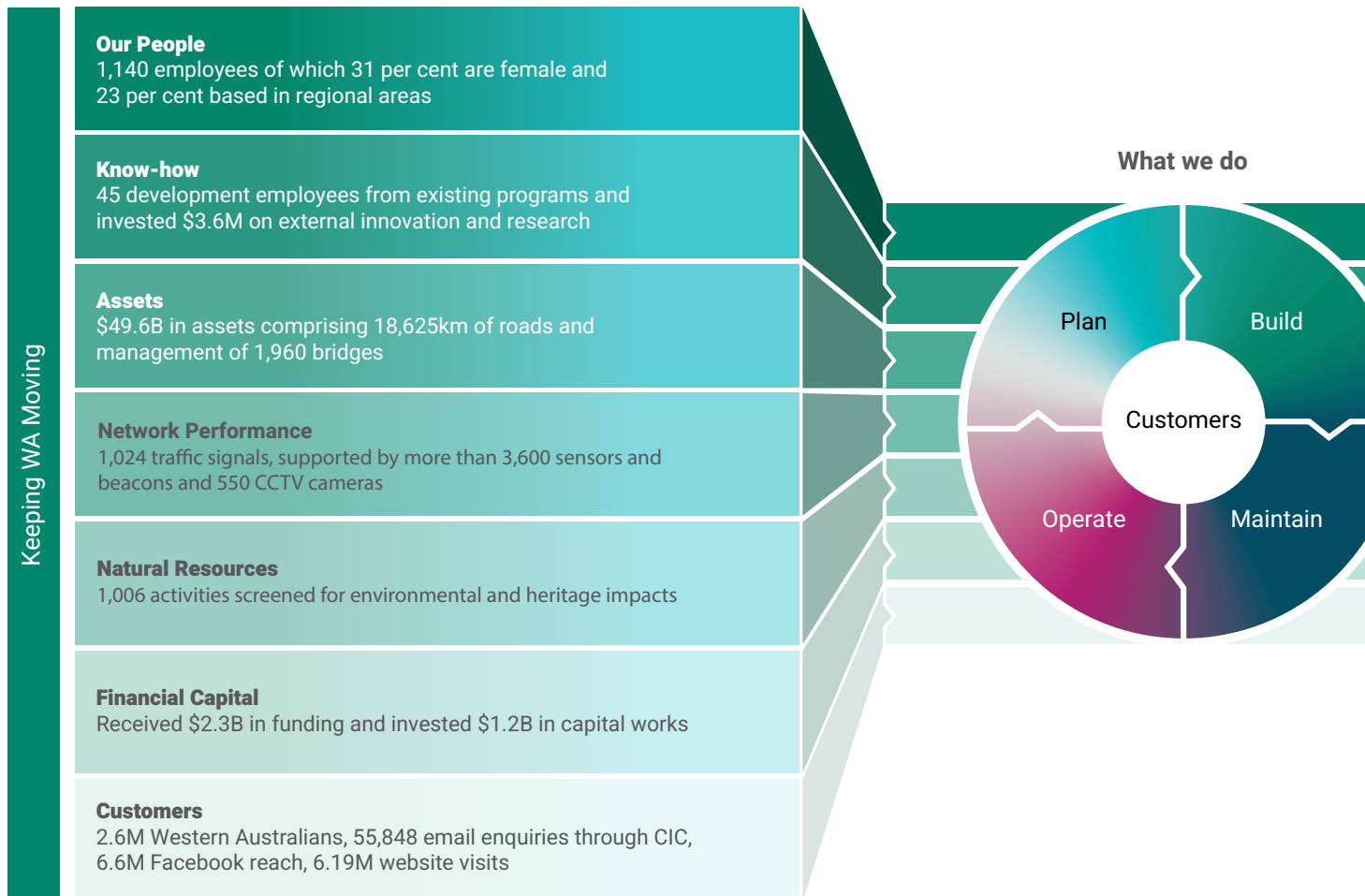
Develop a sustainable transport network that meets social, economic and environmental needs



Safety

Provide improved safety outcomes for all users of the transport network

Key resources



Our Values

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

Roads matter

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

Working together

Enhancing relationships and teamwork.

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

Our Aspiration

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

What we deliver	What we create
Road Safety Provision of a safe road environment	92% Community satisfaction Improved safety at 152 Blackspot locations. 2% increase in community satisfaction with road safety
Road Efficiency Reliable and efficient movement of people and goods	\$563M in services delivered 93% of all travel on the network meeting configuration standards. 2.6% improvement in inbound morning efficiency
Road Management Reliable and efficient movement of people and goods	Recycled material 90% community satisfaction with Main Roads. 13% increase in the issue of restricted access vehicle permits
State Development Facilitation of economic and regional development	\$1.4B in assets Delivery of our largest road project – NorthLink WA and return on investments exceeded our target
Road Maintenance A well maintained road network	\$426M in services 89% community satisfaction. Increased the extent of the network younger than its optimal age from 84% to 85%
Community Access Improved community access and roadside amenity	89% total state road availability Community satisfaction with cycleways and pedestrian facilities at 91%. Principal shared paths increase 17% to 299 kilometres
Business Activities Exemplary environmental management, stakeholder engagement and development of our employees	\$1.753B in payments 4,900 suppliers. \$62 million spent with Aboriginal business. Estimated CO ₂ emissions due to congestion reduced by 7,000 tonnes

Excellence in Customer Service

Understanding and providing what is important to our customers.

Embracing Challenge

Anticipating and taking up challenges.

Professionalism

Delivering the highest standards of service and expertise.

Family

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

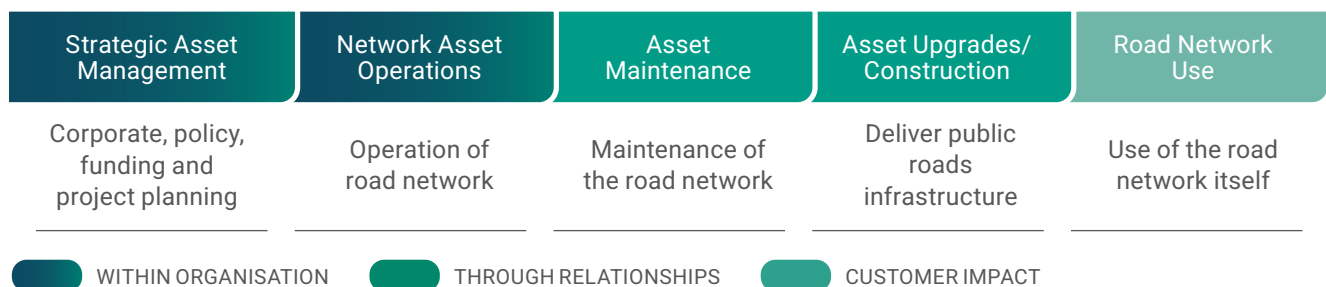
Key Resources

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

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

Value Chain

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



Our Performance

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

Our Sustainable Approach and Defining Materiality

Our Sustainability Policy establishes a clear set of principles focused on creating lasting benefits socially, economically and environmentally.

It reflects our maturity and aligns with the sustainability focus and outcomes identified in Keeping WA Moving. We developed the policy in consultation with our portfolio partners and industry stakeholders, and it is underpinned by six key aspects:

1. sustainable transport
2. climate change
3. environmental footprint
4. behaviour
5. governance and performance
6. funding and financial matters

These key aspects help us translate and define our sustainability priorities and this flows through to the actions we take to deliver our road network. Corporate Executive receives quarterly sustainability reports to ensure we stay on track and as a check that our policy is delivering value for all Western Australians. Further information on our approach to sustainability, including our policy is on our website.

Defining Materiality

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

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

Step 1 – Analyse the inputs

Step 2 – Identify and interview stakeholders

Step 3 – Ask stakeholders to score issues

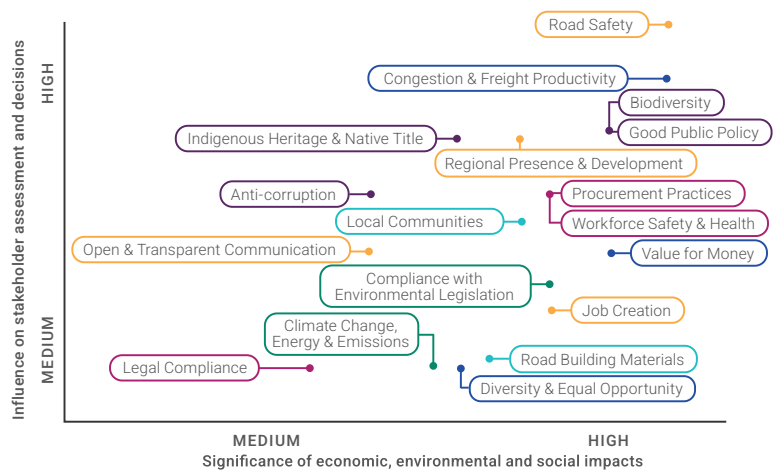
Step 4 – Produce materiality matrix

Step 5 – Sense check

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

The Matrix shows the results of our five-step materiality process, indicating what is important to our community and stakeholders. For a list of our stakeholders, please see page 193.













Material Aspects for Sustainability 2020


















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

Addressing our Most Important Material Issues

Our approach to addressing our top material issues and alignment with Sustainable Development Goals (SDGs) is shown in the table. More information on how these topics relate to Global Reporting Initiative (GRI) indicators including the GRI Content Index and the SDGs can be found on our website.

Material Issues	Key Impacts	Key Resources Affected	SDG Alignment
Road Safety	Western Australia’s road death statistic, 6.2 road deaths per 100,000 population, is the poorest of the mainland states – about 33 per cent above the national average. We believe no one should die or be seriously injured on our state’s road network, and we will manage the network for all road users to minimise the likelihood of road trauma.	<ul style="list-style-type: none"> Customers Network performance Assets Our people Know-how 	 
Congestion and Freight Productivity	It is one of our core objectives to reduce the impacts on our community and economy from congestion on the road network and to provide more efficient access for our freight customers.	<ul style="list-style-type: none"> Customers Network performance Assets Our people Know-how 	    
Good Public Policy	As a statutory authority we rely on our resources and know-how to ensure we have clear, transparent and strong governance approaches that prevent undue influence in the administration of our role and ensure swift, efficient and effective implementation of government policies and strategies.	<ul style="list-style-type: none"> Customers Assets Our people Know-how 	 
Biodiversity	Our state is widely recognised as having unique flora and fauna and our actions have the potential to cause negative impacts in sensitive and protected environmental areas.	<ul style="list-style-type: none"> Natural resources Our people Know-how Assets Customers 	 
Workforce Safety and Health	Our work environment means that our people, suppliers, partners and customers often interact with the road environment, moving traffic and heavy machinery in order to deliver our services.	<ul style="list-style-type: none"> Customers Our people Know-how Assets Network performance 	  
Value for Money	We must make effective use of the government funding we receive to deliver our services to the community.	<ul style="list-style-type: none"> Customers Assets Our people Know-how Financial capital 	 
Regional Presence and Development	We operate across a vast and isolated state and our rural operations can have significant impacts on regional towns, communities and their economies.	<ul style="list-style-type: none"> Customers Our people Know-how Assets Financial capital 	   
Compliance with Environmental Legislation	In some circumstances, our activities are subject to state and federal environmental legislation. We may face penalties, reputational damage or loss of stakeholder and community confidence if we do not comply with our environmental obligations.	<ul style="list-style-type: none"> Natural resources Our people Know-how Assets Financial capital Customers 	  

Material Issues	Key Impacts	Key Resources Affected	SDG Alignment
Indigenous Heritage and Native Title	We acknowledge the traditional custodians of Western Australia's lands and aim to protect Aboriginal cultural values wherever possible. We recognise that there is an unacceptable level of disadvantage in living standards, life expectancy, education, health and employment experienced by Aboriginal peoples. We are committed to making a change in our industry and progressing reconciliation.	<ul style="list-style-type: none"> Our people Assets Customers 	  
Local Communities	Our works and operations impact communities that live and work within close proximity. Acquisition of property, construction noise and business continuity are examples of issues that need to be carefully managed, require stakeholder engagement and impact our role as good neighbours.	<ul style="list-style-type: none"> Customers Our people Know-how Assets 	    
Procurement Practices	We rely on our supply chain to deliver tasks critical to our overall success. We engage with a large number of suppliers of varying characteristics. In 2019-20 we engaged directly with more than 4,900 suppliers and made in the order of \$1.753 billion in payments. We are aware that our terms of payment can impact the cash flow and solvency of various businesses and seek to minimise those impacts. We also leverage our relationship with our suppliers to deliver priority government policy which includes training, indigenous engagement and supporting local business.	<ul style="list-style-type: none"> Our people Know-how Customers Assets Natural resources 	  
Job Creation	During this unprecedented time and the associated economic ramifications of COVID-19, we've been asked to increase our delivery capability as part of an overall strategy to stimulate the creation and maintenance of jobs within the economy.	<ul style="list-style-type: none"> Our people Know-how 	   

Linking Strategy, Futures, Innovation and Research

Keeping WA Moving is our strategic direction; it underpins everything that we do. It defines our aspiration:

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

It also clearly outlines our areas of focus as Customers, Movement, Sustainability and Safety. These areas underpin what we do and help us concentrate on delivering what is important.

During the year, we have been part of a society significantly affected by the COVID-19 global pandemic. At its height, almost 90 per cent of the world's population were subject to international travel restrictions. This has been a stark reminder about the things that are important – our health and the connections we hold dear such as those with family and friends. The pandemic has caused many of us to change the way we think about how companies and individuals connect.

All of us know of family or friends impacted as businesses closed doors or were forced to operate in a different way, and many of us moved to working from home arrangements. These sudden changes drastically reduced use of the transport network, with interstate and overseas flights cancelled and a dramatic fall in the use of public transport and the road network.

The role of the transport network and the vulnerability of our supply chains in providing access to freight was also highlighted. Across the world, logistics and freight providers were granted exemptions to state border closures allowing supply of essential goods for communities and businesses. Increased online shopping and a massive reduction in air freight availability also had significant impacts.

In transport innovation, we saw the temporary shutdown of many automated driving (self-driving) system research efforts. Companies had committed to create robo-taxis – a fleet of automated vehicles people can share, moving transport to be a service and reducing the need to own a vehicle in metropolitan areas. It quickly became apparent the robo-taxi model was another opportunity for the spread of COVID-19.

The year was a stark reminder of the unpredictability of the future and of the role crisis can play in innovation and change. It also presents new questions:

- Will further waves of COVID-19 occur and influence transport use again?
- Are employees and employers more comfortable now with working from home arrangements and will these impact long-term trends?
- When will public confidence fully return in public transport post pandemic?
- Does the pandemic call into question the viability of the business model for 'robo-taxi' services to be deployed at full scale?

Moving into a new year we, like much of society, are left with new questions. These include seeking to understand whether the current situation causes longer term impacts on transport, and how to provide and deliver services.

We continue to monitor innovation around the world and prepare for potential futures. These may include, but are not limited to:

- **Zero-emission vehicles:** The switch to electric and hybrid vehicles from traditional petrol and diesel vehicles is underway.
- **Connected and Automated Vehicles:** Vehicles that can 'talk' to each other, to roadside infrastructure or even drive themselves are in development.
- **Electric vertical takeoff and landing (eVTOL) passenger drones:** These combine drone technology with electric vehicle battery technology to produce, in essence, a Jetsons-style 'flying car'; a trial was recently announced for NSW.
- **Drone deliveries:** Many traditional logistics and e-commerce companies are exploring dropping packages by using drones, including an Australian trial to deliver coffee and burritos.
- **3D printing:** 3D printers are, in parts of the world, being trialled for printing entire pedestrian bridges; but people are also envisaging a world where your internet order will be locally printed and delivered within hours. Perhaps by drone!

With so many potential futures for transport, we will use our understanding to inform strategy, innovation and research activities. We will also look to understand not only what the future might hold but also monitor whether our current situation fundamentally changes that vision.

To remind ourselves that the future will look different from today we visually represent our Keeping WA Moving strategic direction.

Keeping WA Moving

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

Our Areas of Focus

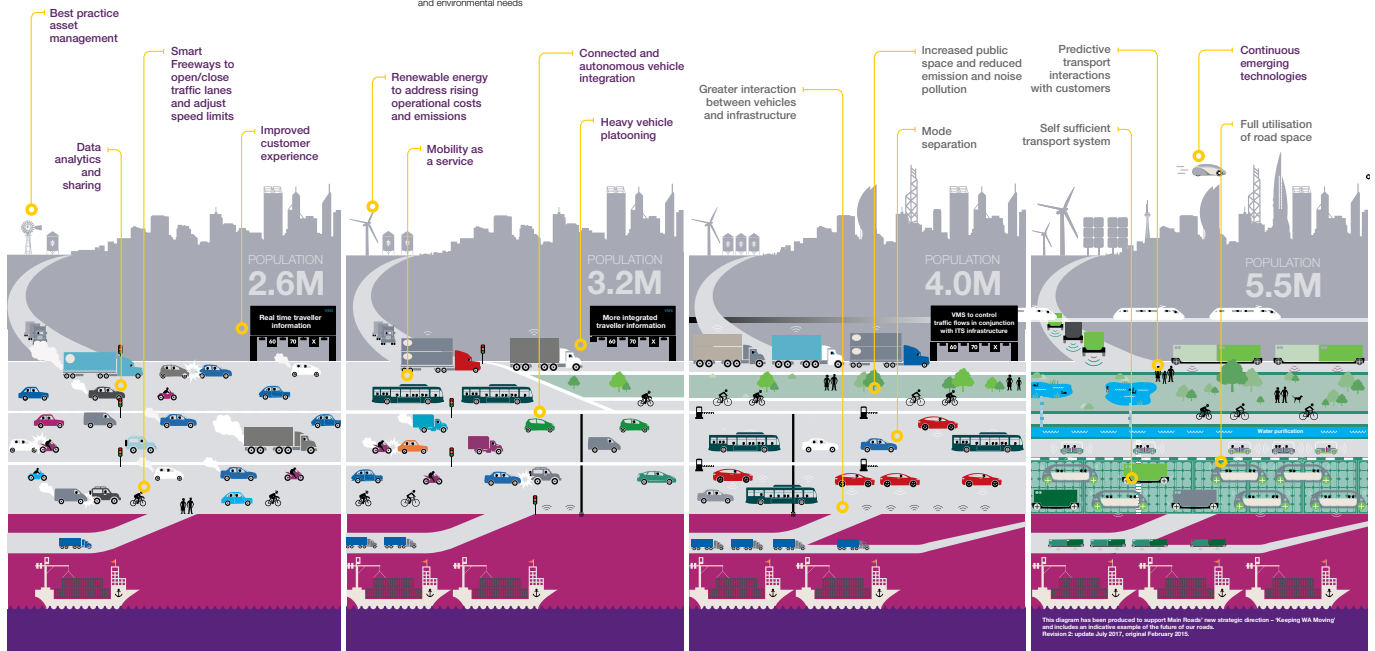
To achieve our aspiration, these four areas are about creating a focus on delivering value, which is more than just improving the status-quo.

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

Our Guiding Principles

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

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



The point here is not accurate predictions of the future. Rather, thinking long term helps us lift ourselves away from immediate challenges and re-focus on what is important. Our future story is one vision of the future to start a conversation. Recent experience has shown this conversation may now have a very different narrative and outcome.

Taking this approach allows us to better prepare for the future. For example, a variety of technology, rideshare and traditional auto-manufacturing companies have committed to deliver driverless cars. From recent announcements, it appears this technology is delayed. However, we still need to understand how it could impact the transport network and still need to prepare for possible introduction.

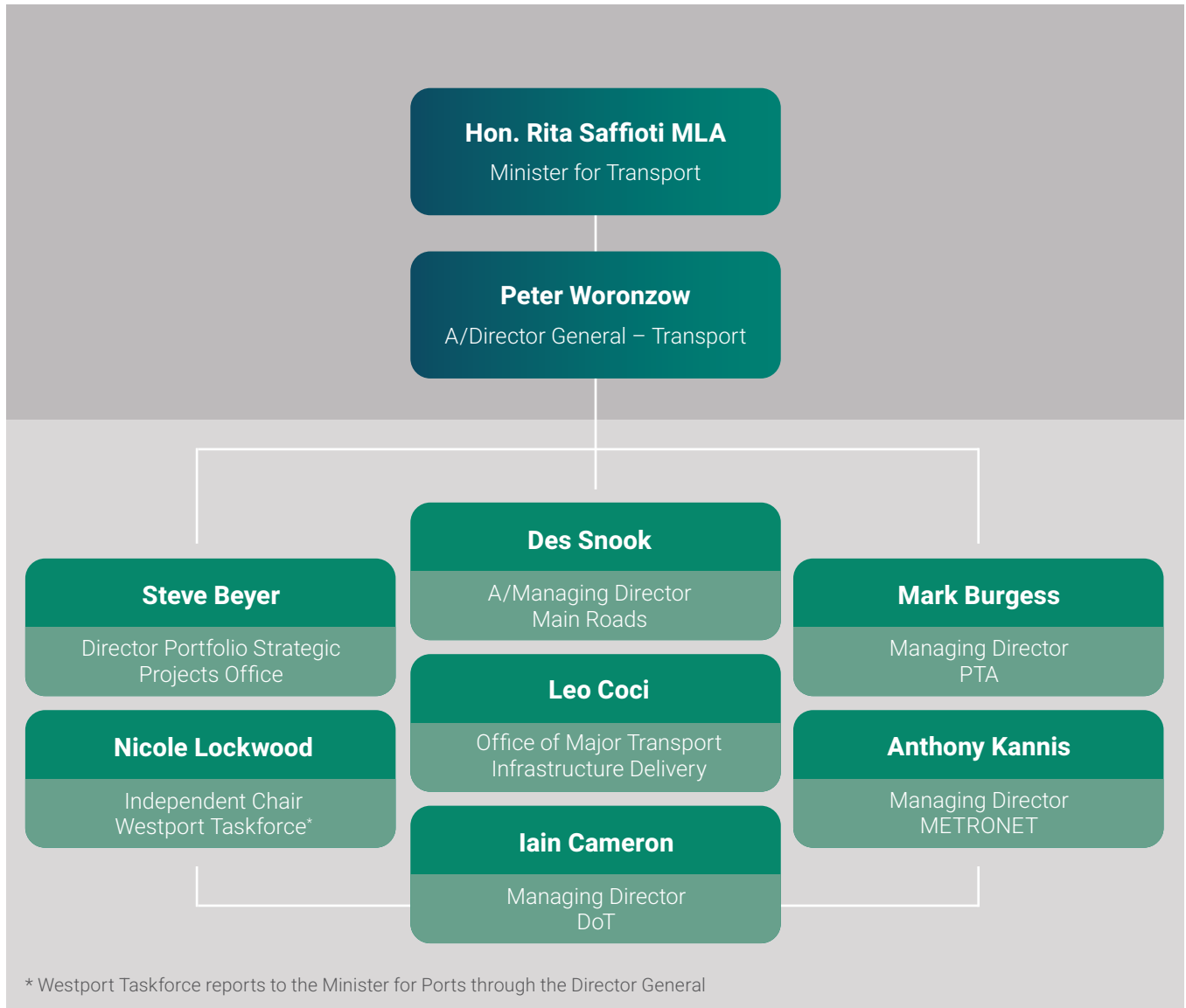
With preparedness in mind, we contribute to federal and State Government initiatives by being a member or working on:

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

Our Structure

Transport Portfolio

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



Main Roads

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



Our Leaders

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



Des Snook

Acting Managing Director
BEng (Civil)

Des draws on extensive experience having worked in senior roles across the organisation in Perth and regional Western Australia. This provides him with a good understanding of the state-wide functions, responsibilities and services of Main Roads. He is also Western Australia's Alternate Director on the boards of Austroads and Transport Certification Australia and continues to hold state-wide responsibility for the delivery of heavy vehicle services.



Philip D'Souza

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

Philip, as Chief Finance Officer, oversees provision of sustainable and innovative financial, investment, planning, business and commercial services. He is a member of CPA Australia and of the CPA National Public Sector Network. He is the Independent Audit Committee Chair for the Department of Planning, Lands and Heritage and is a standing member on the PTA Audit and Risk Committee. He is also the Chair of the Main Roads Budget Committee and ICT Governance Committee.



Doug Morgan

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

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



Tony Earl

Executive Director Network Operations
Traffic Engineer

Tony is responsible for leading the team, based at our Road Network Operations Centre, to optimise performance of the state road network. This involves facilitating safe and reliable movement of people and goods, with a focus on reducing delays and the cost of congestion in the metropolitan area. He has extensive knowledge and international experience in establishing the operational strategy and building the capability to deliver road network performance improvements.



Neville Willey

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

Neville leads the Main Roads' Human Resources function. His focus is on capability, safety and developing a high performing culture of skilled professionals. Neville brings extensive experience in the areas of human resource management, workforce planning and employee relations.



Peter Sewell

Acting Executive Director Metropolitan and Southern Regions
Dip Surveying (Eng), G Cert (Tech Man), G Cert (Man)

Peter is responsible for asset management, maintenance and project delivery services for the Metropolitan, South West and Great Southern regions. He also has state-wide responsibility for the delivery of electrical service assets, crisis and incident management, railway crossing safety and the operation of the Graham Farmer Freeway Tunnel. He has worked extensively throughout the state, including as a Regional Manager.



Alan Colegate

Acting Executive Director Strategy and Communications
Dip Accounting, GBC (Curtin)

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



John Erceg

Executive Director Central and Northern Regions
BEng (Civil)

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



Leo Coci

Executive Director Infrastructure Delivery
BEng (Hon), MBA

Leo is experienced in bridge design, road planning, project management and contract management. He is responsible for the procurement and delivery of high-value, complex infrastructure for some of our largest projects across Western Australia. Leo is on the Infrastructure Sustainability Council of Australia Board and is a member of the Aboriginal Advisory Group chaired by Peter Woronzow.



Carmelo Naso

Chief Information Officer
BBus (InfoProc), PSM

Carmelo, as Chief Information Officer, oversees the organisations diverse technology landscape and provides leadership in ensuring it remains relevant and contemporary in an ever-changing environment. He has extensive experience and knowledge in leading and managing Information Technology and his role includes the management of both the corporate and operational systems and infrastructure.

Leadership Team Changes

There were significant changes to the leadership team throughout the year as Richard Sellers was seconded for a period to take on the Director General role of the Department of Jobs, Tourism, Science and Innovation. Peter Woronzow has stepped up as acting Director General for the Transport Portfolio and as Commissioner of Main Roads.

During this time, Des Snook is acting in the role of Managing Director. In addition, Peter Sewell has taken on, in an acting capacity, the role of Executive Director Metropolitan and Southern Regions.

In May, the Director General established the Office of Major Transport Infrastructure Delivery and Leo Coci is undertaking the role of leading the formation of this team. During this period, Leo continued to sit on Main Roads Corporate Executive and undertake governance activities associated with his role as Executive Director Infrastructure Delivery.

Operational Performance

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

Achieving Government Goals	35
Road Safety	36
Road Efficiency	40
State Development	45
Road Maintenance	48
Community Access	51
Road Management	54

Achieving Government Goals

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

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



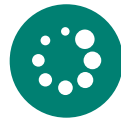
Customers

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



Movement

Improve mobility of people and the efficiency of freight



Sustainability

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



Safety

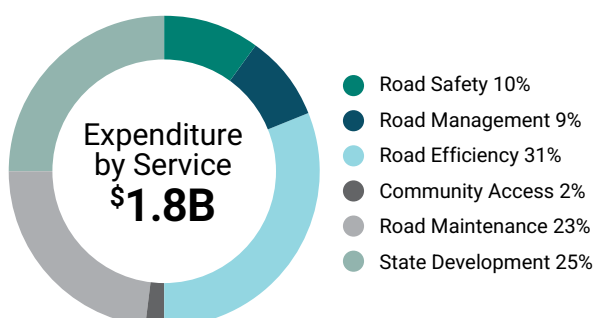
Provide improved safety outcomes for all users of the transport network

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

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

Changes Since Last Report

Road Efficiency was the largest service provision area this year reflecting an increase in spending on projects that improve the efficiency, capacity and utilisation of the existing road network such as the Tonkin Gap Project and the Bunbury Outer Ring Road. State Development was the next biggest area of expenditure.



Main Roads Service	Exp \$ million
Road Safety	175
Road Management	174
Road Efficiency	563
Community Access	36
Road Maintenance	426
State Development	461
TOTAL	1,835

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

Road Safety

Providing a Safe Road Environment

Government Goal







Strong Communities

Aim

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

About the Program

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

Key Performance Indicators	Results
 Community satisfaction with road safety is performing well exceeding our target and consistent with last year's result	92% 
 Contracts completed on time came in below target but has increased upon last year's result	87% 
 Contracts completed on budget exceeded our target showing continued strong performance	100% 

	2018	2019	2020
Program expenditure \$ million	162	159	175

Looking Ahead

Works planned for next financial year include:

- widen pavement and construct passing lanes as part of the South Coast Highway upgrade program
- commence construction of a roundabout at the intersection of Great Northern Highway and Apple Street
- begin intersection upgrade of Stock Road and Beelias Drive
- commence construction of overtaking lane northbound on South Western Highway, Yarloop to Harvey
- progress South Coast Highway road safety improvements
- extend overtaking lane – South Western Highway, Argyle
- commence the Regional Road Safety Improvement Program, widening and sealing shoulders and introducing audible edge lines across the regional road network.

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

Key Projects

Project	Total Project Cost (\$ million)	2019–20 Cost (\$ million)	Completion Date	Description
Great Southern Region				
South Coast Highway – Kalgan Section	6.0	5.8	May 2020	Widening pavement and seal.
Albany Highway – Kojonup South (Stage 2)	6.4	3.8	Late 2020	Widening pavement and seal.
Metropolitan Region				
Orrong Road and Francisco Street Intersection Upgrade	3.3	2.5	February 2020	Provide double right turn, including modifications to traffic signals and upgrade of street lighting.
Wanneroo Road, Green Street and Walcott Street Intersection Upgrade	6.2	3.2	August 2020	Increase length of turn pockets, including modifications to traffic signals and upgrade of street lighting.
Mid West – Gascoyne Region				
Brand Highway Overtaking Lanes	9.0	9.0	June 2020	Construction of two overtaking lanes, infill widening and intersection improvement at Cockram Road.
Indian Ocean Drive Safety Improvements	14.0	14.0	Late 2020	Widen seal and install wide centre-line treatment, intersection improvements and addition of filter lanes at KW Road and Lancelin Road.
Pilbara Region				
Madigan Road – Road Train Assembly Area construction	7.0	6.3	Late 2020	Construction of road train assembly area and overtaking lane on North West Coastal Highway.
Paraburdoo Tom Price Road Widening	4.6	1.1	Late 2020	Guardrail repairs and road widening.
South West Region				
South Western Highway – Harvey to Wokalup	2.6	2.4	November 2019	Widen and seal shoulders. Improve batters and install safety barriers at selected locations.
South Western Highway – Quinninup to Middleton Road	3.8	2.4	May 2020	Widen and seal shoulders to 10m on 10m.
Wheatbelt Region				
Great Eastern Highway – Walgoolan to Southern Cross – Package 4	8.7	7.1	Late 2020	Package 4A being delivered. Package 4B project development activities underway.
Collie Lake King Road – Bowelling Section	12.7	3.0	January 2020	Bowelling Curves section realignment.
Goldfields-Esperance				
Coolgardie Esperance Highway Passing Lane	3.6	3.1	April 2020	Installation of a northbound passing lane and overlay.
Great Eastern Highway – Anzac to Gatacre	23.0	20.6	May 2020	Construct dual carriageway on northern side, improve drainage and upgrade traffic signals.

Black Spot Programs

There are 118 projects funded by the State Black Spot Program. This represents \$20.78 million of investment and includes:

- 29 projects on State Roads
- 89 projects on Local Roads.

In addition, the Australian Government Black Spot Program funds 34 projects, representing a \$14.35 million investment.

Railway Level Crossing Upgrade Program

The State Government has invested \$1.7 million to improve the safety of railway level crossings; works included are set out below.

- Upgrading signage at 80 level crossings
- Developing a five-year improvement program to include:
 - 45 level crossing upgrades from passive to active controls or flashing light to boom gate controls
 - 28 pedestrian crossing upgrades to ensure *Disability Discrimination Act 1992* (Cwlth) and Australian Standards compliance.



Our Most Ambitious Road Safety Program

Across regional Western Australia, the greatest driving danger is running off the road or unintentionally moving into the opposite lane and crashing. This type of crash accounts for more than 60 per cent of serious crashes in regional areas and is the largest contributor to death and serious injury on the state's road network.

Research indicates the majority of these crashes are not due to deliberate violation of traffic laws; rather, they are the result of genuine mistake or driver inattention. Under the Safe System approach, we believe that drivers should not die or suffer serious injury from these mistakes. We are working to provide a more forgiving road environment.

To date, \$230 million from existing Road Trauma Trust Account funds has been spent on treating this type of crash. Our new Regional Road Safety Program provides lower cost solutions with safety benefits delivered sooner.

In 2020-21, we will undertake the first year of one of the largest road safety improvement programs seen across WA. The program uses low-cost treatments, including shoulder sealing and installation of audible edge lines (rumble strips), to help prevent run-off road crashes. Audible edge lines ensure drivers are quickly alerted when straying out of their lane, and sealed shoulders give drivers time to correct their course before running off the road. On high volume highways, we will also install wide centre-medians.

This nine-year program, if fully funded through its lifecycle, will see more than 17,000 kilometres of rural roads treated and is a huge step towards preventing deaths or serious injury on our road network.

Year one of the program will see around 1,400 kilometres of roads treated as part of the \$100 million package jointly funded by the State Government's Road Trauma Trust Account and the Australian Government.

Safe System

This internationally used methodology provides a holistic view of road safety, considering the four aspects of driving required to prevent accidents or reduce their severity: safe drivers, safe roads, safe speeds and safe vehicles. Main Roads' primary responsibility within this system is providing a safe road environment.

Road Efficiency

Providing Reliable and Efficient Movement of People and Goods

Government Goal







Better places

Aim

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

About the Program

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

Key Performance Indicators	Result
 Travel on our Network meeting configuration standards for width and curve rating exceeded the target and is consistent with previous year's results	93% 
 Contracts completed on time is below our target and lower than previous results	77% 
 Contracts completed on budget exceeded our target showing continued strong performance	100% 

	2018	2019	2020
Program expenditure \$ million	330	411	563

Looking Ahead

Works planned for next financial year include:

- commence construction of the Tonkin Gap project, complimenting Gateway WA and the recently completed Northlink WA
- continue development of the Pinjarra Heavy Haulage Deviation
- complete the upgrading of Kwinana Freeway including the installation of Smart Freeways technology between Roe Highway and the Narrows Bridge
- continue delivering the Great Northern Highway project, between Walebing and Wubin
- complete construction of Reid Highway widening between Altone Road and West Swan Road
- award and commence construction of the Leach Highway Welshpool Road Interchange
- progress plans for the Great Eastern Highway Bypass Interchanges
- continue works on Stages 2 and 3 of the Great Northern Highway, Ord River North project
- continue construction of the High Street upgrade in Fremantle
- continue development activities in preparation for the construction of the Bindoon Bypass, further upgrading Great Northern Highway between Muchea and Wubin
- widen Mitchell Freeway southbound from Hodges Drive to Hepburn Avenue
- commence construction of the Mitchell Freeway Extension from Hester Avenue to Romeo Road.

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

Key Projects

Project	Total Project Cost (\$ million)	2019–20 Cost (\$ million)	Completion Date	Description
Metropolitan Region				
Mitchell Freeway Widening Northbound – Hutton Street to Cedric Street	15.0	9.5	Late 2020	Additional lane from Hutton Street off-ramp to the Cedric Street off-ramp, and from Karrinyup Road off-ramp. Works include upgrade of drainage and street lighting.
Kwinana Freeway Northbound Smart Freeways	56.0	53.4	Late 2020	Construction of Smart Freeways – Canning Highway to Narrows Bridge.
Mid West – Gascoyne Region				
North West Coastal Highway	1.5	1.5	June 2020	Construction of two new truck parking bays.
Pilbara Region				
Great Northern Highway Koodaideri Road Bridge	24.7	17.9	Late 2020	Construction of a single-span, road-over-rail bridge, inclusive of associated roadworks for the proposed Koodaideri mine rail track.
South West Region				
Lakelands – Lake Clifton Dawesville Road West	0.6	0.6	August 2019	Left turn pocket adjustment and upgrade.
Bussell Highway Duplication Stage 1 and 2	85.0	4.5	Late 2023	Construction of dual carriageway.
Bunbury Outer Ring Road Stage 2 and 3	852.0	71.6	Mid 2025	Construction of a high standard rural highway between Forrest Highway and Bussell Highway.
Wheatbelt Region				
Albany Highway – Williams Bridge Replacement	17.6	7.1	March 2020	Replace two bridges and improvements to Albany Highway, Williams.
Northam Pithara Road Upgrade	5.1	5.1	April 2020	Widen and seal Ballidu to Pithara, culvert replacement and extension.
Great Northern Highway – Muchea North section	68.7	28.4	Late 2020	Construction of 3 km of dual carriageway and 10 km of new, wider single carriageway from Muchea through to Chittering Roadhouse.
Kimberley Region				
Wyndham Spur and Maggies Jump Up	45.3	4.2	July 2019	Widen and reconstruction.
Great Northern Highway – Ord River to Turkey Creek	98.1	28.8	December 2019	Upgrade to improve safety and accessibility.



Community Engagement Key to Project

The Great Northern Highway Muchea to Wubin project is a program of construction packages improving road safety, freight efficiency, and access and amenity for road users and local communities.

Great Northern Highway is a strategic freight link between Perth and the state's north and forms part of the National Highway Network.

Upgrades from Muchea to Wubin resulted in significant improvements to road safety, freight efficiency, travel time, access, roadside amenity and environmental value of roadsides.

Jointly funded by the Australian Government and the Western Australian Government, the combined \$416.9 million project was planned, designed and delivered by an integrated project team from Main Roads, Jacobs and Arup.

Commencing in 2013, eight construction packages were delivered along a 218-kilometre section of Great Northern Highway from Muchea to Wubin. This includes two separately funded projects for the Bindi Bindi Curves and a bypass of New Norcia. The final construction package will be complete in mid-2020.

The upgrades include town bypasses, wider roads, additional passing lanes, improved geometry, safer roadsides, more rest stops and additional facilities for heavy vehicles. Planning, land acquisition and environmental assessment for the Bindoon Bypass was also included in the project.

Stakeholder and community engagement played a major part in the success of the project, delivering benefits for local towns and communities. The project team worked closely with the Benedictine Community in the monastic town of New Norcia to plan and deliver the bypass which allows heavy vehicles to avoid the centre of town and protect this historic precinct.

The Pithara package of works saw our first ever NEC3 contract awarded. The NEC3 form of contract focuses on 'real-time' management of the project. It promotes good relationships and payment provisions are partly based on collaborative contracting principles.

Across the whole program, Aboriginal participation was a focus. On the Muchea North package of works, the lead contractor entered into an incentivised subcontract arrangement with a joint venture of Aboriginal businesses to deliver a large component of the works. This increased Aboriginal participation, employment and development opportunities.



Transforming Our Freeways

The past few years have seen a record number of projects undertaken on our freeways designed to improve their efficiency, safety and access. These projects are part of the Transforming Perth's Freeways strategic program. The strategy focuses on improving Kwinana and Mitchell freeways for a timeframe from the present to the 2031-planning horizon, when Perth's population forecast is 2.7 million people. Improvements have the aim of maintaining a productive and reliable freeway for movement of people and freight.

The strategic program uses capital investment and 'better use' projects to achieve and sustain a balanced freeway network. It includes widening key bottlenecks and rolling out Smart Freeway technology. The strategy also ensures that widening sections of the network is carried out in a staged manner to prevent traffic building up further along the road.

In 2018, work started on our construction projects: Kwinana Freeway Northbound Widening (Russell Road to Roe Highway); Mitchell Freeway Southbound Widening (Cedric Street to Vincent Street); and Murdoch Drive Connection. These projects finished earlier this year with commuters already feeling the benefits.

In 2019, the first Smart Freeway project started, along with works to widen Mitchell Freeway northbound between Hutton Street and Cedric Street, and works to construct an on-ramp from Manning Road to Kwinana Freeway southbound. These projects have also very recently finished.

These projects help prevent the worst of the peak-hour congestion, while work is underway on the next phase of projects. Later this year we will start widening Mitchell Freeway southbound from Hodges Drive to Hepburn Avenue. Planning and development is continuing for the many other projects on the horizon.

In a collaborative approach across the Transport Portfolio, the Transforming Perth's Freeways strategy will consider, and incorporate into future funding submissions, upgrades for the wider freeway transport corridor, including the Principal Shared Path network and public transport interchanges.

