



# Financial Statements and Notes

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**STATEMENT OF COMPREHENSIVE INCOME***for the year ended 30 June 2015*

	Note	2015 \$000	2014 \$000
<b>COST OF SERVICES</b>			
<b>Expenses</b>			
Employee benefits expense	6	65,593	69,394
Supplies and services	7	440,573	496,794
Depreciation expense of infrastructure assets	8	254,263	251,682
Depreciation and amortisation expense of other assets	9	4,284	4,246
Finance costs	10	476	618
Grants and subsidies	11	197,844	311,161
Other expenses	12	18,852	19,456
<b>Total cost of services</b>		<b>981,885</b>	<b>1,153,351</b>
<b>Income</b>			
<i>Revenue</i>			
Regulatory fines	13	99,787	80,037
Sale of goods and services	14	11,304	9,854
Commonwealth grants and contributions	15	547,545	266,419
Contributions to roadworks	16	78,328	77,020
Grants from other bodies	17	13,772	75,246
Interest revenue	18	2,756	2,437
Other revenue	19	18,838	40,674
<b>Total revenue</b>		<b>772,330</b>	<b>551,687</b>
<i>Gains</i>			
Gain on disposal of non-current assets	20	1,628	3,191
<b>Total gains</b>		<b>1,628</b>	<b>3,191</b>
<b>Total income other than income from State Government</b>		<b>773,958</b>	<b>554,878</b>
<b>NET COST OF SERVICES</b>		<b>207,927</b>	<b>598,473</b>
<b>Income from State Government</b>	21		
Service appropriation		830,568	816,275
Natural disaster funds		35,210	35,577
Services received free of charge		5,616	1,814
Royalties for Regions Fund		796	1,410
<b>Total income from State Government</b>		<b>872,190</b>	<b>855,076</b>
<b>SURPLUS/(DEFICIT) FOR THE PERIOD</b>		<b>664,263</b>	<b>256,603</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>Items not reclassified subsequently to profit or loss</b>			
Changes in asset revaluation surplus	36	1,865,619	1,401,667
<b>Total other comprehensive income</b>		<b>1,865,619</b>	<b>1,401,667</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>2,529,882</b>	<b>1,658,270</b>

See also note 50 '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 2015

	Note	2015 \$000	2014 \$000
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	37	186,970	84,845
Restricted cash and cash equivalents	22	95,048	83,602
Receivables	23	51,443	53,601
Amounts receivable for services	24	54,063	47,553
Inventories	25	2,421	2,994
Prepayments	26	21,435	29,515
Non-current assets classified as held for sale	27	7,150	638
<b>Total Current Assets</b>		<b>418,530</b>	<b>302,748</b>
<b>Non-Current Assets</b>			
Receivables	23	96	115
Amounts receivable for services	24	1,698,895	1,544,651
Inventories	25	1,855	1,304
Prepayments	26	1,330	3,242
Property, plant and equipment	28	567,204	529,695
Infrastructure	29	43,729,691	41,206,446
Intangible assets	31	17,725	18,074
<b>Total Non-Current Assets</b>		<b>46,016,796</b>	<b>43,303,527</b>
<b>TOTAL ASSETS</b>		<b>46,435,326</b>	<b>43,606,275</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	33	326,348	298,119
Borrowings	34	5,766	5,000
Provisions	35	28,999	33,787
<b>Total Current Liabilities</b>		<b>361,113</b>	<b>336,906</b>
<b>Non-Current Liabilities</b>			
Borrowings	34	-	5,766
Provisions	35	4,561	4,148
<b>Total Non-Current Liabilities</b>		<b>4,561</b>	<b>9,914</b>
<b>TOTAL LIABILITIES</b>		<b>365,674</b>	<b>346,820</b>
<b>NET ASSETS</b>		<b>46,069,652</b>	<b>43,259,455</b>
<b>EQUITY</b>			
Contributed equity	36	4,039,936	3,759,621
Reserves		29,320,225	27,454,606
Accumulated surplus/(deficit)		12,709,491	12,045,228
<b>TOTAL EQUITY</b>		<b>46,069,652</b>	<b>43,259,455</b>

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

**STATEMENT OF CHANGES IN EQUITY***for the year ended 30 June 2015*

	Note	Contributed Equity \$000	Reserves \$000	Accumulated surplus/ (deficit) \$000	Total Equity \$000
<b>Balance at 1 July 2013</b>	36	3,303,418	26,052,939	11,788,625	41,144,982
Changes in accounting policy or correction of prior period errors		-	-	-	-
<b>Restated balance at 1 July 2013</b>		3,303,418	26,052,939	11,788,625	41,144,982
- Surplus/(deficit)		-	-	256,603	256,603
- Other comprehensive income		-	1,401,667	-	1,401,667
<b>Total comprehensive income for the period</b>		-	1,401,667	256,603	1,658,270
Transactions with owners in their capacity as owners:					
- Capital appropriations		443,592	-	-	443,592
- Other contributions by owners		61,232	-	-	61,232
- Distributions to owners		(48,621)	-	-	(48,621)
<b>Total</b>		456,203	-	-	456,203
<b>Balance at 30 June 2014</b>		<b>3,759,621</b>	<b>27,454,606</b>	<b>12,045,228</b>	<b>43,259,455</b>
<b>Balance at 1 July 2014</b>		3,759,621	27,454,606	12,045,228	43,259,455
- Surplus/(deficit)		-	-	664,263	664,263
- Other comprehensive income		-	1,865,619	-	1,865,619
<b>Total comprehensive income for the period</b>		-	1,865,619	664,263	2,529,882
Transactions with owners in their capacity as owners:					
- Capital appropriations		325,471	-	-	325,471
- Other contributions by owners		16,193	-	-	16,193
- Distributions to owners		(61,349)	-	-	(61,349)
<b>Total</b>		280,315	-	-	280,315
<b>Balance at 30 June 2015</b>		<b>4,039,936</b>	<b>29,320,225</b>	<b>12,709,491</b>	<b>46,069,652</b>

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

**STATEMENT OF CASH FLOWS***for the year ended 30 June 2015*

	Note	2015 \$000	2014 \$000
<b>CASH FLOWS FROM STATE GOVERNMENT</b>			
Service appropriation		622,261	597,723
Capital appropriation		325,471	443,592
Holding account drawdown		47,553	46,907
Natural disaster funding		35,210	35,577
Royalties for Regions Fund		10,183	32,113
<b>Net cash provided by State Government</b>		<b>1,040,678</b>	<b>1,155,912</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Payments</b>			
Employee benefits		(70,480)	(73,858)
Supplies and services		(441,828)	(480,287)
Grants and subsidies		(189,237)	(196,478)
GST payments on purchases		(146,675)	(149,714)
Finance costs		(403)	(678)
<b>Receipts</b>			
Sale of goods and services		94,594	112,072
Commonwealth grants and contributions		547,545	266,419
Regulatory fines		99,787	80,037
Interest received		2,622	2,496
GST receipts on sales		11,333	12,552
GST receipts from taxation authority		133,814	134,160
Other receipts		12,394	14,239
Rent received		3,978	4,036
<b>Net cash provided by/(used in) operating activities</b>	37	<b>57,444</b>	<b>(275,004)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>Payments</b>			
Purchase of non-current assets		(27,452)	(24,342)
Purchase of infrastructure assets		(957,948)	(958,875)
<b>Receipts</b>			
Proceeds from sale of non-current assets		5,849	13,147
<b>Net cash provided by/(used in) investing activities</b>		<b>(979,551)</b>	<b>(970,070)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>Payments</b>			
Repayment of borrowings		(5,000)	(5,000)
<b>Net cash provided by/(used in) financing activities</b>		<b>(5,000)</b>	<b>(5,000)</b>
Net increase/(decrease) in cash and cash equivalents		113,571	(94,162)
Cash and cash equivalents at the beginning of the period		168,447	262,609
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	37	<b>282,018</b>	<b>168,447</b>

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

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2015

### 1. Australian Accounting Standards

#### General

The Commissioner of Main Roads' (Main Roads) financial statements for the year ended 30 June 2015 have been prepared in accordance with Australian Accounting Standards. The term 'Australian Accounting Standards' includes Standards and Interpretations issued by the Australian Accounting Standards Board (AASB).

Main Roads has adopted any applicable new and revised Australian Accounting Standards from their operative dates.

#### Early adoption of standards

Main Roads cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 *Application of Australian Accounting Standards and Other Pronouncements*. There has been no early adoption of Australian Accounting Standards that have been issued or amended (but not operative) by Main Roads for the annual reporting period ended 30 June 2015.

### 2. Summary of significant accounting policies

#### (a) General statement

Main Roads is a not-for-profit reporting entity that prepares general purpose financial statements in accordance with Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the AASB as applied by the Treasurer's Instructions. Several of these are modified by the Treasurer's Instructions to vary application, disclosure, format and wording.

The *Financial Management Act 2006* and the Treasurer's Instructions impose legislative provisions that govern the preparation of financial statements and take precedence over Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the AASB.

Where modification is required and has had a material or significant financial effect upon the reported results, details of that modification and the resulting financial effect are disclosed in the notes to the financial statements.

#### (b) Basis of preparation

The financial statements have been prepared on the accrual basis of accounting using the historical cost convention, except for land, buildings and infrastructure which have been measured at fair value.