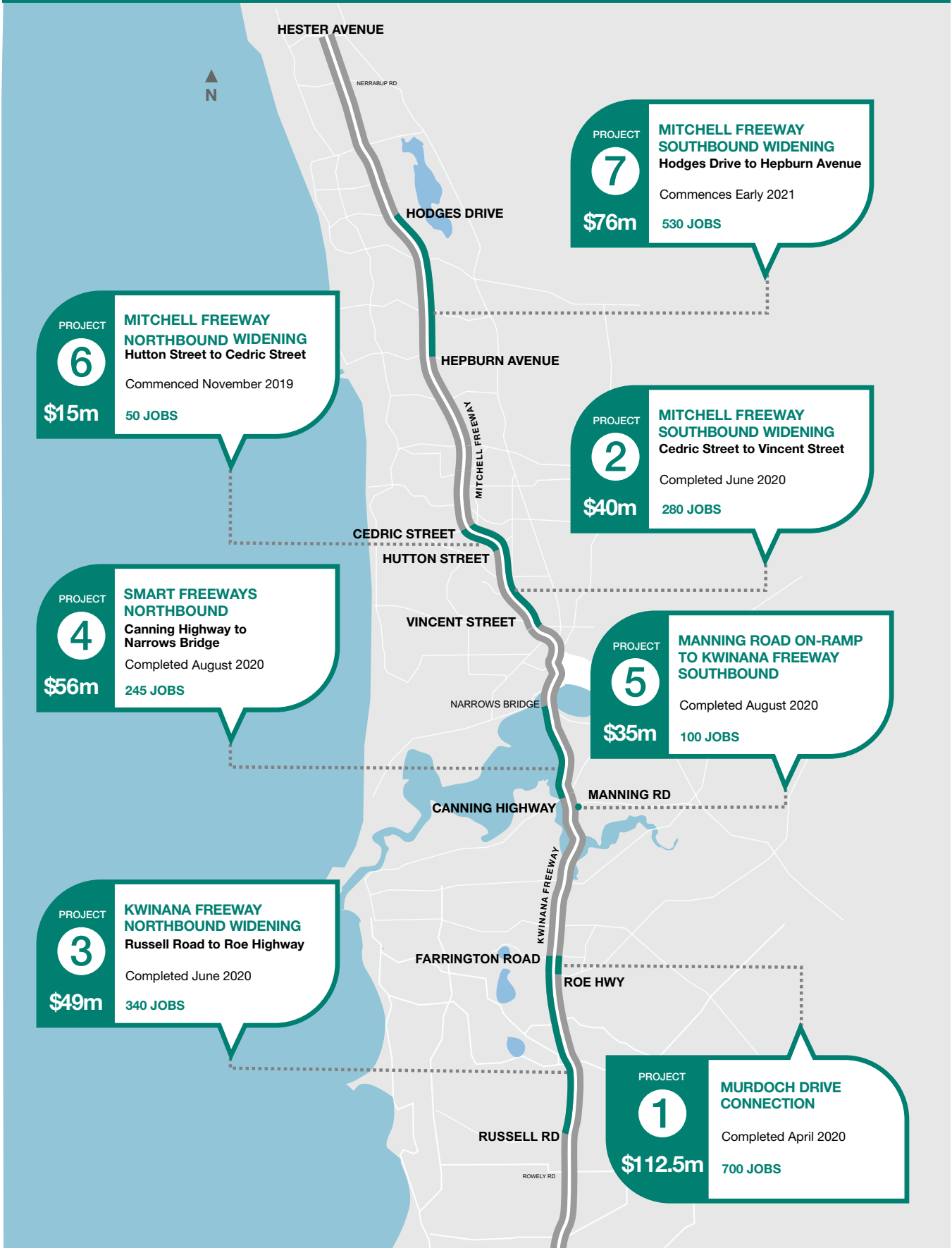
Mitchell Freeway Projects

- Southbound Widening Cedric Street to Vincent Street – **\$40 million**
- Northbound Widening Hutton Street to Cedric Street – **\$15 million**
- Southbound Widening Hodges Drive to Hepburn Avenue – **\$76 million**

Kwinana Freeway Projects

- Northbound Widening Russell Road to Roe Highway – **\$49 million**
- Murdoch Drive Connection – **\$112.5 million**
- Smart Freeway – Kwinana Freeway Northbound – **\$56 million**
- Manning Road On-Ramp – **\$35 million**

Transforming Perth's Freeway Strategy



State Development

Facilitating Economic and Regional Development

Government Goal







Future jobs and skills

Aim

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

About the Program

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

Key Performance Indicators	Target
 Our target for the average return on which road and bridge construction expenditure will deliver future economic benefits to the community was exceeded and continues to improve	4.3 
 We exceeded our contracts completed on time target and significantly improved on previous years	100% 
 Contracts completed on budget exceeded our target and was higher than last year	100% 

	2018	2019	2020
Program expenditure \$ million	467	618	461

Looking Ahead

Works planned for next financial year include:

- commence construction of Albany Ring Road
- continue development of Stage 4 of Karratha – Tom Price upgrading works
- award and progress the Bunbury Outer Ring Road project
- curve realignment South Western Highway Thompson Hill
- begin construction of a second carriageway on Bussell Highway, Capel to Busselton
- preconstruction works of Bussell Highway Stage 2, Hutton to Busselton
- continue widening Kwinana Freeway northbound, Russell Road to Roe Highway
- continue works on the Wanneroo Road and Joondalup Drive Interchange Project
- continue construction of the Armadale Road Bridge – North Lake Road Flyover
- progress the Karel Avenue duplication from Farrington Road to Berrigan Drive.

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

Key Projects

Project	Total Project Cost (\$ million)	2019–20 Cost (\$ million)	Completion Date	Description
Great Southern Region				
Albany Ring Road Stage 2	175.0	8.0	Late 2023	Construct and seal Albany Ring Road Stage 2.
Metropolitan Region				
Great Eastern Highway Upgrade – Bilgoman Road to Mann Street – Stage 2	40.3	6.7	October 2019	Widening to provide sealed shoulders and upgrade of intersections. Works included upgrade of drainage and street lighting and provision of pedestrian facilities (Kintore Road to Bilgoman Road – Stage 2).
NorthLink WA – Swan Valley Bypass – Section 3	318.0	27.9	December 2019	Marella Road to Muchea – section 3.
Murdoch Drive Extension to Roe Highway at Kwinana Freeway	112.5	45.3	April 2020	Murdoch Activity Centre access with modifications to the Kwinana Freeway and Roe Highway interchange.
Kwinana Freeway Southbound – Manning Road On-Ramp	35.0	10.7	Late 2020	Provision of an on-ramp from Manning Road to Kwinana Freeway southbound.
Pilbara Region				
Onslow Road Phase 2	33.4	33.2	Mid 2020	Construction of Onslow Road and upgrade Phase 2.
Goldfields-Esperance				
Coolgardie Esperance Highway – Emu Rocks	40.0	1.4	Early 2022	Upgrade 25 km section of highway including construction of passing lanes and widening and sealing shoulders.
Wheatbelt Region				
Great Northern Highway – Walebing and Wubin sections	25.9	11.5	Late 2020	Construction of 4 km highway through Walebing. Upgrade the intersection in Wubin to allow future southern access for 53.5 m road trains, access to local facilities and the Road Train Assembly Area.
Great Northern Highway – Bindoon Bypass section	275.0	1.6	Late 2020	Land definition and acquisition.
Kimberley Region				
Broome Cape Leveque Road Upgrade	65.6	18.9	Late 2021	Reconstruction of carriageway and sealing of remaining unsealed section.
Gordon Duncan Road Upgrade	51.0	6.0	Late 2021	Road improvements to provide all weather access to two mines in Halls Creek area.



WA's Biggest Road Project Wraps Up

NorthLink WA is a non-stop, freeway-standard highway providing an efficient alternative freight route, taking about 80 per cent of trucks off Great Northern Highway.

NorthLink WA is a vital component of a wider series of improvements to the Perth to Darwin National Highway.

Opening the northern section of NorthLink WA was the final piece of the puzzle taking pressure off Great Northern Highway through the Swan Valley and improving amenity for local communities and the 600,000 tourists visiting each year.

The project team overcame a number of challenges including large areas of groundwater levels close to the surface. This resulted in many culverts constructed on rock blankets, to provide a suitable foundation.

The construction team also laid a 10-kilometre section of paving using a paving machine – the first use of the technology since trialling it on the New Perth Bunbury project. The project successfully completed the section, which is monitored for performance.

Jointly funded by the Australian Government and the Western Australian Government, the \$1.02 billion initiative engaged three separate contractors between June 2016 and April 2020: southern section, John Holland; central section, BGC and Laing O'Rourke joint venture; and northern section, CPB Contracting.

The southern section upgraded the highway between Guildford Road, Bayswater and Reid Highway, Malaga including new grade-separated interchanges and flyovers.

The central and northern section included construction of a link from the intersection of Reid and Tonkin Highways to tie into the Great Northern and Brand Highways at Muchea.

Ellenbrook residents are the big winners with their journey time to Morley reduced by 50 per cent from 28 to 14 minutes.

The new Principal Shared Path is popular with cyclists now enjoying a four-metre wide path for the entire 42 kilometres of the highway. Holidaymakers can now tow caravans direct to Brand Highway without the interruptions of Great Northern Highway.

Building on the success of NorthLink WA, 2020 will see the new Tonkin Highway Gap Project commence to upgrade Tonkin Highway between Collier Road and Dunreath Drive, closing the gap between the NorthLink WA and Gateway WA initiatives.



Road Maintenance

Providing a Well-Maintained Road Network

Government Goal

Better places

Aim

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

About the Program

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

Key Performance Indicators	Results
✓ Community satisfaction with road maintenance came in within our target and was a slight decrease from last year	86%
✓ Our preventative and proactive maintenance undertaken on the network indicator target was met and is consistent with previous year's results	85%
✓ Average \$ cost of network maintenance per lane-kilometre of road network target was achieved and the result was lower than estimated	\$7,757

	2018	2019	2020
Program expenditure \$ million	491	449	426

Looking Ahead

Works planned for next financial year include:

- rehabilitate switchboards and/or wiring for lighting circuits which no longer comply with Western Australian electricity regulations
- progress resurfacing and rehabilitation works
- progress shoulder reconditioning and sealing works
- commence construction on Stage 2 of the Stephenson Avenue Project
- provide further capacity in the delivery of maintenance and minor capital works through a state-wide road construction panel contract
- regions continue to plan and deliver on their 10 year Network Development Plans
- continue to prepare Metropolitan Road Development and Asset Management Plans.

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

Key Projects

Project	Total Project Cost (\$ million)	2019–20 Cost (\$ million)	Completion Date	Description
Great Southern Region				
Regional Project Maintenance	24.9	23.5	June 2020	Maintenance of the network.
Maintenance Delivery – Roads	17.7	17.6	June 2020	Delivery of road maintenance.
Reseal Program	5.1	5.7	June 2020	Great Southern Region resurfacing program.
Metropolitan Region				
Regional Project Maintenance	48.3	48.9	June 2020	Maintenance of the network.
Maintenance Delivery – Roads	20.8	27.0	June 2020	Delivery of road maintenance.
Reseal Program	26.0	20.4	June 2020	Metropolitan Region resurfacing program.
Mid West – Gascoyne Region				
Regional Project Maintenance	31.4	32.9	June 2020	Maintenance of the network.
Maintenance Delivery – Roads	19.1	19.2	June 2020	Delivery of road maintenance.
Reseal Program	9.6	11.0	June 2020	Mid West – Gascoyne Region resurfacing program.
Pilbara Region				
Regional Project Maintenance	21.4	22.1	June 2020	Maintenance of the network.
Maintenance Delivery – Roads	15.5	14.8	June 2020	Delivery of road maintenance.
Reseal Program	5.9	7.3	June 2020	Pilbara Region resurfacing program.
South West Region				
Regional Project Maintenance	27.3	27.5	June 2020	Maintenance of the network.
Maintenance Delivery – Roads	17.2	17.2	June 2020	Delivery of road maintenance.
Reseal Program	10.0	10.4	June 2020	South West Region resurfacing program.
Wheatbelt Region				
Regional Project Maintenance	37.7	42.1	June 2020	Maintenance of the network.
Maintenance Delivery – Roads	24.6	27.0	June 2020	Delivery of road maintenance.
Reseal Program	7.7	7.4	June 2020	Wheatbelt Region resurfacing program.
Goldfields-Esperance				
Regional Project Maintenance	36.4	36.0	June 2020	Maintenance of the network.
Maintenance Delivery – Roads	18.6	17.7	June 2020	Delivery of road maintenance.
Reseal Program	11.5	13.0	June 2020	Goldfields-Esperance Region resurfacing program.
Kimberley Region				
Regional Project Maintenance	27.0	29.0	June 2020	Maintenance of the network.
Maintenance Delivery – Roads	19.8	20.3	June 2020	Delivery of road maintenance.
Reseal Program	7.2	8.7	June 2020	Kimberley Region resurfacing program.



Improving our Data Asset Management

We manage approximately \$10 billion worth of pavement and surface assets across our network. To effectively preserve these critical public assets, we embarked on a digital transformation journey to improve our asset management practices.

We have a dedicated team that manages the research, development, implementation and maintenance of road pavement and surfacing modelling systems and related information systems. One of their aims is to produce long-term strategic pavement and surfacing preservation guidance for Main Roads.

A recently completed network condition survey used the cutting-edge Traffic Speed Deflectometer survey vehicle, known as iPAVE (pictured above), from the Australian Road Research Board. The iPAVE simultaneously collects road video, road geometry, pavement condition and structural parameters while moving at traffic speeds.

The innovative approach provides fast and cost effective survey results and significantly reduces disruption and safety risk for the public during the survey process.

Data is analysed and modelled using the Deighton Total Infrastructure Management System. Data assists us to forecast long-term strategic asset preservation needs and develop operational road maintenance programs.

The team has also developed business intelligence tools, enabling our people to access data in regions, both at the office and in the field. The tools provide interactive data analytics and visualisation capacity based on the asset inventory, pavement defects, and iPAVE data.

This innovative approach replaces previous cumbersome paper-based practice and allows for more evidence-based maintenance planning and improved decision-making within the regions.

Efforts from this team allow Main Roads to draw insights from asset management data and formulate targeted maintenance work programs across the entire state. This optimal work programming means we balance the needs of multiple objectives, such as cost, safety and performance, which often compete for limited resources. This achievement is a significant step forward in our asset management digital transformation journey.

iPAVe survey

3.5 million records of pavement strength data was collected

iPAVe surveys have been undertaken across the country except in Victoria and South Australia

VIP status of iPAVe in the metropolitan area: in order for iPAVe to maintain a minimum speed of 40 km/h, the Road Network Operations Centre tracked its location and gave green lights to the signalised intersections ahead of the iPAVe, clearing traffic when it arrived at intersections.

Community Access

Improved Community Access and Roadside Amenity

Government Goal







Strong communities

Aim

Improve personal mobility and access needs on the road network.

About the Program

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

Key Performance Indicators	Results
 Community satisfaction with cycleways and pedestrian facilities was above our target and is consistent with last year's result	91% 
 Percentage of the year that 100 per cent of the state Road Network was available came in under our target with a decrease from last year	89% 
 Contracts completed on budget exceeded our target showing continued strong performance	100% 

	2018	2019	2020
Program expenditure \$ million	137	52	36

Looking Ahead

Works planned for next financial year include:

- progress Matagarup Bridge activities and associated works
- begin construction of the Coolgardie-Esperance Highway Emu Rocks section upgrade
- continue upgrade works on remote access roads
- improve pedestrian and cycling facilities
- continue development of the Swan River crossings
- continue sealing and improvements on Great Central Road between Laverton and WA/NT Border
- commence intersection upgrades on Great Eastern Highway (Wooroloo and Sawyers Valley)
- continue sealing and improvements on the Broome-Cape Leveque Road
- continue improvement works on the Duncan and Gordon Downs Roads
- commence improvement works on the Tanami Road.

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

Key Projects

Project	Total Project Cost (\$ million)	2019–20 Cost (\$ million)	Completion Date	Description
Metropolitan Region				
Principal Shared Path – Leach Highway to Mount Henry Bridge (Mitchell Freeway)	15.4	6.5	Mid 2021	Provision of a Principal Shared Path including lighting.
Principal Shared Path – Victoria Street station to North Fremantle station (Fremantle line)	7.0	6.5	Early 2021	Provision of a Principal Shared Path including lighting.
Bridge 904 Hamilton Street – Bridge Replacement	8.1	3.2	August 2019	Replacement of existing timber bridge with a new composite concrete and steel bridge.
Hepburn Avenue Noisewall	4.7	0.9	August 2019	Construct a noisewall – near Northlink.
Mid West – Gascoyne Region				
Square Kilometre Array Access Roads and Floodways	35.0	7.7	December 2019	Construction of concrete floodway, road realignments and installation of cattle grids on access roads.
Pilbara Region				
Marble Bar Road Coongan Gorge Realignment	38.6	4.2	June 2019	Marble Bar Road Coongan Gorge realignment.
Karratha-Tom Price Road – Stage 3	95.0	81.5	Late 2020	Sealing of Karratha-Tom Price Road – Stage 3.
Wheatbelt Region				
Wheatbelt Secondary Freight Network	87.5	3.2	Late 2025	Upgrade significant freight route within the Wheatbelt region.
Goldfields-Esperance				
Outback Way Upgrade	164.0	2.2	Late 2026	Sealing priority section of Outback Way.
Kimberley Region				
Bidyadanga Road	4.1	0.5	Late 2020	Complete construction and seal including improving drainage, constructing a parking bay and sealing the airstrip.



Keeping You Moving – No Matter How You Choose To Travel

Main Roads made a significant investment last year, in building infrastructure that goes beyond roads and considers people choosing to walk or ride their way around Perth.

Principal Shared Paths (PSP) are vital for encouraging the community to move, by walking or riding for leisure, recreation, travelling to public transport or commuting to work or study. A PSP is a 3-4 metre wide shared path for pedestrians and cyclists, primarily constructed along freeways and major arterial roads. Other shared paths can be narrower but are often at least 2.4 metres wide in areas with high demand for the path.

Building the PSP network along freeway and rail corridors and completing gaps in the path network improves connectivity and accessibility.

Considerations for planning and designing a PSP include: integrating accessibility and connectivity with existing facilities (local paths, on-road facilities); considering lighting requirements; preserving vegetation; and maintaining local amenity for communities.

We work collaboratively with the Department of Transport, Public Transport Authority, local government and stakeholders ensuring path facilities enhance community accessibility for key destinations. We consult with community groups, residents, individuals and cycling bodies to ensure efficient, cost-effective solutions for major construction projects.

Results from our last Community Perception Survey show that improving the shared path facilities is well received in the metropolitan area and demand is growing; so we have a record program of PSP networks in planning and development, in construction, or already completed over the past 12 months.

Recently completed PSP projects include:

NorthLink WA: The final section of the 42-kilometre long, four-metre-wide PSP opened alongside Tonkin Highway in May 2020. Located between Bayswater and Muchea, the PSP includes new lighting and connects to local paths.

Reid Highway Dual Carriageway Project: A new four-metre-wide PSP adjacent to the southern side of Reid Highway, between Altone Road and West Swan Road, completely separated from road traffic.

Mitchell Freeway PSP between Hutton Street and Glendalough Station: This 2.1 kilometre PSP features a new 60-metre cyclist and pedestrian bridge over Scarborough Beach Road and two new underpasses at the Hutton Street, Mitchell Freeway on and off ramps. Works are underway to upgrade the existing PSP between Glendalough Station and Vincent Street.

Road Management

Providing Reliable and Efficient Movement of People and Goods

Government Goal

Better Places

Aim

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

About the Program

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

Key Performance Indicators	Results
✔ Community satisfaction with Main Roads target was achieved and is consistent with last year	90%
✔ Percentage of the Network permitted for use by heavy vehicles B-Double – 27.5 m target was met	97%
✔ We reached our target for percentage of the Networks bridges that met standard criteria for strength target	94%

	2018	2019	2020
Program expenditure \$ million	136	128	174

Looking Ahead

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

- prepare for implementation of the new ITS control system (STREAMS) contract
- develop and deliver the Congestion and Movement Program, including Pinch Points, Roadside Technologies and Control and Data Systems
- establish performance led innovations at signals program
- continue ongoing research and work closely with industry to minimise environmental impact, and improve whole-of-life sustainability, of Main Roads' road and bridge works
- undertake research and development on the use of recycled waste plastics in asphalt and other road infrastructure materials, and on the use of recycled waste glass in higher end uses such as drainage blankets
- implement the Heavy Vehicle Compliance Automation Project
- continue WA Heavy Vehicle Accreditation Scheme Operational Review consultation
- join the National Camera Information System.

Visit our website to find out more.

Network Operations Achievements

Pinch Point Program

The Pinch Point Program (PPP) identifies potential low-cost operational enhancements for Perth's metropolitan state road network. The PPP aims to improve journey times, reliability and productivity improving traffic flow and performance, in order to reduce congestion and improve road user experience.

Five intersections along Leach Highway were identified for turning-lane upgrades to improve road safety and traffic flow. We extended right turn pockets in the median at each intersection to prevent traffic queues building up on the highway. In addition, pavement markings, signage, drainage and street lighting were upgraded to cater for the improved intersections.

We installed CCTV cameras at 16 sites enhancing the Road Network Operation Centre's ability to manage disruption and improve operations in real-time.

Incident Management

Managing incidents is a key function in providing a safe and efficient road network for our customers. Traffic incidents and unwanted debris can cause congestion at any time of the day. To help keep traffic moving we seek to provide quick clearance solutions, reinstating roads to a safe condition as quickly as possible. Following is a summary of incidents over the past 12 months.

We have seen an increase in the number of incidents across all categories, with the exception of events involving public utilities and vehicle fires.

Nature of incident	Goldfields–Esperance	Great Southern	Kimberley	Metro	Mid West – Gascoyne	Pilbara	South West	Wheatbelt	Total 2019	Total 2020
Road crash	15	43	13	2,443	59	19	146	69	2,379	2,807
Breakdown / tow away	1	8	1	3,140	11	12	23	8	2,482	3,204
Debris / trees / lost loads	4	50	4	2,345	13	8	79	58	2,029	2,561
Flooding	9	2	5	59	10	21	0	3	77	109
Public utilities (gas, water, power)	0	1	0	85	1	0	3	2	109	92
Bushfire	6	11	9	64	8	10	13	15	93	136
Animal / livestock	4	14	2	231	13	8	37	17	233	326
Hazmat (including spills)	1	5	0	55	1	1	5	4	90	72
Vehicle fire	2	0	1	40	1	1	3	2	58	50

Dedicated Incident Response Team

In conjunction with our Incident Response Service contractor, Lendlease, we have implemented a dedicated service for the Smart Freeway to ensure all events affecting the All Lane Running section are quickly resolved.

The new service has been expanded to operate from Mount Henry Bridge to the Narrows Bridge. For more information, visit our webpage.

Speed Zoning Policy and Guidelines

Updates in Main Roads' Speed Zoning Policy and Application Guidelines are in-line with current Australian Standards and best practices, taking into account movement and place principles. New speed zoning initiatives align with the updated policy's Safe System principles.

The new policy focuses on uses of the road and its environment. We select suitable target speeds for safe road use for all – drivers, cyclists and pedestrians. A new Movement and Place framework determines target speeds for each road section and its environment. Posted speed zones and traffic calming measures foster target speed adherence.

Key stakeholders were consulted throughout the policy review.

Heavy Vehicle Services Achievements

Access, Permits and Helpdesk

Heavy Vehicle Services (HVS) is the heavy vehicle regulator for Western Australia and is responsible for improving heavy vehicle safety, productivity and the equity of services across the transport industry in the state through compliance, innovation and road asset sustainability. HVS facilitates and regulates the movement of RAVs across the state, provides a one-stop shop for permits and traffic escort services for oversize, over mass movements and works with industry groups and other government agencies at a state and national level. HVS works with the National Heavy Vehicle Regulator to allow the seamless movement of RAVs between Western Australia and other states.

Total Number of Permits Issued		
	2019	2020
Single Trip Permits	10,657	13,104
Period Permits	16,585	18,500
Special Purpose Vehicle Permits	2,430	2,696
Total	29,672	34,300

The HVS Helpdesk is the frontline for customers and stakeholders contacting Main Roads for heavy vehicle specific information and assistance. We provide general technical support and are customer service focused ensuring the heavy vehicle industry has access to specialist services and advice. This year we received 32,186 calls. The main reasons for calls were notices and permits, accreditation and general and heavy vehicle pilot enquiries.

HVS Harvest Mass Management Scheme Route Assessment Team

We have been working with the agricultural and transport industries to address 'first and last mile' access issues to and from the farm gate, specifically during grain harvest season. A series of changes made to the Harvest Mass Management Scheme (HMMS) provided temporary special access arrangements. However, to investigate and provide a longer-term solution, farmers and transport operators nominated the roads they required RAV access to, via a HMMS Road List. A preliminary assessment of the roads was undertaken to ensure safety, followed by the creation of a project team to process HMMS Road List applications.

The road lists were used to prioritise onsite route assessments and determine suitability for adding them to the RAV network on a permanent basis.

The HMMS Assessment team completed over 1,050 onsite assessments from Northampton to Esperance, meeting our commitment to have onsite assessments completed prior to this harvest. Through this work, 915 roads were approved for RAV access thereby ending the need for special RAV access arrangements to continue under HMMS.

Simplifying and Clarifying Movement of Oversize Agricultural Equipment

We worked with the agricultural industry to create practical solutions to Agricultural Pilot requirements and curfews, and develop a new Order. These changes helped to reduce red tape, improve safety standards and the level of compliance across the agricultural industry as well as enhancing productivity without compromising road safety.

A review of the agricultural pilot requirements resulted in the development of a simplified system that provides a fair and reasonable balance between road safety and the efficient movement of agricultural equipment.

A review of movement curfews investigated traffic volumes on major roads within, and outside of, the Christmas and Easter holiday periods, and any recorded increase in accidents during these periods. Through this process, curfews were restricted to only those major roads that had significant traffic increases over the holiday periods, thereby ensuring that farmers carrying out seasonal harvesting and seeding operations could move oversize agricultural vehicles on low risk roads during curfew periods.

Additionally an Oversize Agricultural Combinations Order was developed to eliminate the need for the majority of oversize agricultural vehicles to obtain a permit from HVS.

Compliance and Accreditation

Our Compliance sections primary role is to ensure all heavy vehicles comply with the relevant legislation, provide a high level of safety for all road users and protection of the network through intelligence driven enforcement activities, auditing and education. Compliance Operations administers the WA Heavy Vehicle Accreditation Scheme and WA Heavy Vehicle Pilots Licences. At year-end, we had a total of 4,511 accredited operators and 2,065 Heavy Vehicle Pilot Licence holders. During the year, we processed 4,305 audits and conducted 240 random audits.

Transport Inspectors are the front line in enforcement and education to the community, providing initial contact with heavy vehicles whilst communicating a safety and asset protection message. We have a team of 15 inspectors who worked a total of 18,650 enforcement hours this year, intercepting 16,074 vehicles. Permit and load restraint breaches, as well as mass overloads were the primary offences for infringement notices issued.

Planning and Technical Services Achievements

Increasing Use of Recycled Materials in Road Construction

As part of our sustainability objectives, the Materials Engineering Branch has facilitated the use of recycled materials into our road construction and maintenance projects. The main developments are in the use of Crushed Recycled Concrete (CRC), Reclaimed Asphalt Pavement (RAP) and crumbed scrap rubber.

Crushed Recycled Concrete

Over 31,000 tonnes of CRC, produced from construction and demolition waste, was placed on the Kwinana Freeway northbound widening and Murdoch Drive Connection projects last year under the Roads to Reuse Pilot Project.

The project was very successful, with all material fully complying with the agreed specifications, as well as our own requirements for engineering properties.

The construction contractors provided positive feedback on the workability of the material and the excellent well-bound surface finish. Since completion of the pilot, we placed a further 3,000 tonnes on other road projects. We will also work with metropolitan local governments to increase usage of CRC on their road networks and are committed to lifting usage to over 200,000 tonnes.

Reclaimed Asphalt Pavement

Approximately 42,000 tonnes of RAP has been placed on various projects this year. RAP is comprised of asphalt waste and recovered millings from end-of-life asphalt surfacing and pavements. Up until now, our specifications have limited the inclusion of RAP to a maximum of 10 per cent, because higher levels have an influence on the long-term engineering properties of asphalt.

Through our Western Australian Road Research and Innovation Program (WARRIP) we have developed draft engineering guidelines and specifications to increase the use of reclaimed asphalt in full depth asphalt pavements. Working with industry, two suppliers now have approved 'RAP Level 2' asphalt mix designs with 20-25 per cent RAP, which have successfully been used with no issues in manufacture and placement. We are working with industry to embed these asphalt mixes as business as usual for full depth asphalt pavements, and anticipate this will provide a sustainable balance between RAP usage and RAP availability.

Crumb Rubber Asphalt

A successful WARRIP project developing and trialling a crumb rubber open graded asphalt (OGA), resulted in its use on almost one third of the metropolitan freeway resurfacing program this year. The crumb rubber OGA includes 18 per cent crumb rubber blended in the bitumen binder, and is sourced from end-of-life tyres. These works have diverted the equivalent of more than 4,000 passenger car tyres from landfill creating direct initial sustainability benefits and longer service life for the asphalt.

The OGA projects form an important part of our strategy to increase the use of crumb rubber in road pavements and surfacing in order to provide immediate sustainability benefits, as well as long-term performance benefits. The strategy also seeks to stimulate an ongoing demand that will help make a local Western Australian scrap rubber crumbing industry viable.



Giant Module Moves in Pilbara

Alongside our Pilbara Region, Heavy Vehicle Services assisted BHP in the movement of large modules along Great Northern Highway to its South Flank mine site.

The weight and dimensions illustrate the extent of the operation: the largest single combination was 100 metres in length, the equivalent of two Olympic-sized swimming pools; it was 15 metres in both height and width; and the load, alone, weighed 540 tonnes – the equivalent of 330 average-sized compact cars.

Over an eight-month period, our Traffic Escort Wardens led more than 200 modules, all more than 5.5 metres wide, on their 350-kilometre journey from the Port Hedland Port Authority to the BHP mine site.

Larger modules, in excess of 8.5 metres wide and up to 15 metres high, were moved in accordance with an approved Transport Management Plan, ensuring prioritisation of road user safety and road infrastructure.

Large module movements saw a rolling roadblock, using advanced piloting techniques with several stages, including closing sections of Great Northern Highway during night hours.

In January 2020, the Minister for Transport, Rita Saffioti MLA, approved Main Roads and BHP entering into a Standby Traffic Escort Services Agreement. The agreement provides four dedicated Traffic Escort Wardens to the BHP South Flank Project and gives surety Wardens will be on standby in both Perth and Port Hedland.

One of the transported machines – a Reclaimer, for recovering bulk material such as ore from a stockpile – has a capacity to process 200,000 tonnes an hour and lays claim to being the largest in the world.

The seamless movement of the BHP modules is a great example of our work with industry, ensuring minimal impact for road users.



Business Activities

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

Managing the Environment	60
Improving Customer Experience	69
Our People	78
Enhancing Safety, Health and Wellbeing	85

Managing the Environment





Aim

Protect and enhance the natural environmental, social and heritage values during all our activities

Approach

Our staff and others working on our behalf:

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

Key Performance Indicators	Results
 Percentage of state-wide clearing permit audits of compliance completed continues to meet our target	100%
 Scope 1 and 2 Emissions (t CO ₂) are lower than expected and continue to come in under target	26,257
 Community satisfaction with our sustainability practices was slightly below target with a decrease from last year	89%
 Targets of community satisfaction with our performance managing the environmental impacts in our activities was achieved and remains at a consistent level with previous years	90%

Looking Ahead

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

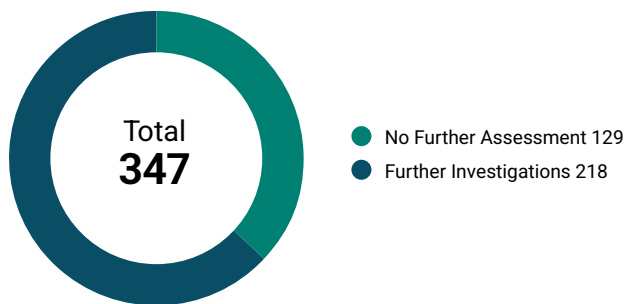
- develop and implement a strategic government process to ensure that we achieve both environmental and road safety objectives in the agricultural region of Western Australia
- develop and implement the Regional Revegetation Initiative
- develop a dashboard for key environment and heritage performance indicators
- deliver high-quality environment and heritage impact assessments that meet regulatory standards and obtain timely approvals
- roll out the Infrastructure Sustainability rating tool Version 2.0 and focus on improving implementation in regional projects
- utilise 200,000 tonnes crushed recycled concrete through encouraging broader uptake of the product across industry and local government and maintain usage of crumbed rubber over 1,200 tonnes in road construction
- support the Memorandum of Understanding for sub-national collaboration on increasing the uptake of electric vehicles through implementing policy to drive electric vehicle uptake in our construction projects
- develop an approach for the road network to contribute to the state governments vision for net zero emissions by 2050.

Environment and Heritage Management

As managers of the State Road Network, we use the precautionary principle in our approach to environment and heritage management and aim to avoid and minimise impacts wherever possible. To achieve this we ensure that all activities, from our largest road projects to smaller maintenance activities, are screened for potential environment and heritage impacts. Those activities that are considered to have a risk of adverse impacts are subject to further investigations. Projects that are not considered to have environmental or heritage risks are managed using our standard environmental and heritage practices.

In 2019, we screened 1,006 activities and projects for environmental or heritage impacts. More than 50 per cent of these activities required further investigations such as field inspections, biological surveys, archaeological or ethnographical investigations and consultation with stakeholders and regulators to ensure sound environmental management.

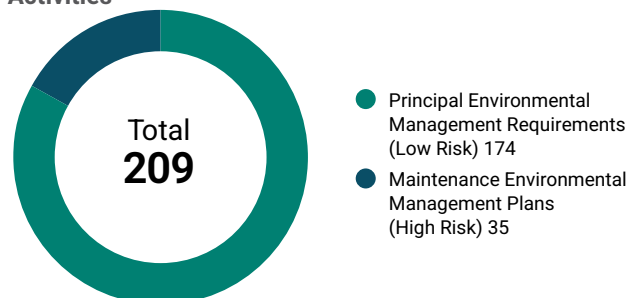
Environmental Screening of Projects



Aboriginal Heritage Screening of Projects



Environment and Heritage Screening of Maintenance Activities



After further investigations were completed, we consulted with our road planners, designers and engineers, to identify opportunities to avoid and then minimise all of our adverse environment and heritage impacts. We achieved this through one or more of the following:

- analysis of scope and design options
- road re-alignment
- re-locating signs, crossovers, parking bays to areas with lower environmental values
- modifications to the road design.

Where the impacts are unavoidable, we complied with State and Commonwealth environment and heritage legislation. We referred activities with potentially significant impacts to the relevant regulatory authorities for assessment and approval. The table below summarises our applications for approvals over the past three years.

Applications for Approval	Calendar Year		
	2017	2018	2019
Aboriginal Heritage approval sought ¹	33	14	27
Aboriginal Heritage approval granted ¹	29	26	18
Project specific clearing permit applications	15	21	14
Project specific clearing permits granted	13	14	18
Projects referred to the WA Environmental Protection Authority under Part IV of the Environmental Protection Act (EP Act)	1	2	6
Projects approved by the WA Minister for the Environment under Part IV of the EP Act	0	0	1
No. of projects referred to the Commonwealth Department of Agriculture, Water and the Environment under the Environment Protection and Biodiversity Conservation Act (EPBC Act)	10	7	6
No. of projects approved under the EPBC Act	4	5	2

All approvals granted may include applications made in previous years.

¹ This includes Regulation 10 and Section 18 applications under the WA Aboriginal Heritage Regulations 1974 or WA Aboriginal Heritage Act 1972 (respectively) submitted or granted between 1st January to 31st December 2019.

In 2019, we applied for 27 Aboriginal heritage approvals and 14 clearing permits. We referred six projects considered to have potentially significant impacts, to the WA Environmental Protection Authority (EPA) for assessment. Six projects were considered to have potentially significant impacts to Matters of National Environmental Significance (NES) and were referred to the Commonwealth Department of Agriculture, Water and the Environment (DAWE) for assessment under the Commonwealth Environment Protection and Biodiversity Conservation Act.

The EPA concluded that three of the six referred projects did not have potentially significant impacts and did not assess the works. The other three projects referred to the EPA are still under assessment. The project approved by the WA Minister for the Environment in 2019 was for a project referred in a previous year.

DAWE concluded that two of the six projects did not have potentially significant impacts on Matters for NES and did not assess the works.

The other four projects are still under assessment. The two projects approved under the EPBC Act were referred in previous years.

Revegetation and Offsets

We strive to find a balance between achieving road safety objectives and the environment and it is not always possible to avoid the clearing of native vegetation. When this occurs, and after we have reduced the amount of clearing to the minimum area required, we offset the negative impacts of removing this native vegetation. This may be through revegetation (seeding or planting), purchased land for contribution to the conservation estate or monetary contributions to the State Offset Fund for the acquisition of land and addition to the Conservation Estate (<http://epbcnotices.environment.gov.au/publicnoticesreferrals/> and <https://offsetsregister.wa.gov.au/public/home/>).

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

In 2019, we cleared 663 hectares of native vegetation for the delivery of 95 projects. We provided offsets in the form of land acquisition and monetary contributions to the Western Australian Environmental Offsets Fund for the purchase and management of a total of 786 hectares of native vegetation. We also undertook 58 hectares of revegetation works of which 15 hectares was required under a legislative approval and 43 hectares was initiated by us.

Clearing, Revegetating and Offsetting	Calendar Year		
	2017	2018	2019
Clearing (ha)	246	535	663
Total revegetation (ha)	206	139	58
Offset			
Revegetation (ha)	(a) 83	6	15
Land acquisition (ha)	(b) None settled	None settled	334
(Value of land acquired (\$))			\$1,636,895
Financial contribution	(\$)	1,978,567	557,844
(Area of land to be acquired using the financial contribution (ha))	(c)	(1,738)	(318)
Total offset (ha) (a+b+c)	1,822	324	786

Management of Environmental Incidents

While we aim to undertake all our activities in accordance with our procedures, we have systems and processes ready to respond to all incidents. We consider an environmental or heritage incident to be any activity that has the potential to have an adverse environmental impact. The activity may include those undertaken by Main Roads and its contractors or a Third Party (i.e. an organisation or a person not employed by or working on behalf of Main Roads). The table outlines the significant Main Roads and Third Party incidents that have occurred in the past three years. Significant incidents are those classified with a moderate, major or catastrophic consequence.

Significant Incidents (Moderate, Major and Catastrophic)	Calendar Year		
	2017	2018	2019
Incidents caused by Main Roads	19	33	10
Incidents caused by Third Parties	3	9	4

Transport Portfolio risk classification process includes insignificant, minor, moderate, major and catastrophic. Insignificant and minor incidents have not been reported here.

There were no catastrophic Main Roads or Third Party incidents in 2019.

There was one major Main Roads incident relating to a fire at the Nicholson Road Bridge in Gosnells. The fire was ignited by hot works and resulted in seven hectares being burnt. We reported the incident to the WA Department of Biodiversity, Conservation and Attractions (DBCA) and was subject to a formal incident investigation. As a result, we implemented the following corrective and preventative actions:

- Remedial actions to be implemented to the satisfaction of DBCA including the replacement of fencing and signs, and revegetation works
- Safety specifications, including standard contractual requirements, reviewed to ensure fire risks and management adequately addressed
- Further training regarding identification of fire risks and management to be developed and provided via e-learning modules and made mandatory for relevant personnel.

The remaining 13 incidents were classified as moderate with nine caused by Main Roads activities and four caused by Third Party activities.

These incidents related to:

- A Main Roads incident of non-compliance with an approval (no environmental impact) related to a missed annual monitoring event in accordance with a ministerial statement.
- A Third Party incident of impact to threatened plants or ecological communities was related to an unknown clearing in the Main Roads road reserve without permission. The clearing occurred within a known Declared Rare (Vulnerable) flora site (*Acacia caesariata*).
- Two Main Roads incidents that related to an impact to an Aboriginal Heritage related to disturbance outside the approved project envelope near a known Aboriginal Heritage site. Investigations identified no breach of the *Aboriginal Heritage Act 1972* in either incident.
- Five incidents of unauthorised clearing related to three Main Roads incidents resulting in a total of 1.5 hectares of unauthorised native vegetation clearing and two Third Party incidents that resulted in a total of five hectares of unauthorised native vegetation clearing.
- The remaining four incidents related to a Third Party spill of contaminated materials, three Main Roads incidents; two regarding sediment plumes in the Swan River and one of intercepting asbestos containing materials during works.

Incidents were reported to the relevant authorities and there were no penalties or financial sanctions related to any. We have addressed these procedural failures through training, changes in processes and increased compliance audits to ensure they are not repeated.

Environmental Management Review Committee

This committee is part of the high-level governance arrangement reflecting the importance we place on environmental management; the committee is chaired by the Executive Director of Planning and Technical Services. It also includes the Manager Environment and Manager Project Management.