The accounting policies adopted in the preparation of the financial statements have been consistently applied throughout all periods presented unless otherwise stated.

The financial statements are presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000).

Note 3 'Judgements made by management in applying accounting policies' discloses judgements that have been made in the process of applying the Main Roads' accounting policies resulting in the most significant effect on amounts recognised in the financial statements.

Note 4 'Key sources of estimation uncertainty' discloses key assumptions made concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

#### (c) Reporting entity

The reporting entity comprises the Commissioner of Main Roads.

#### (d) Contributed equity

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

The transfers of net assets to/from other agencies, other than as a result of a restructure of administrative arrangements, are designated as contributions by owners where the transfers are non-discretionary and non-reciprocal.

#### (e) Income

##### Revenue recognition

Revenue is recognised and measured at the fair value of consideration received or receivable. Revenue is recognised for the major business activities as follows:

##### Sale of goods

Revenue is recognised from the sale of goods and disposal of other assets when the significant risks and rewards of ownership transfer to the purchaser and can be measured reliably.

##### Provision of services

Revenue is recognised by reference to the stage of completion of the transaction.

##### Interest

Revenue is recognised as the interest accrues.

##### Service appropriations

Service appropriations are recognised as revenues at fair value in the period in which Main Roads gains control of the appropriated funds. Main Roads gains control of appropriated funds at the time those funds are deposited to the bank account or credited to the 'Amounts receivable for services' (holding account) held at Treasury.

##### Grants, donations, gifts and other non-reciprocal contributions

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

Other non-reciprocal contributions that are not contributions by owners are recognised at their fair value. Contributions of services are only recognised when a fair value can be reliably determined and the services would be purchased if not donated.

Royalties for Regions funds are recognised as revenue at fair value in the period in which Main Roads obtains control over the funds. Main Roads obtains control of the funds at the time the funds are deposited into Main Roads' bank account.

#### Gains

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

#### **(f) Borrowing costs**

Borrowing costs for qualifying assets are capitalised net of any investment income earned on the unexpended portion of the borrowings. Other borrowing costs are expensed when incurred.

#### **(g) Property, plant and equipment and infrastructure**

##### Capitalisation/expensing of assets

Items of property, plant and equipment and infrastructure costing \$5,000 or more are recognised as assets and the cost of utilising assets is expensed (depreciated) over their useful lives. Items of property, plant and equipment and infrastructure costing less than \$5,000 are immediately expensed direct to the Statement of Comprehensive Income (other than where they form part of a group of similar items which are significant in total).

##### Initial recognition and measurement

Property, plant and equipment and infrastructure are initially recognised at cost.

For items of property, plant and equipment and infrastructure acquired at no cost or for nominal cost, the cost is the fair value at the date of acquisition.

##### Subsequent measurement

Subsequent to initial recognition of an asset, the revaluation model is used for the measurement of land, buildings and infrastructure and historical cost for all other property, plant and equipment. Land, buildings and infrastructure are carried at fair value less accumulated depreciation (buildings and infrastructure only) and accumulated impairment losses. All other items of property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Where market-based evidence is available, the fair value of land and buildings is determined on the basis of current market values determined by reference to recent market transactions. When buildings are revalued by reference to recent market transactions, the accumulated depreciation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount.

In the absence of market-based evidence, fair value of land and buildings is determined on the basis of existing use. This normally applies where buildings are specialised or where land use is restricted. Fair value for existing use buildings is determined by reference to the cost of replacing the remaining future economic benefits embodied in the asset, i.e. the depreciated replacement cost. Where the fair value of buildings is determined on the depreciated replacement cost basis, the gross carrying amount and the accumulated depreciation are restated proportionately. Fair value for restricted use land is determined by comparison with market evidence for land with similar approximate utility (high restricted use land) or market value of comparable unrestricted land (low restricted use land).

Land and buildings are independently valued annually by the Western Australian Land Information Authority (Valuation Services) and recognised annually to ensure that the carrying amount does not differ materially from the asset's fair value at the end of the reporting period.

Fair value of infrastructure, other than land under roads, has been determined by reference to the depreciated replacement cost (existing use basis) as the assets are specialised and no market-based evidence of value is available. The replacement cost is determined by Main Roads every three years by reference to the cost of a new asset and adjusted in the intervening years by reference to a cost index (ABS Road and Bridge Construction Cost Index or rates obtained by professional estimators specialising in road infrastructure works) to ensure asset values do not materially differ from fair value. The value of roads and principal shared paths (earthworks, drainage, pavements and seals), bridges and road furniture at 30 June 2015 is based on the depreciated replacement cost determined at 30 June 2015 calculated using construction unit rates determined by a professional quantity surveying firm and multiplying these by the units that form the infrastructure asset. A cost index (ABS Road and Bridge Construction Cost Index) has been applied to principal shared paths and certain road furniture assets to ensure asset values do not materially differ from fair value.

When infrastructure is revalued, the accumulated depreciation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

Work in Progress is recognised at cost.



The fair value of land under roads (i.e. land under roadways, and road reserves, including land under footpaths, nature strips and median strips) is based on the market value of the land adjoining the road reserve. The land values are provided by geographic location on an annual basis by the Western Australian Land Information Authority (Valuation Services) as follows:

- Metropolitan area – median value for single residential land for each Local Government Area. Land parcels up to 899 square metres are assumed to have a single residential zoning.
- South West Region - nominal unimproved valuation rates covering the south west of the State from Geraldton to Esperance.
- Balance of State - nominal unimproved valuation rates based on leasehold rates for Crown land.

The most significant assumptions and judgements in estimating fair value are made in assessing whether to apply the existing use basis to assets and in determining estimated economic life. Professional judgement by the valuer is required where the evidence does not provide a clear distinction between market type assets and existing use assets.

Land acquired for road reserves is initially reported as 'land acquired for roadworks' under 'property, plant and equipment' until the land is required for road construction. It is then transferred to 'land under roads' and reported as part of infrastructure assets.

Land determined to be surplus to the requirements of the road reserve is available for disposal and is transferred to 'surplus land' or 'non-current assets held for sale' depending on the timetable for disposal.

Wherever possible, the properties are rented or leased until required for roadworks. Income from these properties is recognised as revenue in the financial year it is earned.

#### Derecognition

Upon disposal or derecognition of an item of property, plant and equipment and infrastructure, any revaluation surplus relating to that asset is retained in the asset revaluation surplus.

#### Asset revaluation surplus

The asset revaluation surplus is used to record increments and decrements on the revaluation of non-current assets as described in note 28 'Property, plant and equipment' and note 29 'Infrastructure'.

#### Depreciation

All non-current assets having a limited useful life are systematically depreciated over their estimated useful lives in a manner that reflects the consumption of their future economic benefits.

Road earthworks do not generally have a finite life. Physical deterioration and commercial obsolescence are not significant factors. 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 of the network.

Depreciation is calculated using the straight line method, using rates which are reviewed annually. Estimated useful lives for each class of depreciable asset are:

#### Road Infrastructure:

Earthworks	Up to 173 years
Pavement, drainage and seals:	
Metropolitan asphalt roads	40 years
Sealed rural roads	50 years
Gravel roads	12 years
Bridges	60 to 100 years
Road furniture	25 to 40 years

#### Property, Plant & Equipment:

Buildings	10 to 40 years
Plant and vehicles	5 to 10 years
Equipment and furniture	5 to 13 years
Computer hardware and software <sup>(a)</sup>	3 to 13 years

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

Land is not depreciated.

#### (h) Intangible assets

##### Capitalisation/expensing of assets

Acquisitions of intangible assets costing \$5,000 or more and internally generated intangible assets costing \$50,000 or more are capitalised. The cost of utilising the assets is expensed (amortised) over their useful lives. Costs incurred below these thresholds are immediately expensed directly to the Statement of Comprehensive Income.

Intangible assets are initially recognised at cost. For assets acquired at no cost or for nominal cost, the cost is their fair value at the date of acquisition.

The cost model is applied for subsequent measurement requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses.

Amortisation for intangible assets with finite useful lives is calculated for the period of the expected benefit (estimated useful life which is reviewed annually) on the straight line basis. All intangible assets controlled by Main Roads, except drainage easements, have a finite useful life and zero residual value.

The expected useful lives for each class of intangible asset are:

Computer software <sup>(a)</sup> and licences	3 to 10 years
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(a) Software that is not integral to the operation of any related hardware

##### Computer software and licences

Software that is an integral part of the related hardware is recognised as property, plant and equipment. Software that is not an integral part of the related hardware is recognised as an intangible asset. Software costing less than \$5,000 is expensed in the year of acquisition.

##### Drainage easements

Easements secured over properties for the purpose of road drainage have an indefinite useful life.

**(i) Impairment of assets**

Property, plant and equipment, infrastructure and intangible assets are tested for any indication of impairment at the end of each reporting period. Where there is an indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the carrying amount, the asset is considered impaired and is written down to the recoverable amount and an impairment loss is recognised. Where an asset measured at cost is written down to recoverable amount, an impairment loss is recognised in profit or loss. Where a previously revalued asset is written down to recoverable amount, the loss is recognised as a revaluation decrement in other comprehensive income. As Main Roads is a not-for-profit entity, unless a specialised asset has been identified as a surplus asset, the recoverable amount is the higher of an asset's fair value less costs to sell and depreciated replacement cost.

The risk of impairment is generally limited to circumstances where an asset's depreciation is materially understated, where the replacement cost is falling or where there is a significant change in useful life. The exception is road earthworks when the alignment of a section of road may be assessed to be deficient and the useful life of the asset is revised from infinite to finite. Each relevant class of assets is reviewed annually to verify that the accumulated depreciation/amortisation reflects the level of consumption or expiration of asset's future economic benefits and to evaluate any impairment risk from falling replacement costs.

Intangible assets with an indefinite useful life and intangible assets not yet available for use are tested for impairment at the end of each reporting period irrespective of whether there is any indication of impairment.

The recoverable amount of assets identified as surplus assets is the higher of fair value less costs to sell and the present value of future cash flows expected to be derived from the asset. Surplus assets carried at fair value have no risk of material impairment where fair value is determined by reference to market-based evidence. Where fair value is determined by reference to depreciated replacement cost, surplus assets are at risk of impairment and the recoverable amount is measured. Surplus assets at cost are tested for indications of impairment at the end of each reporting period.

**(j) Non-current assets (or disposal groups) classified as held for sale**

Non-current assets (or disposal groups) held for sale are recognised at the lower of carrying amount and fair value less costs to sell, and are disclosed separately from other assets in the Statement of Financial Position. Assets classified as held for sale are not depreciated or amortised.

**(k) Leases**

Operating leases are expensed on a straight line basis over the lease term as this represents the pattern of benefits derived from the leased properties.

**(l) Financial instruments**

In addition to cash, Main Roads has two categories of financial instrument:

- Loans and receivables; and
- Financial liabilities measured at amortised cost.

Financial instruments have been disaggregated into the following classes:

- Financial Assets
  - Cash and cash equivalents
  - Restricted cash and cash equivalents
  - Receivables
  - Amounts receivable for services
- Financial Liabilities
  - Payables
  - WATC Loan

Initial recognition and measurement of financial instruments is at fair value which normally equates to the transaction cost or the face value. Subsequent measurement is at amortised cost using the effective interest method.

The fair value of short-term receivables and payables is the transaction cost or the face value because there is no interest rate applicable and subsequent measurement is not required as the effect of discounting is not material.

**(m) Cash and cash equivalents**

For the purpose of the Statement of Cash Flows, cash and cash equivalent (and restricted cash and cash equivalent) assets comprise cash on hand and short-term deposits with original maturities of three months or less that are readily convertible to a known amount of cash and which are subject to insignificant risk of changes in value.

**(n) Accrued salaries**

Accrued salaries (see note 33 'Payables') represent the amount due to staff but unpaid at the end of the financial year. Accrued salaries are settled within a fortnight of the financial year end. Main Roads considers the carrying amount of accrued salaries to be equivalent to its fair value.

**(o) Amounts receivable for services (holding account)**

Main Roads receives income from the State Government partly in cash and partly as an asset (holding account receivable). The accrued amount appropriated is accessible on the emergence of the cash funding requirement to cover asset replacement.

**(p) Inventories**

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

Inventories held for resale are valued at the lower of cost and net realisable value. See note 25 'Inventories'.

#### (q) Receivables

Receivables are recognised at original invoice amount less an allowance for any uncollectible amounts (i.e. impairment). The collectability of receivables is reviewed on an ongoing basis and any receivables identified as uncollectible are written-off against the allowance account. The allowance for uncollectible amounts (doubtful debts) is raised when there is objective evidence that Main Roads will not be able to collect the debts. The carrying amount is equivalent to fair value as it is due for settlement within 30 days.

#### (r) Payables

Payables are recognised at the amounts payable when Main Roads becomes obliged to make future payments as a result of a purchase of assets or services. The carrying amount is equivalent to fair value, as settlement is generally within 30 days.

#### (s) Borrowings

All loans payable are initially recognised at the fair value, being the net proceeds received. Subsequent measurement is at amortised cost using the effective interest method.

#### (t) Provisions

Provisions are liabilities of uncertain timing or amount and are recognised where there is a present legal or constructive obligation as a result of a past event and when the outflow of resources embodying economic benefits is probable and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at the end of each reporting period.

##### Provisions - employee benefits

All annual leave and long service leave provisions are in respect of employees' services up to the end of the reporting period.

##### Annual leave

Annual leave is not expected to be settled wholly within 12 months after the end of reporting period and is therefore considered to be 'other long term employee benefits'. The annual leave liability is recognised and measured at the present value of amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

When assessing expected future payments consideration is given to expected future wage and salary levels including non-salary components such as employer superannuation contributions, as well as the experience of employee departures and periods of service. The expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

The provision for annual leave is classified as a current liability as Main Roads does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

##### Long service leave

Long service leave is not expected to be settled wholly within 12 months after the end of the reporting period and is

therefore recognised and measured at the present value of amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

When assessing expected future payments consideration is given to expected future wage and salary levels including non-salary components such as employer superannuation contributions, as well as the experience of employee departures and periods of service. The expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

Unconditional long service leave provisions are classified as current liabilities as Main Roads does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. Pre-conditional and conditional long service leave provisions are classified as non-current liabilities because Main Roads has an unconditional right to defer the settlement of the liability until the employee has completed the requisite years of service.

##### Sick leave

Liabilities for sick leave are recognised when it is probable that sick leave paid in the future will be greater than the entitlement that will accrue in the future.

Past history indicates that on average, sick leave taken each reporting period is less than the entitlement accrued. This is expected to continue in future periods. Accordingly, it is unlikely that existing accumulated entitlements will be used by employees and no liability for unused sick leave entitlements is recognised. As sick leave is non-vesting, an expense is recognised in the Statement of Comprehensive Income for this leave as it is taken.

##### Superannuation

The Government Employees Superannuation Board (GESB) and other funds providers administer public sector superannuation arrangements in Western Australia in accordance with legislative requirements. Eligibility criteria for membership in particular schemes for public sector employees vary according to commencement and implementation dates.

Eligible employees contribute to the Pension Scheme, a defined benefit pension scheme closed to new members since 1987, or the Gold State Superannuation Scheme (GSS), a defined benefit lump sum scheme closed to new members since 1995.

Employees commencing employment prior to 16 April 2007 who were not members of either the Pension Scheme or the GSS became non-contributory members of the West State Superannuation Scheme (WSS). Employees commencing employment on or after 16 April 2007 became members of the GESB Super Scheme (GESBS). From 30 March 2012, existing members of the WSS or GESBS and new employees have been able to choose their preferred superannuation fund provider. Main Roads makes contributions to GESB or other fund providers on behalf of employees in compliance with the *Commonwealth Government's Superannuation*

*Guarantee (Administration) Act 1992.* Contributions to these accumulation schemes extinguish Main Roads' liability for superannuation charges in respect of employees who are not members of the Pension Scheme or GSS.

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

Main Roads has no liabilities under the Pension Scheme or the GSS. The liabilities for the unfunded Pension Scheme and the unfunded GSS transfer benefits attributable to members who transferred from the Pension Scheme, are assumed by the Treasurer. All other GSS obligations are funded by concurrent contributions made by Main Roads to the GESB.

The GESB makes all benefit payments in respect of the Pension Scheme and GSS, and is recouped from the Treasurer for the employer's share.

#### **Provisions – other**

##### **Employment on-costs**

Employment on-costs, including workers' compensation insurance, are not employee benefits and are recognised separately as liabilities and expenses when the employment to which they relate has occurred. Employment on-costs are included as part of 'Other expenses' and are not included as part of Main Roads' 'Employee benefits expense'. The related liability is included in 'Employment on-costs provision'.

##### **(u) Superannuation expense**

The superannuation expense in the Statement of Comprehensive Income comprises employer contributions paid to the GSS (concurrent contributions), WSS, the GESBS, and other superannuation fund.

##### **(v) Assets and services received free of charge or for nominal cost**

Assets or services received free of charge or for nominal cost that Main Roads would otherwise purchase if not donated, are recognised as income at the fair value of the assets or services where they can be reliably measured. A corresponding expense is recognised for services received. Receipts of assets are recognised in the Statement of Financial Position.

Assets or services received from other State Government agencies are separately disclosed under Income from State Government in the Statement of Comprehensive Income.

##### **(w) Comparative figures**

Comparative figures are, where appropriate, reclassified to be comparable with the figures presented in the current financial year.

##### **(x) Insurance**

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

- roads, bridges and road furniture

##### **(y) Property liabilities and commitments**

A liability has been recognised in respect of properties for which a Notice of Resumption under the *Land Administration Act 1997* has been issued and formal possession has taken place but where settlement has not been achieved at the end of the reporting period. Liabilities in such circumstances have been based on valuations and include costs of acquisition. This liability is included in Payables. See note 33 'Payables'.

#### **3. Judgements made by management in applying accounting policies**

The preparation of financial statements requires management to make judgements about the application of accounting policies that have a significant effect on the amounts recognised in the financial statements. Main Roads evaluates these judgements regularly.

##### **Fair Value Measurement**

In determining the fair value of land, buildings and infrastructure, Main Roads adopts the valuation techniques applied by professional valuers and quantity surveying firms. Refer to note 2(g) for further details.