Role

- Reviews Main Roads environmental performance in managing
 - Incidents
 - Audits
 - Environmental assessments and approvals
 - Opportunities for improvement
 - Environment risks

Executive Members:

Doug Morgan (Chair)
 Leo Coci
 John Erceg
 Peter Sewell
 Phil D'Souza

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

- Review of suitability of Main Roads Environmental Management System
- Review of environmental performance and opportunities to improve
- Identifying significant environmental issues to be addressed
- Approaches taken to minimise the impact of COVID-19 on environmental and heritage surveys
- Requirement for accelerated environmental and heritage approvals in response to economic stimulus
- Strategic approaches to balance environmental values and road safety requirements in agricultural regions of the state

Sustainability Assessment in Projects and Operations

For our highest value major projects, we have adopted the Infrastructure Sustainability (IS) rating tool, Australia's only comprehensive rating system for evaluating sustainability across planning, design, construction and operation of infrastructure. All infrastructure projects exceeding \$20 million utilise the IS framework as part of project development and evaluation. Nine projects have been registered for an IS Planning, Design and As Built Ratings. The Bunbury Outer Ring Road is the first ever project to achieve an IS Planning Rating nationally and was verified with a Silver rating.

Stand-alone public sustainability reports have been produced for 11 of our projects with IS obligations and these are available on our website.

We have mandated that all projects greater than \$100 million will be formally registered to undergo an IS rating. Currently four projects are in the delivery stage with a further 11 in the design and planning stage.

A complete list is provided in the Additional Environmental and Sustainability Disclosures section.

There are a further eight projects valued between \$20 and \$100 million that are subject to internal self-assessment using the IS rating tool.

Air Quality

Urban air quality is impacted by the use of the road network and increasingly, this is something that we are responding to. Using the Australian Transport Assessment and Planning Guidelines 2016, we have used data captured internally to estimate emissions trends of the six main air pollutants (carbon monoxide, nitrogen dioxide, photochemical oxidants (as ozone), sulphur dioxide, lead and particles) due to operations and congestion on state and significant local roads in the Perth metropolitan area. A complete breakdown of emissions by type is available in the Additional Environmental and Sustainability Disclosures section.

Noise and Vibration

Management of road traffic noise is an important issue as traffic growth continues. There is a complex range of factors that impact noise levels including the topography of the land, the type of road surfaces, buildings, traffic volumes and types of vehicles. Noise impacts from new or significantly upgraded roads are managed under the revised State Planning Policy 5.4 – Road and Rail Transport Noise and Freight Considerations in Land Use Planning.

As part of preparing information for the environmental referral and assessment process, we undertake noise monitoring to calibrate a noise model, assess noise impacts, and ensure our final projects are compliant with the policy once completed. This includes obtaining base line noise levels from monitoring noise at key points within the project.

This data is input into a modelling system taking into account a range of other variables. Once the noise monitoring and modelling is completed, a peer review of the findings is conducted. The findings are then considered to help determine noise mitigation strategies, which can take a variety of forms, including noise walls, bunds, architectural treatments to nearby homes and utilisation of 'quiet' pavement or road surfaces.

After constructing a new road or carrying out a significant upgrade, we undertake monitoring to ensure our projects abide by State Planning Policy 5.4. If required we will implement further measures if noise levels continue to exceed the limits of the policy.

Approaches to Carbon Reduction

Developing, operating and using a road network consumes energy and generates emissions in numerous forms. Whilst impacts from energy and emissions largely fall outside of our direct control, it does arise from use of the road network. Road transport contributes 15 per cent of Australia's total emissions and is the highest growing source of emissions since 1990. We estimate that the road network generates carbon emissions at a rate of 288.7 t CO_{2-e} per million vehicle kilometres travelled (MKVT). Last year, MKVT was 27,799 and therefore emissions from the road network are in the order of 8.0 mt CO_{2-e}.

We have a Carbon Reduction Plan and a target to achieve a 5 to 15 per cent reduction on 2010 levels by 2020, focused on Scope One and Two emissions. Our total emissions across our facilities over the past year were 26,257 CO_{2-e}, achieving our target, which was to be below 29,302 CO_{2-e}.

Our current approach has focused on reducing our direct energy use and emissions generation but we are aware of our ability to influence outcomes from our contracts and from the road network use. The States aspiration to be net zero by 2050 and the expected release of a State Climate Change policy will guide the development of further actions and a revised target for carbon reduction.

This chart indicates our Green House Gas Emissions (Scope 1 and 2) over the last three years.

Scope 1 and 2			
	2018	2019	2020
GHG Type (t CO ₂)	25,886	27,925	26,257

Detailed information showing data over the last three years by Scope, Source and Intensity are available in the Additional Environmental and Sustainability Disclosures section.

In December 2017, the State Government signed a Memorandum of Understanding for Sub-National Collaboration on Electric Vehicles (EVs) arising from the Climate Action Roundtable. Together with Western Power, we are joint lead to 'Take a coordinated approach to the strategic planning and construction of infrastructure for EVs'. In response, we commissioned the University of Western Australia to undertake research into the need for state-wide EV charging infrastructure in WA. The report has been finalised and released. We are working closely with other agencies to develop a state EV strategy and are committed to increasing the uptake of electric vehicles within our construction project fleets.

Climate Change Adaptation

We have identified more than 52 kilometres of State Roads that have been assessed to warrant earlier, more detailed evaluation for the impacts of climate change. The indicative replacement value of this at-risk infrastructure is in the order of \$365 million. A fundamental aspect of our Sustainability Policy is climate change. Our Key Aspect Management Plan for Climate Change includes a progressive approach to embedding adaptation practice into standards and asset management practices. An important activity was embedding resilience into our asset management framework.

Materials for Road Building

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

We incorporate recycled content into the significant materials used for road construction. Recycled content includes crumbed rubber, glass, asphalt and concrete. We have intent to contribute to developing the circular economy in WA. Further information on our achievements with recycling is included in the Road Management and Our Stories sections.

Detailed information showing data over the last three years in the following categories is available in the Additional Environmental and Sustainability Disclosures section:

- Imported road construction material by type
- Imported recycled construction material by type
- Waste material to landfill by type
- Materials recycled by type.

Waste Management: Roadsides, Buildings and Facilities

Controlling roadside waste across the State's road network requires ever-increasing attention. We collaborate with key stakeholders, interested parties and community groups for a consistent litter management approach taking into account individual regional requirements. We continue to implement our State-Wide Litter Plan developed with the primary objectives of educating road users to take their litter with them and to reduce littering and illegal dumping. Implementing the plan involves boosting public awareness as well as increasing community buy-in and participation in litter reduction programs and behaviours. To facilitate this objective Main Roads provides funding to Keep Australia Beautiful to support the 'WA naturally thanks you initiative'.

Our commitment to improved waste management practices is evident in the design, construction, operation and ongoing management of the road network, our offices and depots. Waste management principles are incorporated in design and construction, by using the Infrastructure Sustainability rating tool and by achieving five-star Green Star and NABERS ratings for our offices and facilities. We are embedding principles of the WA Waste Strategy 2030 including reducing single-use plastics in our offices and project sites.



Protecting The Iconic Western Ringtail Possum

A key consideration in the planning and development of the \$852 million Bunbury Outer Ring Road (BORR) project was to contribute to the protection of one of WA's most endangered marsupials – the Western Ringtail Possum, also known as Ngwayir by the local Noongar people.

Unique to the south west of Western Australia, the Western Ringtail Possum is classified as critically endangered. Common in the urban areas around Busselton and Dunsborough, the estimated population of the species in 2014 was just 3,400 adults. However, the population estimate was based on very limited information. The species habitat stretches from south of Mandurah, throughout the southern Swan Coastal Plain to Augusta, and through the southern forests to Albany.

We worked closely with the Western Ringtail Possum Recovery Team and the Department of Biodiversity, Conservation and Attractions (DBCA) to design and undertake a survey over the entire area that possums inhabit. This included extending the survey well beyond the BORR project area to cover the entire South West Region from Binningup to the Capes, southern forests, and Albany regions.

Over a twelve-month period, our Environment team and South West Region worked with consultancy Biota Environmental Sciences to walk 1,287 kilometres of *transects*, over an area of 114,234 hectares, to survey Western Ringtail Possum populations at over 40 sites. Due to access and logistical issues, surveys were not undertaken in urban or agricultural areas or along forest rivers.

Each member of the survey team walked alone to minimise disturbance to the possums and was tracked using GPS to ensure their safety and to accurately record sightings of Western Ringtail Possums.

Data verification occurred each day and, after analysis, we were able to determine highly accurate estimates of population densities in the areas surveyed. This allowed us to determine a new total population estimate for the species. The 2019 population estimate is 20,110, a sixfold increase on the 2014 estimate.

The 2019 population estimate provides a rigorous data set that can be used to determine the potential impact of development projects on local Western Ringtail Possum populations, and will assist in understanding trends in the population and distribution of the species.

The Western Ringtail Possum Regional Surveys Project has provided an invaluable resource for environmental regulators, universities, researchers and environmental groups across Australia and the world by contributing to their work in protecting the future of the possum. The data has been provided to the Environmental Protection Authority, the Western Ringtail Possum Recovery Team and DBCA and will be published in scientific journals.

See our survey results map in the Additional Environmental and Sustainability Disclosures section.



Turning Waste into Roads

Our commitment to innovation, collaboration and sustainability is demonstrated in our use of recycled materials in road construction.

The Roads to Reuse Pilot project, a joint initiative between Main Roads, the Department of Water and Environment and the Waste Authority, has facilitated the use of recycled construction and demolition products in road building. The project trialled a new product specification and independent audit regime for crushed recycled concrete, which aims to assist industry in supplying a quality recycled road building product and prevent contaminated products being used in construction projects.

To support the recycling of tyres in WA, the Western Australian Road Research and Innovation Program (WARRIP), a research collaboration between Main Roads, the Australian Road Research Board, and industry partner Fulton Hogan, has seen the development of new asphalt mixes incorporating crumb rubber modified binder. In addition to the direct initial sustainability benefits from recycling, the crumb rubber in the binder is also expected to provide a longer service life for the asphalt. Our target of doubling usage of crumb rubber to 1,300 tonnes per annum by 2021 has already been exceeded with almost 1,500 tonnes used this year in asphalt and spray sealing works.

WARRIP has also developed draft engineering guidelines and specifications to increase the use of reclaimed asphalt in full depth asphalt pavements. We have worked with industry partners Downer and BGC to develop and place 40,000 tonnes of new asphalt mix designs with 20 to 25 per cent reclaimed asphalt.

We have also commenced a partnering project between WARRIP and Queensland’s National Asset Centre of Excellence to explore the beneficial uses of waste plastics in road infrastructure and develop a performance-based specification for the use of recycled plastic in, for example, asphalt.

Roads to Reuse

34,225 tonnes

34,225 tonnes of crushed recycled concrete used in road construction.

100,000 tonnes

Main Roads is now committed to using 100,000 tonnes of crushed recycled concrete within the next two years and 200,000 tonnes in later years.

WARRIP

- 3.8 km of Kwinana Freeway and Marmion Avenue used for crumb rubber trials.
- Crumb rubber open graded asphalt used on almost one third of freeway resurfacing projects in 2020.
- The equivalent of over 4,000 car tyres recycled, instead of going into landfill.

Improving Customer Experience




Aim

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

Approach

We always endeavour to:

- understand our customers' needs and how to address them
- deliver consistent communications
- improve our customers' experiences at every interaction
- encourage shared vision and commitment to customer experience across Main Roads
- demonstrate a proactive, whole-of-government approach to transport outcomes

Key Performance Indicators	Results
✓ We achieved our target for community satisfaction with Main Roads and it has increased slightly since last year	90% 
✓ We achieved our aim of increasing the number of customer subscriptions to our project updates	14% 
✓ The target for resolving enquires at first point of contact with our customer information centre was achieved*	90% 

*Results based on nine months only

Looking Ahead

Projects and activities planned for next financial year include:

- deliver the next phase of the new website project, further improving our customers' online experience with features such as an online portal and personalisation options
- enhance stakeholder relationships and refine internal processes to enable the delivery of improved travel information
- continue the transition and upgrade of technology to Main Roads' telephony services provided by the Department of Transport
- refine our approach to customer insights and analytics to help ensure we are working towards better outcomes for the community.

Creating Better Experiences

This year, we have focused on improving our customers' digital experience as we continue our efforts to deliver a new website and better online tools and services.

We have developed a website centred on what our customers want and need. New technology, reprioritised content and services, enhanced search capability and improved desktop, tablet and mobile layouts are just some of the improvements that have been realised, with many more to come.



General Gino

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

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

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

Improving Gino's Experience: Travel Information

Our customers rely on us to help them get from A to B safely and efficiently. To do this, we deliver a range of travel information via multiple channels to ensure everyone has access and opportunity to plan their journey and know what's happening when they're on it.

This year, we asked our customers and stakeholders to rate our travel information offerings and tell us where they thought we could improve. Some of the actions underway or planned to address their feedback include:

- an enhanced Travel Map with a cleaner user interface and additional layers of information
- more accessible online travel information via our improved website and other digital channels such as Facebook and Twitter
- improved content and visuals of our printed travel information such as the very popular Rest Area Brochure
- a formalised update and distribution process for printed travel information to increase accessibility in more remote areas
- enhanced stakeholder relationships to identify and leverage opportunities to connect with all WA road users and beyond.



Critical Christy

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

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

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

Improving Christy's Experience: Feedback Form and Subscriptions

We rely on the feedback of our customers to drive business decisions and improvements. With this in mind, we've enhanced our online feedback form and process to allow customers to quickly and easily tell us what they think, make an enquiry, report a fault and make a claim.

Christy can now add a location to her feedback with a pin drop onto the newly integrated map. There is also the functionality to add a photo or file to the form, streamlining the feedback process by minimising back and forth to get all the required information.

It's not just the website look and feel that's improved. We've worked behind the scenes to rationalise our back-end processes and functionality to provide a richer experience for subscribers.

Better analytics and reporting will tell us what information and services are working, and what's not. We'll be able to understand demand, preferences and behaviour better than ever, to inform continuous improvement to content and technical delivery. This means customers like Christy will be able to get the right information early on about the things that matter to them, so they can have their say.



Investigating Yvonne

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

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

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

Improving Yvonne's Experience: Project Information

With everything happening across the State, it is essential that customers like Yvonne can discover and understand how we are transforming the road network and what it means for them.

Our new website delivers improved project information on all current, planned and past projects, plotted on a map of the State to show where we are making improvements and what it means for the surrounding road network.

Easy to navigate with a clean user interface and search functionality, the map is a key resource for our customers and stakeholders to stay on top of what matter to them the most.

Visit the Project website to learn more.



All-Wheels Andy

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

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

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

Improving Andy's Experience: Heavy Vehicle Content and Structure

Heavy Vehicles is one of the most heavily trafficked areas of our website, providing customers like Andy with essential information about permits, accreditation, travel impacts, access and much more.

With Andy's needs and pain points top of mind, we redesigned our content to better his experience.

The new Heavy Vehicles section of our website has an innovative 'task-based' structure that makes it quick and easy for customers to find the information that helps them 'get on with the job'.

Instead of the getting bogged down in 'government lingo', we've worked with experts in the field to strike a balance between compliance and common sense, structuring and formatting content to deliver accurate, timely information for operators on the move.



Detail Darren

Customer Types – consultants, engineers, land developers, government

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

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

Improving Darren's Experience: Technical Library

Over the years, we have accumulated a broad spectrum of technical information, available across our website.

With topics ranging from road and bridge design, to environmental management, traffic engineering and much more, the broad nature and sheer volume of content presented a unique challenge when designing our new website.

How do we make this wealth of specialised knowledge more accessible and easy to use, without compromising the richness of the information?

The answer is the new Technical Library, underpinned by enhanced search functionality. A clean, simplified user interface and accessible revision register complete the upgrade making information relevant, accurate and consistent for customers like Darren who rely on our expertise to compliment theirs.



Maintenance Max

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

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

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

Improving Max's Experience: Road Access and Development

Max is focused on getting the job done. We're helping him along the way with improved content and new forms to streamline road access and development processes.

This new approach bridges the gap between tender preparation and project development, helping developers, traffic consultants and local government procure and understand rules, regulations and information before and during the application process.

The next stage of process improvement will be the launch of our Application Portal in 2020-21, which will help customers like Max access, complete and submit applications and information requests quickly and easily and track their progress at the click of a button.

Community Perception Survey

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

The following table shows this year’s results.

Area of Satisfaction	2018 (%)	2019 (%)	2020 (%)
Overall performance	88	90	90
Road safety	88	91	92
Provision of cycleways and pedestrian facilities	89	91	91
Road maintenance	82	87	86
Sustainability	86	91	89
Environmental Management	88	91	90

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

At a state-wide level, the community continues to rate us highly in our management and maintenance of roadsides and verges, provision of real time travel information and providing dedicated lanes for buses and taxis which alone has increased 10 per cent over the last three years.

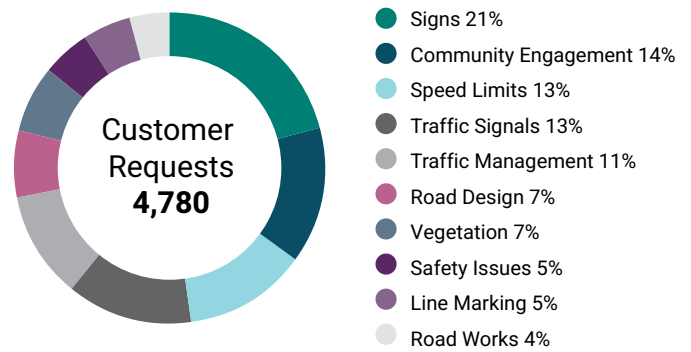
To learn more about our performance, visit the Our Community page on our website.

Customer Feedback

We value customer feedback and regularly investigate trends and issues that provide us with insights for improving our business areas. This year we received 13,387 items of feedback. The two areas of key feedback received from all sources across the past 12 months are detailed below.

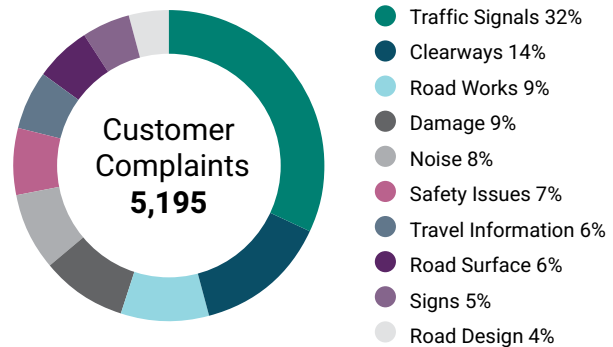
Customer Requests

This year we received 4,780 customer requests. The top 10 categories represent almost 59 per cent of all customer requests.



Customer Complaints

Sixty-nine per cent of all customer complaints fall into one of 10 categories, as shown. This year we received 5,195 customer complaints. Our Customer Information Centre and Complaints Handling Process aim to deal fairly with complaints and improve performance in all areas.



Customer Information

As part of the Government’s Services Reform Initiatives and a Portfolio Collaboration initiative, the provision of our 24/7 Customer Information Centre (CIC) services has transitioned to the Department of Transport reducing the number of contract employees, and creating greater cooperation and efficiency of services within the Portfolio.

The CIC plays an important role in state-wide incident response and management, providing timely and accurate information to the public. Our front-line customer service area is also an important information source for road network activity.

Self-service options on the phone continue to improve services for customers. Our call volumes have increased during 2020, and our customer interaction via email and digital services continues to rise.

Customer Contact Statistics	2018	2019	2020
Telephone calls	91,573	91,732	99,920
Calls self-serviced	11,896	14,293	16,406
Email enquiries	32,620	53,988	55,848

Complaints Handling Process

We provide an accessible, fair and equitable complaint handling process, meeting Australian Standard for Complaints Handling, AS ISO 10002 – 2018.

We use our customer information and quality assurance framework to:

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

For more information, or to understand our commitments to you, please visit our website.

Engaging with Local Communities

Main Roads is delivering an unprecedented program of major infrastructure works across the Perth metropolitan area.

We are engaging with distinct communities across 20 Perth metropolitan projects and many more in the regions. Transforming our road network brings with it the challenge of minimising the impacts of construction on local communities near the works and providing timely, ongoing communication to road users.

We continue to focus on our engagement and communications, ensuring they are delivered in an effective, customer-centric manner that balances the needs of local communities with the delivery of improved road transport solutions across our state. The outcome has been a marked improvement in the quality and consistency of our engagement programs, in accordance with ever-increasing community expectations.

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

Engaging at an earlier point within the project lifecycle enables us to integrate natural opportunities for regular evaluation following each phase of community input. Structured evaluations of our strategies are included throughout the project lifecycle, including at six-monthly intervals during the construction period.

Open and Transparent Project Communications

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

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

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

Widespread community input – though information sessions, reference group meetings and face-to-face meetings on projects in both metropolitan and regional areas – confirms that traditional engagement techniques remain popular and relevant for the community.

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

Digital Channels

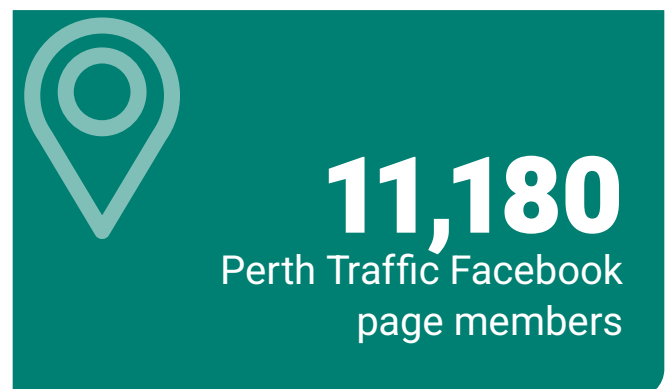
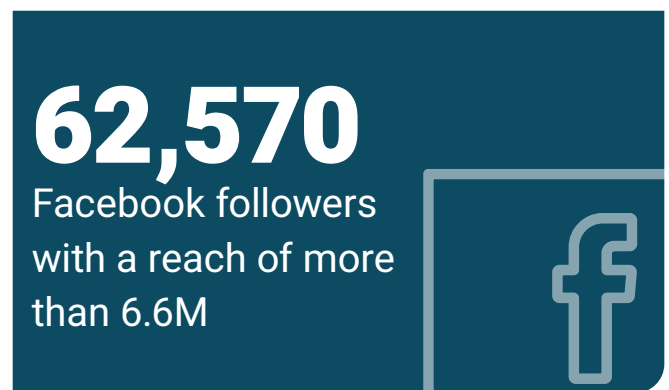
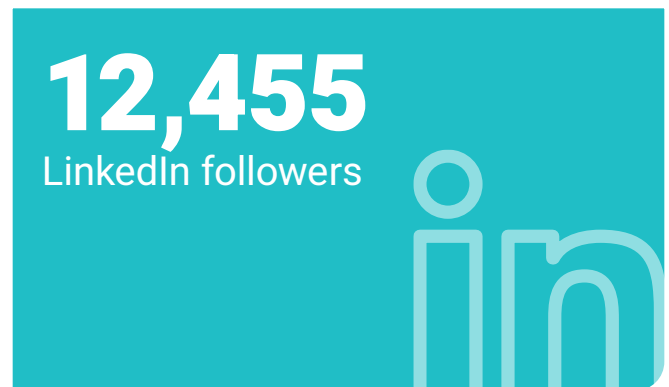
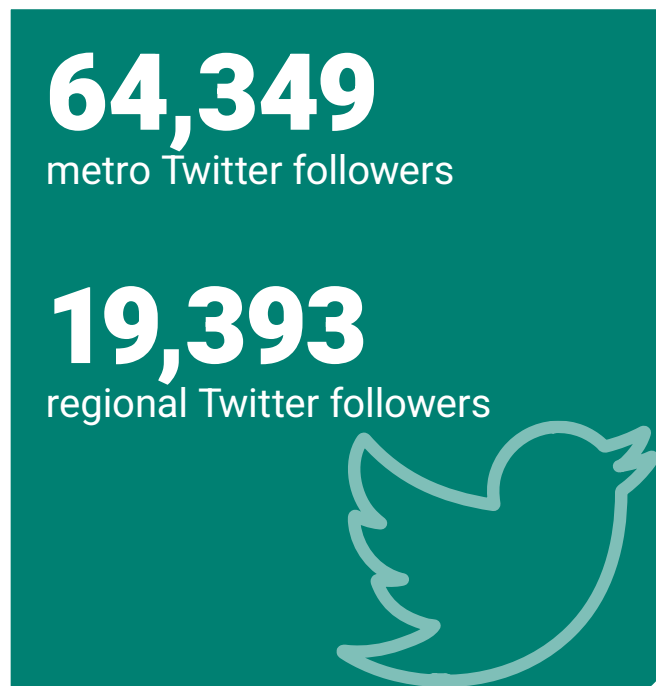
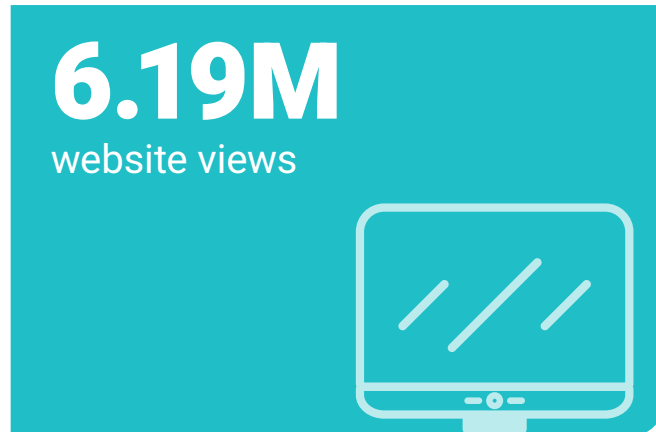
In addition to our regular media updates, we provide project and road user information on a range of digital channels supporting our business areas with their communication needs.

Reaching More People Than Ever Before

Digital channels reach new heights, with people spending more time doing more things online than ever before.

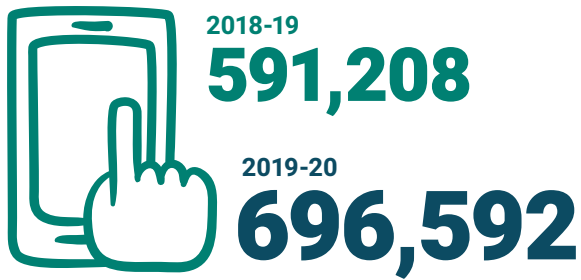
Aiming to deliver the right services, in the right way, and the right time, we continue to provide traffic and travel information, community updates, technical information, heavy vehicle advice, plus more!

Here is what we looked like over the last year:



At Your Fingertips

With the number of social media and smart phone users growing every day, so does the demand for customers wanting to find information at the tip of their fingers.



Disability Access and Inclusion Action Plan 2018-2022

Over the year, we have been working on delivering key actions from the Disability Access and Inclusion Plan (DAIP) 2018-2022. The DAIP aligns with the Western Australian *Disability Services Act 1993*, amended in 2004 and 2014, and was produced in recognition that people with disability, their families and carers have the same rights to access our products and services as any other member of the community. The implementation of our plan is being actioned by an internal working group and monitored by Corporate Executive to ensure we keep access and inclusion a high priority when we are making decisions.



Highway to Hell – Collaboration is the Key

In March, a huge effort behind the scenes helped make the spectacular free public event, Highway to Hell, a success. More than 150,000 people turned out to pay tribute to legendary Australian rock band, AC/DC, which saw Canning Highway temporarily closed between Kwinana Freeway and Queen Victoria Street Fremantle.

Our teams worked relentlessly with other stakeholders to ensure the community enjoyed their experience.

We played a significant role in the planning and delivery of transport management for this event to reduce the impacts to the road network and maximise the efficiency and safety of transport measures. This included:

- detailed assessment of network impacts along Canning Highway and the surrounding precinct
- safe deployment and efficient implementation of traffic management by the four contracted traffic management providers
- development of detailed traffic management and Hostile Vehicle Mitigation plans
- Media and Communications, Command and Control, Incident Management and Contingency, Heavy Vehicle Access, SCATs and Route Management.

On the day of the event, we came together with stakeholders including Public Transport Authority, WA Police, Perth Festival, St John, Department of Fire and Emergency Services and local government at the Road Network Operations Centre (RNOC). Using state of the art technology, the team monitored and manually controlled over 70 signalised sections to ensure the event's success with minimal impacts to the network outside of the event zone.

The RNOC has placed itself at the leading edge of live network analysis and management of major events on roads while acknowledging that extensive event planning and stakeholder engagement, relying on strong internal and external relationships, is key to a successful event.

The event proved a success for many businesses along the highway also boosting the hospitality industry, some of which reported extended trading hours, rostered on extra staff and boasted record-breaking sales.

Key Facts

- 150,000 attendance.
- 10.5km closure of a State Highway for 10 hours, impacting on 15 signalised intersections and 110 side roads. Requiring 250 Traffic Controllers, 1.5km of barriers, 200 Water Filled Barriers and 250 HVM Barriers.
- Provision of bus priority and management of large crowds at train stations and event bus stops.

Our People






Aim

To attract, develop and sustain organisational capability through our people

Approach

We strive towards:

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

Key Performance Indicators	Results
 Headcount	1,140
 We exceeded our target in respect to women in leadership positions at Level 6 and above, however it was a slight decrease since last year	26% 
 There was a high level of completion of Career Conversations coming in under our target but remains consistent with previous years	96% 

Looking Ahead

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

- meeting the challenge of attracting and retaining appropriately skilled employees, particularly in regional areas
- improving our recruitment strategy to better position us in the recruitment market
- developing and commencing the Regional Engineering Associate Traineeship Program in order to help build a sustainable workforce in the regions
- continuing a focus on increased Aboriginal employment and creating pathway programs beyond the traditional university stream
- continuing workforce planning with a strong focus on providing the information to enable us to make strategic decisions for our future workforce.

Our Profile

Our workforce profile helps to illustrate who we are. As at 30 June 2020, we have 1,140 employees.

Demographics	2018 (%)	2019 (%)	2020 (%)
Female employees	31	31	31
Male employees	69	69	69
Indigenous Australian employees*	2	1	2
Employees with a disability*	3	3	3
Employees of culturally diverse background*	22	25	38

* This information is provided by self-declaration.

Employee age profile	2018 (%)	2019 (%)	2020 (%)
<30	12	10	11
30-39	22	23	24
40-49	21	21	21
50-59	28	30	26
60+	17	16	18

Regional profile (headcount)	2018	2019	2020
Great Southern	30	31	32
Goldfields–Esperance	21	21	18
Kimberley	29	30	28
Mid West – Gascoyne	44	44	45
Pilbara	33	28	28
South West	62	63	68
Wheatbelt	34	33	37

New starters (headcount)	Employees
Number of new starters	120
New starters by gender	
Female	36
Male	84

Turnover	2018 (%)	2019 (%)	2020 (%)
Turnover rate	7	4	5
Turnover by gender			
Female	29	40	26
Male	71	60	74

Developing Our People

Our people are the key to our success. Investing in them and their knowledge is essential to creating an organisation where people embrace and accept those who inspire and bring innovative ideas, skills and perspectives. We seek to ensure that the right people are attracted and retained within our business and grow and develop in ways that will help us to make the most of the opportunities that are facing our industry.

Learning Management System

LearningHub, our corporate learning management system, was launched in July 2019 and has become the central hub for all training activities. With the system now in place, development of e-learning content is underway to support employees and contractors in the work they do. A comprehensive suite of modules will be delivered in safety, health and wellbeing; environment; and the WA Heavy Vehicle Accreditation scheme. A seamless approach to corporate and local inductions is also a focus.

Development Employee Programs

With our strong commitment for a sustainable future workforce, we have revitalised our employer brand and increased awareness of our development employee pathways during the recruitment and selection of Graduate Engineers and Engineering Associates for our 2020 Development Employee Programs. Last year we welcomed 12 cadets and 12 graduates to our programs, bringing our total numbers to 45 with a gender split of 22 per cent female, 78 per cent male. Increasing female and Aboriginal participation will be an area of focus for future recruitment to the programs.

Career Conversations

Our performance review process, Career Conversations, encourages open discussion between manager and employee on performance objectives, development opportunities, career goals and demonstrating our guiding principles in work activities. A streamlined form through MyHR focused participants on feedback, reflection and review. This year we had a 96 per cent completion rate for the initial Career Conversations and 88 per cent of mid-year reviews were carried out.

Connecting People with Culture and Country

Connecting People with Culture and Country is an experiential cultural awareness program developed in consultation with Main Roads staff and local Aboriginal Traditional Owners and advisors. The program aims to:

- increase understanding of the purpose and significance behind cultural protocols
- ensure Main Roads employees have an opportunity for cultural knowledge sharing
- educate for a better understanding of Aboriginal peoples
- ensure positive engagement between cultures
- engage methods of fruitful dialogue and beneficial practices to move past racism
- nurture strong ideas of the collective human family and working positively together on core issues
- increase understanding of how Main Roads' work could potentially impact Aboriginal peoples.

Main Roads in partnership with Sister Kate's has committed to run 44 sessions of this program for metropolitan based staff before September 2020. Plans are in place to work with local Aboriginal people in the regions to deliver a similar program. At the time of preparing this report, more than 400 metropolitan staff had undertaken the awareness training.

Strategic Research and Innovation

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

- Austroads
- ARRB Group Ltd
- WA Road Research and Innovation Program (WARRIP)
- Planning and Transport Research Centre (PATREC)
- Sustainable Built Environment National Research Centre (SBENRC)
- Murdoch University for Conservation Management of Black Cockatoos

We also have an internal Innovation and Research Program that encourages our people to collaborate, learn, solve problems and explore new and innovative opportunities. This allows us to solve real business problems or explore new opportunities in conjunction with the organisations listed above as well as universities, Cooperative Research Centres (CRCs) and the private sector.

During the year, 10 new projects were approved and we had 16 active projects, with another four approved but yet to commence. Our new projects have a variety of topics and scope, including:

- investigating ways of reducing heat in electrical cabinets
- exploring advancements in traffic modelling
- looking at alternatives for detecting asset condition on Principal Shared Paths
- testing an alternative methodology for monitoring the health of timber bridges
- treatment of road building materials to eradicate the biological pathogen Dieback.

Our Bright Ideas software package helps us to foster a high level of engagement throughout the year as people can participate in specific corporate challenges or submit their own ideas on innovative approaches.

Employee Relations and Recruitment

Workforce Planning

Attracting and retaining critical skills, particularly in regional areas, continues to be a significant challenge. Workforce planning has focused on identifying and addressing key capability risks and gaps in core areas within a five-year forecast.

It involves a comprehensive environmental scan of the organisation and considers current capability, succession planning, recruitment forecasting and other capability development and resourcing strategies.

Recruitment and Regional Development

To ensure we build a sustainable workforce we have prioritised the need to create a Regional Engineering Associate Traineeship Program to address our long-term business and critical resourcing issues. A two-year entry-level program will provide growth, flexibility and stability in the technical functions that our regions need. Trainees will complete a Diploma of Civil and Structural Engineering at the end of the traineeship, and will have ongoing work and career growth within the region. We are aiming to attract local residents into the traineeships with the aim of achieving a higher retention rate – our hope is that by recruiting from the region it will encourage people to stay in the region.

Freedom of Association and Collective Bargaining

We promote the benefits of collective bargaining in the workplace by ensuring unions have access to the workplace, consistent with legislative requirements, and inviting unions to participate in our induction processes. Our intranet also contains contact information for unions and the names of workplace union representatives.

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

We have regular Joint Consultative Committee meetings and have built relationships with unions representing employees of our service providers, leading to discussions and outcomes on issues for all parties.

We have commenced including industrial relations objectives in a select number of contracts with our private sector service providers. These objectives prescribe that wages and conditions are derived from genuine collective agreement processes and recognises the choice for employees to act collectively and participate in employee organisations.

Labour Relations

Our proactive approach to conflict resolution has meant, with the exception of one matter settled through mediation, labour relations issues have not progressed beyond the workplace to the relevant tribunal or other external body.

We have managed issues arising from the COVID-19 pandemic in a measured and appropriate manner with little disruption to the business and employees.

Diversity, Equity and Inclusion

Promoting Diversity and Equal Opportunity

We are committed to fostering diversity and inclusion at all levels of our business because we recognise that a diverse workforce is integral to our success in providing safe and efficient road access that will enhance community lifestyles and ensure economic prosperity.

We value the unique blend of knowledge, skills and perspectives people bring to the workplace; this includes characteristics such as cultural background and ethnicity, age, gender, gender identity, disability, sexual orientation, religious beliefs, language and education. Diversity also includes professional skills, working style, location, and life experiences.

Our Diversity Calendar lists dates and events of significance and promotes diversity. These dates are highlighted and awareness raised through internal communications, information sessions by guest speakers and participation in community events and projects supporting diversity groups.

Equal employment opportunity training is compulsory for new starters. Employees also have access to the Diverse WA, a cultural competency online training package. In addition, information on unconscious bias and inclusion in the workplace is readily available on our intranet page.

Equal Employment Opportunity Management Plan 2020-23

We support the Western Australian government initiative that aims to increase the diversity of our workforce across the state.

To assist with identifying barriers and creating a diverse, inclusive workplace, an equal employment opportunity (EEO) survey conducted during April 2020 highlighted priorities and areas for improvement, such as:

- improving our equity and diversity content on iRoads intranet page
- reviewing the support needed to achieve work-life balance
- communicating policies via e-learning and video
- reviewing and promoting gender balance at senior management and executive level
- reducing discrimination and boosting cultural security
- creating more awareness on customs and cultures of other countries
- promoting Main Roads' grievance process
- reviewing our recruitment process and practices.

We used this information to inform the creation of our 2020-23 Equal Employment Opportunity and Diversity Management Plan that focuses on priorities to increase the engagement and representation of:

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

Women in Leadership

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

Main Roads celebrated International Women’s Day by hosting a morning tea and welcoming a guest speaking on resilience and mental wellbeing for women in the workplace. This speaker focused on optimising performance for organisations, teams and individuals and stress management and what women can do to help themselves and each other in the workplace.

In addition, we partnered with our portfolio colleagues to collaborate with the National Association of Women in Construction. As a partner, we participate and contribute to events that encourage diversity in the construction industry. This partnership supports women within our work environment and allows for networking across the industry.

Five aspiring female employees in leadership roles attended the Women in Leadership Summit in December 2019. The Women Leaders Institute seeks to inspire action and drive change for aspiring and established women leaders through business empowerment, leadership and career advancement.

	2018 (%)	2019 (%)	2020 (%)
Women in Level 6 and higher level positions (permanent)	21	27	26

Reconciliation Action Plan 2020-23

Based on the reporting outcomes of our last ‘Innovate RAP’ (Reconciliation Action Plan), we committed to develop a Stretch RAP focusing on implementing longer-term strategies and working towards defined measurable targets and goals.

In support of the government’s Aboriginal participation policy, our Aboriginal Advisory and Working Groups have progressed in implementing Aboriginal engagement initiatives specific to procurement of goods and services from Aboriginal businesses, as well as engagement of Aboriginal groups in design, construction and maintenance activities related to our road infrastructure projects.

In 2019, we appointed an Aboriginal Engagement Advisor who is integral in helping us achieve the outcomes of our Strategic Business Case for Aboriginal Engagement.

In early 2020, we also appointed an Aboriginal Employment and Diversity Advisor to support the development and delivery of the RAP and facilitate various Aboriginal and diversity employment initiatives.

Aboriginal Employment

We are committed to increasing employment of Aboriginal peoples in our workforce.

Our Aboriginal Employment and Retention Strategy 2020-23 aims to:

- build a culturally inclusive and competent workplace
- generate more employment pathways and opportunities for Aboriginal people across our organisation
- create a supportive work environment that helps develop and retain our Aboriginal staff
- ensure directorate workforce planning allows for progression of Aboriginal staff
- improve accountability measures and reporting on this strategy
- support our Stretch Reconciliation Action Plan 2020-23
- support our Aboriginal Participation Framework.

The strategy guides our commitment to establish a foundation and attract, appoint and advance Aboriginal staff through creating a range of entry points, employment pathways and supporting them through learning and development opportunities. The strategy will contribute towards achieving our aim of creating a workplace where Aboriginal cultures and histories are embraced, respected, and full participation in our workforce and supply chain is commonplace.

National Reconciliation Week 2020 – ‘In this together’

National Reconciliation Week this year marked the twentieth anniversary of the Walks for Reconciliation, when people came together to walk on bridges and roads across the nation and show their support for a more reconciled Australia.

In support of National Reconciliation Week 2020, Aboriginal and non-Aboriginal staff shared their reflections on what reconciliation means to them. This provided an opportunity for our people to share reconciliation stories.

NAIDOC Week

During National Aborigines and Islanders Day Observance Committee week, we celebrate the history, culture and achievements of Aboriginal and Torres Strait Islander peoples each year. This year we celebrated with a special performance of storytelling and song performed in Noongar, the language of the traditional owners of the South West of Western Australia.

‘Voice. Treaty. Truth.’ – the 2019 NAIDOC week theme embodies the three key elements of the reforms set out in the Uluru Statement from the Heart, a statement representing the unified position and voice of First Nations peoples. An event was hosted at the Don Aitken Centre, which included:

- a Welcome to Country by Traditional Whadjuk Elder, May McGuire, in Noongar Language
- our Managing Director speaking about Aboriginal people’s regional participation and engagement in Main Roads as well as project achievements
- a live performance of storytelling and song by Gina Williams and Guy Ghouse – ‘Kalyakoorl. Ngalak Warangka’ (Forever, We Sing) performed in Noongar language.

This raised awareness of Aboriginal Indigenous language used to pass down lore, culture and knowledge to future generations through song around the four principles: Koort (Heart), Moort (Family), Boodja (Land) and Koorlangka (Children/Legacy).