#### **4. Key sources of estimation uncertainty**

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

##### **Long Service Leave**

The liability for long service leave is measured at the present value of amounts expected to be paid when the liabilities are settled. The assessment of future payments is based on estimated retention rates and remuneration levels and discounted using current market yields on national government bonds with maturity dates that match the estimated future cash outflows.

##### **Depreciated replacement cost of infrastructure assets**

Infrastructure assets, other than land under roads, are measured at depreciated replacement cost by reference to the cost of new assets. The replacement cost is reviewed every three years on the basis of actual contract construction rates and adjusted in the intervening years by applying the Road and Bridge Construction Index published by the Australian Bureau of Statistics.

## 5. Disclosure of changes in accounting policy and estimates

### Initial application of an Australian Accounting Standard

Main Roads has applied the following Australian Accounting Standards effective for annual reporting periods beginning on or after 1 July 2014 that impacted on Main Roads.

Int 21	<p><i>Levies</i></p> <p>This Interpretation clarifies the circumstances under which a liability to pay a government levy imposed should be recognised. There is no financial impact for Main Roads at reporting date.</p>
AASB 10	<p><i>Consolidated Financial Statements</i></p> <p>This Standard, issued in August 2011, supersedes AASB 127 <i>Consolidated and Separate Financial Statements</i> and Int 112 <i>Consolidation – Special Purpose Entities</i>, introducing a number of changes to accounting treatments.</p> <p>The adoption of the new Standard has no financial impact for Main Roads as it does not impact accounting for related bodies and Main Roads has no interests in other entities.</p>
AASB 11	<p><i>Joint Arrangements</i></p> <p>This Standard, issued in August 2011, supersedes AASB 131 <i>Interests in Joint Ventures</i>, introduces new principles for determining the type of joint arrangement that exists, which are more aligned to the actual rights and obligations of the parties to the arrangement.</p> <p>There is no financial impact for Main Roads as the new standard continues to require the recognition of Main Roads' share of assets and share of liabilities for the unincorporated joint operation.</p>
AASB 12	<p><i>Disclosure of Interests in Other Entities</i></p> <p>This Standard, issued in August 2011, supersedes disclosure requirements in AASB 127 <i>Consolidated and Separate Financial Statements</i>, AASB 128 <i>Investments in Associates</i> and AASB 131 <i>Interests in Joint Ventures</i>. There is no financial impact.</p>
AASB 127	<p><i>Separate Financial Statements</i></p> <p>This Standard, issued in August 2011, supersedes AASB 127 <i>Consolidated and Separate Financial Statements</i> removing the consolidation requirements of the earlier standard whilst retaining accounting and disclosure requirements for the preparation of separate financial statements. There is no financial impact.</p>
AASB 128	<p><i>Investments in Associates and Joint Ventures</i></p> <p>This Standard supersedes AASB 128 <i>Investments in Associates</i>, introducing a number of clarifications for the accounting treatments of changed ownership interest.</p> <p>The adoption of the new Standard has no financial impact for Main Roads as it does not hold investments in associates and joint ventures.</p>
AASB 1031	<p><i>Materiality</i></p> <p>This Standard supersedes AASB 1031 (February 2010), removing Australian guidance on materiality not available in IFRSs and refers to guidance on materiality in other Australian pronouncements. There is no financial impact.</p>
AASB 1055	<p><i>Budgetary Reporting</i></p> <p>This Standard requires specific budgetary disclosures in the general purpose financial statements of not-for-profit entities within the General Government Sector. Main Roads will be required to disclose additional budgetary information and explanations of major variances between actual and budgeted amounts, though there is no financial impact.</p>



AASB 2011-7	<p><i>Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 &amp; 1038 and Int 5, 9, 16 &amp; 17]</i></p> <p>This Standard gives effect to consequential changes arising from the issuance of AASB 10, AASB 11, AASB 127 <i>Separate Financial Statements</i> and AASB 128 <i>Investments in Associates and Joint Ventures</i>. There is no financial impact for Main Roads.</p>
AASB 2012-3	<p><i>Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities [AASB 132]</i></p> <p>This Standard adds application guidance to AASB 132 to address inconsistencies identified in applying some of the offsetting criteria, including clarifying the meaning of “currently has a legally enforceable right of set-off” and that some gross settlement systems may be considered equivalent to net settlement. There is no financial impact.</p>
AASB 2013-3	<p><i>Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets.</i></p> <p>This Standard introduces editorial and disclosure changes. There is no financial impact.</p>
AASB 2013-4	<p><i>Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting [AASB 139]</i></p> <p>This Standard permits the continuation of hedge accounting in circumstances where a derivative, which has been designated as a hedging instrument, is novated from one counterparty to a central counterparty as a consequence of laws or regulations. Main Roads does not routinely enter into derivatives or hedges, therefore there is no financial impact.</p>
AASB 2013-8	<p><i>Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities – Control and Structured Entities [AASB 10, 12 &amp; 1049].</i></p> <p>The amendments, issued in October 2013, provide significant guidance in determine whether a not-for-profit entity controls another entity when financial returns are not a key attribute of the investor’s relationship. The Standard has no financial impact in its own right, rather the impact results from the adoption of the amended AASB 10.</p>
AASB 2013-9	<p><i>Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments.</i></p> <p>Part B of this omnibus Standard makes amendments to other Standards arising from the deletion of references to AASB 1031 in other Standards for periods beginning on or after 1 January 2014. It has no financial impact.</p>
AASB 2014-1	<p><i>Amendments to Australian Accounting Standards</i></p> <p>Part A of this Standard consists primarily of clarifications to Accounting Standards and has no financial impact for Main Roads.</p> <p>Part B of this Standard has no financial impact as Main Roads contributes to schemes that are either defined contribution plans, or deemed to be defined contribution plans.</p> <p>Part C of this Standard has no financial impact as it removes references to AASB 1031 <i>Materiality</i> from a number of Accounting Standards.</p>

#### Future impact of Australian Accounting Standards not yet operative

Main Roads cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 *Application of Australian Accounting Standards and Other Pronouncements*. Consequently, Main Roads has not applied early any of the following Australian Accounting Standards that have been issued that may impact Main Roads. Where applicable, Main Roads plans to apply these Australian Accounting Standards from their application date.

Operative for reporting periods beginning on/after

AASB 9	<p><i>Financial Instruments</i></p> <p>This Standard supersedes AASB 139 <i>Financial Instruments: Recognition and Measurement</i>, introducing a number of changes to accounting treatments.</p> <p>The mandatory application date of this Standard is currently 1 January 2018 after being amended by AASB 2012-6, AASB 2013-9, and, AASB 2014-1 <i>Amendments to Australian Accounting Standards</i>. Main Roads has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2018
AASB 15	<p><i>Revenue from Contracts with Customers</i></p> <p>This Standard establishes the principles that Main Roads shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. Main Roads has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2017
AASB 2010-7	<p><i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 &amp; 1038 and Int 2, 5, 10, 12, 19 &amp; 127]</i></p> <p>This Standard makes consequential amendments to other Australian Accounting Standards and Interpretations as a result of issuing AASB 9 in December 2010.</p> <p>The mandatory application date of this Standard has been amended by AASB 2012-6 and AASB 2014-1 to 1 January 2018. Main Roads has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2018
AASB 2013-9	<p><i>Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments.</i></p> <p>Part C of this omnibus Standard defers the application of AASB 9 to 1 January 2017. The application date of AASB 9 was subsequently deferred to 1 January 2018 by AASB 2014-1. Main Roads has not yet determined the application or the potential impact of AASB 9.</p>	1 Jan 2015
AASB 2014-1	<p><i>Amendments to Australian Accounting Standards</i></p> <p>Part E of this Standard makes amendments to AASB 9 and consequential amendments to other Standards. It has not yet been assessed by Main Roads to determine the application or potential impact of the Standard.</p>	1 Jan 2015
AASB 2014-3	<p><i>Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations [AASB 1 &amp; 11]</i></p> <p>Main Roads establishes Joint Operations in pursuit of its objectives and does not routinely acquire interests in Joint Operations. Therefore, there is no financial impact on application of the Standard.</p>	1 Jan 2016
AASB 2014-4	<p><i>Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation [AASB 116 &amp; 138]</i></p> <p>The adoption of this Standard has no financial impact for Main Roads as depreciation and amortisation is not determined by reference to revenue generation, but by reference to consumption of future economic benefits.</p>	1 Jan 2016
AASB 2014-5	<p><i>Amendments to Australian Accounting Standards arising from AASB 15</i></p> <p>This Standard gives effect to the consequential amendments to Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 15. Main Roads has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2017