Award Winning Kimberley Region Projects

We won the Best Practice in Corporate Social Values award for our Kimberley Regional Projects at the 2019 IPAA Achievement Awards. The awards recognise individual and organisational excellence by showcasing projects, initiatives, programs and organisations that demonstrate best practice and contribute significantly to the public service and broader community.

We are committed to enhancing the wellbeing of Aboriginal people through increased employment opportunities and have been proactively changing our policies, processes and working arrangements to ensure we make a difference within our industry. We showcased the work we were undertaking on four projects in the Kimberley, Great Northern Highway Upgrade Maggie Creek to Wyndham, Bow River Bridge, Broome Cape Leveque Road Upgrade project and the Bidadanga Access Road Sealing project.

In addition, unique to the Kimberley Region, we are directly-managing the maintenance activities. The Direct Management model enables us to directly engage mainly local contractors and provide opportunities to Aboriginal communities to participate in the works under Main Roads supervision. This same approach was applied to the Broome Cape Leveque and the Bidadanga Access Road projects.

The Great Northern Highway Upgrade Maggie Creek to Wyndham and Bow River Bridge projects were delivered through Design and Construct and Construct Only contracts, respectively.

Construction contracts provide great opportunities for Aboriginal engagement, as there are a number of roles that reflect common levels of job-readiness among the Aboriginal working age population in the regions.

The involvement of Aboriginal people in the delivery of our projects is a major step forward as we commit to involve Aboriginal peoples in the work that we do and embrace their unique cultures and traditions.

On-the-job training programs created a local workforce equipped with the skills, knowledge and experience to undertake road construction and maintenance activities. Communities will benefit from having a skilled and accessible workforce on hand that understands the unique challenges the Kimberley region presents.

Aboriginal employment in our Kimberley region projects has seen unprecedented participation rates in the order of 30-55 per cent across projects. Many of the Aboriginal employees working on the projects are seen as role models in their community and this has in turn provided a great deal of pride for both the individuals and broader communities.

Additionally, we were also recognised for the contributions we make towards the growth of Aboriginal businesses and opportunities when we won the Non-Aboriginal Organisation of the Year at the East Kimberley Aboriginal Achievement Awards 2019. We will continue to push for better outcomes by exploring opportunities for partnerships in the regions as well as providing entry-level positions through traineeship opportunities for people wanting to enter the industry.











Enhancing Safety, Health and Wellbeing

Aim

Consistently leading safe outcomes.

Approach

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

Key Performance Indicators	Results
 There were no Fatalities last year	 0%
 Our Lost-time injury (LTI) and/or disease incidence rate ^(1a) target was not achieved	 0.28 ^(1b)
 Our Lost-time injury and severity rate target was not achieved ^(2a)	 33.3 ^(2b)
 We did not achieve our target of helping 100 per cent of our injured workers return to work within 13 weeks	 66% ⁽³⁾
 We met our target of helping injured workers return to work within 26 weeks	 100% ⁽⁴⁾

(1a) Lost time injury and/or disease incidence rate is the number of lost time injury and disease claims lodged where one day or shift or more was lost from work.

(1b) There were 3 LTI claims lodged in 2019-20.

(2a) Lost time injury and disease severity rate is a measure of incident or accident prevention and the effectiveness of injury management.

(2b) There were 3 LTI claims lodged in 2019-20. One of these resulted in severe lost time injury (actual or estimated 60 days (12 weeks) or more lost from work).

(3) There were 3 LTI claims lodged in 2019-20. Two of these employees have returned to work within 13 weeks.

(4) There were 3 LTI claims lodged in 2019-20. All of these employees have returned to work within 26 weeks.

Looking Ahead

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

- implementing actions from the three-year Safety, Health and Wellbeing Strategy 2020-23
- reviewing safety survey results with a view to streamlining and simplifying processes
- undertaking more face-to-face interaction between Corporate Safety Branch and regional safety resources and employees
- maintaining the status of our federal safety accreditation for the two federal projects in the Kimberley Region
- working with our contractors to identify incident trends from data that is a single source of truth
- hosting a Transport Portfolio Safety Forum in March 2021
- developing critical control standards to reflect identified critical risks
- concentrating on effective traffic management to ensure the safety of employees and contractors working on our network.

Our Safety Performance

We monitor our performance through a series of Safety, Health and Wellbeing (SHW) measures at our Corporate Executive and bimonthly Corporate SHW Committee meetings. EQSafe is our corporate safety reporting system that provides user-friendly dashboards that enable users to filter and focus on aspects of SHW performance. The data from last year has shown that of all the injuries recorded, 12.33 per cent are Main Roads employees and 87.67 per cent are contractor injuries. Other measures include the number of serious incidents reported for the month and the status of outstanding investigation reports.

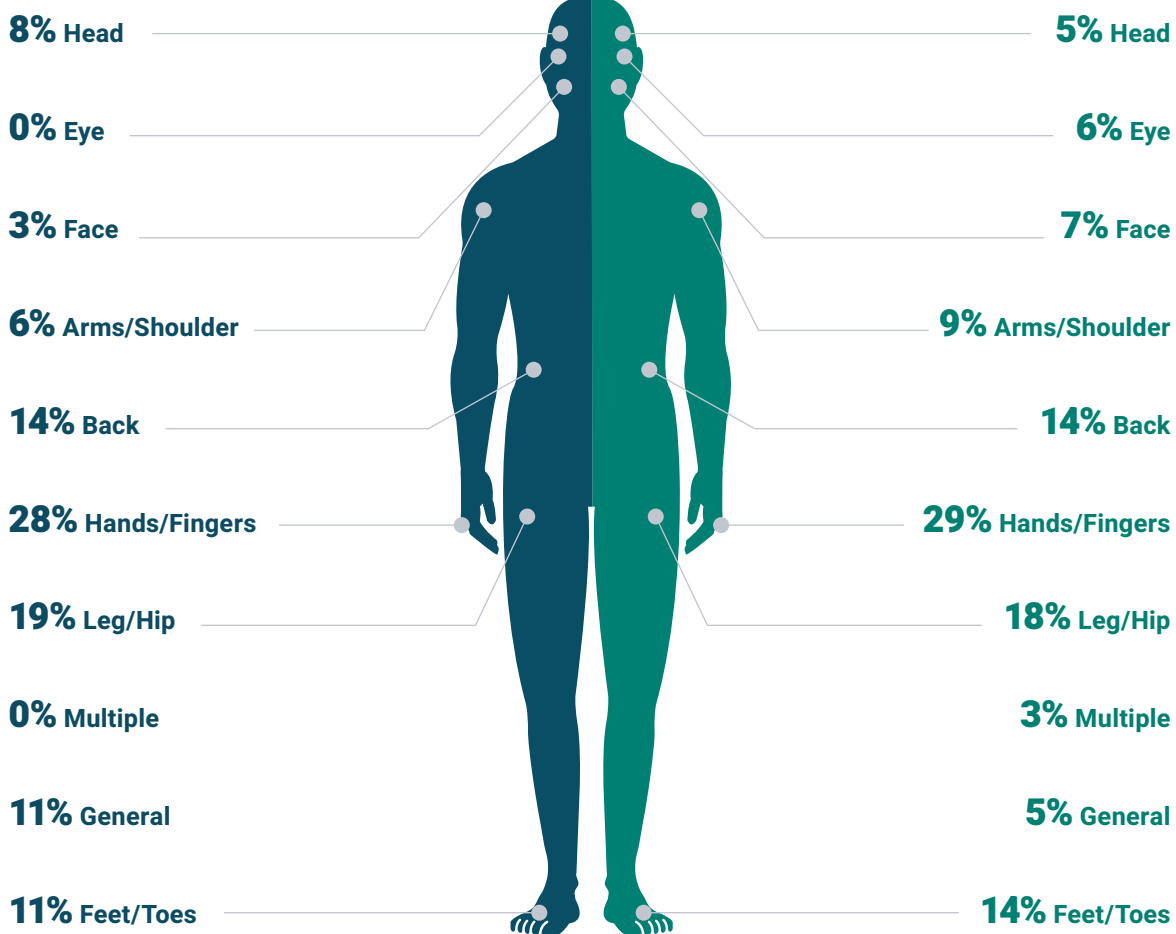
This information helps identify critical issues, trends and emerging challenges that assist Corporate Executive to make strategic decisions to ensure the safety of our workforce and those that work with us in delivering our services.

A more collaborative approach to investigating contractor safety incidents has been encouraged, with an increase in the quality and clarity of investigation reports. Following serious incidents, we issue immediate notification across the organisation and to our contractors, with a follow up bulletin after the investigation has been completed.

Total Injuries on Body

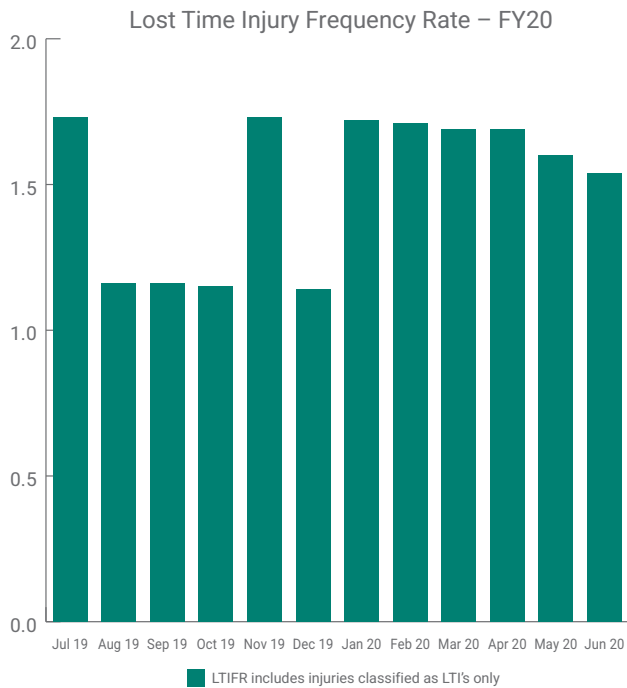
Main Roads Injuries

Contractor Injuries

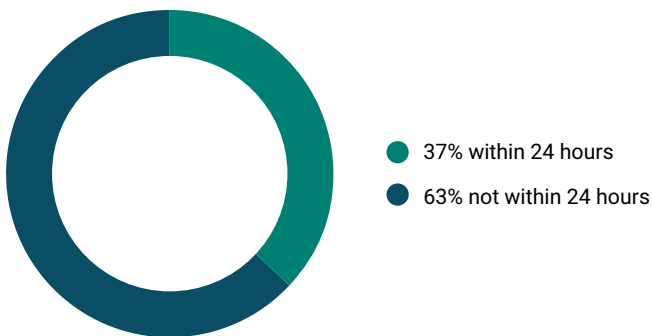


Lost Time Injury Frequency Rate

Over the past 12 months, the Lost Time Injury Frequency Rate has reduced to 1.54 exceeding our target of 1.60.



Serious Incidents Reported Within 24 Hours



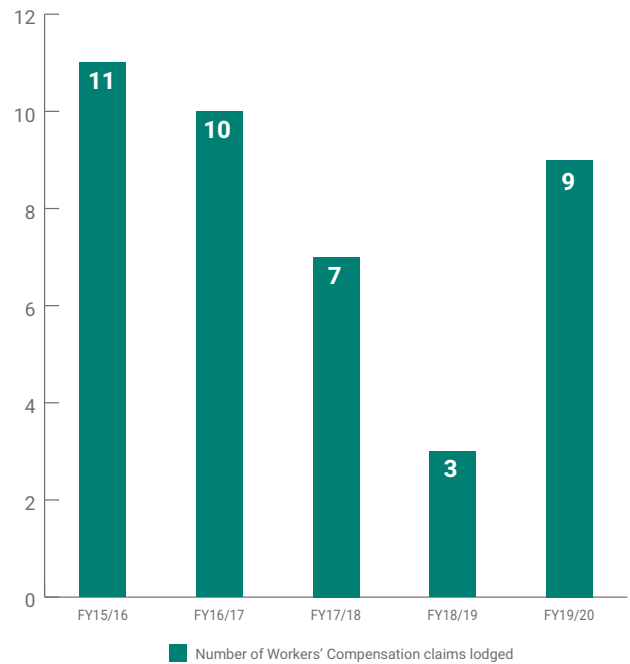
Over the last 12 months, almost 37 per cent of serious incidents were reported into EQSafe within 24 hours. While the reporting of incidents to Main Roads is occurring, there is a delay in submitting the incident details into EQSafe. Ongoing training and consultation is occurring to ensure that the entering of information is submitted within 24 hours, even if it comprises of basic information. In these circumstances, further information can be added once the investigation commences.

Incident Investigations Closed Out <28 Days

We seek to have all incident investigations closed out within 28 days. Last year there was a 53 per cent closure rate within 28 days.

Workers' Compensation and Injury Management

We engaged an external consultant to review the Workers Compensation and Injury Management Process including interviews with employees who have had a workers compensation claim. A number of recommendations were made including engaging rehabilitation providers to assist with the management of difficult cases and to review the availability of specialists in regional areas so that injured workers can be reviewed locally rather than having to travel to Perth.



Critical Risks

We have identified 12 Critical Risks, which focus on preventing serious injuries and fatalities. Due to the nature of works that we are responsible for in normal business, interaction with live traffic and mobile plant remains our highest risk. One of the primary focuses remains to identify innovative methods to mitigate the risks involved with traffic management and separation of plant.

The twelve critical risks we have identified are:

- hazardous substances
- mobile plant incident
- vehicle incident
- interaction live traffic
- fall from height
- service strike
- dropped objects
- lifting operations
- electrical shock and arc flash
- thermal stress
- engulfment from trench
- ignition causing bushfire.

Safety Health and Wellbeing Strategy

The new Corporate SHW Strategy 2020-23 has actions assigned over the coming three years. The focus for the strategy is to ensure our frontline employees have the skills and capability to undertake their role safely. This also focuses on the best practice procurement model that ensures the highest standards of labour engagement and safety practices. Our focus for 2020 is to continue to improve our internal and external stakeholder (including regulatory bodies) engagement based on the positive outcomes achieved in 2019.

Proactive Safety, Health and Wellbeing

The construction industry is one with, traditionally, the highest number of serious injuries. On our projects, there is an unavoidable interface with public traffic and it can be difficult to regulate the behaviours of all drivers. Our projects also use heavy machinery, which sometimes operate in limited spaces with employees in close proximity. There has been a close focus on identifying suitable controls to mitigate the risks involved with these activities, with Traffic Management controls being scrutinised to ensure effectiveness and optimise safety. We have started a new initiative to record incidents with members of the public separately on EQSafe to assist us in identifying trends.

In a move towards a more contemporary approach to safety, we conducted a survey asking all employees what they believe the effectiveness was of the services offered by the safety resources at corporate and regional levels. The results of this survey, will help shape a response strategy with more emphasis being placed on collaborating with frontline employees and supervisors.

By understanding the extensive legislative and agency requirements, we aim to consolidate the essentials for each high-risk activity into Critical Risk Standards. We will then translate into a working model, which will allow the design of work to be done safely. This will assist in moving away from standalone safety planning into a holistic business approach.

We reviewed Specification 203, which details the safety and health requirements of our contracting partners to develop a safety management plan for works. The purpose of the update, which reduced the size of the requirements by 30 per cent, were to ensure the specifications were relevant to legislative requirements. The review removed unnecessary content, while adding content more relevant to works undertaken and procured in a risk based approach.

With the impending move from the Occupational Health and Safety (OSH) Act to the National Workplace Health and Safety (WHS) Act, it has been recognised that more emphasis should be made to involve the elected safety representatives in safety related activities.

A crucial part of ensuring a safe workforce is ensuring that employees are trained and competent in the tasks they are doing. Within the training section on iRoads, LearningHub houses a series of mandatory training programs that employees complete online to gain or maintain competency.

2019 External Integrated Management System (IMS) Audit

During the 2019 Compliance Audit we received 10 low level safety improvements against AS4801:2001 and Main Roads has received recommendation for certification to ISO45001:2018. The actions were monitored throughout the year to ensure they were closed out in preparation for the 2020 IMS Surveillance audit.

The external auditors acknowledge the maturity of our certified management systems, including the role we play in engaging external regulators such as WorkSafe WA to identify and improve system gaps.

Mental Health Strategy

Mental health is increasingly important in the workplace, playing a crucial role in everything from productivity and economic success to the social wellbeing of the nation. The impact of mental health on organisations can be significant – especially impacts from work absences and long-term work incapacity. With the COVID-19 Pandemic, mental health and wellbeing was at the front of mind when developing the coping strategies for our employees.

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

In October 2019, during the National Mental Health Week, a Mental Wellness Strategic Framework and Action Plan 2019–22 was released. It is a framework for staff to build their capability and commitment to positive workplace culture, to assess mental health risks, to take informed action for improving mental health and ensure early access to effective care and rehabilitation. This plan is our first comprehensive approach to workplace mental wellness.

In accordance with the Mental Wellness Action Plan, the key focus for 2019 to 2020 has been 'Improve Understanding of Mental Health'. This has been facilitated through monthly articles on our intranet site, iRoads, which cover such topics as: Mental Health and Wellbeing during the Festive Season; Mental Health and Women; and What is Mental Health? In addition, there are sessions providing an overview of the three most common mental health conditions and the signs that may suggest someone is not coping. The aim is to contribute to creating a workplace culture where staff are comfortable openly discussing mental health and may notice if someone is having an issue.

Our in-house training program TEAM (Training, Engaging Accountable Managers), provides sessions in Workplace Mental Health for Leaders, as well as Resilience and Change. These are to equip participants with skills to recognise and respond with confidence to mental health issues in the workplace. They also provide tools and strategies for dealing with stress and for shifting unhelpful perspectives. The feedback from all those involved in the Awareness Raising Sessions and TEAM Training has been extremely positive.

We have an Employee Assistance Program that allows employees to access registered psychologists to help them cope with work-related or non-work-related challenges. While confidential, the stats show usage of the program is similar between genders and generally attended on a voluntary and self-referred basis. Data suggests significantly improved results to wellbeing or referral to more specialised practitioners.

The focus will be to continue to create a culture of disclosure, where risks are addressed and mental health support is promoted and readily available to employees. There will also be a focus on building capability for our supervisors and managers to be more responsive and supportive in recognising mental health issues early on, and appropriately responding or intervening.

Strategic Way of Responding to Pandemic

The COVID-19 pandemic required we develop strategies encompassing directives from government and health authorities. To ensure there was a single source of truth for all information related to COVID-19, a dedicated page was produced on iRoads. Initiatives to reduce both physical and psychological risks saw efforts to stop the spread of the disease by restricting employee movements. This included: restricting work-related travel; prioritising working from home arrangements, especially for vulnerable employees; social distancing; and pre-screening processes for those returning to work after illness.

Unfortunately, there were three Main Roads employees and one contractor who contracted the virus in a rural area of the state. The response in contact tracing, quarantining and support for staff was handled with precision and professionalism with excellent cooperation from our teams.

Incident Management

We continue to monitor and review incident management processes in order to communicate lessons learnt. We developed training to deliver to frontline employees and supervisors to ensure that the incident response process is clear and concise. The training includes instructions on how to ensure a collaborative approach during investigations between contractors and ourselves following serious or potentially serious incidents.

Communication of Safety Banner Alerts

We regularly communicate Safety Banner Alerts across the organisation and to our contractors providing lessons learnt from serious incidents with associated corrective actions. Over the last year, we issued 81 banner alerts:

Safety Banner Alert Type	Number
Red (Initial information on a serious incident)	40
Grey (follow on from Red Alert with final investigation findings and corrective actions associated)	31
Blue (safety information – general)	10
Orange (technology and innovation)	0
Contractor	0

Supporting the Stop Violence Against Women Campaign

Between November and December 2019, Main Roads again supported the 16 Days in WA to Stop Violence Against Women campaign. One of the initiatives was to support people affected by homelessness, which is often as a direct result of domestic violence. Staff donated goods for hampers to the St Bart's Christmas hamper appeal. Fifteen volunteers assisted with packing hampers, which were supplied to 350 men, 150 women and children.



Positive Safety Achievements

Main Roads has had an accredited Occupational Health and Safety management system in place since 2006. This includes the requirement for the organisation to establish and implement processes for monitoring, measurement analysis, performance evaluation and continuous improvement.

Two recent incidents involving our bridge maintenance employees in the South West Region resulted in the investigation team identifying organisational gaps in the OHS management system. Unfortunately, one of these incidents resulted in an employee falling and injuring their back. A team investigated the circumstances surrounding both incidents with the full support and cooperation of the bridge team and management. WorkSafe WA also investigated the incident and have advised that they were happy with the assistance given to provide the relevant documentation and keeping them informed of the positive changes made. We shared a lesson-learned presentation regarding the incidents across Main Roads and to a number of our contractors who provide similar services.

Since the incident the efforts by the team to implement improvements has been commendable, with a positive attitude for change by all. There has also been an increase in formal training for supervisors. The bridge team members have been given mentoring, coaching and guidance to empower individuals to raise concerns throughout the day as operational environments change. An example of this includes the way pre-start and toolbox meetings are held and the expectation of team members contributing.

There has been a move away from the use of generic risk assessments in favour of crews assessing their own work environment and discussing the tasks of the day with each other as part of the pre-start meeting. Team members are also encouraged to question other team members when there is seen to be a task undertaken that contradicts the Safe Work Method Statement.

Because of the findings, there has been an increase in local training, including discussing procedures, and tools that affect the safety of the team. The regional safety resource and the bridge maintenance supervisors have been conducting site visits with crew team leaders reviewing documentation at site, answering questions and encouraging the recording of details using available safety tools.

Recently two bridge team members were accepted as Safety and Health Representatives for the region representing the bridge crew and attending the regional monthly Safety Committee meetings. This will see employees that are on the frontline having a voice at the table in regards to safety matters that affect them.

The positive changes achieved by the bridge maintenance team has been acknowledged by our Corporate Executive, the Regional Manager and the Safety, Health and Wellbeing Branch.

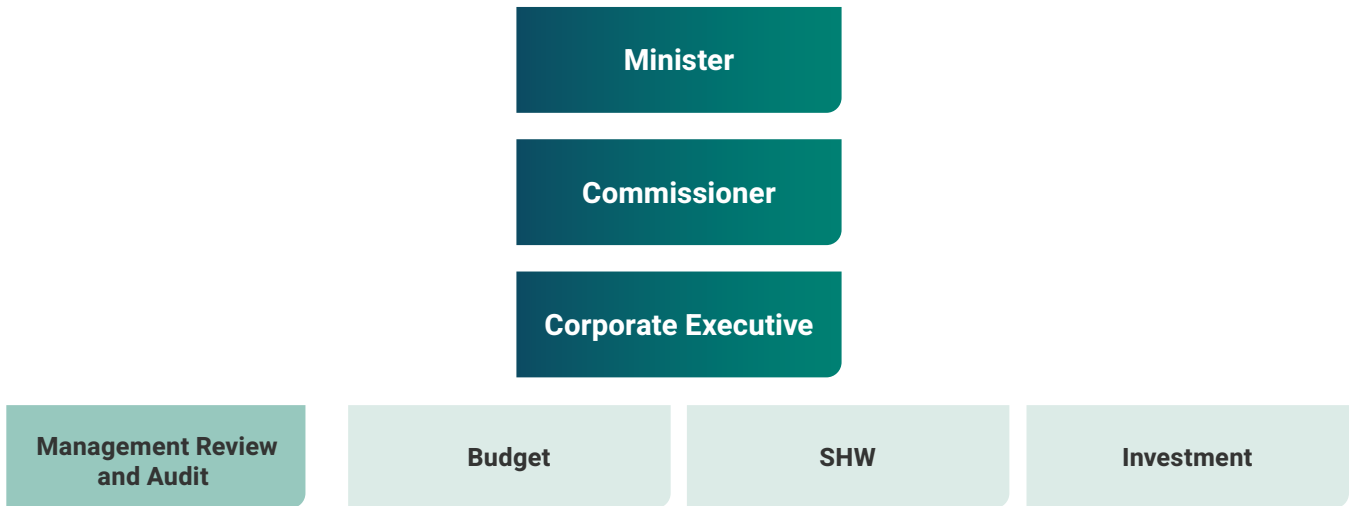
Governance and Risk

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

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Governance and Integrity Models

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



There was an amendment to our governance structure this year that has seen the appointment of an independent chair for the Management Review and Audit Committee, Nicki Godecke the Commissioner of State Revenue.

Integrity Framework

Following a series of high profile integrity breaches in organisations across Australia, the Public Sector Commission released an Integrity Strategy for Western Australian Public Authorities. Supporting the strategy was a Snapshot Tool aimed at helping agencies evaluate their approaches and identify gaps to address. The tool is based around four key areas for improvement:

1. Plan and act to improve integrity
2. Model and embody a culture of integrity
3. Learn and develop integrity knowledge and skills
4. Be accountable for integrity

The leads from Finance and Commercial Services, Strategy and Communications and Human Resources did a comprehensive assessment against the tool. During that review, we identified and enacted a number of opportunities for improvement.

We deployed our Integrity Detection Improvement Plan with outcomes reported through our governance bodies. The plan had four phases:



Our Integrity Framework represents our commitment to effective fraud and corruption risk management and the promotion of a culture of integrity. Features of the framework include:

- (a) Completion of a framework aligned with Australian Standard AS 8001:2008 (Fraud and Corruption Control) that consolidates and clarifies policies and processes in relation to fraud and corruption, gifts and benefits, conflict of interest, lobbyists, and misconduct.
- (b) Training in ethical and accountable decision-making is mandatory for all employees within the on-boarding/induction process.
- (c) Fraud and risk workshops held with all business areas to identify risks, controls and treatment action plans. Action plans are in business planning processes, which are subject to monitoring and reporting processes.
- (d) Development of a Fraud Detection Plan as part of our risk management system and controls to better detect and manage fraud and corruption. Reports go to Corporate Executive and Audit Committee.
- (e) New detection activities will include testing for potential fraudulent suppliers and detecting whether employees have relationships with suppliers i.e. undeclared conflicts of interest.
- (f) Increased transparency through a central fraud and corruption incident register.
- (g) Deployment of a Cyber Security Plan and accompanying awareness and information campaign.

The Integrity Framework is available to all employees via the iRoads intranet site.

Our Legislation

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

Additional Western Australian legislation guiding and empowering Main Roads includes:

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

We have processes and controls in place ensuring our compliance with other state and commonwealth legislation and regulations impacting on our activities.

Every Day By Everyone – Do The Right Thing

Over the last 12 months, we have further strengthened our approaches to mitigating fraud and corruption by focusing on integrity and prevention through the deployment of our new Integrity Framework. The Framework represents our commitment to effective fraud and corruption management underpinned by a healthy and strong culture.

The Public Sector Commission (PSC) recently released its 'Integrity Strategy for WA Public Authorities 2020 – 2023' setting out clear actions that demonstrate the sectors' commitment to take action and help prevent misconduct and corruption. The PSC Integrity Strategy reinforced established governance frameworks, processes and actions that we had already adopted as part of our Integrity Framework, Code of Conduct and the overarching Transport Portfolio Integrity Policy. The PSC Integrity Strategy focuses on four key improvement areas:

1. Plan and act to improve integrity
2. Model and embody a culture of integrity
3. Learn and develop integrity knowledge and skills
4. Be accountable for integrity

To test our alignment to the Strategy we reviewed our own governance practices against the 'PSC Integrity Strategy Snapshot Tool'. This enabled us to identify opportunities for improvement that are now being actioned.

As part of the actions arising from our annual Integrity Detection Plan, we have been developing and building on our existing integrity data analytics. This has resulted in continuing to design and deploy additional analytics working towards the full implementation of a comprehensive suite of analytics and business intelligence approaches.

We are also taking additional measures to improve integrity awareness in the workplace through our 'Every Day by Everyone – Do the right thing' campaign. This is being deployed midyear focusing on the responsibilities and obligations we all have and our expectations in terms of behaviour and conduct. The key message is that integrity is a non-negotiable and is everyone's responsibility through all levels of leadership.

A significant element of the campaign is based around promoting a 'speak up culture,' so that our people feel safe and understand how to report any concerns they may have. By adopting, an 'inside out' approach, through individual integrity awareness and targeted training, combined with improvements in monitoring and data analytics reviews, we can continue to deliver exceptional public value and maintain community trust by ensuring the highest level of integrity within the organisation.



Corporate Executive

Corporate Executive is our peak decision-making body. Its objective is to 'set clear strategic direction to deliver government priorities, meet our Aspiration and achieve agreed performance goals'. Every two years the Charter that identifies its role, outcomes and responsibilities is updated. A profile of each member of Corporate Executive is included in the About Us section of this report.

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

Our people

Know-how

Assets

Network performance

Natural resources

Financial capital

Customers

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

- Monitor delivery of critical projects and meet performance targets
- Oversee the identification of and monitor treatment actions against risks classified as being very high and high
- Embed and champion the engagement of Aboriginal peoples and businesses through our contracting activities
- Identify future state-wide resourcing requirements and key skills and capabilities
- Identify new strategic initiatives aligned with Keeping WA Moving
- Monitor the deployment of activities through the Corporate Business Plan
- Review and promote activities to mitigate the risk of integrity breaches including cyber crime
- Review and approve sustainability reporting content including material issues

Main Roads has established four executive sub-committees to provide support and guidance for specific aspects of the business.

Management Review and Audit Committee

Our Management Review and Audit (MRA) Committee ensures appropriate management practices and controls are in place, leading to efficient and effective business performance. It provides independent, objective assurance and advice and reports on a quarterly basis. Main Roads has implemented the changes from the revised Treasurer’s Instruction (TI) 1201 ‘Internal Audit Function’ approved by the Treasurer in December 2019, as follows:

- Appointed an Independent Chair of the MRA Committee, Nicki Godecke, Commissioner of State Revenue who commenced in this role in March 2020.
- The MRA Committee Charter has been updated to reflect the above changes.



Role

- Assists the Commissioner of Main Roads, the Managing Director and Corporate Executive to ensure that adequate management practices and controls are developed and maintained by all levels of management so as to achieve the efficient and effective business performance of the organisation
- Keeps informed of the strategic and operational risks and the status of improvement actions (treatment plans), providing any recommendations to Corporate Executive for their consideration
- Considers audits and reviews of the Management Review and Audit Branch
- Ensures audits and reviews are in accordance with the Annual Audit Plan
- Reviews and approves the Main Roads Annual Internal Audit Plan

Executive Member:

Doug Morgan

Independent Member (Chair) – Nicki Godecke

Nicki was appointed as Commissioner of State Revenue in August 2015. She began her career as a stamp duty assessor, followed by 17 years developing major State revenue legislative changes, including the introduction of the Taxation Administration Act and re-writes of the land tax, pay-roll tax and duties legislation. In 2012, Nicki moved into an operational role, as the director responsible for the collection of pay-roll tax and duties revenue in Western Australia. She has a Bachelor of Business in marketing from Curtin University and a Graduate Diploma in Taxation Studies from the University of Western Australia.

Transport Portfolio Independent (Member) – Andrew Burchfield

Andrew is a preferred provider of Audit and Risk Management services and has a proven track record of successfully assisting organisations achieve their objectives by recommending practical and effective business solutions. He has quality experience in chartered accountancy, commercial, not for profit and all government sectors as well as executive level responsibility for risk, governance, compliance and audit areas.

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

- Approved and evaluated the delivery of actions against the comprehensive risk based strategic Annual Audit Plan for 2019-20
- Considered the findings from 41 internal audits
- Quarterly audit progress reports were discussed and approved
- Quarterly status reports of audit findings were monitored and approved

Budget Committee

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

Our people

Assets

Financial capital

Role

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

Executive Members:

Philip D'Souza (Chair)
 Doug Morgan
 Leo Coci
 Des Snook
 John Erceg
 Tony Earl
 Neville Willey

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

- Future Roads Project (Urban) – Administrative Road Classification Process and Criteria
- Findings and recommendations in relation to the amended criteria for determining administration of roads (State or Local Government) within built up areas
- Oversight of Major Project Contract Savings and the Management of Corporate / Project Contingency to comply with Treasury Instructions (TI 813 Variances in Capital Expenditure)
- Oversight and governance of the agency's financial outcomes and ensure the outcomes stay within the financial target as set in the agency's Resource Agreement
- Oversight of the temporary personnel expenditures and the agency's salary expenditure limit
- Governance and provision of direction for Future Asset Investment Program including: the Investment Planning Cycle; sound Business Case Strategy; successful negotiation strategy with our external funding providers, that is, Commonwealth Government; Royalties for Regions; and the Western Australia Police Force (Road Safety Commission)
- Identify risk and opportunities in the scope of investment planning, program development and project delivery
- Improved Forecasting and made changes to Corporate Financial Benchmark Target
- Adoption of Project Accounting approach

Corporate Safety, Health and Wellbeing Committee

Our Corporate Safety, Health and Wellbeing Committee is part of the high-level governance arrangement reflecting the importance we place on the wellbeing of our workforce; the committee is chaired by the Manager Communities of Expertise. It also includes the Safety, Health and Wellbeing Manager and safety representatives from each directorate.

Our people

Know-how

Customers

Role

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

Executive Members:

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

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

- Endorsed 2020-23 Safety, Health and Wellbeing Strategic Plan
- Endorsed Transport Portfolio Safety Forum March 2021
- Updated senior management on WorkSafe improvement notifications and reporting of serious incidents
- Updated on Federal Safety Commission bi-annual reports
- Supported Main Roads delegate to attend the Austroads Asbestos Working Group
- Endorsed annual review of our corporate Safety, Health and Wellbeing risks
- Updated senior management of proposed work, health and safety legislation
- Reviewed Safety and Health Representatives register for external reporting
- Reviewed Main Roads Mental Health Strategic Framework
- Reviewed Main Roads framework COVID-19 Safety, Health and Wellbeing Plan
- Endorsed Integrated Management System (Safety, Quality and Environment) annual management review

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

Investment Committee

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

Assets

Network performance

Financial capital

Role

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

Executive Members:

Doug Morgan (Chair)
 Philip D’Souza
 Tony Earl
 Leo Coci
 Des Snook
 John Erceg

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

- Strategic oversight of high-priority projects, and reporting to the Minister for Transport, for consideration in the state budget process and for submission to Infrastructure Western Australia for possible inclusion in Infrastructure Australia’s Priority List
- Endorsement of all major and complex project scope of works and estimates as part of the decision-making requirements associated with the Budget and Investment Planning Framework
- Endorsement of the 2020-21 Strategic Asset Plan
- Consideration of projects and programs for inclusion in economic stimulus initiatives in response to the COVID-19 pandemic

Risk and Continuity Management

Risk Management

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

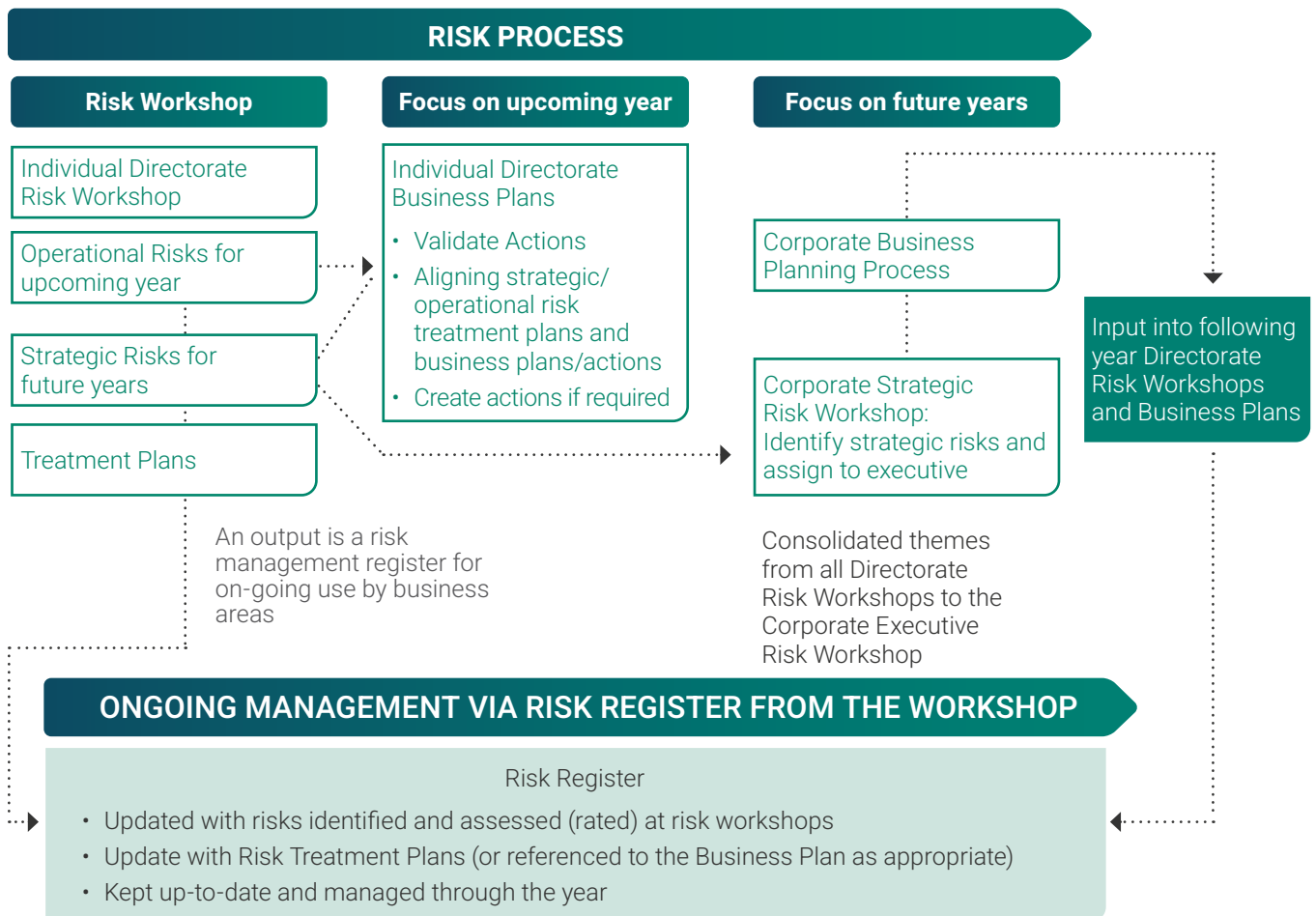
We have continued to adopt the Portfolio-wide Risk Management Policy first developed in 2018 and our risk management approach aligns with the context within which we operate, taking account of regulatory, financial, safety, political and economic compliance requirements; reputational exposures; community expectations; and other governance needs. We capture this approach in our Risk Management Procedure developed in accordance with AS ISO 31000:2018 *Risk Management – Guidelines*. It provides guidance across the organisation on undertaking risk assessment and management activities.

Integrating risk management into our operations where possible, ensures that it is not a separate discrete activity, but an essential part of business processes where everyone is involved in the management of risk.

We have embedded corporate strategic risk assessment in our corporate business planning process enabling resources to focus on risk management as opposed to risk administration. Each year we facilitate strategic risk workshops for all directorates and Corporate Executive.

Project risk management is a part of our project management tools, methodologies and the Enterprise Project Management system. Through risk management workshops and quality audits we ensure that the correct reviews and controls are in place.

This diagram outlines the annual risk process.



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

Risk Theme	Material Issues	Key Resources Impacted
Strategic Alignment <ul style="list-style-type: none"> Failure to embed new operating models to achieve strategic objectives 	Good public policy Procurement practices Labour management relations	Customers Know-how Assets
Outcomes <ul style="list-style-type: none"> Failure to coordinate and implement key infrastructure projects Inability to improve congestion management outcomes Inability to identify and adopt emerging technologies 	Road safety Congestion and freight productivity Regional presence and development Indigenous heritage and native title Value for money Customer privacy Climate change Energy and emissions Biodiversity	Network performance Assets Customers Our people Know-how
Capability <ul style="list-style-type: none"> Inadequate strategic asset management approach Inability to optimise funding opportunities Failure to build and retain the skills and capabilities to meet objectives and changing needs Failure to effectively embed a culture that enables adaptability to changes 	Congestion and freight productivity Regional presence and development Value for money	Know-how Our people Assets Financial capital
Communication <ul style="list-style-type: none"> Ineffective engagement with stakeholders 	Local communities Good public policy	Customers Network performance Our people

Business Continuity Management

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

Benefits include:

- increasing ability to minimise the consequences of any outage
- ensuring timely resumption of vital services
- providing greater protection of agency reputation and public image
- allocating and using assets, finances and resources effectively and efficiently
- ensuring good corporate governance.

Because of the COVID-19 pandemic, we found that whilst our Business Continuity Plans were adequate for

loss of buildings, loss of services and more traditional approaches there were gaps when it came to dealing with a global pandemic.

As the seriousness of the pandemic become apparent, we quickly reviewed our plans to ensure that they would be appropriate in the event of a widespread loss of staff due to illness or requirements to self-isolate. This involved mobilising resources to ensure that we could operate from non-traditional locations, including home, increasing mobility of IT based devices and identifying ‘at risk’ teams to ensure continuity through split shifts and isolation between teams.

It was a good opportunity to test the resilience and agility of the organisation. Throughout the height of the initial State of Emergency, we were able to continue to deliver services across the state and support other agencies during this time.

All areas have a Business Continuity Action Plan in place and function within an overarching Business Continuity Management Procedure.

Benchmarking our Commitment

In reviewing and considering our own corporate governance practice, we consider the Public Sector Commission Guidelines as well as the application of ASX Corporate Governance Council principles within our own operating context. This table reflects the ASX Corporate Governance Council's *Governance Principles and Recommendations 4th Edition* released in February 2019. It provides a summary of our commitment against each of these principles, supported by information throughout the report.

PSC Governance Principles	ASX Governance Principles	Our Commitment
<p>1. Government and public sector relationship – <i>The organisation's relationship with the government is clear</i></p>		We have structures in place to ensure clear lines of communication with the Minister for Transport, our portfolio partners and other government agencies including the capture and reporting of interactions.
<p>2. Management and oversight – <i>The organisation's management and oversight is accountable and has clearly defined responsibilities</i></p>	<p>1. Lay solid foundations for management and oversight – A listed entity should clearly delineate the respective roles and responsibilities of its board and management and regularly review their performance.</p>	Keeping WA Moving clearly outlines our Aspiration, Strategic Areas of Focus, Guiding Principles and Values. Our Corporate Executive has a Charter and Performance Agreements are in place across the organisation at all levels.
<p>3. Organisational structure – <i>The organisation's structure serves its operations</i></p>	<p>2. Structure the board to add value – A listed entity should have a board of an appropriate size, composition, skills and commitment to enable it to discharge its duties effectively.</p>	Corporate Executive is our main governance body and is made up of the leader from each directorate and is supported by a number of subcommittees. Details of their roles and achievements are included in this report including performance reporting.
<p>4. Operations – <i>The organisation plans its operations to achieve its goals</i></p>		Our Business Planning and reporting process ensures that our activities are aligned to our strategic plan and achieving the outcomes for each of our services.
<p>5. Ethics and integrity – <i>Ethics and integrity are embedded in the organisation's values and operations</i></p>	<p>3. Instil a culture of action lawfully, ethically and responsibly – A listed entity should instil and continually reinforce a culture across the organisation of acting lawfully, ethically and responsibly.</p>	Our Integrity Framework and Code of Conduct ensure our commitment to professional behaviours that are consistent with our values and guiding principles. These are included in all inductions for new employees and contractors into the business.

PSC Governance Principles	ASX Governance Principles	Our Commitment
<p>6. People – <i>The organisation’s leadership in people management contributes to individual and organisational achievements</i></p>		<p>Workforce planning across the portfolio is a high priority and we invest in leaders who will genuinely challenge the status quo. A culture of diversity and inclusion is actively promoted and supported.</p>
<p>7. Finance – <i>The organisation safeguards financial integrity and accountability</i></p>	<p>4. Safeguard the integrity or corporate reports – A listed entity should have appropriate processes to verify the integrity of its corporate reports.</p>	<p>Financial integrity is achieved through our Financial Management Manual, Internal Audit Charter and internal processes. The Budget Committee reviews and manages our financial performance on a monthly basis.</p>
<p>8. Communication – <i>The organisation communicates with all parties in a way that is accessible, open and responsive</i></p>	<p>5. Make timely and balanced disclosure – A listed entity should make timely and balanced disclosure of all matters concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.</p>	<p>To provide consistent communications and services of value we work with the community and our customers by understanding their needs. We have high levels of engagement in conventional, digital and social media and have strong customer complaint handling procedures in place including Freedom of Information and PID.</p>
<p>9. Risk management – <i>The organisation identifies and manages its risks</i></p>	<p>7. Recognise and manage risk – A listed entity should establish a sound risk management framework and periodically review the effectiveness of that framework.</p>	<p>Our Risk Management process is a part of our integrated annual business planning process. We work closely with our portfolio colleagues to ensure consistency and enable tracking of high priority risks.</p>

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

Performance and Financials

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Statement of Certification

Key Performance Indicators

We hereby certify that the key performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the Commissioner of Main Roads performance and fairly represent the performance of the Commissioner of Main Roads for the financial year ended 30 June 2020.

Financial Statements

The accompanying financial statements of the Commissioner of Main Roads have been prepared in compliance with the provisions of the *Financial Management Act 2006* (WA) from proper accounts and records to present fairly the financial transactions for the financial year ended 30 June 2020 and the financial position as at 30 June 2020.

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



Philip D'Souza
A/CHIEF FINANCE OFFICER
8 September 2020



Des Snook
A/MANAGING DIRECTOR OF MAIN ROADS
8 September 2020



Peter Woronzow
A/ACCOUNTABLE AUTHORITY
8 September 2020



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Parliament of Western Australia

COMMISSIONER OF MAIN ROADS

Report on the financial statements

Opinion

I have audited the financial statements of the Commissioner of Main Roads which comprise the Statement of Financial Position as at 30 June 2020, the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows, Summary of Consolidated Account Appropriations, and Notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements are based on proper accounts and present fairly, in all material respects, the operating results and cash flows of the Commissioner of Main Roads for the year ended 30 June 2020 and the financial position at the end of that period. They are in accordance with Australian Accounting Standards, the *Financial Management Act 2006* and the Treasurer's Instructions.

Basis for opinion

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

Responsibility of the Commissioner of Main Roads for the financial statements

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

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

Auditor's responsibility for the audit of the financial statements

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

A further description of my responsibilities for the audit of the financial statements is located on the Auditing and Assurance Standards Board website at https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of my auditor's report.

Report on controls**Opinion**

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

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

In my opinion, in all material respects, the controls exercised by the Commissioner of Main Roads are sufficiently adequate to provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities have been in accordance with legislative provisions during the year ended 30 June 2020.

The Commissioner's responsibilities

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

Auditor General's responsibilities

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

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

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

Limitations of controls

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

Report on the key performance indicators

Opinion

I have undertaken a reasonable assurance engagement on the key performance indicators of the Commissioner of Main Roads for the year ended 30 June 2020. The key performance indicators are the Under Treasurer-approved key effectiveness indicators and key efficiency indicators that provide performance information about achieving outcomes and delivering services.

In my opinion, in all material respects, the key performance indicators of the Commissioner of Main Roads are relevant and appropriate to assist users to assess the Commissioner of Main Roads' performance and fairly represent indicated performance for the year ended 30 June 2020.

The Commissioner's responsibility for the key performance indicators

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

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

Auditor General's responsibility

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

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

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

My independence and quality control relating to the reports on controls and key performance indicators

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

Matters relating to the electronic publication of the audited financial statements and key performance indicators

This auditor's report relates to the financial statements and key performance indicators of the Commissioner of Main Roads for the year ended 30 June 2020 included on the Commissioner of Main Roads' website. The Commissioner of Main Roads' management is responsible for the integrity of the Commissioner of Main Roads' website. This audit does not provide assurance on the integrity of the Commissioner of Main Roads' website. The auditor's report refers only to the financial statements and key performance indicators described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements or key performance indicators. If users of the financial statements and key performance indicators are concerned with the inherent risks arising from publication on a website, they are advised to contact the entity to confirm the information contained in the website version of the financial statements and key performance indicators.



CAROLINE SPENCER
AUDITOR GENERAL
FOR WESTERN AUSTRALIA
Perth, Western Australia
8 September 2020

Performance Measures

Introduction

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

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

We measure our progress in meeting strategic goals and outcomes and use that to drive improvements and determine the success, or failure, derived from the delivery of our services into positive societal outcomes. Our measures support decision making by:

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

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

Alignment with Government Goals

Main Roads contributes towards the achievement of three broad goals identified by the Western Australian Government. We achieve the delivery of these goals through a service based outcome approach. We have six services that drive our outcome in order to achieve the delivery of transport and road related services to our customers on behalf of the Government. This table illustrates that relationship.

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

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

Understanding our measures

The following information gives an overview of the approach taken for two of the more prominent measures featured in this report.

Community Perception

Four of the measures are derived from an annual Community Perceptions Survey that reflects the satisfaction levels of our customers in metropolitan and rural areas. These measures are Community Satisfaction with Main Roads, Road Safety, Provision of Cycleway and Pedestrian Facilities and Road Maintenance. An external research company collected the data by way of an online survey, social media interviews and a small number of computer assisted telephone interviews (CATI) using a developed structured questionnaire.

The results are based upon a random and representative sample (age, gender and region) of 1,370 people (669 in the metropolitan area and 701 in regional areas). When extending these results to estimate the percentage of satisfied Western Australians, the overall sampling error is +/- 2.65% at the 95% confidence interval. The data is also weighted to reflect the actual population distribution based on ABS statistics. In each case, respondents had the opportunity to rate Main Roads performance as terrible, poor, okay, good or excellent in terms of road safety, providing cycleway and pedestrian facilities, road maintenance and overall performance. The reported results represent only the total of okay, good and excellent ratings.

On Time and On Cost

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

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

Structure

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

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

SUMMARY OF KEY PERFORMANCE MEASURES AND OUTCOMES

	2017	2018	2019	2020 Target	2020 Actual		
Road Safety							
% Community Satisfaction of road safety	90	88	91	90	92		
Black Spot location indicator	8.43	7.92	7.46	6.81	7.33		
% of contracts completed on time	77	89	80	90	87		
% of contracts completed on budget	93	92	100	90	100		
Road Efficiency and Road System Management							
% Community Satisfaction	87	88	90	90	90		
Road network permitted for use by heavy vehicles	B Double – 27.5m %	97	97	97	98		
	Double RT – 27.5m %	97	97	97	97		
	Double RT – 36.5m %	80	80	80	80	81	
	Triple RT – 53.5m %	45	45	45	45	45	
% Network configuration	Roads	92	92	92	90	93	
	Bridges	Strength	92	94	94	93	94
		Width	96	96	96	96	96
% of contracts completed on time	68	83	100	90	77		
% of contracts completed on budget	93	100	97	90	100		
Average \$ cost of network management per million vehicle km travelled	5,345	5,969	6,456	5,983	6,427		
State Development							
Average return on construction expenditure	3.2	3.3	4.1	4.0	4.3		
% of contracts completed on time	40	75	75	90	100		
% of contracts completed on budget	100	100	92	90	100		
Road Maintenance							
% Smooth Travel Exposure	96	n/a	97	n/a	n/a		
% Community Satisfaction road maintenance	84	82	87	90	86		
% Preventative maintenance indicator	85	84	84	85	85		
Average \$ cost of network maintenance per lane kilometre of road network	8,758	10,604	9,962	7,950	7,757		
Community Access							
% of the year that 100% of the Main Roads' State road network is available	92	87	91	95	89		
% Community satisfaction with cycleways and pedestrian facilities	87	89	91	90	91		
% of contracts completed on time	100	64	86	90	0		
% of contracts completed on budget	100	100	100	90	100		

Road Safety

Outcome: Providing a safe road environment

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

	2019 Actual	2020 Target	2020 Actual
% Community Satisfaction of road safety	91	90	92
Black Spot location indicator	7.46	6.81	7.33
% of contracts completed on time	80	90	87
% of contracts completed on budget	100	90	100

Effectiveness Indicators

Community Satisfaction with Road Safety

This indicator represents how satisfied the community is with Main Roads' overall performance in the area of road safety. Main Roads exceeded the target for the second year in a row, with 92% of participants giving an okay or better rating. Great Southern improved significantly in 2020, achieving 90%, their highest result in 4 years. The rest of the regions remained steady except for South West which dropped eight percent to 90%.

Black Spot Location Indicator

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

Efficiency Indicators

Percentage of Contracts Completed on Time

This indicator represents the percentage of contracts delivered on time in the Road Safety Service. The result achieved was 87% against a target of 90% with four contracts that were over time. Two of these contracts are still in progress and have requests for extension of time pending but not approved as at 30 June. The remaining two contracts were delayed due to contractor's not completing works on time and no extensions of time were granted.

Percentage of Contracts Completed on Budget

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

Efficiency and Road System Management

Outcome: Reliable and efficient movement of people and goods

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

		2019 Actual	2020 Target	2020 Actual	
% Community Satisfaction		90	90	90	
Road network permitted for use by heavy vehicles	B Double – 27.5m %	97	97	98	
	Double RT – 27.5m %	97	97	97	
	Double RT-36.5m %	80	80	81	
	Triple RT-53.5m %	45	45	45	
% Network configuration	Roads	92	90	93	
	Bridges	Strength	94	94	94
		Width	96	96	96
% of contracts completed on time		100	90	77	
% of contracts completed on budget		97	90	100	
Average \$ cost of network management per million vehicle km travelled		6,456	5,983	6,427	

Effectiveness Indicators

Community Satisfaction

This indicator represents how satisfied the community is with Main Roads' overall performance in the management and operation of the State road network. The rating held ground in 2020, with 90% of survey participants rating Main Roads' performance as okay or better. Three regions exceeded the 90% target with the ratings for both Great Southern and Wheatbelt increasing 11% and 10% respectively, on 2019 results.

Road Network Permitted for use by Heavy Freight Vehicles

This indicator relates to the efficient movement of goods within Western Australia and the percentage of available State roads accessed by the following types of vehicles B-Doubles, Double road trains and Triple road trains. The use of larger vehicles with heavy loads can increase the overall efficiency of freight transport operations, resulting in lower transport costs. However, to maintain road safety and guard against infrastructure damage, restrictions are placed on some trucks.

Because of the relatively high efficiency of these vehicles, the proportion of roads accessible to them is an important factor in the overall efficiency of freight transport in this State. Over the past four years the trend has remained relatively consistent with minor fluctuations attributed to changes in ownership or roads between State and Local government.

Network Configuration-Roads

This indicator shows the percentage of travel undertaken on roads meeting specific criteria for seal width, carriageway width and curve rating. The indicator gives a measure of the ability of Main Roads to plan for and maintain roads to desirable standards. In 2020, 93% of travel was undertaken on roads meeting the seal width, carriageway width and curve rating criteria, which is above the target of 90% for that period. The results over the four-year period are relatively consistent and demonstrate that Main Roads continues to plan and program works to address roads that are below the criteria.

Network Configuration – Bridges

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

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

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

Efficiency Indicators

Percentage of Contracts Completed on Time

This indicator represents the percentage of contracts delivered on time in the Road Efficiency Service. The result achieved was 77% against a target of 90% with five contracts that were over time of which three are still in progress. Of the remaining contracts, one was delayed because of inclement weather whilst the other was delayed in order to prevent a conflict with other contracted works.

Percentage of Contracts Completed on Budget

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

Average Cost of Network Management

This indicator measures the financial efficiency of the Road System Management program in terms of cost per million vehicle kilometres travelled to manage the road system. In order to compare current figures with previous years all figures have been adjusted and reported in terms of current year's dollars. In respect of the current year, the result of \$6,427 per million vehicle kilometres travelled is higher than the target of \$5,983. The variation reflects an increased volume of project planning and development activities coupled with addressing congestion with non built solutions (for example, new software and artificial intelligence) not factored in when setting the target.

State Development

Outcome: Facilitating economic and regional development

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

	2019 Actual	2020 Target	2020 Actual
Average return on construction expenditure	4.1	4.0	4.3
% of contracts completed on time	75	90	100
% of contracts completed on budget	92	90	100

Effectiveness Indicators

Return on Construction Expenditure

New roads and bridge construction adds to the capacity of the road network. Return on Construction Expenditure is based on Benefit Cost Ratio (BCR) estimates of a set of projects undertaken each year. It indicates the extent to which road and bridge construction expenditure will deliver future economic benefits to the community. This indicator represents the expenditure weighted BCR for the State Development Service and Road Efficiency Service for which a BCR has been calculated. The BCR came ahead of target with an expenditure weighted average result of 4.3 against the target of 4.0.

Efficiency Indicators

Percentage of Contracts Completed on Time

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

Percentage of Contracts Completed on Budget

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

Road Maintenance

Outcome: Providing a well maintained road network

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

	2019 Actual	2020 Target	2020 Actual
% Smooth Travel Exposure	97	n/a	n/a
% Community Satisfaction road maintenance	87	90	86
% Preventative maintenance indicator	84	85	85
Average \$ cost of network maintenance per lane kilometre of road network	9,962	7,950	7,757

Effectiveness Indicators

Community Satisfaction of Road Maintenance

This indicator represents how satisfied the community is with Main Roads' overall performance in the maintenance of the State road network. 86% of survey participants rate our performance as okay or better, dropping only one percent from 2019. Regionally, Great Southern had the most significant improvement.

Preventative Maintenance Indicator

The Preventative Maintenance Indicator provides a measure of the proportion of sealed state road network that has a surfacing age younger than its optimal target age. The indicator provides a measure of proactive maintenance undertaken on the network on an annual basis, sections of the network with a surfacing age younger than the target age are classified as 'Good'. This year the analysis shows that 85% of the network is 'Good', which meets the target of 85%. This slightly higher value shows an improvement in the percentage of surfacing age classified as 'Good' compared to the previous two years.

Smooth Travel Exposure

This indicator is based on the percentage of travel undertaken on the State road network meeting specific roughness criteria. However, given that we only complete a survey of the network once every two years this year is a non-reporting period. The next result will be available and reported as at 30 June 2021.

Efficiency Indicators

Average Cost of Network Maintenance per Lane Kilometre of Road Network

This indicator identifies the financial efficiency of road and roadside maintenance works by showing the cost per lane kilometre to maintain acceptable travel conditions on the State roads. In determining the cost basis expenditure on structures and infrastructure depreciation has been excluded. In order to compare current figures with previous years all figures have been adjusted and reported in terms of current year's dollars which can influence the trend result. The inclusion of Reseal, Rehabilitation and Natural disasters makes this KPI sensitive to additional budget being made available to address flood damage and maintenance backlog. This year's result shows an insignificant variance against the target with the result being lower than estimated.

Community Access

Outcome: Improving community access and roadside amenity

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

	2019 Actual	2020 Target	2020 Actual
% of the year that 100% of the Main Roads' State road network is available	91	95	89
% Community satisfaction with cycleways and pedestrian facilities	91	90	91
% of contracts completed on time	86	90	0
% of contracts completed on budget	100	90	100

Effectiveness Indicators

Unplanned Road Closure on the State Road Network

Generally 100% of Main Roads Road sealed network is available to all road users; however, there are unplanned road closures due to a number of reasons including flooding, cyclones, bushfires and major road crashes, which may vary in duration. The availability of the sealed road network is measured as a percentage of calendar days that the whole network is available to the road user. Closure is determined by measuring the number of whole days (24 hours commencing from the time the road is closed) that any section of the sealed road network in Western Australia is closed. This year the road network was available 89% of the year, which is below the target of 95%. This was due to the Goldfield bushfires from December to January, and Cyclone Blake and Cyclone Claudia in the Pilbara.

Community Satisfaction with Cycleways and Pedestrian Facilities

This indicator represents how satisfied the community is with Main Roads' performance in the construction, maintenance and management of cycleways and pedestrian facilities. 91% of survey participants rated our performance as okay or better this year, surpassing our target and matching 2019's result. The Metropolitan region continues to achieve the highest result for this indicator, however Kimberley experienced a six percent increase in 2020 to achieve its highest rating in 3 years.

Efficiency Indicators

Percentage of Contracts Completed on Time

This indicator represents the percentage of contracts delivered on time in the Community Access Service. This year there were only two contracts included in this measure and both finished behind time. One of the contracts remains in progress at the time of preparing this report whilst the second contract was delayed due to inclement weather and design changes to prevent large scale removal of rock. Whilst the result is unusual, it is not indicative of the performance in previous years.

Percentage of Contracts Completed on Budget

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

Financial Statements and Notes

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STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2020

	Note	2020 \$000	2019 \$000
COST OF SERVICES			
Expenses			
Employee benefits expense	3.1(a)	66,031	64,536
Supplies and services	3.3	446,986	431,321
Depreciation and impairment expenses of infrastructure assets	5.2.1	391,864	373,475
Depreciation, amortisation and impairment expenses – other	5.1.1, 5.3.1	3,576	4,606
Depreciation and impairment expenses – right-of-use assets	5.4.1	739	–
Finance cost	7.3	194	–
Grants and subsidies	3.2	232,275	332,610
Other expenses	3.3	100,840	91,387
Total cost of services		1,242,505	1,297,935
Income			
<i>Revenue</i>			
Sale of goods and services	4.2	12,833	10,577
Commonwealth grants	4.3	667,089	622,697
Contributions to roadworks	4.4	128,222	70,510
Grants from other bodies	4.5	31,798	116,297
Interest revenue	4.6	1,221	4,287
Other revenue	4.7	16,290	11,883
Total revenue		857,453	836,251
<i>Gains</i>			
Gain/(loss) on disposal of non-current assets	4.8	(1)	(1,599)
Total gains		(1)	(1,599)
Total income other than income from State Government		857,452	834,652
NET COST OF SERVICES			
		385,053	463,283
Income from State Government	4.1		
Service appropriation		1,096,107	979,697
Services received free of charge		2,154	2,530
Other funds received from State Government		104,905	204,015
Total income from State Government		1,203,166	1,186,242
SURPLUS FOR THE PERIOD		818,113	722,959
OTHER COMPREHENSIVE INCOME			
Items not reclassified subsequently to profit or loss			
Changes in asset revaluation surplus	9.9	489,736	(381,883)
Total other comprehensive income		489,736	(381,883)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		1,307,849	341,076

See also note 2 'Schedule of Income and Expenses by Service'.

The Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION

as at 30 June 2020

	Note	2020 \$000	2019 \$000
ASSETS			
Current Assets			
Cash and cash equivalents	7.1	91,221	196,875
Restricted cash and cash equivalents	7.1	214,194	188,888
Receivables	6.1	149,027	208,714
Amounts receivable for services	6.2	–	31,065
Inventories	6.3	1,551	914
Prepayments	6.4	11,780	14,640
Non-current assets classified as held for sale	9.8	4,717	6,787
Total Current Assets		472,490	647,883
Non-Current Assets			
Receivables	6.1	189	234
Amounts receivable for services	6.2	3,142,901	2,794,812
Inventories	6.3	6,202	6,619
Prepayments	6.4	1,258	386
Property, plant and equipment	5.1	401,688	405,237
Infrastructure	5.2	45,648,131	44,396,721
Intangible assets	5.3	15,789	13,668
Right-of-use assets	5.4	9,540	–
Total Non-Current Assets		49,225,698	47,617,677
TOTAL ASSETS		49,698,188	48,265,560
LIABILITIES			
Current Liabilities			
Payables	6.5	264,556	315,323
Lease liabilities	7.2	2,561	–
Contract liabilities	6.7	2,403	–
Grants liabilities	6.8	197,075	–
Employee related provisions	3.1(b)	32,247	30,534
Other provisions	6.6	1,959	2,208
Total Current Liabilities		500,801	348,065
Non-Current Liabilities			
Payables	6.5	–	56,345
Lease liabilities	7.2	7,337	–
Employee related provisions	3.1(b)	5,426	4,937
Other provisions	6.6	52	–
Total Non-Current Liabilities		12,815	61,282
TOTAL LIABILITIES		513,616	409,347
NET ASSETS		49,184,572	47,856,213
EQUITY			
Contributed equity	9.9	5,730,848	5,452,489
Reserves		27,744,154	27,254,418
Accumulated surplus		15,709,570	15,149,306
TOTAL EQUITY		49,184,572	47,856,213

The Statement of Financial Position should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2020

	Note	Contributed Equity \$000	Reserves \$000	Accumulated surplus/ (deficit) \$000	Total Equity \$000
Balance at 1 July 2018	9.9	5,052,392	27,636,301	14,426,495	47,115,188
Changes in accounting policy		–	–	(148)	(148)
– Surplus		–	–	722,959	722,959
– Other comprehensive income		–	(381,883)	–	(381,883)
Total comprehensive income for the period		–	(381,883)	722,811	340,928
Transactions with owners in their capacity as owners:					
– Capital appropriations		300,579	–	–	300,579
– Other contributions by owners		143,800	–	–	143,800
– Distributions to owners		(44,282)	–	–	(44,282)
Total		400,097	–	–	400,097
Balance at 30 June 2019		5,452,489	27,254,418	15,149,306	47,856,213
Balance at 1 July 2019		5,452,489	27,254,418	15,149,306	47,856,213
Initial application of AASB 16	6.6	–	–	(52)	(52)
Initial application of AASB 15	6.7	–	–	41,477	41,477
Initial application of AASB 1058	6.8	–	–	(299,274)	(299,274)
Restated balance at 1 July 2019		5,452,489	27,254,418	14,891,457	47,598,364
– Surplus		–	–	818,113	818,113
– Other comprehensive income		–	489,736	–	489,736
Total comprehensive income for the period		–	489,736	818,113	1,307,849
Transactions with owners in their capacity as owners:					
– Capital appropriations		258,509	–	–	258,509
– Other contributions by owners		28,207	–	–	28,207
– Distributions to owners		(8,357)	–	–	(8,357)
Total		278,359	–	–	278,359
Balance at 30 June 2020		5,730,848	27,744,154	15,709,570	49,184,572

The Statement of Changes in Equity should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS

for the year ended 30 June 2020

	Note	2020 \$000	2019 \$000
CASH FLOWS FROM STATE GOVERNMENT			
Service appropriation		748,018	656,678
Capital appropriation		257,396	287,916
Holding account drawdown		31,065	38,936
Road Trauma Trust Fund		42,940	42,883
Natural disaster funds		166,167	53,650
Royalties for Regions Fund		43,889	69,114
Net cash provided by State Government		1,289,475	1,149,177
Utilised as follows:			
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee benefits		(61,883)	(63,373)
Supplies and services		(432,067)	(427,669)
Grants and subsidies		(237,880)	(289,890)
GST payments on purchases		(169,826)	(170,451)
Receipts			
Sale of goods and services		100,391	117,818
Commonwealth grants		498,525	622,698
Interest received		1,937	4,782
GST receipts on sales		16,820	16,290
GST receipts from taxation authority		149,752	153,175
Other receipts		14,242	9,357
Rent received		3,477	3,788
Net cash provided by/(used in) operating activities	7.1.2	(116,512)	(23,475)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments			
Purchase of non-current assets		(20,626)	(16,652)
Purchase of infrastructure assets		(1,235,398)	(1,264,488)
Receipts			
Proceeds from sale of non-current assets		5,830	6,400
Net cash provided by/(used in) investing activities		(1,250,194)	(1,274,740)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments			
Principal elements of lease (AASB 16) payments		(3,145)	-
Net cash provided by/(used in) financing activities		(3,145)	-
Net increase/(decrease) in cash and cash equivalents		(80,348)	(149,038)
Cash and cash equivalents at the beginning of the period		385,763	534,801
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	7.1.1	305,415	385,763

The Statement of Cash Flows should be read in conjunction with the accompanying notes.

SUMMARY OF CONSOLIDATED ACCOUNT APPROPRIATIONS

for the year ended 30 June 2020

	2020 Budget Estimate \$000	2020 Supple- mentary Funding \$000	2020 Revised Budget \$000	2020 Actual \$000	2020 Variance \$000
<u>Delivery of Services</u>					
Item 81 Net amount appropriated to deliver services	349,411	-	349,411	348,089	(1,322)
Section 25 Transfer of service appropriation					-
Amount Authorised by Other Statutes					
– Road Traffic Act 1974	748,093	-	748,093	747,593	(500)
– Salaries and Allowances Act 1975	425	-	425	425	-
Total appropriations provided to deliver services	1,097,929	-	1,097,929	1,096,107	(1,822)
<u>Capital</u>					
Capital appropriation					
– Road Traffic Act 1974	239,451	-	239,451	258,509	19,058
GRAND TOTAL	1,337,380	-	1,337,380	1,354,616	17,236

No supplementary income was received by Main Roads

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

1 Basis of preparation

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

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

Statement of compliance

These general-purpose financial statements are prepared in accordance with:

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

The *Financial Management Act 2006* and the *Treasurer's Instructions* take precedence over AASs. Several AASs are modified by the Instructions to vary application, disclosure format and wording. Where modification is required and has had a material or significant financial effect upon the reported results, details of that modification and the resulting financial effect are disclosed in the notes to the financial statements.

Basis of preparation

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

Judgements and estimates

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

Significant judgements and estimates have been made to meet the requirements of the new standards AASB 16, AASB 15 and AASB 1058.

AASB 16:

Key judgements include identifying leases within contracts, determining whether there is reasonable certainty around exercising extension and termination options, identifying whether payments are variable or fixed in substance and determining the stand-alone selling prices for lease and non-lease components.

Estimating uncertainty that may arise is the estimation of the lease term, determination of the appropriate discount rate to discount the lease payments and assessing whether the right-of-use asset needs to be impaired.

AASB 15:

Key judgements include determining the timing of revenue from contracts with customers in terms of timing of satisfaction of performance obligations and determining the transaction price and the amounts allocated to performance obligations.

Estimating uncertainty includes determining the transaction prices (estimating variable consideration, adjusting the consideration for the time value of money and measuring non-cash considerations), allocating the transaction price, including estimating stand-alone selling prices and allocating discounts and variable consideration.

AASB 1058:

Key judgements include determining the timing in the satisfaction of performance obligations and judgements used in determining whether funds are restricted.

Refer to Note 9.2 for the impact of the initial adoption and the practical expedients applied in the initial recognition.

Contributed equity

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

2 Agency outputs

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

	Note
Agency objectives	2.1
Schedule of Income and Expenses by Service	2.2

2.1 Agency objectives

Mission

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

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

Services

Main Roads provides the following services:

Service 1: Infrastructure for State Development

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

Service 2: Road System Management

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

Service 3: Road Efficiency Improvements

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

Service 4: Road Network Maintenance

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

Service 5: Road Safety

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

Service 6: Infrastructure for Community Access

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

2.2 Schedule of Income and Expenses by Service for 2018-19 and 2019-20 (All amounts in \$'000)

	ROAD SAFETY		ROAD SYSTEM MANAGEMENT		ROAD EFFICIENCY IMPROVEMENTS		INFRASTRUCTURE FOR COMMUNITY ACCESS		ROAD NETWORK MAINTENANCE		INFRASTRUCTURE FOR STATE DEVELOPMENT		Roadworks Capitalised/ Expenses not allocated to Outputs		TOTAL		
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	
COST OF SERVICES																	
Expenses																	
Employee benefits expense	8,297	8,421	95,029	63,252	16,876	18,910	929	2,220	15,828	25,931	10,813	19,676	(81,741)	(73,872)	66,031	64,537	
Supplies and services	144,904	131,242	76,099	62,205	510,801	381,230	13,353	38,581	410,244	420,152	414,085	593,971	(1,122,496)	(1,195,516)	446,988	431,865	
Depreciation of infrastructure assets	0	0	0	0	0	0	0	0	391,864	373,475	0	0	0	0	391,864	373,475	
Depreciation and amortisation of other non-current assets	1,427	1,023	1,311	954	4,607	2,647	290	330	4,666	4,631	3,787	3,997	(11,774)	(8,976)	4,315	4,606	
Finance Costs	1	0	35	0	21	0	2	0	132	0	4	0	0	0	194	0	
Grants and subsidies	20,497	18,678	1,698	1,713	31,047	8,582	21,278	10,704	141,618	284,117	21,762	1,131	(5,625)	7,139	232,275	332,063	
Infrastructure assets retired or replaced	0	0	0	0	0	0	0	0	0	0	10,979	0	89,861	91,387	100,840	91,387	
Total cost of services	175,125	159,363	174,171	128,123	563,352	411,369	35,852	51,835	964,351	1,108,306	461,430	618,775	(1,131,775)	(1,179,838)	1,242,505	1,297,935	
Income																	
Revenue																	
Sale of goods and services	51	0	2,324	2,284	1,370	1,532	103	172	8,716	6,360	269	229	0	0	12,833	10,577	
Commonwealth grants and contributions	32,939	36,342	0	0	261,079	256,493	20,871	3,000	55,308	51,136	296,892	275,727	0	0	667,089	622,698	
Contributions to roadworks	4,219	5,424	573	118	27,523	24,083	21,478	10,801	20,535	9,999	53,894	20,083	0	0	128,222	70,510	
Grants from other bodies	2,821	8,763	2,590	8,167	9,105	22,666	574	2,828	9,221	39,652	7,487	34,221	0	0	31,798	116,297	
Interest revenue	108	323	99	301	350	836	22	104	354	1,462	287	1,262	0	0	1,221	4,287	
Other revenue	1,445	895	1,327	834	4,667	2,316	294	289	4,726	4,051	3,831	3,496	0	0	16,291	11,882	
Total revenue	41,583	51,748	6,913	11,705	304,094	307,926	43,342	17,194	98,859	112,660	362,660	335,018	0	0	857,453	836,251	
Gains																	
Gain on disposal of non-current assets	0	(121)	0	(112)	0	(312)	0	(39)	0	(545)	0	(471)	0	0	(1)	(1,599)	
Total gains	0	(121)	0	(112)	0	(312)	0	(39)	0	(545)	0	(471)	0	0	(1)	(1,599)	
Total income other than income from State Government	41,583	51,627	6,913	11,593	304,094	307,614	43,342	17,155	98,859	112,115	362,660	334,547	0	0	857,452	834,652	
NET COST OF SERVICES	133,542	107,736	167,258	116,531	259,258	103,754	(7,490)	34,679	865,492	996,191	98,770	284,228	(1,131,775)	(1,179,838)	385,053	463,283	
INCOME FROM STATE GOVERNMENT																	
Service appropriation	58,777	30,607	235,612	185,872	102,439	51,190	37,308	45,076	633,875	666,715	28,096	238	0	0	1,096,107	979,697	
Resources received free of charge	191	191	175	178	617	493	39	62	625	863	507	745	0	0	2,154	2,530	
Other State Government Funds	47,865	45,413	830	325	10,444	2,224	1,208	14,545	44,558	141,508	0	0	0	0	104,905	204,015	
Capital contribution	39,670	44,632	3,198	331	117,640	116,636	4,470	5,352	10,717	20,250	111,021	162,694	(286,716)	(349,895)	0	0	
Total income from State Government	146,503	120,843	239,815	186,706	231,140	170,542	43,025	65,034	689,775	829,336	139,624	163,677	(286,716)	(349,895)	1,203,166	1,186,242	
SURPLUS/DEFICIT FOR THE PERIOD	12,961	13,107	72,557	70,175	(28,118)	66,788	50,515	30,355	(175,717)	(166,855)	40,854	(120,551)	845,058	829,944	818,113	722,959	

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

3 Use of our funding

Expenses incurred in the delivery of services

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

	Notes	2020 \$000	2019 \$000
Employee benefits expense	3.1(a)	66,031	64,536
Employee related provisions	3.1(b)	37,673	35,471
Grants and subsidies	3.2	232,275	332,610
Other expenditure	3.3	547,826	522,708

3.1(a) Employee benefits expense

	2020 \$000	2019 \$000
Employee benefits	134,384	125,444
Termination benefits	–	261
Superannuation – defined contribution plans	13,326	12,703
Total employee benefits expenses	147,710	138,408
Add: AASB 16 Non-monetary benefits	278	–
Less: Employee Contributions	(216)	–
Net employee benefits		
Less: capitalised to infrastructure	(81,741)	(73,872)
	66,031	64,536

Employee benefits: Include wages, salaries and social contributions, accrued and paid annual leave entitlements and paid sick leave; and non-monetary benefits (such as housing, cars and free or subsidised goods or services) for employees.

Termination benefits: Payable when employment is terminated before normal retirement date, or when an employee accepts an offer of benefits in exchange for the termination of employment. Termination benefits are recognised when Main Roads is demonstrably committed to 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: The amount recognised in profit or loss of the Statement of Comprehensive Income comprises employer contributions paid to the GSS (concurrent contributions), the WSS, the GESBs, or other superannuation funds.

Capitalisation to infrastructure: Where applicable employee benefit expenses are capitalised to the infrastructure assets.

AASB 16 Non-monetary benefits: Employee benefits in the form of non-monetary benefits, such as the provision of motor vehicles or housing, are measured at the cost.

3.1(b) Employee related provisions

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

	2020 \$000	2019 \$000
Current		
<i>Employee benefits provisions</i>		
Annual leave ^(a)	15,365	13,652
Long service leave ^(b)	16,867	16,598
	32,232	30,250
<i>Other provisions</i>		
Employment on-costs ^(c)	15	284
Total current employee related provisions	32,247	30,534
Non-current		
<i>Employee benefits provisions</i>		
Long service leave ^(b)	5,424	4,891
<i>Other provisions</i>		
Employment on-costs ^(c)	2	46
Total non-current employee related provisions	5,426	4,937
Total employee related provisions	37,673	35,471

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

	2020 \$000	2019 \$000
Within 12 months of the end of the reporting period	11,072	10,731
More than 12 months after the end of the reporting period	4,293	2,921
	15,365	13,652

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

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

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

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

	2020 \$000	2019 \$000
Within 12 months of the end of the reporting period	3,813	4,042
More than 12 months after the end of the reporting period	18,478	17,447
	22,291	21,489

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.

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

Employment on-costs, including workers' compensation insurance, are not employee benefits and are recognised separately as liabilities and expenses when the employment to which they relate has occurred. Employment on-costs are included as part of 'Other expenses', Note 3.3, and are not included as part of Main Roads' 'employee benefits expense'. The related liability is included in 'Employment on-costs provision'.

	2020 \$000	2019 \$000
Employment on-costs provision		
Carrying amount at start of period	330	391
Additional/(reversal of) provisions recognised	(313)	(61)
Carrying amount at end of period	17	330

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

	2020 \$000	2019 \$000
Recurrent		
Grants and subsidies to local government and other bodies ^(a)	218,590	296,629
Capital		
Grants of non-current assets to other bodies	13,685	35,981
Total grants and subsidies	232,275	332,610

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

Transferred infrastructure assets at fair value to Local Government and other bodies based on formal proclamation. The following assets were transferred during the year ended 30 June 2020: Bussell Highway (Shire of Augusta Margaret River), Great Northern Highway – New Norcia Bypass (Shire of Victoria Plains).

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

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

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

3.3 Other expenditure

	2020 \$000	2019 \$000
Supplies and services		
Insurance ^(a)	3,572	3,997
Accommodation, plant and equipment hire costs ^{(b) (c)}	9,624	9,578
Electricity, gas and water	10,197	9,713
Building maintenance and equipment ^(d)	6,224	6,555
Advertising	138	141
Communications	5,439	5,183
Consultants and contractors ^(e)	390,754	370,309
Consumables	2,227	2,318
Materials	1,613	1,875
Expected credit losses expense	68	(10)
Licences, fees and registration	9,281	12,498
Other	7,849	9,164
Total supplies and services expenses	446,986	431,321

(a) Include payments to RiskCover.

(b) Include payments to Department of Finance.

(c) Included within rental costs are variable lease payments and low value leases of up to \$5,000. This excludes leases with another wholly owned public sector entity lessor agency. Refer to Note 9.2 for variable lease payment and low value leases expense.

(d) Include payments to Department of Finance.

(e) Include payments to Department of Transport.

	2020 \$000	2019 \$000
<u>Other</u>		
Non-current assets retired/replaced	89,459	86,576
Write-down of non-current assets classified as held for sale	410	264
Write-(back)/down of infrastructure works in progress	10,971	4,547
Total other expenses	100,840	91,387
Total other expenditure	547,826	522,708

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:

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

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 an allowance of trade receivables, measured at the lifetime expected credit losses at each reporting date. Main Roads has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. Refer to Note 6.1.1 Movement in the allowance for impairment of receivables.

Other

Non-current assets replaced or retired: Non-current assets replaced or retired during the year have been expensed at their carrying amount. Projects include Onslow Road Upgrade and Northlink section 2 from Benara Road to Maralla Road.

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

Write-down of infrastructure works in progress: This amount mainly represents the infrastructure work in progress written down relating to the Government decision to discontinue work on Roe Highway Extension – Bibra Drive to Stock Road.

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	2020 \$000	2019 \$000
Income from State Government	4.1	1,203,166	1,186,242
Sale of goods and services	4.2	12,833	10,577
Commonwealth grants	4.3	667,089	622,697
Contributions to roadworks	4.4	128,222	70,510
Grants from other bodies	4.5	31,798	116,297
Interest revenue	4.6	1,221	4,287
Other revenue	4.7	16,290	11,883
Gain/(loss) on disposal	4.8	(1)	(1,599)

4.1 Income from State Government

	2020 \$000	2019 \$000
Appropriation received during the period:		
Motor vehicle licence fees ^(a)	738,673	648,255
Untied funds ^(b)	348,089	323,019
Motor vehicle permit fees ^(c)	8,920	7,998
Salaries and Allowances Act 1975	425	425
	1,096,107	979,697
Services received free of charge from other State government agencies during the period ^(d) :		
WA Land Information Authority (Landgate)	220	1,034
Department of Justice (State Solicitor's Office)	1,801	1,394
WA Police Services (Road Safety Commission)	51	62
Department of Finance	26	–
Other	56	40
Total services received	2,154	2,530
Other funds received from State Government		
Road Trauma Trust Fund ^(e)	44,665	42,809
Natural disaster funds ^(f)	44,558	141,408
Royalties for Regions Fund ^(g)	15,682	19,798
Total other funds	104,905	204,015
Total Income from State Government	1,203,166	1,186,242

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. The Agency gains control of appropriated funds at the time those funds are deposited in the bank account or credited to the 'Amounts receivable for services' (holding account) held at Treasury.

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

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

(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 2019-20 was \$997.182 million (2018-19: \$948.833 million). An amount of \$738.673 million (2018-19: \$648.255 million) was received as a service appropriation and the balance of \$258.509 million (2018-19: \$300.578 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 2019-20 was \$348.089 million (2018-19: \$323.019 million). This includes a service appropriation of \$348.089 million (2018-19: \$323.019 million) and no capital contribution (2018-19: nil). The service appropriation includes no cash component (2018-19: nil) and a \$348.089 million (2018-19: \$323.019 million) non-cash component.