		Operative for reporting periods beginning on/after
AASB 2014-7	<p><i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)</i></p> <p>This Standard gives effect to the consequential amendments to Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 9 (December 2014). Main Roads has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2018
AASB 2014-8	<p><i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) – Application of AASB 9 (December 2009) and AASB 9 (December 2010) [AASB 9 (2009 &amp; 2010)]</i></p> <p>This Standard makes amendments to AASB 9 <i>Financial Instruments</i> (December 2009) and AASB 9 <i>Financial Instruments</i> (December 2010), arising from the issuance of AASB 9 <i>Financial Instruments</i> in December 2014. Main Roads has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2015
AASB 2014-9	<p><i>Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements [AASB 1, 127 &amp; 128]</i></p> <p>This Standard amends AASB 127, and consequentially amends AASB 1 and AASB 128, to allow entities to use the equity method of accounting for investments in subsidiaries, joint ventures and associates in their separate financial statements. Main Roads has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2016
AASB 2014-10	<p><i>Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [AASB 10 &amp; 128]</i></p> <p>This Standard amends AASB 10 and AASB 128 to address an inconsistency between the requirements in dealing with the sale or contribution of assets between an investor and its associate or joint venture. Main Roads has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2016
AASB 2015-1	<p><i>Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 Cycle [AASB 1, 2, 3, 5, 7, 11, 110, 119, 121, 133, 134, 137 &amp; 140]</i></p> <p>These amendments arise from the issuance of International Financial Reporting Standard Annual Improvements to IFRSs 2012–2014 Cycle in September 2014, and editorial corrections. Main Roads has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2016
AASB 2015-2	<p><i>Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, 101, 134 &amp; 1049]</i></p> <p>This Standard amends AASB 101 to provide clarification regarding the disclosure requirements in AASB 101. Specifically, the Standard proposes narrow-focus amendments to address some of the concerns expressed about existing presentation and disclosure requirements and to ensure entities are able to use judgement when applying a Standard in determining what information to disclose in their financial statements. There is no financial impact.</p>	1 Jan 2016
AASB 2015-3	<p><i>Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality</i></p> <p>This Standard completes the withdrawal of references to AASB 1031 in all Australian Accounting Standards and Interpretations, allowing that Standard to effectively be withdrawn. There is no financial impact.</p>	1 Jul 2015
AASB 2015-6	<p><i>Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, 124 &amp; 1049]</i></p> <p>The amendments extend the scope of AASB 124 to include application by not-for-profit public sector entities. Implementation guidance is included to assist application of the Standard by not-for-profit public sector entities. Main Roads has not yet determined the application of the Standard, though there is no financial impact.</p>	1 Jul 2016



	2015 \$000	2014 \$000
<b>6. Employee benefits expense</b>		
Wages and salaries	51,504	54,346
Annual leave	4,833	5,008
Long service leave	2,058	2,619
Fringe benefits tax	934	1,186
	59,329	63,159
Superannuation - defined contribution plans <sup>(a)</sup>	6,264	6,235
	<b>65,593</b>	<b>69,394</b>
 (a) Defined contribution plans include West State, Gold State and GESBS and other eligible funds.		
<b>7. Supplies and services</b>		
Contractors and Consultants	389,774	440,426
Materials	4,736	5,956
Plant hire charges	4,185	4,439
Postage, stationery and reprographics	739	1,005
Telecommunications	4,824	4,936
Building maintenance and equipment	3,247	4,606
Electricity, gas and water	7,321	15,324
Contributions	33	112
Legal costs	1,460	689
Advertising	4,107	1,671
Rates and taxes	408	290
Insurance	5,038	4,383
Other	14,701	12,957
	<b>440,573</b>	<b>496,794</b>
<b>8. Depreciation expense of infrastructure assets</b>		
Roads – earthworks	824	852
Roads – earthworks (adjustment)	-	(651)
Roads – pavements, drainage and seal	179,932	181,015
Bridges	55,947	52,143
Road furniture	17,560	18,323
	<b>254,263</b>	<b>251,682</b>

	2015 \$000	2014 \$000
<b>9. Depreciation and amortisation expense of other assets</b>		
<u>Depreciation</u>		
Plant, equipment and vehicles	2,618	3,031
Buildings	6,041	5,446
<b>Total depreciation</b>	<b>8,659</b>	<b>8,477</b>
<u>Amortisation</u>		
Intangible assets	2,887	1,654
<b>Total amortisation</b>	<b>2,887</b>	<b>1,654</b>
<b>Total depreciation and amortisation</b>	<b>11,546</b>	<b>10,131</b>
Less: depreciation capitalised to infrastructure	(7,262)	(5,885)
	<b>4,284</b>	<b>4,246</b>
<b>10. Finance costs</b>		
Interest expense	<b>476</b>	<b>618</b>
<b>11. Grants and subsidies</b>		
Grants and subsidies to local government and other bodies	185,734	202,966
Grants of non-current assets to other bodies	12,110	108,195
	<b>197,844</b>	<b>311,161</b>
<b>12. Other expenses</b>		
Non-current assets retired/replaced <sup>(a)</sup>	18,304	19,456
Write-down of non-current assets classified as held for sale <sup>(b)</sup>	548	-
	<b>18,852</b>	<b>19,456</b>
(a) Non-current assets replaced or retired during the year have been expensed at their carrying amount.		
(b) Non-current assets held for sale measured at lower of carrying amount and fair value less selling costs.		
<b>13. Regulatory fines</b>		
Regulatory fines	<b>99,787</b>	<b>80,037</b>
This revenue represents all moneys from photographic based vehicle infringement notices collected via Department of Transport and Department of the Attorney General. The collections are credited to the Road Trauma Trust Account and administered by the Office of Road Safety in accordance with the <i>Road Safety Council Act 2002</i> .		
<b>14. Sale of goods and services</b>		
Sale of goods and services	<b>11,304</b>	<b>9,854</b>
This amount represents works undertaken for other public and private bodies and includes the recovery of expenditure from the Commonwealth Department of Infrastructure and Regional Development under service delivery arrangements with the Shires of Christmas Island and Cocos (Keeling) Island. The amounts expended or set aside for expenditure during 2014-2015 are summarised at note 49 'Indian Ocean Territories'.		

	2015 \$000	2014 \$000
<b>15. Commonwealth grants and contributions</b>		
Land Transport Infrastructure Projects	544,633	263,444
Interstate Road Transport Act 1985	2,912	2,975
	<b>547,545</b>	<b>266,419</b>

#### Land Transport Infrastructure Projects

Grants are received from the Commonwealth Government through the *National Land Transport Act 2014*. The objective of this Act is to assist national and regional economic and social development by improving the performance of land transport infrastructure. Programs funded under this arrangement include the Heavy Vehicle Safety and Productivity and the Black Spot Program along with funding for the National Road Projects.

#### Interstate Road Transport Act 1985

A charge is levied under the Act on interstate commercial vehicles that are exempt from State charges and the revenue raised is distributed in accordance with the damage attributed to interstate vehicles in each State.

At 30 June 2015, \$15.414 million of the *National Land Transport Act 2014* grants recognised as revenue remained unspent on approved projects (at 30 June 2014 the amount was \$6.659 million). Refer to note 2(e) 'Income'.

#### **16. Contributions to roadworks**

Contributions to roadworks	<b>78,328</b>	<b>77,020</b>
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This revenue represents contributions by both public and private bodies towards the cost of works performed on highways and main roads. See note 2(e) 'Income'.

#### **17. Grants from other bodies**

##### **Grants from local government authorities and other bodies**

Transferred infrastructure assets at fair value	1,516	295
Local Government contribution to traffic signal construction	691	283
Developers contribution to roadworks	11,565	74,668
	<b>13,772</b>	<b>75,246</b>

Transferred infrastructure assets at fair value are transfers from Local Government and other bodies to State Government based on formal proclamation. The following assets were transferred during 2014-15: Wubin-Mullewa Rd (Shire of Morawa).

The developers contribution to roadworks relate to construction costs met by private developers on roads owned by Main Roads. Roadworks include Intersection improvements (Armadale Rd/Fraser Rd), Intersection Improvements (Great Northern Highway/Mount Gibson Rd), Great Northern Highway Realignment (Doray Minerals) and Intersection improvements (Tydeman Rd/ Napier Rd).

#### **18. Interest revenue**

Road Trauma Trust Account interest revenue	2,737	2,378
Other interest revenue	19	59
	<b>2,756</b>	<b>2,437</b>

#### **19. Other revenue**

Rental income	3,915	4,125
Return of previous year grants	763	2,127
Other contributions <sup>(a)</sup>	190	3,738
Assets not previously recognised	4,311	25,526
Other	9,659	5,158
	<b>18,838</b>	<b>40,674</b>

(a) Contributions to the Office of Road Safety by other bodies for road related safety projects

	2015 \$000	2014 \$000
<b>20. Net gain/(loss) on disposal of non current assets</b>		
<u>Proceeds from disposal of non-current assets</u>		
Land acquired for roadworks	5,542	12,442
Land and buildings	298	778
Plant, equipment and vehicles	69	41
	5,909	13,261
<u>Carrying amount of non-current assets disposed</u>		
Land acquired for roadworks	3,957	9,313
Land and buildings	309	745
Plant, equipment and vehicles	15	12
	4,281	10,070
<b>Net gain/(loss)</b>	<b>1,628</b>	<b>3,191</b>
<b>21. Income from State Government</b>		
Service appropriation		
Motor vehicle licence fees	606,463	551,305
Untied funds	216,322	257,357
Motor vehicle permit fees	7,393	7,234
Salaries and Allowances Act 1975	390	379
	830,568	816,275
Other funds received from State Government		
Natural disaster funds	35,210	35,577
Services received free of charge from other State government agencies during the period:		
Land Information Authority (Landgate)	4,629	928
Department of the Attorney General (State Solicitor's Office)	789	886
Department of Housing	184	-
Department of Water	6	-
Department of Finance	8	-
	5,616	1,814
Royalties for Regions Fund		
Regional Infrastructure and Headworks Account	796	1,410
	<b>872,190</b>	<b>855,076</b>

2015  
\$0002014  
\$000

### Service appropriations

Service appropriations fund the net cost of services delivered. Appropriation revenue comprises a cash component and a receivable (asset). The receivable (holding account) comprises the budgeted depreciation expense for the year.