(c) Motor vehicle permit fees

The vehicle standards for dimensions and mass are prescribed under the *Road Traffic (Vehicles) Regulations 2014*. Under the regulations, a permit is required to access certain parts of the WA road network for vehicles. Main Roads charges a fee to issue the permits in accordance with the regulations.

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

Non-reciprocal contributions including Services Received Free of Charge that are not contributions by owners are recognised at their fair value. Contributions of services are only recognised when a fair value can be reliably determined and the services would be purchased if not donated.

Other funds received from State Government

(e) Road Trauma Trust Fund

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

(f) Natural disaster funds

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

(g) Royalties for Regions Fund

The recurrent funds are committed to projects and programs in WA regional areas and are recognised as income when Main Roads receives the funds. 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.

The application of AASB 15 and AASB 1058 from 1 July 2019 has had no impact on the treatment of income from State Government.

4.2 Sale of goods and services

	2020 \$000	2019 \$000
Sale of goods and services ^(a)	12,833	10,577

This amount represents works undertaken for other public and private bodies and includes the recovery of expenditure from the Commonwealth Department of Infrastructure, Transport, Cities and Regional Development under service delivery arrangements with the Shires of Christmas Island and Cocos (Keeling) Island. The amounts expended or set aside for expenditure during 2019-20 are summarised at Note 9.12 'Indian Ocean Territories'.

Until 30 June 2019, revenue was recognised and measured at the fair value of consideration received or receivable.

From 1 July 2019, the 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.

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

4.3 Commonwealth grants

	2020 \$000	2019 \$000
Commonwealth grants		
– Land Transport Infrastructure Projects	667,089	622,436
– Interstate Road Transport Act 1985	–	261
	667,089	622,697

Commonwealth grants

Capital grants are recognised as income when Main Roads achieves milestones specified in the grant agreement. Commonwealth grants and contributions income is disaggregated by Land Transport Infrastructure Projects and Interstate Road Transport Act 1985.

Until 30 June 2019

Income from Commonwealth grants was recognised at fair value when the grant was receivable.

From 1 July 2019

Current grants are recognised as income when the grants are receivable.

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.

Interstate Road Transport Act 1985

A charge is levied under the Act on interstate commercial vehicles that are exempt from State charges and the revenue raised is distributed in accordance with the damage attributed to interstate vehicles in each State. The revenue is non-reciprocal in nature and recognised at fair value when Main Roads obtains control over the assets comprising the contributions, usually when cash is received. Main Roads did not receive any grant under Interstate Road Transport Act 1985 during 2019-20 financial year.

4.4 Contributions to roadworks

	2020 \$000	2019 \$000
Contributions to roadworks ^(a)	128,222	70,510

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

(a) Includes payments received from Department of Jobs Tourism Science and Innovation, Department of Transport and Public Transport Authority.

4.5 Grants from other bodies

	2020 \$000	2019 \$000
Grants from local government authorities and other bodies		
Transferred infrastructure assets at fair value ^(a)	27,602	546
Local Government contribution to traffic signal construction	–	1,069
Developers contribution to roadworks ^(b)	4,196	114,682
	31,798	116,297

(a) Transferred infrastructure assets at fair value are transfers from Local Government and other bodies to State Government based on formal proclamation. Transferred assets during the year ended 30 June 2020 include Kwinana Beach and Rockingham Road upgrade – City of Kwinana and City of Rockingham Grant.

(b) The developers contribution to roadworks relate to construction costs met by private developers on roads owned by Main Roads. The roadworks include Canning Highway and Leach Highway upgrades, Nanutarra Munjina Road, Pinjarra Road and Stratford Road intersection.

Until 30 June 2019

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

From 1 July 2019

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

4.6 Interest revenue

	2020 \$000	2019 \$000
Land Transport Infrastructure Projects interest revenue	1,206	4,273
Other interest revenue	15	14
	1,221	4,287

Revenue is recognised as the interest accrues.

4.7 Other revenue

	2020 \$000	2019 \$000
Rental income	3,524	3,797
Traffic escort services	9,815	7,020
Assets not previously recognised	–	207
Other	2,951	859
	16,290	11,883

Other revenues are mainly recognised at fair value when Main Roads obtains control over the assets or performance obligations are achieved. Other revenue includes fees from Concessional Loading arrangements with private companies.

4.8 Gain/(loss) on disposal

	2020 \$000	2019 \$000
<u>Net proceeds from disposal of non-current assets</u>		
Land acquired for roadworks	5,224	2,654
Land and buildings	387	3,634
Plant, equipment and vehicles	211	159
	5,822	6,447
<u>Carrying amount of non-current assets disposed</u>		
Land acquired for roadworks	5,352	3,121
Land and buildings	362	4,757
Plant, equipment and vehicles	30	–
Right-of-use asset	79	168
	5,823	8,046
Net gain/(loss)	(1)	(1,599)

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 an insurable event 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

Assets the Agency utilises for economic benefit or service potential

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	2020 \$000	2019 \$000
Property, plant and equipment	5.1	401,688	405,237
Infrastructure	5.2	45,648,131	44,396,721
Intangible assets	5.3	15,789	13,668
Right-of-use assets	5.4	9,540	–
Total key assets		46,065,608	44,815,626

5.1 Property, plant and equipment

	2020 \$000	2019 \$000
<u>Land</u>		
At fair value	63,912	64,307
	63,912	64,307
<u>Buildings</u>		
At fair value	93,789	88,726
Accumulated depreciation	(31)	(11)
	93,758	88,715
<u>Buildings under construction</u>		
Construction costs	3,777	2,611
	3,777	2,611
<u>Plant, equipment and vehicles</u>		
At cost	46,200	42,850
Accumulated depreciation	(32,260)	(31,700)
	13,940	11,150
<u>Surplus assets</u>		
At fair value	69,102	71,722
Accumulated depreciation	(3)	–
	69,099	71,722
<u>Land acquired for roadworks</u>		
At fair value	157,202	166,732
	157,202	166,732
Total property, plant and equipment	401,688	405,237

Information on fair value measurements is provided in Note 8.3.

Reconciliations of the carrying amounts of property, plant, and equipment at the beginning and end of the reporting period are set out in the table below.

Year ended 30 June 2020	Land \$000	Buildings \$000	Buildings under const- ruction \$000	Plant, equipment and vehicles \$000	Surplus assets \$000	Land acquired for roadworks \$000	Total \$000
Carrying amount at 1 July 2019	64,307	88,715	2,611	11,150	71,722	166,732	405,237
Additions ^(a)	669	-	9,310	5,610	224	-	15,813
Disposals	-	(150)	-	(30)	(725)	(531)	(1,436)
Classified as held for sale	(240)	(315)	-	-	(1,462)	(2,037)	(4,054)
Transfers		7,624	(8,144)	-	-	520	-
Transfer (to) / from infrastructure	-	-	-	-	(107)	(235)	(342)
Equity contribution / (distribution)	-	-	-	-	(340)	(372)	(712)
Revaluation increments / (decrements)	(335)	4,497		-	(49)	(6,317)	(2,204)
Impairment losses ^(b)	-	-	-	-	-	-	-
Assets not previously recognised / Grants	(489)	-	-	-	-	(558)	(1,047)
Depreciation	-	(6,613)	-	(2,790)	(164)	-	(9,567)
Carrying amount at 30 June 2020	63,912	93,758	3,777	13,940	69,099	157,202	401,688

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

(b) Impairment losses are recognised in the Statement of Comprehensive Income. 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 recoverable amount, the loss is recognised as a revaluation decrement in other comprehensive income. Information on fair value measurements is provided in Note 8.3.

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

5.2 Infrastructure

	2020 \$000	2019 \$000
<u>Roads and principal shared paths</u>		
Earthworks at fair value	14,256,316	13,062,954
Accumulated depreciation	(3,196,713)	(2,969,006)
	11,059,603	10,093,948
<u>Pavement and drainage at fair value</u>		
Pavement and drainage at fair value	10,033,250	9,353,166
Accumulated depreciation	(5,865,761)	(5,539,078)
	4,167,489	3,814,088
<u>Seals at fair value</u>		
Seals at fair value	1,621,259	1,496,681
Accumulated depreciation	(941,750)	(879,801)
	679,509	616,880
<u>Land under roads</u>		
At fair value	22,863,929	23,176,529
	22,863,929	23,176,529
<u>Bridges</u>		
At fair value	6,187,286	5,939,720
Accumulated depreciation	(1,868,129)	(1,774,235)
	4,319,157	4,165,485
<u>Road furniture</u>		
At fair value	738,255	666,019
Accumulated depreciation	(312,221)	(258,668)
	426,034	407,351
<u>Infrastructure work in progress</u>		
At cost	2,132,410	2,122,440
	2,132,410	2,122,440
Total Infrastructure	45,648,131	44,396,721

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

	Roads and principal shared paths \$000	Land under roads \$000	Bridges \$000	Road furniture \$000	Work in progress \$000	Total \$000
Year ended 30 June 2020						
Carrying amount at 1 July 2019	14,524,916	23,176,529	4,165,485	407,351	2,122,440	44,396,721
Additions ^(a)	-	-	-	-	1,232,593	1,232,593
Retirements	(84,534)	-	(1,530)	(2,519)	-	(88,583)
Transfers	971,799	18,657	175,722	45,473	(1,211,651)	-
Transfer (to) / from land acquired for roadworks	-	354	-	-	-	354
Revaluation increments/(decrements)	792,409	(353,453)	47,492	5,494	-	491,942
Highways and main roads reclassified as local roads	(11,838)	(395)	(403)	-	-	(12,636)
Local roads classified as highways and main roads	8,583	22,237	-	976	-	31,796
Equity contribution / (distribution)	(1,221)	-	-	-	-	(1,221)
Assets not previously recognised	-	-	-	-	-	-
Write-down of infrastructure work in progress	-	-	-	-	(10,972)	(10,972)
Depreciation	(293,513)	-	(67,609)	(30,741)	-	(391,863)
Carrying amount at 30 June 2020	15,906,601	22,863,929	4,319,157	426,034	2,132,410	45,648,131

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

(b) Impairment losses are recognised in the Statement of Comprehensive Income. 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 recoverable amount, the loss is recognised as a revaluation decrement in other comprehensive income. Information on fair value measurements is provided in Note 8.3.

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

Information on fair value measurements is provided in Note 8.3.

Property, plant and equipment and infrastructure

Initial recognition

Items of property, plant and equipment and infrastructure, costing \$5,000 or more are measured initially at cost. Where an asset is acquired for no 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 (Valuations and Property Analytics) and recognised annually to ensure that the carrying amount does not differ materially from the asset's fair value at the end of the reporting period.

Land, buildings, surplus assets and land acquired for roadworks were revalued as at 1 July 2019 by the Western Australian Land Information Authority (Valuations and Property Analytics) in conjunction with estimations by Main Roads' management. The valuations were performed during the year ended 30 June 2020 and recognised at 30 June 2020.

The estimations have been made in relation to the value of certain Metro and Rural properties where the values were not available at the end of the reporting period from information provided by Valuation Services for the period 1 July 2018 to 1 July 2019. These properties have been valued based on the average percentage increase for the Metro and Rural areas respectively over the period 1 July 2018 to 1 July 2019. The average percentage increases have been determined by calculating the movement in the value of Main Roads' Metro and Rural properties where Valuation Services have provided a value. The effective date of the valuations is 1 July 2019. In undertaking the revaluation, fair value was determined by reference to market values of Freehold land \$56.833 million (2018-19: \$57.902) and Buildings \$79.518 million (2018-19: \$73.755). For the remaining balance, fair value of buildings was determined on the basis of current replacement cost and fair value of land was determined on the basis of comparison with market evidence for land with low-level utility (high restricted use land). Please refer to Note 8.3 Fair value measurement for the remaining balance.

Infrastructure

Infrastructure is independently valued every 3 years by reference to the cost of a new asset and adjusted in the intervening years by reference to a cost index (ABS Road and Bridge Construction Cost Index or rates obtained from a professional estimator specialising in road infrastructure works) to ensure the carrying values do not materially differ from fair value. The value of roads and principal shared paths (earthworks, drainage, pavements and seals), bridges and road furniture at 30 June 2020 is based on the current replacement cost determined at 30 June 2020 calculated using construction unit rates provided by a professional estimator and multiplying these by the units of relevant categories that form the infrastructure asset. A cost index (ABS Road and Bridge Construction Cost Index) has been applied to principal shared paths and certain road furniture assets to ensure asset values do not materially differ from fair value.

Fair value for infrastructure assets is determined by reference to the cost of replacing the remaining future economic benefits embodied in the asset, i.e. the current replacement cost. Current replacement cost is generally determined by reference to the market observable replacement cost of a substitute asset of comparable utility and the gross project size specifications, adjusted for obsolescence and optimisation (where applicable). Obsolescence encompasses physical deterioration, functional (technological) obsolescence and economic (external) obsolescence.

Subsequent transfer

Land acquired for road reserves is initially reported as 'land acquired for roadworks' under 'property, plant and equipment' until the land is required for road construction. It is then transferred to 'land under roads' and reported as part of infrastructure assets.

Land determined to be surplus to the requirements of the road reserve is available for disposal and is transferred to 'surplus land' or 'non-current assets held for sale' depending on the timetable for disposal.

Wherever possible, the properties are rented or leased until required for roadworks. Income from these properties is recognised as revenue in the financial year it is earned.

Revaluation model for land and buildings

(a) Fair Value where market-based evidence is available:

The fair value of land and buildings is determined on the basis of current market values determined by reference to recent market transactions. When buildings are revalued by reference to recent market transactions, the accumulated depreciation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount.

(b) Fair value in the absence of market-based evidence:

Buildings are specialised or where land is restricted: Fair value of land and buildings is determined on the basis of existing use.

Existing use buildings: Fair value is determined by reference to the cost of replacing the remaining future economic benefits embodied in the asset, i.e. the current replacement cost. Where the fair value of buildings is determined on the current replacement cost basis, the asset cost is adjusted for consumed economic benefit. Accumulated depreciation is eliminated against the gross carrying amount of the asset and restate the net carrying amount to the revalued amount.

Restricted use land: Fair value is determined by comparison with market evidence for land with similar approximate utility (high restricted use land) or market value of comparable unrestricted land (low restricted use land).

Revaluation model for infrastructure assets

Fair value of infrastructure, other than land under roads, has been determined by reference to the current replacement cost (existing use basis) as the assets are specialised and no market-based evidence of value is available. The replacement cost is determined by Main Roads every third year by reference to the cost of a new asset and adjusted in the intervening years by reference to a cost index (ABS Road and Bridge Construction Cost Index or rates obtained from a professional estimator specialising in road infrastructure works) to ensure the carrying values do not materially differ from fair value. A cost index (ABS Road and Bridge Construction Cost Index) 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), bridges and road furniture at 30 June 2020 is based on the current replacement cost determined at 30 June 2020. This was calculated as at 30 June 2020 using construction unit rates determined by a professional estimator and multiplying these by the units of multiple categories that form the infrastructure asset. A cost index (ABS Road and Bridge Construction Cost Index or rates obtained by professional estimators) was used at 30 June 2020. The revaluation process resulted in gain as at 30 June 2020.

When infrastructure is revalued, the accumulated depreciation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

Infrastructure work in progress comprises capital project expenditure at cost, which is capitalised following the completion of projects.

The fair value of land under roads (i.e. land under roadways, and road reserves, including land under footpaths, nature strips and median strips) is based on the market value of the land adjoining the road reserve. The land values are provided by geographic location on an annual basis by the Western Australian Land Information Authority (Valuation Services) as follows:

- **Metropolitan area** – median value for single residential land for each Local Government Area. Land parcels up to 899 square metres are assumed to have a single residential zoning.
- **South West Region** – nominal unimproved valuation rates covering the south west of the State from Geraldton to Esperance.
- **Balance of State** – nominal unimproved valuation rates based on leasehold rates for Crown land.

The most significant assumptions and judgements in estimating fair value are made in assessing whether to apply the existing use basis to assets and in determining estimated economic life. Professional judgement by the valuer is sought where the evidence does not provide a clear distinction between market type assets and existing use assets.

Derecognition

Upon disposal or derecognition of an item of property, plant and equipment and infrastructure, any revaluation surplus relating to that asset is retained in the asset revaluation surplus.

Asset revaluation surplus

The asset revaluation surplus is used to record increments and decrements on the revaluation of non-current assets on a class of assets basis.

Insurance

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

- roads, bridges and road furniture

5.1.1 Depreciation and impairment expense of property, plant and equipment assets**Charge for the period**

	2020 \$000	2019 \$000
<u>Depreciation</u>		
Plant, equipment and vehicles	2,790	3,816
Buildings	6,778	5,829
Total depreciation for the period	9,568	9,645
Less: depreciation capitalised to infrastructure	(6,720)	(6,653)
	2,848	2,992

As at 30 June 2020, there were no indications of impairment to property, plant and equipment.

Capitalisation to infrastructure: Where applicable depreciation expenses are capitalised to the infrastructure assets.

5.2.1 Depreciation and impairment expenses of infrastructure assets**Charge for the period**

	2020 \$000	2019 \$000
Roads – earthworks	486	805
Roads – pavements and drainage	196,565	186,818
Roads – seal	96,462	91,723
Bridges	67,609	65,078
Road furniture	30,742	29,051
Total depreciation for the period	391,864	373,475

A fraction of road seal on the road network and a bridge was impaired as part of the impairment assessment of property, plant and equipment, infrastructure and intangible assets at 30 June 2020.

Road Seal

There were 238 road seal assets impaired by reducing useful life. These road seal assets are planned to be fully or partially retired during next financial year.

Bridge

Lloyds Crossing Bridge is impaired reducing the useful life by 43 years. The bridge is planned to be replaced as part of the Toodyay Road improvement works.

Finite useful lives

All infrastructure, property, plant and equipment having a limited useful life are systematically depreciated over their estimated useful lives in a manner that reflects the consumption of their future economic benefits. The exceptions to this rule include assets held for sale and land.

Depreciation is generally calculated on a straight line basis, at rates that allocate the asset’s value, less any estimated residual value, over its estimated useful life. Typical estimated useful lives for the different asset classes for current and prior years are included in the table below:

Road Infrastructure:

Pavement and drainage:

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

Property, Plant & Equipment:

Buildings (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 ^(a)	3 to 5 years

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

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, and adjustments are made where appropriate.

Road earthworks generally have an infinite life. The small percentage of earthworks that are depreciated, have been assessed to be substandard in terms of horizontal alignment and therefore impacted by technical obsolescence. An engineering review is completed annually to identify these segments in accordance with UIG Interpretation 1055 ‘Accounting for Road Earthworks’.

Land has infinite life and is not depreciated. Depreciation is not recognised in respect of land because the service potential has not, in any material sense, been consumed during the reporting period.

Impairment of assets

Non-financial assets, including items of property, plant and equipment and infrastructure assets are tested for impairment whenever there is an indication that the asset may be impaired. Where there is an indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the carrying amount, the asset is considered impaired and is written down to the recoverable amount and an impairment loss is recognised.

Where an asset measured at cost is written down to recoverable amount, an impairment loss is recognised through profit or loss.

Where a previously revalued asset is written down to its recoverable amount, the loss is recognised as a revaluation decrement through other comprehensive income.

As Main Roads is a not-for-profit agency, the recoverable amount of regularly revalued specialised assets is anticipated to be materially the same as fair value.

If there is an indication that there has been a reversal in impairment, the carrying amount shall be increased to its recoverable amount. However, this reversal should not increase the asset’s carrying amount above what would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years.

The risk of impairment is generally limited to circumstances where an asset’s depreciation is materially understated, where the replacement cost is falling or where there is a significant change in useful life. The exception is road earthworks when the alignment of a section of road may be assessed to be deficient and the useful life of the asset is revised from infinite to finite. Each relevant class of assets is reviewed annually to verify that the accumulated depreciation/amortisation reflects the level of consumption or expiration of asset’s future economic benefits and to evaluate any impairment risk from declining replacement costs.

Commitments:

Main Roads has contractual commitments of \$703 million for the acquisition and construction of non-current assets which includes Infrastructure, Property and Plant & Equipment.

5.3 Intangible assets

	2020 \$000	2019 \$000
<u>Computer software and licences</u>		
At cost	39,369	33,681
Accumulated amortisation	(23,589)	(20,022)
	15,780	13,659
<u>Drainage easements</u>		
At cost	9	9
	9	9
Total intangible assets	15,789	13,668
Reconciliations:		
<u>Computer software and licences</u>		
Carrying amount at start of period	13,659	14,819
Additions	5,688	2,778
Amortisation expense	(3,567)	(3,938)
Carrying amount at end of period	15,780	13,659

Intangible assetsInitial recognition

Acquisitions of intangible assets costing \$5,000 or more and internally generated intangible assets costing \$250,000 or more that comply with the recognition criteria as per AASB 138.57 (as noted below), are capitalised. The cost of utilising the assets is expensed (amortised) over their useful lives. Costs incurred below these thresholds are immediately expensed directly to the Statement of Comprehensive Income.

Intangible assets are initially recognised at cost. For assets acquired at no cost or for nominal cost, the cost is their fair value at the date of acquisition.

An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following are demonstrated:

- (a) The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- (b) An intention to complete the intangible asset and use or sell it;
- (c) The ability to use or sell the intangible asset;
- (d) The intangible asset will generate probable future economic benefit;
- (e) The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset;
- (f) The ability to measure reliably the expenditure attributable to the intangible asset during its development.

Costs incurred in the research phase of a project are immediately expensed.

Subsequent measurement

The cost model is applied for subsequent measurement of intangible asset, requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses.

5.3.1 Amortisation and impairment expense of intangible assets

	2020 \$000	2019 \$000
<u>Amortisation</u>		
Intangible assets	3,567	3,937
Total amortisation for the period	3,567	3,937
Less: amortisation capitalised to infrastructure	(2,839)	(2,323)
	728	1,614

As at 30 June 2020, one software asset is impaired by reducing useful life.

Main Roads held no goodwill asset with an indefinite useful life during the reporting period. At the end of the reporting period, there were no intangible assets not yet available for use.

Amortisation of finite life intangible assets is calculated on a straight line basis at rates that allocate the asset's value over its estimated useful life. All intangible assets controlled by Main Roads, except drainage easements, have a finite useful life and zero residual value. Estimated useful lives are reviewed annually.

The estimated useful lives for each class of intangible asset are:

Computer software ^(a) and licences 3 to 10 years

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

Capitalisation to infrastructure: Where applicable amortisation expenses are capitalised to the infrastructure assets.

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.

Commitments:

Main Roads has contractual commitments of \$4.7 million for the acquisition and construction of Intangible assets.

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)

	2020 \$000	2019 \$000
<u>Building and office accommodation</u>		
At cost	5,692	–
Accumulated depreciation	(717)	–
	4,975	–
<u>State Fleet vehicles</u>		
At cost	6,669	–
Accumulated depreciation	(2,104)	–
	4,565	–
Total right-of-use assets	9,540	–

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.

Year ended 30 June 2020	Statefleet vehicles \$000	Buildings and office accom- modations \$000	Total \$000
At 30 June 2019			
Opening net carrying amount	–	–	–
Initial recognition of right-of-use asset under AASB 16	4,050	3,319	7,369
Restated opening carrying amount	4,050	3,319	7,369
1 July 2019	4,050	3,319	7,369
Additions ^(a)	2,778	2,373	5,151
Adjustments	267	–	267
Disposals	(294)	–	(294)
Impairment losses	–	–	–
Depreciation	(2,236)	(717)	(2,953)
Carrying amount at 30 June 2020	4,565	4,975	9,540

(a) Include payments made to Department of Finance (Statefleet)

Initial recognition

Right-of-use assets are measured at cost including the following:

- (a) the amount of the initial measurement of lease liability;
- (b) any lease payments made at or before the commencement date less any lease incentives received;
- (c) any initial direct costs; and
- (d) 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'.

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.

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.

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

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

	2020 \$000	2019 \$000
State Fleet vehicles	2,236	–
Building and accommodation	717	–
Total depreciation for the period	2,953	–
Less: amortisation capitalised to infrastructure	(2,214)	
	739	–

Capitalisation to infrastructure: Where applicable depreciation expenses are capitalised to the infrastructure assets.

Impairment of right-of-use assets

As at 30 June 2020, no right-of-use asset is impaired.

	2020 \$000	2019 \$000
Lease interest expense (included in Finance cost)	194	–
Depreciation expense of right-of-use assets	739	
Short-term leases (included in Other Expenditure)	357	–
Gains or losses from right-of-use assets	78	–
Total amount recognised in the statement of comprehensive income	1,368	–

The total cash outflow for leases in 2019-20 was \$3.145 million.

Main Roads' leasing activities and how these are accounted for:

Main Roads has leases for vehicles, office and residential accommodations.

Main Roads has also entered into a Memorandum of Understanding Agreements (MOU) 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.

Up to 30 June 2019, Main Roads classified lease as either finance leases or operating leases. From 1 July 2019, the Agency recognises leases as right-of-use assets and associated lease liabilities in the Statement of Financial Position.

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

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	2020 \$000	2019 \$000
Receivables	6.1	149,216	208,948
Amounts receivable for services (Holding Account)	6.2	3,142,901	2,825,877
Inventories	6.3	7,753	7,533
Prepayments	6.4	13,038	15,026
Payables	6.5	264,556	371,668
Other provisions	6.6	2,011	2,208
Contract liabilities	6.7	2,403	-
Grant liabilities	6.8	197,075	-

6.1 Receivables

	2020 \$000	2019 \$000
<u>Current</u>		
Trade receivables	36,899	148,961
Other debtors	109	810
Allowance for impairment of trade receivables	(479)	(231)
Trade debtors – unbilled receivables	36,262	14,331
GST receivable	28,778	32,573
Accrued revenue	47,458	12,270
Total current	149,027	208,714
<u>Non-current</u>		
Trade receivables	189	234
Total non-current	189	234
Total receivables	149,216	208,948

Trade receivables are recognised at original invoice amount less any allowances for uncollectible amounts (i.e. impairment). The carrying amount of net trade receivables is equivalent to fair value as it is due for settlement within 30 days.

6.1.1 Movement in the allowance for impairment of trade receivables**Reconciliation of changes in the allowance for impairment of trade receivables:**

	2020 \$000	2019 \$000
Balance at start of period	231	243
Remeasurement under AASB 9	–	148
Restated balance at start of period	231	391
Expected credit losses expense	308	(10)
Amounts written off during the year	–	(121)
Expected credit losses reversed during the period	(60)	(29)
Balance at end of period	479	231

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

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

6.2 Amounts receivable for services (Holding Account)

	2020 \$000	2019 \$000
Current	–	31,065
Non-current	3,142,901	2,794,812
Balance at end of period	3,142,901	2,825,877

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

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

6.3 Inventories

	2020 \$000	2019 \$000
<u>Current</u>		
Inventories held for distribution:		
– Construction and maintenance materials	1,551	914
Total current	1,551	914
<u>Non-current</u>		
Inventories held for distribution:		
– Construction and maintenance materials	6,202	6,619
Total non-current	6,202	6,619
Total inventories	7,753	7,533

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

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

6.4 Prepayments

	2020 \$000	2019 \$000
Current		
Contractor's advance	11,228	13,920
Prepaid insurance	552	720
Total current	11,780	14,640
Non-current		
Prepaid insurance	1,258	386
Total non-current	1,258	386
Total prepayments	13,038	15,026

Prepayments represent payments in advance of receipt of goods or services and that part of expenditure made in one accounting period covering a term extending beyond that period.

6.5 Payables

	2020 \$000	2019 \$000
Current		
Trade payables	4,876	8,220
Major contracts and services	160,289	197,800
Property acquisitions liability ^(a)	88,585	67,012
Contractors' retention	1,945	607
Funds received in advance ^(b)	441	34,319
Performance bonds / surety	1,232	2,032
Accrued salaries and wages ^(c)	7,188	5,333
Total current	264,556	315,323
Non-current		
Funds received in advance ^(b)	–	56,345
Total non-current	–	56,345
Total Payables	264,556	371,668

Payables are recognised at the amounts payable when Main Roads becomes obliged to make future payments as a result of a purchase of assets or services. The carrying amount is equivalent to fair value, as settlement is generally within 30 days.

- (a) A property acquisition liability has been recognised in respect of properties for which a Notice of Resumption under the Land Administration Act 1997 has been issued and formal possession has taken place but where settlement has not been achieved at the end of the reporting period. Liabilities in such circumstances have been based on valuations and include costs of acquisition. This liability is included in Payables.
- (b) Funds received in advance represented payments for agreed future works for third parties including public and private companies. The balance comprised mainly the agreed maintenance contribution scheme by private companies. The balance was divided into current and non-current portion. From 1 July 2019, the payments are recognised as revenue under AASB 15.
- (c) Accrued salaries represent the amount due to staff but unpaid at the end of the reporting period. Accrued salaries are settled within a fortnight of the reporting period end. Main Roads considers the carrying amount of accrued salaries to be equivalent to its fair value.

6.6 Other provisions

	2020 \$000	2019 \$000
Current		
Site restoration	1,959	2,208
Total Current	1,959	2,208
Non-current		
Make-good provisions	52	-
Total Non-current	52	-
Total other provisions	2,011	2,208

6.6.1 Provision for remediation (site restoration)

Main Roads has a legal obligation to restore the site cleared for the purposes of constructing Roe Highway Extension (Stage 8). The associated expense is disclosed in Note 5.2 Infrastructure Work In Progress.

A provision for remediation is recognised when:

- 1) there is a present obligation as a result of development activities undertaken;
- 2) it is probable that an outflow of economic benefits will be required to settle the obligation; and
- 3) the amount of the provision can be measured reliably.

The estimated future obligations include the costs of restoring the affected areas.

The provision for future remediation costs is the best estimate of the present value of the expenditure required to settle the remediation obligation at the reporting date, based on contractor's professional judgement. Future remediation costs are reviewed annually and any changes in the estimate are reflected in the present value of the remediation provision at each reporting date.

6.6.2 Make-good (AASB 16) 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 Make-good 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

	2020 \$000	2019 \$000
<u>Site restoration cost provision</u>		
Carrying amount at start of period	2,208	1,877
Movement in provisions	(249)	331
Carrying amount at end of period	1,959	2,208
<u>Make-good provisions</u>		
Movement in provisions	52	-
Carrying amount at end of period	52	-

6.7 Contract liabilities

	2020 \$000	2019 \$000
Current contract liabilities	2,403	-
Total contract liabilities	2,403	-

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

6.7.1 Movement in contract liabilities

	2020 \$000	2019 \$000
Balance at the start of the year ^(a)	41,477	-
Initial application of AASB 15	(41,477)	-
Restated balance at 1 July 2019	-	-
Reconciliation of contract liabilities		
Opening balance ^(a)	-	-
Additions	27,011	-
Revenue recognised in the reporting period	(24,608)	-
Balance at the end of the period	2,403	-

(a) Equity adjustment of \$41.477 million is related to the opening balance of contract liability as a result of AASB 15 implementation.

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

6.8 Grant liabilities

	2020 \$000	2019 \$000
Current grant liabilities	197,075	-
Total contract liabilities	197,075	-

Grant liabilities represent payments received from the Commonwealth for agreed future works under the National Partnership on Infrastructure Projects in Western Australia.

6.8.1 Movement in grant liabilities

	2020 \$000	2019 \$000
Reconciliation of grant liabilities		
Opening balance ^(a)	318,088	-
Additions	577,123	-
Income recognised in the reporting period	(698,136)	-
Balance at the end of the period	197,075	-

(a) Equity adjustment of \$299.274 million includes grants liability of \$318.088 million and receivable of \$18.814 million.

6.8.2 Expected satisfaction of grant liabilities

	2020 \$000	2019 \$000
Income recognition		
1 year	197,075	-
1 to 5 years	-	-
over 5 years	-	-
	197,075	-

7 Financing

This section sets out the material balances and disclosures associated with the financing and cashflows of Main Roads.

	Note
Cash and cash equivalents	7.1
Lease liabilities	7.2
Finance costs	7.3

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:

	Note	2020 \$000	2019 \$000
Cash and cash equivalents		91,221	196,875
Restricted cash and cash equivalents		214,194	188,888
		305,415	385,763
<u>Restricted cash and cash equivalents</u>			
Contractor's deposits ^(a)		1,752	607
Land Transport Infrastructure Projects ^(b)		78,477	160,432
Commonwealth Paid Parental Leave Scheme ^(c)		1	3
Future maintenance – Concessional loading ^(d)		45,976	–
Metronet SPA ^(e)	9.7	71,703	–
Royalties for Regions Fund ^(f)		16,285	27,846
		214,194	188,888

(a) Contractor's deposits

Amounts withheld from contractors payments pending satisfactory completion of works.

(b) Land Transport Infrastructure Projects

Funds provided as part of National Partnership on Infrastructure Projects in Western Australia.

(c) Commonwealth Paid Parental Leave Scheme

Funds held in this account are to be used for 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

	Note	2020 \$000	2019 \$000
Net cost of services		(385,053)	(463,283)
Non-cash items			
Depreciation expense – infrastructure	5.2.1	391,864	373,475
Depreciation and amortisation expense – other assets	5.1.1, 5.3.1	3,576	4,606
Depreciation expense – right-of-use assets	5.4.1	739	–
Finance cost	7.3	194	–
Grants to other bodies	3.2	13,685	35,981
Grants received from other bodies	4.5	(31,798)	(116,297)
Services received free of charge	4.1	2,154	2,530
Infrastructure assets retired/replaced	3.3	100,840	91,387
Assets not previously recognised		–	(207)
Right-of-use asset related non-cash items		358	–
Adjustment for other non-cash items		(257,849)	(147)
Net (gain)/loss on sale of property, plant and equipment	4.8	1	1,599
(Increase)/decrease in assets:			
Receivables ^(a)		(63,955)	(3,853)
Inventories		(220)	1,807
Prepayments		1,988	(4,944)
Increase/(decrease) in liabilities:			
Payables ^(a)		(98,563)	52,055
Grants and contract liabilities		199,478	–
Provisions		2,254	2,120
Net GST receipts/(payments) ^(b)		149,752	153,175
Change in GST in receivables/payables ^(c)		(145,957)	(153,479)
Net cash provided by/(used in) operating activities		(116,512)	(23,475)

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

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

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

7.2 Lease liabilities

	2020 \$000	2019 \$000
Current	2,561	–
Non-current	7,337	–
	9,898	–

Main Roads measures a lease liability, at the commencement date, at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the Agency 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 the 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 Finance costs

	2020 \$000	2019 \$000
Finance costs		
Lease interest expense	194	–
Finance costs expensed	194	–

Finance costs include the interest component of lease liability repayments.

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 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 by monitoring forecast cash flows to ensure that sufficient funds are available to meet its commitments.

Market risk

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

Other than as detailed in the interest rate sensitivity analysis table at Note 8.1(e), Main Roads is not exposed to the interest rate risk. Majority of cash and cash equivalents are non-interest bearing and restricted cash and cash equivalents are interest bearing. Main Roads has no borrowings as at 30 June 2020.

(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:

	2020 \$000	2019 \$000
Financial assets		
Cash and cash equivalents	91,221	196,875
Restricted cash and cash equivalents	214,194	188,888
Financial assets at amortised cost ^(a)	3,263,339	3,002,252
Total financial assets	3,568,754	3,388,015
Financial liabilities		
Financial liabilities measured at amortised cost	264,556	330,191
Lease liabilities	9,898	-
Total financial liability	274,454	330,191

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

(c) Credit risk exposure

The following table details the credit risk exposure on the 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
30 June 2020						
Expected credit loss rate		0%	0%	0%	0%	31.15%
Estimated total gross carrying amount at default	37,088	26,185	9,465	76	4	1,358
Expected credit losses	(479)	(56)	-	-	-	(423)
	36,609	26,129	9,465	76	4	935
1 July 2019 (Remeasurement)						
Expected credit loss rate		0%	0%	0%	0%	0.47%
Estimated total gross carrying amount at default	149,192	18,493	28,487	204	20,068	81,943
Expected credit losses	(231)	-	-	-	-	(381)
	148,961	18,493	28,487	204	20,068	81,562

(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										
Interest rate exposure										
2020	Weighted Average Effective Interest Rate %	Carrying Amount \$000	Fixed interest rate \$000	Variable interest rate \$000	Non-interest bearing \$000	Nominal Amount \$000	Maturity date			
							Up to 1 month \$000	1-3 months \$000	3 months to 1 year \$000	1-5 years \$000
Financial Assets										
Cash and cash equivalents	-	91,221	-	-	91,221	91,221	-	-	-	-
Restricted cash and cash equivalents	0.99	214,194	-	214,194	-	214,194	-	-	-	-
Receivables ^(a)	-	120,438	-	-	120,438	120,438	-	-	-	-
Amounts receivable for services	-	3,142,901	-	-	3,142,901	3,142,901	-	-	-	3,142,901
Financial Liabilities										
Payables	-	264,556	-	-	264,556	264,556	-	-	-	-
Lease liabilities ^(b)	-	9,898	-	-	9,898	9,898	298	504	1,987	6,265
		274,454	-	-	274,454	274,454	264,854	504	1,987	6,265

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

(b) The amount of lease liabilities includes \$5,109 million from leased buildings and \$4,789 million from leased vehicles.

Interest rate exposures and maturity analysis of financial assets and financial liabilities											
Interest rate exposure										Maturity date	
Weighted Average Effective Interest Rate %	Carrying Amount \$000	Fixed interest rate \$000	Variable interest rate \$000	Non-interest bearing \$000	Nominal Amount \$000	Up to 1 month \$000	1-3 months \$000	3 months to 1 year \$000	1-5 years \$000	More than 5 years \$000	
2019											
Financial Assets											
Cash and cash equivalents	196,875	-	-	196,875	196,875	196,875	-	-	-	-	
Restricted cash and cash equivalents	188,888	-	188,888	-	188,888	188,888	-	-	-	-	
Receivables (a)	176,375	-	-	176,375	176,375	176,375	-	-	-	-	
Amounts receivable for services	2,825,877	-	-	2,825,877	2,825,877	4,330	7,576	19,159	-	2,794,812	
Financial Liabilities	3,388,015	-	188,888	3,199,127	3,388,015	566,468	7,576	19,159	-	2,794,812	
Payables	330,191	-	-	330,191	330,191	330,191	-	-	-	-	
	330,191	-	-	330,191	330,191	330,191	-	-	-	-	

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

(e) Interest rate sensitivity analysis

The following table represents a summary of the interest rate sensitivity of Main Roads' financial assets and liabilities at the end of the reporting period on the surplus for the period and equity for a 0.25% change in interest rates. It is assumed that the change in interest rates is held constant throughout the reporting period.

	-25 basis points			+25 basis points	
	Carrying amount \$000	Surplus \$000	Equity \$000	Surplus \$000	Equity \$000
2020					
<u>Financial Assets</u>					
Restricted cash and cash equivalents	214,194	(535)	(535)	535	535
Total Increase/(Decrease)		(535)	(535)	535	535

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

8.2 Contingent assets and liabilities

Contingent assets and contingent liabilities are not recognised in the statement of financial position but are disclosed and, if quantifiable, are measured at the best estimate.

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

8.2.1 Contingent assets

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

	2020 \$000	2019 \$000
Contract claims in dispute	3,580	1,493
	3,580	1,493

8.2.2 Contingent liabilities

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

	2020 \$000	2019 \$000
Contract claims in dispute	27,636	44,482
Resumption claims in dispute	203,158	249,664
	230,794	294,146

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. Contingent asset is mainly the amount claimed by Main Roads to contractors to compensate the substandard works.

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 eight suspected contaminated sites to DWER. Four sites were classified as awaiting classification, one site was classified as contaminated – remediation required and three sites were classified as possibly contaminated – investigation 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:				Fair value at end of period
2020	Level 1	Level 2	Level 3	\$000
	\$000	\$000	\$000	\$000
Non-current assets classified as held for sale (Note 9.8)	–	4,298	419	4,717
Land (Note 5.1)	–	56,833	7,079	63,912
Buildings (Note 5.1)	–	79,518	14,240	93,758
Surplus assets (Note 5.1)	–	39,967	29,132	69,099
Land acquired for roadworks (Note 5.1)	–	118,232	38,970	157,202
Infrastructure (Note 5.2)	–	–	43,515,721	43,515,721
	–	298,848	43,605,561	43,904,409

Assets measured at fair value:				Fair value at end of period
2019	Level 1	Level 2	Level 3	\$000
	\$000	\$000	\$000	\$000
Non-current assets classified as held for sale (Note 9.8)	–	5,756	1,031	6,787
Land (Note 5.1)	–	57,902	6,405	64,307
Buildings (Note 5.1)	–	73,755	14,960	88,715
Surplus assets (Note 5.1)	–	42,083	29,639	71,722
Land acquired for roadworks (Note 5.1)	–	127,132	39,600	166,732
Infrastructure (Note 5.2)	–	–	42,274,281	42,274,281
	–	306,628	42,365,916	42,672,544

Valuation techniques to derive Level 2 fair values

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

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

Fair value measurements using significant unobservable inputs (Level 3)

2020	Non-current asset held for sale \$000	Land \$000	Buildings \$000	Surplus assets \$000	Land acquired for roadworks \$000	Infra-structure \$000
Fair value at start of period	1,031	6,405	14,960	29,639	39,600	42,274,281
Additions	–	293	–	15	–	1,242,580
Revaluation increments/(decrements) recognised in Profit or Loss	–	–	–	–	–	–
Revaluation increments/(decrements) recognised in Other Comprehensive Income	–	54	(41)	(184)	239	491,942
Transfers from/(to) Level 2/Level 3	419	327	10	(205)	(419)	–
Disposals	(1,031)	–	–	(109)	(450)	(101,219)
Depreciation expense	–	–	(689)	(24)	–	(391,863)
Fair value at end of period	419	7,079	14,240	29,132	38,970	43,515,721
Total gains or losses for the period included in profit or loss, under 'Other Gains'	–	–	–	–	–	–

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

Valuation processes

There were no changes in valuation techniques during the period.