#### *Motor vehicle licence fees*

Motor vehicle licence fees for cars and light vehicles are raised under the *Road Traffic Act 1974*. The total licence fees collected in 2014-15 was \$804.267 million (2013-14: \$686.986 million). An amount of \$606.463 million (2013-14: \$551.305 million) was received as a service appropriation and the balance of \$197.804 million (2013-14: \$135.681 million) appropriated as a capital contribution by owners and included under 'Contributed Equity' in the Statement of Financial Position.

#### *Untied funds*

Untied funds are appropriations from the Consolidated Fund. The total appropriation from the Consolidated Fund in 2014-15 was \$343.989 million (2013-14: \$565.268 million). This includes a service appropriation of \$216.322 million (2013-14: \$257.357 million) and a capital contribution of \$127.667 million (2013-14: \$307.911 million). The service appropriation includes a cash component of \$8.015 million (2013-14: \$38.805 million) and a \$208.307 million (2013-14: \$218.552 million) non cash component.

#### *Motor vehicle permit fees*

The vehicle standards for dimensions and mass are prescribed under the *Road Traffic (Vehicles) Regulations 2014*. Under the regulations, a permit is required to access certain parts of the WA road network for vehicles that do not meet the standards. Main Roads charges a fee to issue the permits in accordance with the regulations.

### Other funds received from State Government

#### *Natural disaster funds*

Funds provided by Department of the Premier and Cabinet for the re-opening and re-instatement of roads damaged by declared natural disasters.

#### Regional Infrastructure and Headworks Account

This is a sub-fund within the over-arching 'Royalties for Regions Fund'. The recurrent funds are committed to projects and programs in WA regional areas.

## 22. Restricted cash and cash equivalents

### Current

Contractor's deposits	756	740
Road Trauma Trust Account	93,975	72,309
Commonwealth Paid Parental Leave Scheme	9	5
Royalties for Regions Fund	308	10,548
	<b>95,048</b>	<b>83,602</b>

#### *Contractor's deposits*

Amounts withheld from contractors payments pending satisfactory completion of works.

#### *Road Trauma Trust Account*

Cash held in this Account is to be used only for the purposes as prescribed in note 47 'Special purpose accounts'.

#### *Commonwealth Paid Parental Leave Scheme*

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

#### *Royalties for Regions Fund*

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

	2015 \$000	2014 \$000
<b>23. Receivables</b>		
<u>Current</u>		
Trade debtors	6,480	9,546
Other debtors	2,538	2,481
Allowance for impairment of receivables	(2,023)	(2,077)
Trade debtors – unbilled receivables	11,045	12,232
GST receivable	33,137	31,090
Accrued revenue	266	329
<b>Total current</b>	<b>51,443</b>	<b>53,601</b>
<u>Non-current</u>		
Trade debtors	96	115
<b>Total non-current</b>	<b>96</b>	<b>115</b>
<b>Total receivables</b>	<b>51,539</b>	<b>53,716</b>
<b>Reconciliation of changes in the allowance for impairment of receivables:</b>		
Balance at start of year	2,077	1,815
Doubtful debts expense	125	292
Amounts written off during the year	(163)	(30)
Impairment losses reversed during the period	(16)	-
<b>Balance at end of year</b>	<b>2,023</b>	<b>2,077</b>

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

#### 24. Amounts receivable for services (Holding Account)

Current	54,063	47,553
Non-current	1,698,895	1,544,651
	<b>1,752,958</b>	<b>1,592,204</b>

Represents the non-cash component of service appropriations. It is restricted in that it can only be used for asset replacement.

#### 25. Inventories

<u>Current</u>		
Inventories held for distribution:		
- Construction and maintenance materials	2,421	2,994
<b>Total current</b>	<b>2,421</b>	<b>2,994</b>
<u>Non-current</u>		
Inventories held for distribution:		
- Construction and maintenance materials	1,855	1,304
<b>Total non-current</b>	<b>1,855</b>	<b>1,304</b>

	2015 \$000	2014 \$000
<b>26. Prepayments</b>		
<u>Current</u>		
Prepayments	21,435	29,515
<b>Total current</b>	<b>21,435</b>	<b>29,515</b>
<u>Non-current</u>		
Prepayments	1,330	3,242
<b>Total non-current</b>	<b>1,330</b>	<b>3,242</b>
<b>27. Non-current assets classified as held for sale</b>		
<u>Freehold land and buildings</u>		
Opening balance	638	5,346
Assets reclassified as held for sale	11,326	9,613
Assets removed from current disposal program	-	(3,785)
Assets sold	(4,265)	(10,037)
Write-down of assets from carrying value to fair value less selling costs	(549)	(499)
<b>Closing balance</b>	<b>7,150</b>	<b>638</b>
Information on fair value measurements is provided in Note 30.		
Main Roads disposes freehold land and buildings where it is no longer required for road construction, outside the defined road planning requirement or no longer required for operational purposes. If the freehold land and buildings are not required by Government, then they are sold at public auction or tender in the first instance and thereafter by private treaty. Non-current assets classified as held for sale are expected to settle within 12 months.		
<b>28. Property, plant and equipment</b>		
<u>Land</u>		
At fair value <sup>(a)</sup>	109,568	104,019
	109,568	104,019
<u>Buildings</u>		
At fair value <sup>(a)</sup>	99,402	101,666
Accumulated depreciation	(175)	(56)
	99,227	101,610
<u>Buildings under construction</u>		
Construction costs	9,982	6,238
	9,982	6,238
<u>Plant, equipment and vehicles</u>		
At cost	34,794	28,761
Accumulated depreciation	(21,199)	(20,430)
	13,595	8,331
<u>Surplus assets</u>		
At fair value <sup>(a)</sup>	105,692	96,403
	105,692	96,403
<u>Land acquired for roadworks</u>		
At fair value <sup>(a)</sup>	229,140	213,094
	229,140	213,094
<b>Total property, plant and equipment</b>	<b>567,204</b>	<b>529,695</b>

(a) Land, buildings, surplus assets and land acquired for roadworks were revalued as at 1 July 2014 by the Western Australian Land Information Authority (Valuation Services) in conjunction with estimations by Main Roads' management. The valuations were performed during the year ended 30 June 2015 and recognised at 30 June 2015.

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 2013 to 1 July 2014. These properties have been valued based on the average percentage increase for the Metro and Rural areas respectively over the period 1 July 2013 to 1 July 2014. 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 2014. In undertaking the revaluation, fair value was determined by reference to market values of Freehold land \$109.568 million (2013-14: \$104.019 million) and Buildings \$99.227 million (2013-14: \$101.610 million).

To ensure the valuations provided by Valuation Services were compliant at 30 June 2015 with the fair value requirements under AASB 116, Valuation Services provided the Department of Treasury (TSY) with information that tracked the general movement of the market value of land and building construction costs from the 1 July 2014 (date of valuation) to 31 March 2015. TSY reviewed the information and determined that the change in fair values from 1 July 2014 (date of valuation) to 31 March 2015 were not likely to have a material impact on the fair values of these assets as recognised at 30 June 2015.

Information on fair value measurements is provided in Note 30.



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.

	Land \$000	Buildings \$000	Buildings under construction \$000	Plant, equipment and vehicles \$000	Surplus assets \$000	Land acquired for roadworks \$000	Total \$000
<b>2015</b>							
Carrying amount at start of year	104,019	101,610	6,238	8,331	96,403	213,094	529,695
Additions	11,543	72	7,395	7,588	3,223	4,857	34,678
Disposals	(455)	-	-	(22)	(5)	-	(482)
Classified as held for sale	(330)	(354)	-	-	(2,821)	(7,773)	(11,278)
Held for sale removed from disposal program	-	-	-	-	-	-	-
Transfers	770	2,565	(3,651)	316	-	-	-
Transfer (to) / from Infrastructure	200	-	-	-	916	6,463	7,579
Equity contribution / (distribution)	42	-	-	-	-	281	323
Revaluation Increments / (decrements)	(6,219)	1,375	-	-	6,404	9,477	11,037
Impairment losses	-	-	-	-	-	-	-
Assets not previously recognised	(2)	-	-	-	1,572	2,741	4,311
Depreciation	-	(6,041)	-	(2,618)	-	-	(8,659)
<b>Carrying amount at end of year</b>	<b>109,568</b>	<b>99,227</b>	<b>9,982</b>	<b>13,595</b>	<b>105,692</b>	<b>229,140</b>	<b>567,204</b>
<b>2014</b>							
Carrying amount at start of year	109,951	97,099	7,067	8,703	84,011	175,260	482,091
Additions	1,424	-	8,427	2,692	5,552	3,320	21,415
Disposals	-	(343)	-	(12)	-	(375)	(730)
Classified as held for sale	(1,535)	(388)	-	-	(3,943)	(3,747)	(9,613)
Held for sale removed from disposal program	-	-	-	-	1,838	1,947	3,785
Transfers	150	9,106	(9,256)	-	-	-	-
Transfer (to) / from Infrastructure	(378)	-	-	-	4,948	930	5,500
Equity contribution / (distribution)	571	-	-	(21)	(480)	4,667	4,737
Revaluation Increments / (decrements)	(6,346)	1,582	-	-	2,204	11,622	9,062
Assets not previously recognised	182	-	-	-	2,273	19,470	21,925
Depreciation	-	(5,446)	-	(3,031)	-	-	(8,477)
<b>Carrying amount at end of year</b>	<b>104,019</b>	<b>101,610</b>	<b>6,238</b>	<b>8,331</b>	<b>96,403</b>	<b>213,094</b>	<b>529,695</b>