Transfers in and out of a fair value level are recognised on the date of the event or change in circumstances that caused the transfer. Transfers are generally limited to assets newly classified as non-current assets held for sale, as Treasurer's Instructions require valuations of land, buildings and infrastructure to be categorised within Level 3 where the valuations will utilise significant Level 3 inputs on a recurring basis.

Land, surplus assets and land acquired for roadworks (Level 3 fair values)

Fair value for restricted use land is based on comparison with market evidence for land with low level utility (high restricted use land). The relevant comparators of land with low level utility is selected by the Western Australian Land Information Authority (Valuation Services) and represents the application of a significant Level 3 input in this valuation methodology. The fair value measurement is sensitive to values of comparator land, with higher values of comparator land correlating with higher estimated fair values of land.

Buildings (Level 3 fair values)

Fair value for existing use specialised building assets is determined by reference to the cost of replacing the remaining future economic benefits embodied in the asset, i.e. the current replacement cost. Current replacement cost is the current cost of an asset less accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired economic benefit, or obsolescence, and optimisation (where applicable) of the asset. Current replacement cost is generally determined by reference to the market observable replacement cost of a substitute asset of comparable utility and the gross project size specifications adjusted for obsolescence. Obsolescence encompasses physical deterioration, functional (technological) obsolescence and economic (external) obsolescence.

Infrastructure (Level 3 fair values)

Fair value for infrastructure assets is determined by reference to the cost of replacing the remaining future economic benefits embodied in the asset, i.e. the current replacement cost. Current replacement cost is current cost of an asset less accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired economic benefit, or obsolescence, and optimisation (where applicable) of the asset. Current replacement cost is determined every third year by reference to the cost of a new asset and adjusted in the intervening years by reference to a cost index (ABS Road and Bridge Construction Cost Index or rates obtained by professional estimators specialising in road infrastructure works) to ensure asset carrying values do not materially differ from fair value.

Basis of Valuation

In the absence of market-based evidence, due to the specialised nature of some non-financial assets, these assets are valued at Level 3 of the fair value hierarchy on an existing use basis. The existing use basis recognises that restrictions or limitations have been placed on their use and disposal when they are not determined to be surplus to requirements. These restrictions are imposed by virtue of the assets being held to deliver a specific community service.

Significant Level 3 inputs used by Main Roads are derived and evaluated as follows:

Selection of land with restricted utility

Fair value for restricted use land is determined by comparison with market evidence for land with low level utility. Relevant comparators of land with low level utility are selected by the Western Australian Land Information Authority (Valuation Services).

Historical cost per square metre floor area (m²)

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

Consumed economic benefit/obsolescence of asset

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

Historical cost per cubic metre (m³)

The fair value of road infrastructure comprising of earthworks, pavements (including drainage and seals), bridges and road furniture is calculated using construction unit rates determined by a professional estimator and multiplying these by the units of relevant categories that form the infrastructure asset.

The fair value of road infrastructure comprising of principal shared paths and certain road furniture are extracted from financial records of Main Roads and indexed by movements in the ABS Road and Bridge Construction cost index.

Selection of land adjoining road reserve

The fair value of road infrastructure comprising of land under roads is determined by comparison with the unimproved land values for land tax purposes maintained by the Western Australian Land Information Authority (Valuation Services).

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

Description	Fair value 2020 \$000	Fair value 2019 \$000	Valuation technique(s)	Unobservable inputs
Land, Surplus asset and Land acquired for roadworks	75,181	75,644	Market approach	Selection of land with similar approximate utility
Buildings	14,240	14,960	Current replacement cost	Historical cost per square metre floor area (m ²) Consumed economic benefit/obsolescence of asset
Infrastructure (Earthworks)	11,059,603	10,093,948	Current replacement cost	Historical cost per cubic metre (m ³)
Infrastructure (Pavements including drainage and seals)	4,846,998	4,430,968	Current replacement cost	Historical cost per cubic metre (m ³)
Infrastructure (Bridges)	4,319,157	4,165,485	Current replacement cost	Historical cost per cubic metre (m ³)
Infrastructure (Road furniture)	426,034	407,351	Current replacement cost	Consumed economic benefit/obsolescence of asset
Infrastructure (Land under roads)	22,863,929	23,176,529	Market approach	Selection of land adjoining road reserve

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

9 Other disclosures

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

	Notes
Events occurring after the end of the reporting period	9.1
Initial application of Australian Accounting Standards	9.2
Future impact of Australian Accounting Standards issued not yet operative	9.3
Key management personnel	9.4
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9.1 Events occurring after the end of the reporting period

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

9.2 Initial application of Australian Accounting Standards

(a) AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities

AASB 15 *Revenue from Contracts with Customers* replaces AASB 118 Revenue and AASB 111 *Construction Contracts* for annual reporting periods on or after 1 January 2019. Under the new model, Main Roads shall recognise revenue when it satisfies a performance obligation by transferring a promised good or service and is based upon the transfer of control rather than transfer of risks and rewards.

AASB15 focuses on providing sufficient information to the users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from the contracts with customers. Revenue is recognised by applying the following five steps:

- 1) Identifying contracts with customers;
- 2) Identifying separate performance obligations;
- 3) Determining the transaction price of the contract;
- 4) Allocating the transaction price to each of the performance obligations; and
- 5) Recognising revenue as each performance obligation is satisfied.

Revenue is recognised either over time or at a point in time. Any distinct goods or services are separately identified and any discounts or rebates in the contract price are allocated to the separate elements.

In addition, income other than from contracts with customers are subject to AASB 1058 Income of Not-for-Profit Entities. Income recognition under AASB 1058 depends on whether such a transaction gives rise to liabilities or a contribution by owners related to an asset (such as cash or another asset) recognised by Main Roads.

Main Roads adopts the modified retrospective approach on transition to AASB 15 and AASB 1058. No comparative information will be restated under this approach, and the agency will recognise the cumulative effect of initially applying the standards as an adjustment to the opening balance of accumulated surplus/(deficit) at the date of initial application (1 July 2019).

Under this transition method, Main Roads applies the standards retrospectively only to contracts that were not completed at the date of initial application.

Refer to Notes 4.1, 4.2, 4.3 and 4.4 for the revenue and income accounting policies adopted from 1 July 2019.

The effect of adopting AASB 15 and AASB 1058 as at 1 July 2019 are as follows:

	30 June 2020 \$000	Adjustments \$000	30 June 2020 under AASB 118 and 1004 \$000
Sale of goods and services	12,833	–	12,833
Grants from other bodies	31,798	–	31,798
Other revenue	16,290	–	16,290
Contributions to roadworks	128,222	7,025	121,197
Commonwealth grants	667,089	168,567	498,522
Net Result	856,232	175,592	680,640
Impact on financial position statement			
Trade Receivables	(12,265)	(6,549)	(18,814)
Current contract liabilities	2,403	7,025	9,428
Current grants liabilities	197,075	175,116	372,191
Net Result	187,213	175,592	362,805

(b) AASB 16 Leases

AASB 16 Leases supersedes AASB 117 Leases and related Interpretations. AASB 16 primarily affects lessee accounting and provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors.

Main Roads applies AASB 16 Leases from 1 July 2019 using the modified retrospective approach. As permitted under the specific transition provisions, comparatives are not restated. The cumulative effect of initially applying this Standard is recognised as an adjustment to the opening balance of accumulated surplus/(deficit).

The main changes introduced by this Standard include identification of lease within a contract and a new lease accounting model for lessees that require lessees to recognise all leases (operating and finance leases) on the Statement of Financial Position as right-of-use assets and lease liabilities, except for short term leases (lease terms of 12 months or less at commencement date) and low-value assets (where the underlying asset is valued less than \$5,000). The operating lease and finance lease distinction for lessees no longer exists.

Under AASB 16 Main Roads takes into consideration all operating leases that were off balance sheet under AASB 117 and recognises:

- a) right-of-use assets and lease liabilities in the Statement of Financial Position, initially measured at the present value of future lease payments, discounted using the incremental borrowing rate.
- b) depreciation of right-of-use assets and interest on lease liabilities in the Statement of Comprehensive Income.
- c) the total amount of cash paid as principal amount, which is presented in the cash flows from financing activities in the Statement of Cash Flows.

In relation to leased vehicles that were previously classified as finance leases, their carrying amount before transition is used as the carrying amount of the right-of-use assets and the lease liabilities as of 1 July 2019.

Main Roads measures concessionary leases that are of low value terms and conditions at cost at inception.

The right-of-use assets are assessed for impairment at the date of transition and has not identified any impairments to the right-of-use assets.

On transition, Main Roads has elected to apply the following practical expedients in the assessment of their leases that were previously classified as operating leases under AASB 117:

- (a) A single discount rate has been applied to a portfolio of leases with reasonably similar characteristics;
- (b) Main Roads has relied on its assessment of whether existing leases were onerous in applying AASB 137 Provisions, Contingent Liabilities and Contingent Assets immediately before the date of initial application as an alternative to performing an impairment review. Main Roads has adjusted the right-of-use asset at 1 July 2019 by the amount of any provisions included for onerous leases recognised in the statement of financial position at 30 June 2019;
- (c) Where the lease term at initial application ended within 12 months, Main Roads has accounted for these as short-term leases;
- (d) Initial direct costs have been excluded from the measurement of the right-of-use asset;
- (e) Hindsight has been used to determine if the contracts contained options to extend or terminate the lease.

Main Roads has not reassessed whether existing contracts are, or contained a lease at 1 July 2019. The requirements of paragraphs 9-11 of AASB 16 are applied to contracts that came into existence post 1 July 2019.

	\$000
Measurement of lease liabilities	
Operating Lease Commitments disclosed as at 30 June 2019	24,118
(Less): Government Office Accommodation (GOA) leases	-15,475
Adjusted lease liability at 30 June 2019	8,643
(Less): Short term leases not recognised as liability	-269
(Less): Low value leases not recognised as liability	-1
Initial lease liability under AASB 16 as at 1 July 2019	8,373
Discounted using incremental borrowing rate at date of initial application ⁽¹⁾	7,436
Current lease liabilities	874
Non-current lease liabilities	6,562

(1) The WATC incremental borrowing rate was used for the purposes of calculating the lease transition opening balance.

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
AASB 1059	<i>Service Concession Arrangements: Grantors</i>	1 Jan 2020
<i>Nature of Change</i>	This Standard addresses the accounting for a service concession arrangement (a type of public private partnership) by a grantor that is a public sector agency by prescribing the accounting for the arrangement from the grantor's perspective. Timing and measurement for the recognition of a specific asset class occurs on commencement of the arrangement and the accounting for associated liabilities is determined by whether the grantee is paid by the grantor or users of the public service provided.	
<i>Impact</i>	Main Roads does not manage any public private partnership that is within the scope of the Standard.	
AASB 2018-6	<i>Amendments to Australian Accounting Standards – Definition of a Business</i>	1 Jan 2020
<i>Nature of Change</i>	The Standard amends AASB 3 to clarify the definition of a business, assisting entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition.	
<i>Impact</i>	There is no financial impact.	
AASB 2018-7	<i>Amendments to Australian Accounting Standards – Definition of Material</i>	1 Jan 2020
<i>Nature of Change</i>	The Standard principally amends AASB 101 and AASB 108. The amendments refine the definition of material in AASB 101. The amendments clarify the definition of material and its application by improving the wording and aligning the definition across AASB Standards and other publications. The amendment also includes some supporting requirements in AASB 101 in the definition to give it more prominence and clarifies the explanation accompanying the definition of material.	
<i>Impact</i>	There is no financial impact.	
AASB 2019-1	<i>Amendments to Australian Accounting Standards – References to the Conceptual Framework</i>	1 Jan 2020
<i>Nature of Change</i>	This Standard sets out amendments to Australian Accounting Standards, Interpretations and other pronouncements to reflect the issuance of the Conceptual Framework for Financial Reporting (Conceptual Framework) by the AASB.	
<i>Impact</i>	There is no financial impact.	
AASB 2019-2	<i>Amendments to Australian Accounting Standards – Implementation of AASB 1059</i>	1 Jan 2020
<i>Nature of Change</i>	This Standard makes amendments to AASB 16 and AASB 1059 to: (a) amend the modified retrospective method set out in paragraph C4 of AASB 1059; (b) modify AASB 16 to provide a practical expedient to grantors of service concession arrangements so that AASB 16 would not need to be applied to assets that would be recognised as service concession assets under AASB 1059; and (c) include editorial amendments to the application guidance and implementation guidance accompanying AASB 1059.	
<i>Impact</i>	Main Roads does not maintain any public private partnership that is within the scope of the Standard.	
AASB 2020-1	<i>Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current</i>	1 Jan 2022
<i>Nature of Change</i>	This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current.	
<i>Impact</i>	There is no financial impact.	

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 (\$)	2020	2019
0 – 10,000	1	1

Compensation of senior officers

Compensation Band (\$)	2020	2019
400,001 – 410,000	–	1
310,001 – 320,000	1	–
270,001 – 280,000	2	1
260,001 – 270,000	1	–
250,001 – 260,000	1	–
240,001 – 250,000	1	3
230,001 – 240,000	1	2
220,001 – 230,000	1	–
210,001 – 220,000	1	1
200,001 – 210,000	1	–
180,001 – 190,000	–	1
40,001 – 50,000	–	1

	2020 \$000	2019 \$000
Short term employee benefits	1,969	1,930
Post-employment benefits	461	375
Other long term benefits	73	23
The total compensation of senior officers	2,503	2,328

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)
- Contributed equity (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)
- superannuation payments to GESB (Note 3.1(a))
- remuneration for services provided by the Auditor General (Note 9.6)
- payments made to Department of Biodiversity Conservation & Attractions mainly for vegetation clearing permits required for road construction amounting \$2.5 million (Note 5.2)
- payments mainly for road construction and Metronet to Public Transport Authority amounting \$31.7 million (Notes 3.2 and 3.3)
- payments for property construction, management and fleet leasing to the Department of Finance amounting \$8.4 million (Notes 3.3 and 5.1)
- payments mainly for road maintenance to Department of Biodiversity Conservation & Attractions amounting \$2.3 million (Note 3.2)
- payments mainly for Bicycle Boulevard Program to Department of Transport and Customer Information Centre service amounting \$7.5 million (Notes 3.2 and 3.3)
- payments mainly for property acquisition used for road construction to State Solicitor’s Office amounting \$36.3 million (Notes 5.1 and 5.2)
- payments mainly for land acquisition used for road construction to Western Australian Planning Commission amounting \$4.0 million (Notes 5.2)
- payments mainly for land acquisition to Department of Communities amounting \$4.1 million (Note 5.1)
- payments mainly for service relocation enabling road construction to Western Power amounting \$5.3 million (Note 5.2)
- payments mainly for service relocation enabling road construction to Water Corporation amounting \$2.7 million (Note 5.2)
- insurance payments of \$1.9 million to RiskCover fund (Note 3.3)
- payments mainly received as contribution to roadworks from Public Transport Authority amounting \$14.6 million (Notes 4.2 and 4.4)
- payments mainly received from Department of Transport as contribution to roadworks amounting \$22.8 million (Notes 4.2 and 4.4)
- payments mainly received from Department of Jobs Tourism Science and Innovation as contribution to roadworks amounting \$30.4 million (Note 4.4)

Material transactions with other related parties

Outside of normal citizen type transactions with Main Roads, there were no other related party transactions that involved key management personnel and/or their close family members and/or their controlled (or jointly controlled) entities.

9.6 Remuneration of auditors

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

	2020 \$000	2019 \$000
Auditing the accounts, financial statements, controls and key performance indicators	350	253
Other audits	37	59
	387	312

9.7 Special purpose accounts

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 road-related transport infrastructure works including all associated costs.

	Note	2020 \$000	2019 \$000
Balance at start of period			
Receipts – Contribution from Motor Vehicle License fees		101,273	–
Payments		(29,570)	–
Balance at end of period	7.1	71,703	–

9.8 Non-current assets classified as held for sale

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

	2020 \$000	2019 \$000
Freehold land and buildings:		
Opening balance	6,787	11,620
Assets reclassified as held for sale	4,565	3,606
Assets removed from current disposal program	(510)	(404)
Assets sold	(5,715)	(7,771)
Write-down of assets from carrying value to fair value less selling costs	(410)	(264)
Closing balance	4,717	6,787

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.

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.

	2020 \$000	2019 \$000
Contributed equity		
Balance at start of period	5,452,489	5,052,392
<u>Contributions by owners</u>		
Capital contributions	258,509	300,579
<u>Other contributions by owners</u>		
Royalties for Regions Fund – Regional Infrastructure and Headwork Account	28,207	49,316
<u>Transfer of net assets from other agencies</u>		
Public Transport Authority	–	92,336
Western Australian Planning Commission	–	2,093
Department of Lands	–	55
Total contributions by owners	286,716	444,379
<u>Distributions to owners</u>		
Transfer of net assets to other agencies		
Public Transport Authority	(1,594)	(31,620)
Department of Primary Industries and Regional Development	–	(4,525)
Department of Treasury	(6,423)	(8,137)
Other	(340)	–
Total distributions to owners	(8,357)	(44,282)
Balance at end of period	5,730,848	5,452,489
Reserves		
<u>Asset revaluation surplus</u>		
Balance at start of period	27,254,418	27,636,301
Net revaluation increments/(decrements)		
Earthworks, Drainage, Pavements and Seals	792,408	13,683
Bridges	47,493	–
Land under roads	(353,454)	(385,942)
Road Furniture	5,493	(216)
Land and Buildings	(2,204)	(9,408)
Balance at end of period	27,744,154	27,254,418
Accumulated surplus		
Balance at start of period	15,149,306	14,426,495
Initial application of AASB 15, 16 and 1058	(257,849)	(148)
Result for the period	818,113	722,959
Income and expense recognised directly in equity	–	–
Balance at end of period	15,709,570	15,149,306
Total Equity at end of period	49,184,572	47,856,213

9.10 Supplementary financial information(a) Write-offs

During the financial year no asset was written off the Main Roads' asset register (2019: \$121,000) under the authority of:

	2020 \$000	2019 \$000
The accountable authority	–	121
	–	121

(b) Losses through theft, defaults and other causes

	2020 \$000	2019 \$000
Fixed asset stocktake discrepancies	–	–
	–	–

(c) Gifts of public property

	2020 \$000	2019 \$000
Gifts of public property provided by Main Roads	24	19
	24	19

(d) Restricted Access Vehicle permits ^(a)

	2020 \$000	2019 \$000
Regulatory fees	8,914	8,009
Transfer payments	8,920	8,032
Cash held in lieu of transfer	28	34

(a) Main Roads collects the Restricted Access Vehicle permits fees in accordance with *Road Traffic (Vehicles) Regulations 2014*. The receipts are paid into the Consolidated Fund and are subsequently appropriated to Main Roads.

9.11 Services provided free of charge

	2020 \$000	2019 \$000
Department of Transport – accommodation costs and provision of traffic modelling services	405	388
Department of Planning, Lands and Heritage – traffic modelling	168	170
Venues West	230	392
Department of Biodiversity, Conservation & Attractions	265	–
Public Transport Authority – provision of professional services	103	353
Department of Water and Environmental Regulation	250	231
Services provided free of charge to other agencies	32	10
	1,453	1,544

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 2019-20 are summarised below:

	2020 \$000	2019 \$000
Amount brought forward for recovery	(39)	(27)
Amount received during the period	(34)	(45)
	(73)	(72)
Expenditure during the year	43	33
Amount carried forward for recovery	(30)	(39)

9.13 Explanatory statement (Controlled Operations)

All variances between annual estimates (original budget) and actual results for 2020 and between the actual results for 2020 and 2019 are shown below. Narratives are provided for key variations selected from observed major variances, which are greater than:

- 10% and \$1.0 million for the Statements of Comprehensive Income, Cash Flows and Statement of Financial Position

	Variance Note	Original Budget 2020 \$000	Actual 2020 \$000	Actual 2019 \$000	Variance between estimate and actual \$000	Variance between actual results for 2020 and 2019 \$000
9.13.1 Statement of Comprehensive Income Variances						
Expenses						
Employee benefits expense		66,686	66,031	64,536	(655)	1,495
Supplies and services	1	663,917	446,986	431,321	(216,931)	15,665
Depreciation and impairment expenses of infrastructure assets		398,274	391,864	373,475	(6,410)	18,389
Depreciation, amortisation and impairment expenses – other	A	4,149	3,576	4,606	(573)	(1,030)
Depreciation and impairment expenses – right-of-use assets	2	4,463	739	–	(3,724)	739
Finance cost		932	194	–	(738)	194
Grants and subsidies	3 B	267,781	232,275	332,610	(35,506)	(100,335)
Other expenses	4 C	83,733	100,840	91,387	17,107	9,453
Total cost of services		1,489,935	1,242,505	1,297,935	(247,430)	(55,430)
Income						
<i>Revenue</i>						
Sale of goods and services	5 D	–	12,833	10,577	12,833	2,256
Commonwealth grants		723,746	667,089	622,697	(56,657)	44,392
Contributions to roadworks	6 E	77,202	128,222	70,510	51,020	57,712
Grants from other bodies	7 F	–	31,798	116,297	31,798	(84,499)
Interest revenue	8 G	10	1,221	4,287	1,211	(3,066)
Other revenue	9 H	14,107	16,290	11,883	2,183	4,407
Total revenue		815,065	857,453	836,251	42,388	21,202
<i>Gains</i>						
Gain/(loss) on disposal of non-current assets	I	–	(1)	(1,599)	(1)	1,598
Total gains		–	(1)	(1,599)	(1)	1,598
Total income other than income from State Government		815,065	857,452	834,652	42,387	22,800
NET COST OF SERVICES		674,870	385,053	463,283	(289,817)	(78,230)
Income from State Government						
Service appropriation	J	1,097,929	1,096,107	979,697	(1,822)	116,410
Services received free of charge		2,700	2,154	2,530	(546)	(376)
Other funds received from State Government	10 K	200,472	104,905	204,015	(95,567)	(99,110)
Total income from State Government		1,301,101	1,203,166	1,186,242	(97,935)	16,924
SURPLUS/(DEFICIT) FOR THE PERIOD		626,231	818,113	722,959	191,882	95,154
OTHER COMPREHENSIVE INCOME						
Items not reclassified subsequently to profit or loss						
Changes in asset revaluation surplus		–	489,736	(381,883)	489,736	871,619
Total other comprehensive income		–	489,736	(381,883)	489,736	871,619
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		626,231	1,307,849	341,076	681,618	966,773

	Variance Note	Original Budget 2020 \$000	Actual 2020 \$000	Actual 2019 \$000	Variance between estimate and actual \$000	Variance between actual results for 2020 and 2019 Changed \$000
9.13.2 Statement of Financial Position Variances						
ASSETS						
Current Assets						
Cash and cash equivalents		106,236	91,221	196,875	(15,015)	(105,654)
Restricted cash and cash equivalents		68,673	214,194	188,888	145,521	25,306
Receivables		65,740	149,027	208,714	83,287	(59,687)
Amounts receivable for services		-	-	31,065	-	(31,065)
Inventories	11	3,932	1,551	914	(2,381)	637
Prepayments	12 L	9,715	11,780	14,640	2,065	(2,860)
Non-current assets classified as held for sale	13 M	11,621	4,717	6,787	(6,904)	(2,070)
Total Current Assets		265,917	472,490	647,883	206,573	(175,393)
Non-Current Assets						
Receivables		238	189	234	(49)	(45)
Amounts receivable for services		3,139,757	3,142,901	2,794,812	3,144	348,089
Inventories		5,408	6,202	6,619	794	(417)
Prepayments		367	1,258	386	891	872
Property, plant and equipment		438,069	401,688	405,237	(36,381)	(3,549)
Infrastructure		46,736,214	45,648,131	44,396,721	(1,088,083)	1,251,410
Intangible assets	14 N	10,816	15,789	13,668	4,973	2,121
Right-of-use assets	15 O	19,179	9,540	-	(9,639)	9,540
Total Non-Current Assets		50,350,048	49,225,698	47,617,677	1,124,350	1,608,021
TOTAL ASSETS		50,615,965	49,698,188	48,265,560	917,777	1,432,628
LIABILITIES						
Current Liabilities						
Payables		343,110	264,556	315,323	(78,554)	(50,767)
Lease liabilities	16 P	-	2,561	-	2,561	2,561
Contract liabilities	17 Q	-	2,403	-	2,403	2,403
Grants liabilities	18 R	-	197,075	-	197,075	197,075
Employee related provisions		30,303	32,247	30,534	1,944	1,713
Other provisions	19	-	1,959	2,208	1,959	(249)
Total Current Liabilities		373,413	500,801	348,065	127,388	152,736
Non-Current Liabilities						
Payables		-	-	56,345	-	(56,345)
Lease liabilities	20	19,479	7,337	-	(12,142)	7,337
Employee related provisions		4,925	5,426	4,937	501	489
Other provisions			52		52	52
Total Non-Current Liabilities		24,404	12,815	61,282	(11,589)	(48,467)
TOTAL LIABILITIES		397,817	513,616	409,347	115,799	104,269
NET ASSETS		50,218,148	49,184,572	47,856,213	(1,033,576)	1,328,359
EQUITY						
Contributed equity		5,668,380	5,730,848	5,452,489	62,468	278,359
Reserves		29,018,525	27,744,154	27,254,418	(1,274,371)	489,736
Accumulated surplus		15,531,243	15,709,570	15,149,306	178,327	560,264
TOTAL EQUITY		50,218,148	49,184,572	47,856,213	(1,033,576)	1,328,359

	Variance Note	Original Budget 2020 \$000	Actual 2020 \$000	Actual 2019 \$000	Variance between estimate and actual \$000	Variance between actual results for 2020 and 2019 \$000
9.13.3 Statement of Cash Flows Variances						
CASH FLOWS FROM STATE GOVERNMENT						
Service appropriation	S	748,518	748,018	656,678	(500)	91,340
Capital appropriation	T	239,451	257,396	287,916	17,945	(30,520)
Holding account drawdown	U	31,065	31,065	38,936	-	(7,871)
Road Trauma Trust Fund	21	63,104	42,940	42,883	(20,164)	57
Natural disaster funds	22 V	232,066	166,167	53,650	(65,899)	112,517
Royalties for Regions Fund	23 W	74,994	43,889	69,114	(31,105)	(25,225)
Net cash provided by State Government		1,389,198	1,289,475	1,149,177	(99,723)	140,298
CASH FLOWS FROM OPERATING ACTIVITIES						
Payments						
Employee benefits		(66,686)	(61,883)	(63,373)	4,803	1,490
Supplies and services	24	(658,319)	(432,067)	(427,669)	226,252	(4,398)
Grants and subsidies	25 X	(267,781)	(237,880)	(289,890)	29,901	52,010
GST payments on purchases	26	(147,054)	(169,826)	(170,451)	(22,772)	625
Finance costs		(932)	-	-	932	-
Receipts						
Sale of goods and services	27 Y	84,644	100,391	117,818	15,747	(17,427)
Commonwealth grants	28 Z	619,346	498,525	622,698	(120,821)	(124,173)
Interest received	29 AA	10	1,937	4,782	1,927	(2,845)
GST receipts on sales	30	11,808	16,820	16,290	5,012	530
GST receipts from taxation authority	31	135,000	149,752	153,175	14,752	(3,423)
Other receipts	32 AB	10,907	14,242	9,357	3,335	4,885
Rent received		3,200	3,477	3,788	277	(311)
Net cash provided by/(used in) operating activities		(275,857)	(116,512)	(23,475)	159,345	(93,037)
CASH FLOWS FROM INVESTING ACTIVITIES						
Payments						
Purchase of non-current assets	AC	(18,963)	(20,626)	(16,652)	(1,663)	(3,974)
Purchase of infrastructure assets		(1,246,148)	(1,235,398)	(1,264,488)	10,750	29,090
Receipts						
Proceeds from sale of non-current assets	33	-	5,830	6,400	5,830	(570)
Net cash provided by/(used in) investing activities		(1,265,111)	(1,250,194)	(1,274,740)	14,917	24,546
CASH FLOWS FROM FINANCING ACTIVITIES						
Payments						
Principal elements of lease (AASB 16) payments	34 AD	(4,163)	(3,145)	-	1,018	(3,145)
Net cash provided by/(used in) financing activities		(4,163)	(3,145)	-	1,018	(3,145)
Net increase/(decrease) in cash and cash equivalents		(155,933)	(80,348)	(149,038)	75,585	68,690
Cash and cash equivalents at the beginning of the period		330,842	385,763	534,801	54,921	(149,038)
Cash balance transferred to Other State Agencies		-	-	-	-	-
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		174,909	305,415	385,763	130,506	(80,348)

Major Estimate and Actual (2020) Variance Narratives

- 1 Supplies and services underspent by \$216.9 million (32.7%) mainly due to \$112 million more capitalised than anticipated. This amount is reported under infrastructure and fixed asset within the balance sheet. Moreover, the underspend on Local Roads and WANDRRA reimbursements (e.g. WANDRRA, Outback Way and Tanami Road) is also a major reason for payments being lower than the budget.
- 2 Depreciation for right-of-use assets is overestimated by \$3.7 million (83.4%) due to the exclusion of leases under the Government Office Accommodation arrangements.
- 3 Grants and subsidies is lower than budgeted by \$35.50 million (13.3%) due to an underspend within the Local Government managed program (Road Project Grants) and an underspend for natural disaster events under the WA Natural Disaster Relief and Recovery Arrangements.
- 4 Other expenses is higher than budgeted by \$17.1 million (20.4%) mainly due to the write down of costs relating to preconstruction activities for the Roe Highway extension from Bibra Drive to Stock Road.
- 5 No budget was allocated to the sales of goods and services as this is incorporated in contribution to roadworks budget.
- 6 The contribution to roadworks was higher than budgeted by \$51.0 million (66.0%) mainly due to more works undertaken than anticipated and recognition of Road Maintenance Contribution scheme as revenue resulting from the implementation of AASB 15. These funds were recognised as liability during previous financial year.
- 7 No transfer was anticipated this financial year. The variance is mainly due to the transfer of Kwinana Beach and Rockingham Roads to Main Roads from local government.
- 8 Interest revenue was underestimated by \$1.2 million due to the interest earned on funds invested for Land Transport Infrastructure Projects not in the budget.
- 9 Other revenue is higher than budgeted by \$2.2 million (15.5%) mainly due to more traffic escort services provided for oversize road trains than anticipated.
- 10 Other funds received from State Government was lower than budgeted by \$95.6 million (47.7%) mainly due reduction in WANDRRA reimbursements from Department of Fire and Emergency Services (DFES).
- 11 Inventories is lower than budgeted by \$2.3 million (60.6%) due to higher than anticipated gravel and other road material usage on roadwork projects.
- 12 Prepayments were under budgeted by \$2.1 million (21.3%) as the insurance premium was not appropriately estimated.
- 13 Non-current asset held for sale is lower than budgeted by \$6.9 million (59.4%) as lower number of property assets are approved for sale.
- 14 Intangible assets is higher than budgeted by 5.0 million (46.0%) mainly due to greater works undertaken on Project Management Office systems and the implementation of Oracle Applications Cloud.
- 15 Right-of-use assets is lower than budgeted by \$9.6 million (50.3%) due to the exclusion of leases from Government Office Accommodations arrangements.
- 16 Lease liabilities is higher than budgeted by \$2.6 million mainly due to implementation of AASB 16 Leases. This is a newly added item with limited historical detail for budget base.
- 17 Contract liabilities are higher than budget by \$2.4 million mainly due to implementation of AASB 15 Contract Revenue. This is a newly added item with limited historical detail for budget base.
- 18 Grants liabilities are higher than budget by \$197.1 million mainly due to implementation of AASB 1058 Grants Revenue. The baseline budget is incorporated within payables (\$343.1 million).
- 19 No budget was allocated for rehabilitation of environment where projects did not proceed.
- 20 Lease liabilities is lower than budgeted by \$12.1 million (62.3%) due to the exclusion of leases from the Government Office Accommodations arrangements.
- 21 Road Trauma Trust Fund related receipts remained below budget by \$20.2 million (32.0%) due to delayed delivery of Metro Intersection program (\$2.8 million) and Run-off road treatment program (\$14.5 million). The budget is carried forward into next financial year.
- 22 Natural disaster funds was overestimated by \$65.9 million (28.4%) due to reduction in Local Government WANDRRA claims.
- 23 Royalties for regions was overestimated by \$31.1 million (41.5%) due to COVID-19 delays in regional projects.
- 24 Supplies and Services payments remained below budget by \$226.3 million (34.4%) mainly due to \$112 million worth of works budgeted under this item are capitalised and related cashflows are under investing activities. Moreover, the underspend on Local Roads and WANDRRA reimbursements (e.g. WANDRRA, Outback Way and Tanami Road) is also a major reason for payments being lower than the budget.
- 25 Grants and subsidies payment is lower than budget by \$29.9 million (11.2%) due to underspend within the Local Roads program – Road Project Grants.
- 26 GST payments on purchases is underestimated by \$22.8 million (15.5%) due to higher than anticipated input tax credit claims.
- 27 Sale of goods and services is underestimated by \$15.7 million (18.6%) mainly due to third party works being higher than expected.

- 28 Commonwealth grant receipt is lower than budget by \$120.8 million (19.5%) mainly due to reduction in works undertaken. Northlink WA Project receiving \$49.8 million this year compared to \$188 million in the previous financial year.
- 29 Interest received was underestimated by \$1.9 million due to the interest earned on funds invested for Land Transport Infrastructure Projects not in the budget.
- 30 GST receipts on sales is underestimated by \$5.0 million (42.4%) resulting from higher than anticipated GST collected from services provided to third parties.
- 31 GST receipts from taxation authority is underestimated by \$14.8 million (10.9%) due to higher than anticipated input tax credit claims.
- 32 Other receipts is underestimated by \$3.3 million (30.6%) due to higher than anticipated road maintenance contribution received during this financial year.
- 33 Proceeds from sale of non-current assets is higher by \$5.8 million (100%) as no sale was anticipated during the year.
- 34 Principal elements of lease payments is overestimated by \$1.0 million (24.5%) is due to the exclusion of the leases under the Government Office Accommodation arrangements.

Major Actual (2020) and Comparative (2019) Variance Narratives

- A Depreciation expense of other assets decreased by \$1.0 million (22.4%) mainly due to higher depreciation expense capitalised to the infrastructure assets.
- B Grants and subsidies decreased by \$100.3 million (30.2%) mainly due to an underspend within the Local Government managed program (Road Project Grants) and an underspend for natural disaster events under the WA Natural Disaster Relief and Recovery Arrangements.
- C Other expenses increased by \$9.5 million (10.3%) mainly due to the write down of costs relating to preconstruction activities for the Roe Highway extension from Bibra Drive to Stock Road.
- D Sale of goods and services revenue increased by \$2.3 million (21.3%) mainly due to more services provided to Department of Transport for Commercial Vehicle Surveys and West Port works.
- E Contribution to roadworks revenue increased by \$57.7 million (81.8%) mainly due to contributions for the Onslow Road Upgrade project and the Hamersley Iron Koodaideri Road Over Rail Bridge Project.
- F Grants from other bodies decreased by \$84.5 million (72.7%) due to lower value of assets received compared to the previous year. Warrida road and Marble Bar road realignment, which were received in the last financial year, had much higher values compared to the assets received in the current year.
- G Interest revenue decreased by \$3.1 million (71.5%) mainly due to the utilisation of funds received for the Land Transport Infrastructure Projects.
- H Other revenue increased by \$4.4 million (37.0%) mainly due to more traffic escort services provided for oversize road trains compared to previous year.
- I Loss on disposal decreased by \$1.6 million (99.0%) due to the consideration received for the assets sold was close to the assets' carrying amount.
- J Service appropriation increased by \$116.4 million (11.9%) mainly due to additional funding for local government road works (e.g. Broome Cape Leveque, Outback Way and Stephenson Avenue).
- K Other funds received from State Government decreased by \$99.1 million (48.6%) mainly due to reduction in WANDRRA reimbursements from Department of Fire and Emergency Services (DFES).
- L The prepayments decreased by the \$2.8 million (19.5%) mainly due to \$8.0 million utilised for Metropolitan Road Improvement Alliance and Smart Freeways – Kwinana Fwy Northbound (Farrington to Narrows Bridge).
- M Non-current assets held for sale decreased by \$2.1 million (30.5%) as lower number of assets were approved for sale compared to the previous year.
- N Intangible assets increased by \$2.1 million (15.5%) mainly due to greater works undertaken on Project Management Office systems and the implementation of Oracle Applications Cloud.
- O This is a new asset category created as a result of new accounting standard implementation (AASB 16 Leases).
- P This is a new liability category created since previous year as a result of new accounting standard implementation (AASB 16 Leases).
- Q This is a new liability category created since previous year as a result of new accounting standard implementation (AASB 15 Contract Revenue).
- R This is a new liability category created since previous year as a result of new accounting standard implementation (AASB 1058 Grants Revenue).
- S Service appropriation increased by \$91.3 million (13.9%) mainly due to additional funding for local road works (e.g. Broome Cape Leveque, Outback Way and Stephenson Avenue).
- T Capital appropriation decreased by \$30.5 million (10.6%) mainly due to lower allocation of Capital Appropriation from Motor Vehicle License fees compared to previous financial year.
- U Holding account drawdown decreased by \$7.9 million (20.2%) mainly due to lower amount approved for drawdown compared to the previous financial year.
- V Natural disaster funds increased by \$112.5 million (209.7%) mainly due to the recovery of WANDRRA reimbursements to local governments from Department of Fire and Emergency Services.
- W Royalties for regions decreased by \$25.2 million (36.5%) mainly due to reduced number of projects completed compared to the previous financial year.
- X Grants and subsidies decreased by \$52.0 million (17.9%) due to underspend within the Local Roads program – Road Project Grants.
- Y Sales of goods and services decreased by \$17.4 million (14.8%) mainly due to lower volume of works compared to previous financial year.
- Z Commonwealth grants and contributions decreased by \$124.2 million (19.9%) mainly due to Northlink WA Project receiving \$49.8 million this year compared to \$188 million in the previous financial year.
- AA Interest receipt decreased by \$2.8 million (59.5%) mainly due to the utilisation of funds received for the Land Transport Infrastructure Projects.
- AB Other receipts increased by \$4.9 million (52.2%) due to higher road maintenance contribution received during this financial year.
- AC The payment increased by \$3.9 million (23.9%) mainly due to the development of new software applications.
- AD Principal element of lease payments increased by \$3.1 million due to payments previously recognised as operating lease payments under Supplies and services.

Appendices

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Downloads

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

- Main Roads Western Australia 2020 Annual Report
- GRI Content Index and Supplementary Information
- Sustainable Development Goal Reference Sheet
- Annual Sustainability Report 2020 for the following projects:
 - Great Northern Highway Muchea to Wubin Stage 2 Upgrade
 - Karel Avenue Upgrade
 - Roe Highway – Kalamunda Road Interchange
 - High Street Upgrade
 - NorthLink WA Northern Section: Ellenbrook to Muchea
 - Metropolitan Roads Improvement Alliance
 - Armadale Road to North Lake Road Bridge
 - Smart Freeways Kwinana Northbound
 - Wanneroo Joondalup Interchange
 - Reid Highway Duplication

Managing Our Information Assets

Our current Recordkeeping Plan, valid until August 2021, provides overarching guidance concerning our recordkeeping systems, policies, practices, processes and disposal arrangements, in line with the changing needs of our workforce and how we do business.

Customers are central to everything we do and ISO 15489:2016 Records Management guides best practice recordkeeping in combination with using the State Records Commission (SRC) standards and principles. ISO 16175:2011 Principles and Functional Requirements for Records in Electronic Office Environments underpins system upgrade considerations and needs for our records management system TRIM RM8.3, our bulk scanning and document processing system KOFAX TA7 and the development and integration of all corporate business applications. Additionally, record management processes have been externally audited and recertified to ISO 9001:2015 Quality Management until June 2022 as a component of our Integrated Management System.

Our Service Delivery

Information Services manage the organisations information assets captured and used by staff to conduct their work.

A system upgrade from TRIM RM8.3 to TRIM CM9.4 is imminent. A high priority project of integration between O365/SharePoint and TRIM CM9.4 to meet collaboration and records governance needs will follow.

Use of O365 and the TRIM web client by general users to search and save documents to TRIM occurred during the COVID-19 pandemic. Upon upgrade, additional functionality will be made available when working from home or conducting fieldwork.