	2015 \$000	2014 \$000
<b>29. Infrastructure</b>		
<u>Roads and principal shared paths</u>		
Earthworks at fair value	13,018,650	12,881,443
Accumulated depreciation	(3,078,276)	(3,087,162)
	9,940,374	9,794,281
Pavement, drainage and seal at fair value	9,597,806	9,344,385
Accumulated depreciation	(5,549,511)	(5,385,692)
	4,048,295	3,958,693
<u>Land under roads</u>		
At fair value	24,211,137	22,342,031
	24,211,137	22,342,031
<u>Bridges</u>		
At fair value	5,269,313	5,200,774
Accumulated depreciation	(1,522,786)	(1,472,589)
	3,746,527	3,728,185
<u>Road furniture</u>		
At fair value	435,410	420,085
Accumulated depreciation	(178,793)	(161,375)
	256,617	258,710
<u>Infrastructure work in progress</u>		
At cost	1,526,741	1,124,546
	1,526,741	1,124,546
Total Infrastructure	<b>43,729,691</b>	<b>41,206,446</b>

The value of roads and principal shared paths (earthworks, drainage, pavements and seals), bridges and road furniture at 30 June 2015 is based on the depreciated replacement cost determined at 30 June 2014 by Main Roads. A review of the cost index (ABS Road and Bridge Construction Cost Index or rates obtained by professional estimators specialising in road infrastructure works) revealed no material movement during the financial year. Main Roads have determined it unnecessary to adjust replacement cost as the asset values do not differ materially.

Land under roads was revalued at 30 June 2015 using 1 July 2014 values supplied by the Western Australian Land Information Authority (Valuation Services).

Infrastructure work in progress comprises capital project expenditure at cost, which is capitalised following the completion of projects.

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

2015	Roads and principal shared path \$000	Land under roads \$000	Bridges \$000	Road furniture \$000	Work in progress \$000	Total \$000
Carrying amount at start of year	13,752,974	22,342,031	3,728,185	258,710	1,124,546	41,206,446
Additions	455,746	16,663	97,645	30,294	401,062	1,001,410
Retirements	(15,831)	-	(2,201)	(391)	125	(18,298)
Transfer (to) / from land acquired for road works	-	(3,978)	-	-	(3,601)	(7,579)
Revaluation increments / (decrements)	(743)	1,855,478	-	(201)	-	1,854,534
Highways and main roads reclassified as local roads	(10,082)	-	(1,567)	-	-	(11,649)
Local roads classified as highways and main roads	9,665	-	-	3,218	1,073	13,956
Equity contribution / (distribution)	(22,304)	943	(19,588)	(17,453)	3,536	(54,866)
Assets not previously recognised	-	-	-	-	-	-
Depreciation	(180,756)	-	(55,947)	(17,560)	-	(254,263)
<b>Carrying amount at end of year</b>	<b>13,988,669</b>	<b>24,211,137</b>	<b>3,746,527</b>	<b>256,617</b>	<b>1,526,741</b>	<b>43,729,691</b>

2014	Roads and principal shared path \$000	Land under roads \$000	Bridges \$000	Road furniture \$000	Work in progress \$000	Total \$000
Carrying amount at start of year	13,714,902	20,946,080	3,501,695	288,377	712,410	39,163,464
Additions	390,387	13,745	133,547	42,675	397,641	977,995
Retirements	(16,990)	-	(1,484)	(152)	(132)	(18,758)
Transfer (to) / from land acquired for road works	-	(5,745)	-	-	245	(5,500)
Revaluation increments / (decrements)	(73,965)	1,391,699	131,436	(56,066)	-	1,393,104
Highways and main roads reclassified as local roads	(99,400)	(3,677)	(5,118)	-	-	(108,195)
Local roads classified as highways and main roads	58,242	109	16,414	407	74	75,246
Equity contribution / (distribution)	(38,986)	(180)	3,838	1,792	10,707	(22,829)
Assets not previously recognised	-	-	-	-	3,601	3,601
Depreciation	(181,216)	-	(52,143)	(18,323)	-	(251,682)
<b>Carrying amount at end of year</b>	<b>13,752,974</b>	<b>22,342,031</b>	<b>3,728,185</b>	<b>258,710</b>	<b>1,124,546</b>	<b>41,206,446</b>

Information on fair value measurements is provided in Note 30.

## 30. Fair value measurements

Assets measured at fair value: 2015	Level 1 \$000	Level 2 \$000	Level 3 \$000	Fair value at end of period \$000
Non-current assets classified as held for sale (Note 27)	-	7,150	-	7,150
Land (Note 28)	-	103,786	5,782	109,568
Buildings (Note 28)	-	84,952	14,275	99,227
Surplus assets (Note 28)	-	64,582	41,110	105,692
Land acquired for roadworks (Note 28)	-	168,807	60,333	229,140
Infrastructure (Note 29)	-	-	42,202,950	42,202,950
	-	<b>429,277</b>	<b>42,324,450</b>	<b>42,753,727</b>

Assets measured at fair value: 2014	Level 1 \$000	Level 2 \$000	Level 3 \$000	Fair value at end of period \$000
Non-current assets classified as held for sale (Note 27)	-	573	65	638
Land (Note 28)	-	98,550	5,469	104,019
Buildings (Note 28)	-	87,159	14,451	101,610
Surplus assets (Note 28)	-	58,470	37,933	96,403
Land acquired for roadworks (Note 28)	-	162,064	51,030	213,094
Infrastructure (Note 29)	-	-	40,081,900	40,081,900
	-	<b>406,816</b>	<b>40,190,848</b>	<b>40,597,664</b>

**Valuation techniques to derive Level 2 fair values**

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

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

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

	Non-current asset held for sale \$000	Land \$000	Buildings \$000	Surplus assets \$000	Land acquired for roadworks \$000	Infrastructure \$000
<b>2015</b>						
Fair value at start of period	65	5,469	14,451	37,933	51,030	40,081,900
Additions	-	151	124	683	8,696	616,015
Revaluation increments/ (decrements) recognised in Profit or Loss	-	-	-	-	-	-
Revaluation increments/ (decrements) recognised in Other Comprehensive Income	-	-	325	2,205	1,678	1,854,534
Transfers (from/(to) Level 2)	-	162	13	489	85	-
Disposals	(65)	-	-	(170)	(1,156)	(95,236)
Depreciation expense	-	-	(638)	(30)	-	(254,263)
<b>Fair value at end of period</b>	<b>-</b>	<b>5,782</b>	<b>14,275</b>	<b>41,110</b>	<b>60,333</b>	<b>42,202,950</b>
Total gains or losses for the period included in profit or loss, under 'Other Gains'	-	-	-	-	-	-
Change in unrealised gains or losses for the period included in profit or loss for assets held at the end of the reporting period	-	-	-	-	-	-
<b>2014</b>						
Fair value at start of period	1,357	4,262	14,827	36,329	51,730	38,451,054
Additions	-	571	-	3,234	8,673	669,421
Revaluation increments/ (decrements) recognised in Profit or Loss	-	-	-	-	-	-
Revaluation increments/ (decrements) recognised in Other Comprehensive Income	-	50	243	(2,617)	4,447	1,393,103
Transfers (from/(to) Level 2)	(1,292)	719	-	1,020	(13,820)	-
Disposals	-	(133)	(22)	-	-	(179,996)
Depreciation expense	-	-	(597)	(33)	-	(251,682)
<b>Fair value at end of period</b>	<b>65</b>	<b>5,469</b>	<b>14,451</b>	<b>37,933</b>	<b>51,030</b>	<b>40,081,900</b>
Total gains or losses for the period included in profit or loss, under 'Other Gains'	-	-	-	-	-	-
Change in unrealised gains or losses for the period included in profit or loss for assets held at the end of the reporting period	-	-	-	-	-	-

### 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.

Fair value for infrastructure assets is determined by reference to the cost of replacing the remaining future economic benefits embodied in the asset, i.e. the depreciated replacement cost. Depreciated replacement cost is the current replacement cost of an asset less accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired economic benefit, or obsolescence, and optimisation (where applicable) of the asset. Current replacement cost is determined every three years by reference to the cost of a new asset and adjusted in the intervening years by reference to a cost index (ABS Road and Bridge Construction Cost Index or rates obtained by professional estimators specialising in road infrastructure works) to ensure asset values do not materially differ from fair value.