Our system of capture KOFAX TA7 provides bulk scanning and document processing utilising machine learning to automate the capture and storage of information to TRIM for further processing. All forms of incoming correspondence received go through KOFAX TA7 and this year 52,280 items have been processed and stored to TRIM. In accordance with the General Disposal Authority for Source Records, day-boxed scanned hardcopies have been legally destroyed.

In addition to business-as-usual operations, the following initiatives have been undertaken to support best practice recordkeeping:

- reviewed 10,000 corporate files, 8,000 documents and 1,000 drawings for defence of a Supreme Court legal case
- deleted all Personal record type documents and files from TRIM and trained users to use One Drive for Business as an alternative storage location
- conducted an archiving project in South Hedland, Geraldton, Narrogin and Metropolitan areas to register and store the contents of over 2 200 boxes of records and store offsite
- in accordance with the State Archiving Strategy, we sent a qualified archivist to each region to appraise and pack local legacy holdings, transport to Perth, register to TRIM and store offsite. There have been over 5,000 standard archive boxes of records appraised and processed
- contracted the offsite scanning of over 300 historic photographic albums of road works, bridge slides and staff state-wide
- Our Record Keeping Code of Practice for the Management of Contract Records guides compliance with SRC Standard 6 that applies to outsourcing. Under this Code, contract companies are required to submit a recordkeeping plan within 28 days for approval. Contract RKP reviews are conducted by a records practitioner prior to sign off. During the year, six reviews have been completed.
- contracted a Specialist Records consultant to develop a Hardcopy Disaster Management Plan to identify vital records and present to Directorate Branch Managers and Corporate Executive.

All records management operations are supported by our TRIM Support Help Desk who dealt with 6,485 customer enquiries, with 99.5 per cent resolved within 24 hours.

This financial year the growing trend towards working digital continued based on 4,128 digital versus 555 hardcopy corporate files created this year at Head Office.

There continues to be a steady ongoing increase in records stored and audit logs show that nearly 80 per cent of employees regularly use TRIM.



Our Response to Future Trends

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

Services provided to our people and customers are delivered over a complex state-wide technology network consisting of three data centres with 1,800 servers (1,600 virtual), 2,350 personal computers delivering 500 applications accessing 400 terabytes of data, wireless connectivity and a Voice Over IP network including Skype for Business.

We have begun the ongoing process of migrating applications and services to cloud technologies. Data and information management is important and we are investing in data analytics technology to enhance our decision-making capability.

Our Training

Cultivating and consolidating employee knowledge of best practice recordkeeping is paramount in preserving our corporate memory. To achieve this we offer a range of training courses and materials including:

- induction training for all new employees, contractors and consultants; training that addresses recordkeeping roles, responsibilities and compliance with our Record Keeping Plan occurs online as part of the on-boarding process
- online recordkeeping awareness and TRIM courses to support the capture of records. Course completion is monitored monthly and escalated to management for remediation where needed. Combined completion rates usually range from 52 per cent to 99 per cent over a six month period
- regular full-day, hands-on TRIM training offered on a classroom or one-on-one basis including support through remote online assistance
- customised, intensive hands-on TRIM training delivered to business areas on request

- one-hour short courses regularly run using Skype for Business to deliver records system training direct to the desktop throughout our offices. To enable development of course material for the upgrade to TRIM these are temporarily on hold.
- regularly updated records policies, procedures, quick reference guides, FAQs, news items, available services and contacts on our intranet site.

Participation in the records-training program is shown below:

Training	2018	2019	2020
Lecture Based	158	95	65
Skype for Business	386	563	287
Total by Delivery Method **	544	658	352
TRIM'n'Win Short Course	417	531	278#
TRIM Full Day Training	66	83	52
TRIM Customised Training	49	42	21
One on One Training	12	2	1
Total by Training Type**	544	658	352
Online – Recordkeeping Awareness*	292	234	0#
Online – TRIM System Training – Essentials*	286	232	0#
Online – TRIM System Training – Next Step*	273	226	0#
Metropolitan and Regional R and D Training *	9	0	6
Metropolitan and Regional Buddying*	1	0	0
Curtin Practicum Placement*	1	3	1
RIMPA Records Convention*	1	1	0
Total Trained	1407	1354	359

* Figures used to obtain Total Trained

** RM8.3 training paused since March 2019 to enable migration of past course completion records, in-house development of Records Awareness and TRIM CM9.4 course content for loading to Main Roads Learning Hub and COVID-19 RM training material development.

Recordings of 18 past RM8.3 sessions and learning booklets made available for direct online intranet access by staff to offset reduced training availability.

Additional Disclosures

Additional Financial Disclosures

Financial Targets: Actuals Compared to Budget

The following table provides a comparison of the financial targets and outcomes against criteria included in the Resource Agreement between the Commissioner of Main Roads, Minister for Transport and the Treasurer.

	2019 – 20 Target ⁽¹⁾ \$000	2019 – 20 Actual \$000	Variation ⁽²⁾ \$000
Total cost of services	1,489,935	1,242,505	(247,430) ^(a)
Net cost of services	518,748	295,832	(222,916) ^(b)
Total equity	50,218,148	49,172,517	(1,045,631) ^(c)
Salary expense limit	58,429	59,461	1,032 ^(d)
Borrowing limit	–	–	– ^(e)

(1) As specified in the Budgets Statements.

(2) Further explanations are contained in Note 9.13 'Explanatory statements (Controlled Operations)' to the financial statements.

a) The variation in Total Cost of Services is mainly due to:

- Supplies and services underspent by \$216.9 million (32.7%) as a result of \$112 million more capitalised than anticipated. This amount is reported under infrastructure and fixed asset within the balance sheet. Moreover, the underspend on Local Roads and WANDRRA reimbursements (e.g. WANDRRA, Outback Way and Tanami Road) is also a major reason for payments being lower than the budget.

b) The variation in Net Cost of Services is mainly due to:

- Services and supplies was lower than anticipated by \$216.9 million.

c) The variation in Total Equity is mainly due to:

- The Infrastructure Asset value was overestimated by \$766m (2.3%) and the Land value was overestimated by \$1,185m (5.2%) compared with the Original Target, which was offset by the underestimate of \$778m in the Work In Progress infrastructure assets value.

d) The variation in Salary Expense is mainly due to:

- a lower than estimated clearance of leave as a result of an increased Priority Projects Works Program.

e) Main Roads did not borrow any funds during the 2019-20 financial year.

	2019 – 20 Agreed Limit ⁽¹⁾ \$000	2019 – 20 Actual \$000	Variation ⁽²⁾ \$000
Agreed Working Cash Limit	49,894	36,749	(13,145) ^(f)

f) The variation in Working Cash Limit was a result of a significant decreased recurrent operating payment requirement.

Reporting to the Department of Treasury

We provide monthly, quarterly and annual financial statement information to the Department of Treasury, which is subject to external audit by the Office of the Auditor General. This is an independent check on the integrity of our financial reporting. We are also required to report annually against achievement of financial targets and financial measures in the Resource Agreement between the Commissioner of Main Roads, Managing Director of Main Roads, Minister for Transport and the Treasurer.

Management Reporting

Both Financial Reports and Program Management Reports are tabled monthly and quarterly at Corporate Executive. These report on projects and progress against key performance indicators. In addition, regions and branches conduct monthly finance reviews, with reports presented at Directorate Management meetings.

Accounting and Financial Management Policies

A comprehensive Financial Management Manual containing accounting and financial management policies and procedures is maintained together with Control Self-Assessment Checklists. These documents communicate accountability for procedures within responsibility areas and enhance the level of internal control. The Manual and Checklists enable management as well as internal and external auditors to monitor compliance with established policies and procedures and, together with the *Financial Management Act 2006* (WA) and the Treasurer's Instructions, are available online to all employees.

Capital Works

All disclosures in relation to capital works are included in the Financial Statements and Notes. Our annual Strategic Asset Plan details our 10-year investment needs and drivers. The Strategic Asset Plan adheres to the Department of Treasury's Strategic Asset Management Framework. We assess major capital projects for funding by submitting comprehensive business cases to the Investment Planning Committee and Main Roads Investment Executive, and according to their direct and in-direct economic, environmental and social impacts. Each major capital project follows the national Austroads project evaluation methodology where a Benefit Cost Ratio (BCR) is conducted and calculated. This incorporates quantifiable economic data and is supplemented by simplified economic, environmental and social assessments.

The BCR records information on the benefits of a project on travel time savings, vehicle operating costs and smoother travel, safety, and maintenance. Other benefits and costs are considered via a multi-criteria analysis. Our approved priority capital projects are then submitted to the Transport Portfolio Investment Sub Committee for endorsement of rating and assessment against all Transport Portfolio priorities, with shortlisted priorities submitted to the Minister for Transport for approval as part of the Department of Treasury's Annual Budget Cycle. Capital works financial progress is reported to the Corporate Executive on a monthly basis.

Main Roads has a Business Case Guidelines document which details the minimum requirements and outlines the preferred template for a business case. Both State and Commonwealth templates have a section on alignment to State Priorities, Government Goals and Main Roads outcomes. The Infrastructure Australia template has a section on alignment to Government goals and other strategies. Indirect economic benefits (those that are outside the scope of the usual Benefit Cost Assessment) are now being measured through wider economic benefits in an attempt to monetarise the benefits a project delivers to the wider economy through enabling infrastructure.

Main Roads has adopted a post project evaluation framework to measure project success – to ensure we are achieving the intended KPI's and outcomes from project investment. This Benefit Realisation Framework is endorsed by Australian Transport Assessment and Planning and is a key feature of ISCA's Rating Tool, V2.0.

Sustainable Procurement, Buy Local and WA Industry Participation Strategy

The State Supply Commission policy on sustainable procurement requires us to demonstrate that we have considered sustainability in our procurement of goods and services. We have gone beyond the requirements of this policy to reflect this in not only our processes for procuring goods and services but also in procuring works.

Main Roads applies the Infrastructure Sustainability Council of Australia's Industry Sustainability rating tool on our major design and construct and alliance contracts.

We apply the Western Australian Government's Buy Local Policy in the evaluation of tenders and stated commitments are included in the awarded contract that obligates the successful contractor to report on Buy Local commitments when submitting each monthly progress claim. WAIPS applies to all our contracts that meet the value thresholds. Tenderers are required to submit local participation plans as part of their tender to detail employment and local subcontracting opportunities that will arise if awarded the contract.

In addition, we promote social procurement initiatives such as direct purchasing from Aboriginal businesses and Western Australian disability enterprises. We exceeded the targets set by the State Aboriginal Procurement Policy, with Aboriginal procurement, employment and training targets mandated in all our major infrastructure and maintenance contracts.

Ethical Procurement

Our procurement policies and procedures comply with the requirements of the State Supply Commission and are certified to ISO 9001:2015. These policies are contained in the Procurement Management Manual. Further guidelines of expected behaviours of officers involved in the tendering and evaluation process is documented in the Tendering and Contract Administration Manual and Integrity Framework. An ongoing compliance program is in place to ensure these policies and procedures are adhered to.

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

Procurement Grievances

Our procedure for dealing with procurement grievances is referenced in all tender documents and is accessible from our website. The procedure is endorsed by the Western Australian Road Construction and Maintenance Industry Advisory Group and provides for a customer-focused, fair, structured and relationship-based approach to reviewing grievances lodged by contractors. During the year, no grievances were received. This is the second year where no grievances were received, confirming our procurement processes continue to be fair and equitable.

Significant Contractors

The table below lists suppliers awarded contracts during 2019–20 with a combined estimated value of \$10 million or more.

Trading Name
AECOM Australia Pty Ltd & Aurecon Australasia Pty Ltd
Arup Pty Ltd
ASG Group Limited
BG&E Pty Limited
BMD Constructions Pty Ltd (WA)
Central Earthmoving
Clough Projects Australia Pty Ltd & Coleman Rail Pty Ltd
Georgiou Group Pty Ltd
GHD Pty Ltd
Jacobs Group (Australia) Pty Ltd
Kellogg Brown & Root Pty Ltd (Pth)
LendLease Services Pty Limited
MACA Civil Pty Ltd
Tonkin Gap Alliance – Georgiou Group Pty Ltd, BMD Constructions Pty Ltd, WA Limestone Contracting Pty Ltd, GHD Pty Ltd, BG&E Pty Limited
Wongutha Way Alliance (Carey MC and Central Earthmoving)
WSP Australia Pty Limited

Unauthorised Use of Credit Cards

We hold 539 corporate credit cards with transactions reviewed for personal use by incurring and certifying officers during statement processing.

During the financial year there were 39,571 credit card transactions totalling \$31,720,713.90, of which 29 transactions totalling \$964.65 were found to be for personal expenditure.

- All transactions were accidental use of the corporate card instead of a personal card.
- Eleven transactions were the result of the accidental swap of a personal credit card with a corporate card meaning repeat transactions were not detected until the end of the month.

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

Pricing Policies of Services Provided

Our supply of goods and services represents works and services carried out for other public sector and private bodies on a cost recovery basis. Details are available in the notes to the Financial Statements. Relevant pricing policies we set are developed in accordance with the Department of Treasury's Costing and Pricing Government Services Guidelines.

Government Building Training Policy

State Government Building and Construction Contracts

Measure	Number
Active contracts within the scope of the GBT Policy in the reporting period	14
Contracts granted a variation to the target training rate in the reporting period	0
Head contractors involved in the contracts	16
Construction apprentices/trainees required to meet target training rate across all contracts	812
Construction apprentices/trainees employed by head contractors and the subcontractors they are using for the contracts	815
Contracts which met or exceed the target training rate	7

Statement of Expenditure

In accordance with Section 175ZE of the *Electoral Act 1907*, Main Roads incurred expenses of \$361,500 during 2019–20 in advertising, market research, polling, direct mail and media advertising. Expenditure was incurred in the following areas:

	\$
ADVERTISING AGENCIES	
Initiative Media Australia Pty Ltd	35,800
Mitchell Communication	1,500
Advertising Agencies Total	37,300
DIRECT MAIL ORGANISATIONS	
Daniels Printing Craftsmen	12,400
Quickmail	1,200
The Pamphleteer	9,600
Direct Mail Organisations Total	23,200
MARKET RESEARCH ORGANISATIONS	
Metrix Consulting Pty Ltd	171,200
Painted Dog Research Pty Ltd	18,200
Market Research Organisations Total	189,400
POLLING ORGANISATIONS	
	Nil
MEDIA ADVERTISING ORGANISATIONS	
Acm Rural Pres	100
Business News Pty Ltd	1,400
Carat Australia Media Services Pty Ltd	64,600
Clockwork Print	1,700
Facebook	4,400
Farm Guide Pty Ltd	5,100
Hits Radio Pty Ltd	300
Imagesource Digital Solutions	13,900
Media Group	900
Snap East Perth	1,400
Success Print	300
West Australian Newspaper	17,500
Media Advertising Organisations Total	111,600
Grand Total	361,500

Additional Environmental and Sustainability Disclosures

Infrastructure Sustainability Rating Status

We use the Infrastructure Sustainability (IS) Rating Scheme to evaluate sustainability within our highest value major projects. We have mandated that all projects greater than \$100 million will be formally registered to undergo an IS rating. The table below indicates the status of our registered ratings across the project phases of planning, development, design and construction.

Program	Project	IS Version	Current Rating Phase	Target Rating	Tracking Status
Great Northern Highway Muchea to Wubin Stage 2 Upgrade	Overall Program	1.2	A Built	Commended	Verified Excellent Design
	Muchea North	1.2	As Built	Commended	Verified Excellent Design
	New Norcia Bypass	1.2	As Built	Commended	Verified Excellent Design
	Walebing	1.2	As Built	Commended	Scoped Out for As Built
	Miling Bypass	1.2	As Built	Commended	Verified Excellent Design
	Miling Straight	1.2	As Built	Commended	Verified Excellent Design
	Pithara	1.2	As Built	Commended	Verified Excellent Design
	Wubin	1.2	As Built	Commended	Scoped Out for As Built
NorthLink WA	NorthLink WA Central Section	1.2	Complete	Excellent	Verified Excellent As Built
	NorthLink WA Northern Section	1.2	Design	Excellent	Excellent
Metropolitan Roads Improvement Alliance	Armadale Road	1.2	As Built	Excellent	Verified Excellent Design
	Murdoch Activity Centre	1.2	As Built	Excellent	Verified Excellent Design
	Wanneroo Road Duplication	1.2	As Built	Excellent	Verified Excellent Design
Armadale Road	Armadale Road Northlake Road Bridge	2	Design	Silver	Silver
Bunbury Outer Ring Road	Bunbury Outer Ring Road	2	Planning	Bronze	Verified Silver Rating
Mitchell Freeway	Mitchell Freeway Extension – Hester Romeo	2	Planning	Bronze	Bronze
Tonkin Highway	Tonkin Gap and Associated Works	2	Planning	Bronze	Bronze
Tonkin Highway	Tonkin Highway Extension	2	Planning	Bronze	Bronze
Swan River crossings	Swan River crossings	2	Planning	Bronze	Bronze
Albany Ring Road	Albany Ring Road	2	Planning	Bronze	Bronze

Program	Project	IS Version	Current Rating Phase	Target Rating	Tracking Status
Tonkin Highway	Tonkin Grade Separations	2	Planning	Bronze	Bronze
Great Eastern Highway	GEH Bypass (Roe / Abernathy)	2	Planning	Bronze	Bronze
Karratha-Tom Price	Karratha-Tom Price (Stage 4)	2	Planning	Bronze	Bronze
East Link	East Link	2	Planning	Bronze	Bronze

Emissions by Type due to Operations and Congestion

As part of a commitment to develop a data driven approach to addressing congestion, based around agreed performance metrics and targets, a cloud based data factory was developed to collate and report road network performance data across major roads in metropolitan Perth.

The data system collates speed and volume information from multiple data sources across the 4,300 links, which currently represent the Perth major road network. Data is recorded on each link for every 15-minute interval dating back to January 2013. This data system has been named the Network Performance Reporting System or 'NetPREs'. Using the Australian Transport Assessment and Planning Guidelines 2016 published by the Transport and Infrastructure Council, NetPREs data has been used to estimate emissions trends on state roads and significant local roads in the Perth metropolitan area.

Main Roads takes action to directly manage the traffic flow of vehicles, which has consequences for the overall environmental impacts from the use of the road network that includes carbon emissions and air quality. The following tables reflect the impact that the roads we directly manage are having on energy use and emissions, which give an indication of the impact to air quality.

Annual Emissions due to Operations Estimates for Perth Metropolitan State Road Network and Significant Local Roads

	2018	2019	2020
MVKT	10,607	10,477	9,644
Fuel Consumed (kl)	1,411,000	1,399,000	1,285,000

Emissions by Type (tonnes per year)

CO ₂	3,267,000	3,239,000	2,975,000
CH ₄	427	423	389
N ₂ O	99	98	90
NO _X	1,712	1,697	1,559
CO	12,294	12,190	11,196
NM _{VOC}	4,266	4,230	3,885
SO _X	224	222	204
PM ₁₀	40	39	36

Annual Emissions due to Congestion Estimates for Perth Metropolitan State Road Network and Significant Local Roads

	2018	2019	2020
Fuel Consumed (kl)	57,000	53,000	50,000

Emissions by Type (tonnes per year)

CO ₂	132,000	123,000	116,000
CH ₄	17	16	15
N ₂ O	4	4	4
NO _X	69	64	61
CO	497	462	436
NM _{VOC}	172	160	151
SO _X	9	8	8
PM ₁₀	2	1	1

Emissions Metrics

Scope 1 or 2 and 3			
GHG Type (t CO ₂)	2018	2019	2020
Fuel	3,088	3,374	3,412
Street and traffic lights	18,614	22,382	20,236
Buildings	4,183	4,123	4,152
Air travel*	331	527	180
Projects and maintenance fuel use*	27,661	40,686	20,670
Waste*	10,241	19,317	6,739
Offsets	0	-2,749	-3,008
Total	53,877	87,660	52,381

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

Scope 1 or 2 and 3			
GHG Category (t CO ₂)	2018	2019	2020
Scope 1	3,296	3,347	3,375
Scope 2	22,590	24,578	22,882
Sub Total	25,886	27,925	26,257
Offsets	0	-2,749	-3,008
Total	25,886	25,176	23,249
Scope 3	38,232	62,483	29,132

Energy Use by Source			
Energy Source	2018	2019	2020
Electricity usage (MJ) (within)	116,622,673	128,476,842	123,072,434
Installed Renewable Energy (MJ) (within)	-	1,800,180	3,202,232
Fuel and gas usage (MJ) (within)	47,353,145	49,387,873	49,182,637
Projects and maintenance (outside)	374,828,266	548,731,936	277,381,557

Intensity Indicators			
	2018	2019	2020
MJ per km State Road	8,850	9,876	9,249
Scope 1 and 2 t CO ₂ per km State Road	1.40	1.50	1.41

Imported Road Construction Materials

Indicator	2018 (000)	2019 (000)	2020 (000)
Sand (t)	5,722.9	2,678.0	175.7
Gravel (t)	1236.7	2,037.9	2408.5
Crushed rock (t)	684.5	825.7	895.0
Limestone (t)	814.4	520.9	148.3
Aggregate (t)	172.6	45.2	70.6
Asphalt (t)	403.9	422.7	250.7
Bitumen	1284.4	40.8	2563.8
Bitumen cutter	223.0	36.6	653.4
Emulsion	789.2	27.0	1775.0
Concrete and steel (t)	152.2	56.0	44.1
Concrete	-	32.0	34.3
Cement stabilised backfill	-	12.0	33.2
Mulch	-	12.0	2.4
Other (steel, paint, glass, primer, topsoil) (t)	67.5	19.0	13.1

Imported Recycled Construction Materials

Indicator	2018 (000)	2019 (000)	2020 (000)
Sand (t)	0.0	99.6	13.9
Road base (t)	33.9	66.3	57.2
Asphalt / profiling (t)	2.1	14.4	13.4
Crushed glass (t)	17.1	7.4	56.0
Rehabilitation purposes (t) – unsuitable material	7.0	88.5	4.3
Other (crumbed rubber, limestone, plastic, concrete, steel, topsoil, mulch) (t)	0.6	0.8	13.6
Imported construction materials with an eco label (t)	6.0	1.5	1.5

Waste Materials to Landfill (Waste)

Indicator	2018 (000)	2019 (000)	2020 (000)
Kerbing / concrete (t)	0.02	2.4	3.1
Existing seal (t)	3.0	2.5	1.2
Unsuitable material (t)	39.0	77.0	27.0
Site office / general waste	0.04	2.2	0.6
Contaminated material	-1.2	77.6	77.6
Other (roadside litter / waste, plastics) (t)	0.1	0.02	1.9

Materials Recycled

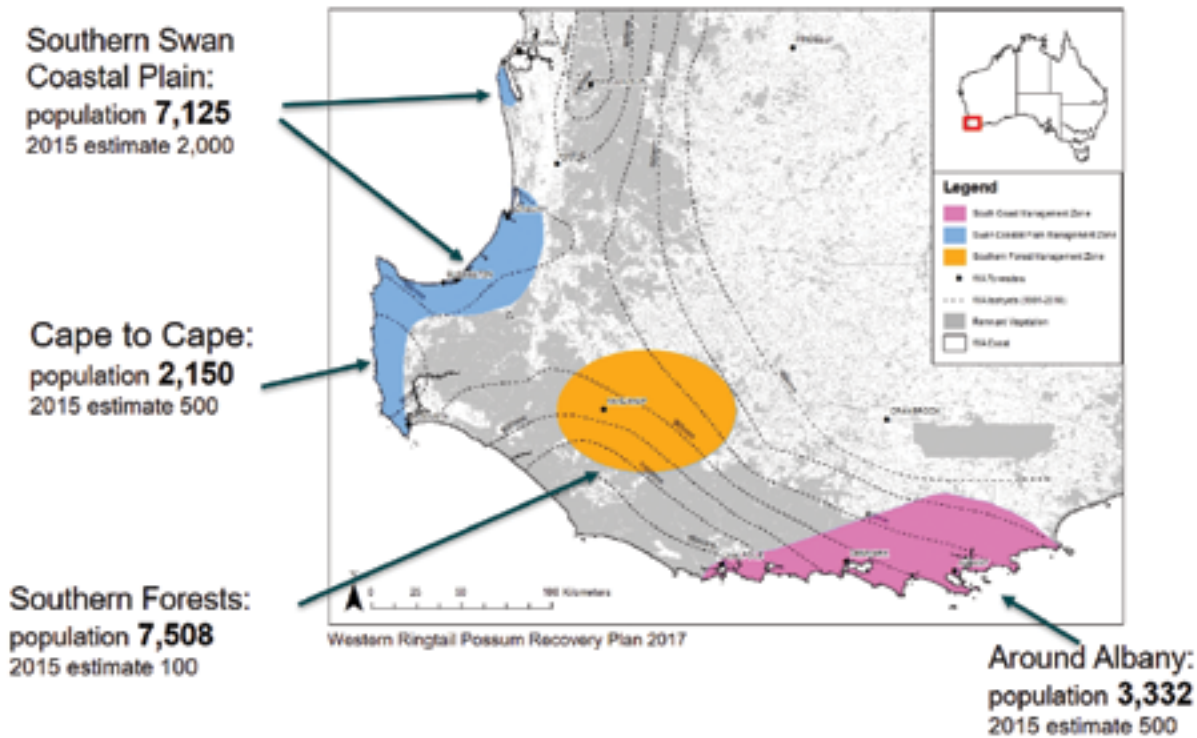
Indicator	2018 (000)	2019 (000)	2020 (000)
Sand (t)	73.7	162.2	118.3
Road base (t)	3.6	46.8	5.2
Asphalt / profiling (t)	24.8	17.0	2.2
Steel (t)	0.6	0.2	0.8
Concrete (t)	0.3	12.6	12.7
Office waste, general, roadside litter (t)	1.6	0.7	7.7
Timber	0.2	0.9	0.6
Rock	-	89.4	0.3
Other (green waste, plastic, topsoil, hydrocarbons) (t)	0.0	0.5	3.6

Data is based on calendar year

Western Ringtail Possum Regional Surveys Project Map



Survey Results - Dec 2019



Stakeholder Map – Stakeholder Inclusiveness

As an organisation there are two broad categories of stakeholders with which we engage and our method to stakeholder engagement varies accordingly.

Project Stakeholders are a person, business, organisation or group, interested in or impacted by a project or initiative we are undertaking. Initial identification occurs during the Planning stages of a project and new stakeholders are identified through the project lifecycle based on their interest / impact. Project Stakeholders can vary from project to project and are tracked and managed in our Customer Relationship Management System (CONNECT).

Corporate Stakeholders are a person, business, organisation or group interested in or impacted by our agency who may partner with us and influence or hamper the work we do. Corporate stakeholders are identified using an annual process that involves internal stakeholders across the entire organisation.

Timing of the process aligns with Main Roads business planning cycle, to ensure that stakeholder engagement is a key enabler of business plans at all levels. The common groups engaged by our organisation include:

Investors

- State Treasury
- Federal Funding Agencies

Employees

- Full time, part time
- Contract

Road Customers

- General Travelling Public
- Commuters
- Workers
- Heavy Vehicle, Freight and Logistics
- Public Transport
- Interfacing landholders
- Schools
- Network and Event Management

Suppliers and Contractors

Government agencies

Non-governmental Organisations

Regulators and Bodies

- Department of Water and Environmental Regulation
- Department of Planning, Lands and Heritage (Aboriginal Affairs)

- Department of Mines, Industry Regulation and Safety (WorkSafe)
- Office of the Federal Safety Commission
- WorkCover WA
- Safe Work Australia
- Insurance Commission of Western Australia (RiskCover)
- Public Sector Commission

Members of Local, State and Federal Government

Lobbyists

- Local resident organisations
- Industry, business and associations

Media

Research and Innovation

- Universities
- Research centres

Unions

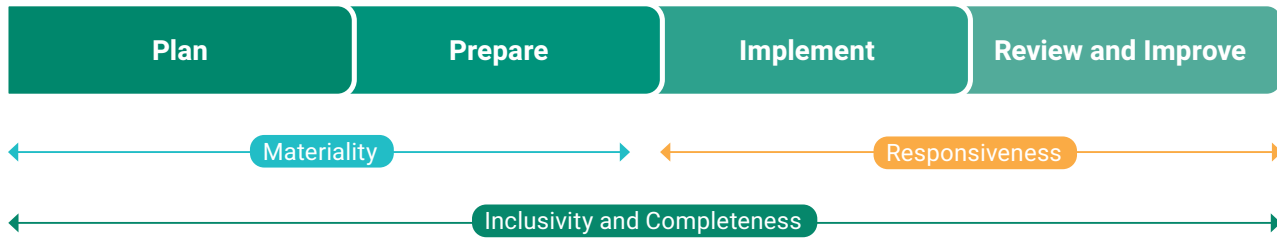
Our Approach to Stakeholder Engagement

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

Our engagement principles of Inclusivity, Materiality and Responsiveness are based on AA1000SES. We have also adopted the principle of Completeness to align with our commitment to sustainability, driven by the Global Reporting Initiative (GRI).



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



Frequency of engagement with each project stakeholder group depends on the specific concern and / or method of engagement identified in the Project Communications and Engagement Strategy. Each engagement is tracked and managed through our Customer Relationship Management System. Corporate stakeholder type and frequency of engagement is identified in the annual Corporate Stakeholder Engagement Action Plan and is dependent on the stakeholder concern and priority level.

Project Stakeholder Concerns

Project stakeholder concerns are unique to each project and are identified during stakeholder engagement planning process. These concerns are determined using a desktop approach that interrogates media, ministerial and customer data sources, and usually depend on the risks associated with the project. Responses to topics and concerns are articulated in the project Communication and Engagement Strategy, which differs from project to project.

Corporate Stakeholder Concerns

We determine corporate stakeholder concerns using a biennial materiality review, performed in accordance with the Global Reporting Initiative (GRI). The review draws from our corporate and legislative requirements, key risks, media and ministerial topics and peer reporting practices to determine what is important to our stakeholders.

Refer to the Materiality assessment to view the broad current concerns and how they are being addressed.

Additional Governance Disclosures

Delegation of Authority

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

Ministerial Directives

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

Freedom of Information

The *Freedom of Information Act 1992* gives the public a general right to apply for access to documents held by government agencies. An information statement in accordance with the requirements of the Freedom of Information (FOI) Act is available on our website. This statement provides a guide on how to apply for access to documents, as well as information about documents that may be available outside of the FOI process. During the year, we received 54 FOI applications. FOI enquiries can be emailed to: foi@mainroads.wa.gov.au.

Fraud and Corruption Prevention

We have detection activities and strategic controls in place to prevent the misappropriation of funds and inappropriate use of public property including a comprehensive Annual Audit Plan, Detection Plan and Fraud and Corruption Risk Management Cycle. Our Integrity Framework clearly sets out the relevant policies and obligations for all employees with respect to preventing, mitigating and reporting instances of fraud and corruption.

Conduct and Ethics

All employees are expected to abide by the Public Sector Code of Ethics, Main Roads' Code of Conduct and Integrity Framework and our guiding principles and values. When we receive a complaint or a report of alleged inappropriate behaviour or misconduct, management is required to act by undertaking an initial review of the information or complaint.

The outcome of this review determines the most appropriate action, which may include:

- disciplinary action
- grievance resolution
- performance management
- notification to Corruption and Crime Commission or the Public Sector Commission
- improvement actions.

Customer Privacy

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

We value the privacy of our customers and comply with the CCTV Usage Policy that outlines appropriate use. Main Roads does not automatically record its CCTV cameras.

We also operate in accordance with the Surveillance Devices Regulations 1999. We use a commercially available off-the-shelf system to collect anonymous traffic data from Bluetooth-enabled devices in passing vehicles using sensors installed at signalised intersections and selected locations on freeways and controlled access highways. This data cannot identify individual vehicles or people. Our approach to privacy is available on our website.

Public Interest Disclosures

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

Conflicts of Interest

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

We have a confidential Conflict of Interest Register along with a Gifts and Benefits Register maintained by the Manager Legal and Insurance Services.

We consider conflict of interest to include:

- decisions that are biased, as a result of outside activities or private employment
- outside activities resulting in less than satisfactory work performance or causing breaches of standards such as those relating to occupational safety and health
- use of information for private gain when the information was acquired through official employment
- use of government resources for private gain
- use of government time to pursue private interests
- acceptance of gifts or benefits and hospitality
- disclosure of confidential information obtained during the course of duty
- breach of ethics
- favours granted or received for advantage including political, status, relationship, personal or business advantage
- actions jeopardising government and Main Roads' policies and procedures
- actions placing Main Roads at risk.

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

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

To ensure compliance with the Australian Accounting Standard AASB 124, a *Related Party Transaction Declaration* is signed by all senior officers declaring personal details, controlling interests and transactional details. These records are audited to ensure internal control processes are consistently managed.

Acceptance of Gifts and Benefits

Our Integrity Framework states that Main Roads employees and contract personnel engaged by Main Roads must not:

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

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

Integrated Management System

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

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

During the year we undertook a surveillance audit of our IMS, confirming we continue to comply with the requirements of International and Australian Standards.

Current Certification	
Standard	Processes
ISO 9001:2015 Quality Management Systems	Project Management Contract Management Supply Corporate
ISO 14001:2015 Environmental Management Systems	Environmental
AS/NZS 4801:2001 Occupational Health and Safety Management Systems	Occupational Health and Safety
ISO 45001:2018 Occupational Health and Safety Management Systems	Occupational Health and Safety
Australian Government Building and construction WHS Scheme – Federal Safety Commission	Occupational Health and Safety

Road Facts Summary Sheet

Road Industry Fact Summary	WA	Australia	WA (%)
Area (square km)	2,526,646	7,688,126	32.9
Population	2,621,509	25,365,571	10.3
Licensed drivers and riders ¹	1,857,502	N/A	
Vehicles on register including motorcycles	2,244,971	19,505,241	11.5
Annual vehicle kilometres travelled (VKT) (100 million VKT) ²	278.0	2,596.49	10.7
Road length excluding DBCA roads (kilometres)	147,272	N/A	
Fatalities (for calendar year 2019)	163	1,188	13.7
Fatalities/100 million VKT	0.6	0.5	
Fatalities /100,000 persons	6.2	4.7	
Fatalities/10,000 vehicles	0.7	0.6	
Serious injuries (for calendar year 2019)	1,639	N/A	
Serious injuries/100 million VKT	5.9	N/A	
Serious injuries /100,000 persons	62.5	N/A	
Serious injuries/10,000 vehicles	7.3	N/A	

1. Active licenses only

2. Main Roads estimates

N/A Not available

DBCA Department of Biodiversity, Conservation and Attractions

Sources

Area: ABS Regional Population Growth, Australia (Cat. No. 3218.0) – March 2020

Population: ABS Regional Population Growth, Australia (Cat. No. 3218.0) – March 2020

Licensed drivers: Drivers and Vehicle Services, Department of Transport – 30 June 2019

Vehicles on register: ABS Motor Vehicle Census (Cat. No. 9309.0) – 29 July 2019

Road length: Main Roads Corporate System (IRIS) – 1 June 2020

Fatalities: Main Roads Crash System and BITRE Road Deaths Australia – December 2019

Serious injuries: Main Roads Crash System – 31 December 2019

Road Classifications

Road Classification (as at 30 June 2020)	Sealed (km)	Unsealed (km)	Total (km)	Sealed (%)
National Land Transport Routes	5,160	0	5,160	100
Highways	5,833	108	5,941	98
Main Roads	6,762	762	7,524	90
Sub-Total	17,755	870	18,625	95
Local Roads regularly maintained	39,996	87,628	127,624	31
Local Roads not regularly maintained	57	966	1,023	6
Sub-Total	40,053	88,594	128,647	31
Roads managed by DBCA	358	37,975	38,333	1
Total WA Road Network	58,166	127,439	185,605	31

Sources

Corporate and Local Extracts as at 1 June 2020 from Main Roads Corporate System (IRIS)

DBCA: Department of Biodiversity, Conservation and Attractions

Notes

Local road lengths are reported information received from local government.

Local roads with cross section type 'unconstructed' or 'unknown' have been excluded.

Privately maintained roads have been excluded.

Glossary

Word	Definition
Bypass	An alternative route that enables through-traffic to avoid urban areas.
Carriageway	The portion of a road or bridge devoted to the use of vehicles, inclusive of shoulders and auxiliary lanes.
Community Engagement	Involving communities when prioritising and developing services in their own area. This includes consultation as well as more active processes so that communities can help to formulate plans or influence local developments.
Corporate Governance	The way we balance compliance against risk-taking as we direct, control and are held accountable for our performance.
Culvert	One or more adjacent pipes or enclosed channels for conveying a stream below formation level and carrying water under a roadway.
Drainage	The removal of water by flow from the ground or from its surface.
Freeway	A divided highway for through-traffic with no access for traffic between interchanges and with grade separation at all intersections.
Grade Separation	The separation of road, rail or other traffic so that crossing movements, which would otherwise conflict, are at different elevations
Highway	Highways provide connection between capital cities. They are also principal routes between a city and the major producing regions of the State. Highways also service major transport terminals or significant commercial and industrial centres.
Incidence Rate	The number of Lost Time Injury/Diseases divided by the number of employees * 100.
Main Road	A principal road in the road system.
Maintenance	The work on an existing road and infrastructure to maintain its efficiency or quality.
Median	A strip of road that separates carriageways for traffic in opposite directions.
MyHR	Main Roads HR self-service interface system for employees
Overlay	The addition of one or more courses of pavement material to an existing road surface, generally to increase strength, and/or to improve ride quality.
Overtaking/Passing Lane	An auxiliary lane provided for slower vehicles to allow them to be overtaken.
Pavement	The portion of a carriageway placed above the levelled surface or earth or rock for the support of, and to form a running surface for, vehicular traffic.
Performance Indicator	A simple measure that allows objective comparisons such as road maintenance costs per kilometre in a region. This can then be compared to other regions and monitored.
Realignment	A change in the geometric form of the original centre-line of a carriageway with respect to the vertical and horizontal axes.
Seal	A thin surface layer of sprayed bitumen – a viscous liquid or solid impure mixture, consisting of hydrocarbons and their derivatives, used for road surfacing.
Stakeholder	Individuals or groups of people with a direct interest, involvement or investment in something.
Strategy	How a broad objective will be approached.
Sustainability	The long-term balance of social, environmental and economic factors into our activities, decision-making and investment processes.

Acronyms

BCR	Benefit Cost Ratio
CCTV	Closed-circuit Television
CIC	Customer Information Centre
CPA	Certified Practising Accountant
CPS	Community Perception Survey
CRC	Crush Recycled Concrete
DAIP	Disability Access and Inclusion Plan
EDMS	Electronic Document Management System
EEO	Equal Employment Opportunity
EV	Electric Vehicle
GPS	Global Positioning System
GRI	Global Reporting Initiative
HVS	Heavy Vehicle Services
IPAA	Institute of Public Administration Australia
IS	Infrastructure Sustainability
ISCA	Infrastructure Sustainability Council of Australia
ITS	Intelligent Transport System
KPIs	Key Performance Indicators
LED	Light-Emitting Diode
LTI	Lost-Time Injury
NABER	National Australian Built Environment Rating System
OGA	Open Graded Asphalt
OHS	Occupational Health and Safety
PIARC	Permanent International Association of Road Congresses
PID	Public Interest Disclosure
PSPs	Principal Shared Paths
RAP	Reclaimed Asphalt Pavement
RAV	Restricted Access Vehicle
RNOC	Road Network Operations Centre
ROSMA	Road Safety Management System
SCATS	Sydney Coordinated Adaptive Traffic System
SHW	Safety, Health and Wellbeing
WARRIP	Western Australian Road Research and Innovation Program

Contact Information

24 hr Customer Information Centre: 138 138

Heavy Vehicle Services Helpdesk:

138 486

Website: www.mainroads.wa.gov.au

Hearing Impaired TTY: 133 677

Metropolitan Offices

Head Office

Don Aitken Centre, Waterloo Crescent,

East Perth, WA 6004

PO Box 6202, East Perth, WA 6892

enquiries@mainroads.wa.gov.au

Media Relations/Public Affairs

Media Enquiries: 138 138

Materials Engineering

5-9 Colin Jamieson Drive, Welshpool, 6106

(08) 9350 1444

Heavy Vehicle Services

525 Great Eastern Highway, Redcliffe, 6104

PO Box 374, Welshpool DC WA 6986

hvs@mainroads.wa.gov.au

Regional Offices

Goldfields–Esperance

Kalgoorlie Office

83 Piesse Street, Boulder, 6432

(08) 9080 1400

Great Southern

Albany Office

2–6 Kelly Street, Albany, 6331

(08) 9892 0555

Kimberley

Derby Office

Wodehouse Street, Derby, 6728

(08) 9158 4333

Kununurra Office

Messmate Way, Kununurra 6743

(08) 9168 4777

Mid West – Gascoyne

Geraldton Office

Eastward Road, Geraldton, 6531

(08) 9956 1200

Carnarvon Office

470 Robinson Street, Carnarvon, 6701

(08) 9941 0777

Pilbara

South Hedland Office

Brand Street, South Hedland, 6722

(08) 9172 8877

South West

Bunbury Office

Robertson Drive, Bunbury, 6231

(08) 9725 5677

Wheatbelt

Northam Office

Peel Terrace, Northam, 6401

(08) 9622 4777

Narrogin Office

Mokine Road, Narrogin, 6312

(08) 9881 0566



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WESTERN AUSTRALIA