Fair value of restricted use land is based on market value, by either using market evidence of sales of comparable land that is unrestricted less restoration costs to return the site to a vacant and marketable condition (low restricted use land) or, comparison with market evidence for land with low level utility (high restricted use land).

Significant Level 3 inputs used by Main Roads are derived and evaluated as follows:

#### Selection of land with restricted utility

Fair value for restricted use land is determined by comparison with market evidence for land with low level utility. Relevant comparators of land with low level utility are selected by the Western Australian Land Information Authority (Valuation Services).

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

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

#### Consumed economic benefit/obsolescence of asset

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

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

The fair value of road infrastructure comprising of earthworks, pavements (including drainage and seals), bridges and road furniture is calculated using construction unit rates determined by a professional quantity surveying firm and multiplying these by the units that form the infrastructure asset.

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

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 2015 \$000	Fair value 2014 \$000	Valuation technique(s)	Unobservable inputs	Range of unobservable inputs (weighted average) 2015	Range of unobservable inputs (weighted average) 2014	Relationship of unobservable inputs to fair value
Land, Surplus asset and Land acquired for roadworks	107,225	94,432	Market approach	Selection of land with similar approximate utility	\$0.00 - \$1,545 per m <sup>2</sup> (\$4.08 per m <sup>2</sup> )	\$0.02 - \$1,089 per m <sup>2</sup> (\$5.06 per m <sup>2</sup> )	Higher value of similar land increases estimated fair value
Buildings	14,275	14,451	Depreciated replacement cost	Historical cost per square metre floor area (m <sup>2</sup> )	\$77 - \$3,098 per m <sup>2</sup> (\$1,953 per m <sup>2</sup> )	\$196 - \$4,159 per m <sup>2</sup> (\$2,047 per m <sup>2</sup> )	Higher historical cost per m <sup>2</sup> increases fair value
				Consumed economic benefit/obsolescence of asset	1.88% - 11.25% per year (4.61% per year)	1.35% - 11.14% per year (5.18% per year)	Greater consumption of economic benefit or increased obsolescence lowers fair value
Infrastructure (Earthworks)	9,940,374	9,794,281	Depreciated replacement cost	Historical cost per cubic metre (m <sup>3</sup> )	\$20 - \$49 per m <sup>3</sup>	\$20 - \$49 per m <sup>3</sup>	Higher historical cost per m <sup>3</sup> increases fair value
Infrastructure (Pavements including drainage and seals)	4,048,295	3,958,693	Depreciated replacement cost	Historical cost per cubic metre (m <sup>3</sup> )	\$52 - \$401 per m <sup>3</sup>	\$52 - \$401 per m <sup>3</sup>	Higher historical cost per m <sup>3</sup> increases fair value
Infrastructure (Structures)	3,746,527	3,728,185	Depreciated replacement cost	Historical cost per cubic metre (m <sup>3</sup> )	\$3,660 - \$8,452 per m <sup>3</sup>	\$3,660 - \$8,452 per m <sup>3</sup>	Higher historical cost per m <sup>3</sup> increases fair value
Infrastructure (Land under roads)	24,211,137	22,342,031	Market approach	Selection of land adjoining road reserve	\$0.03 - \$3,031 per m <sup>2</sup>	\$0.75 - \$2,780 per m <sup>2</sup>	Higher value of adjoining land increases estimated fair value

Reconciliations of the opening and closing balances are provided in Notes 28 and 29. In reference to note 29, infrastructure assets have not moved materially as such the range of unobservable inputs is in accordance with prior year measures.

**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 and Main Roads' enabling legislation.

	2015 \$000	2014 \$000
<b>31. Intangible assets</b>		
<u>Computer software and licences</u>		
At cost	27,321	24,783
Accumulated amortisation	(9,605)	(6,718)
	17,716	18,065
<u>Drainage easements</u>		
At cost	9	9
	9	9
<b>Total intangible assets</b>	<b>17,725</b>	<b>18,074</b>
Reconciliations:		
<u>Computer software and licences</u>		
Carrying amount at start of year	18,065	16,367
Additions	2,538	3,352
Disposals	-	-
Transfers	-	-
Amortisation expense	(2,887)	(1,654)
<b>Carrying amount at end of year</b>	<b>17,716</b>	<b>18,065</b>

**32. Impairment of assets**

There were no indications of impairment to property, plant and equipment, infrastructure or intangible assets at 30 June 2015.

Main Roads held no goodwill during the reporting period. At the end of the reporting period there were no intangible assets not yet available for use.

**33. Payables**Current

Trade creditors	5,512	18,111
Major contracts and services	207,651	194,821
Property acquisitions	83,759	57,821
Contractors retention	756	740
Funds in advance	24,940	23,389
Performance bonds / surety	44	-
Accrued salaries	3,686	3,237
<b>Total current</b>	<b>326,348</b>	<b>298,119</b>



	2015 \$000	2014 \$000
<b>34. Borrowings</b>		
<u>Current</u>		
WA Treasury Corporation borrowings	5,766	5,000
<b>Total current</b>	5,766	5,000
<u>Non-current</u>		
WA Treasury Corporation borrowings	-	5,766
<b>Total non-current</b>	-	5,766

**35. Provisions**Current*Employee benefits provisions*

Annual leave	12,812	13,393
Long service leave	16,022	20,066
	28,834	33,459

*Other provisions*

Employment on-costs	165	328
	28,999	33,787

Non-current*Employee benefits provisions*

Long service leave	4,535	4,108
	4,535	4,108

*Other provisions*

Employment on-costs	26	40
	4,561	4,148

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

Within 12 months of the end of the reporting period	9,265	9,101
More than 12 months after the end of the reporting period	3,547	4,292
	12,812	13,393

(b) Long service leave liabilities have been classified as current where there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

Within 12 months of the end of the reporting period	5,701	5,066
More than 12 months after the end of the reporting period	14,856	19,108
	20,557	24,174

	2015 \$000	2014 \$000
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(c) The settlement of annual and long service leave liabilities gives rise to the payment of employment on-costs including workers' compensation insurance. The provision is the present value of expected future payments.

The associated expense, apart from the unwinding of the discount (finance cost), is disclosed in note 7 'Supplies and services'.

### Movements in other provisions

Movements in each class of provisions during the financial year, other than employee benefits, are set out below.

#### Employment on-cost provision

Carrying amount at start of period	368	235
Additional provisions recognised	(177)	133
Payments/other sacrifices of economic benefits	-	-
Unwinding of the discount	-	-
<b>Carrying amount at end of period</b>	<b>191</b>	<b>368</b>

## 36. Equity

The Western Australian Government holds the equity interest in Main Roads on behalf of the community. Equity represents the residual interest in the net assets of Main Roads. The asset revaluation surplus represents that portion of equity resulting from the revaluation of non-current assets.

### Contributed equity

Balance at start of period	3,759,621	3,303,418
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#### Contributions by owners

Capital contributions	325,471	443,592
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#### Other contributions by owners

Royalties for Regions Fund - Regional Infrastructure and Headwork Account	9,387	29,328
Royalties for Regions Fund - Regional Community Services Account	-	1,375

#### Transfer of net assets from other agencies

Public Transport Authority	5,341	2,417
Western Australian Planning Commission	1,435	6,237
Department of Lands	-	778
Metropolitan Redevelopment Authority	-	4,470
Forest Products Commission	-	570
Department of Parks & Wildlife	-	4,580
Water Corporation	30	-
Department of Health	-	11,477

<b>Total contributions by owners</b>	<b>341,664</b>	<b>504,824</b>
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	2015 \$000	2014 \$000
<b>Distributions to owners</b>		
Transfer of net assets to other agencies		
Public Transport Authority	(47,362)	-
Department of Environment and Conservation	-	(22)
Department of Parks & Wildlife	(163)	(1,170)
Department of Lands	(13,824)	(45,126)
Metropolitan Redevelopment Authority	-	(492)
Esperance Port Sea & Land	-	(1,811)
<b>Total distributions to owners</b>	<b>(61,349)</b>	<b>(48,621)</b>
<b>Balance at end of period</b>	<b>4,039,936</b>	<b>3,759,621</b>
<b>Reserves</b>		
<b>Asset revaluation surplus</b>		
Balance at start of period	27,454,606	26,052,939
Net revaluation increments/(decrements)		
Earthworks, Drainage, Pavements and Seals	(743)	(73,965)
Bridges	-	131,436
Land under roads	1,855,478	1,391,699
Road Furniture	(201)	(56,066)
Land and Buildings	11,085	8,563
<b>Balance at end of period</b>	<b>29,320,225</b>	<b>27,454,606</b>
<b>Accumulated surplus/(deficit)</b>		
Balance at start of period	12,045,228	11,788,625
Result for the period	664,263	256,603
Income and expense recognised directly in equity	-	-
<b>Balance at end of period</b>	<b>12,709,491</b>	<b>12,045,228</b>
<b>Total Equity at end of period</b>	<b>46,069,652</b>	<b>43,259,455</b>

### 37. Notes to the Statement of Cash Flows

#### Reconciliation of cash

Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

Cash and cash equivalents	186,970	84,845
Restricted cash and cash equivalents	95,048	83,602
	<b>282,018</b>	<b>168,447</b>

	2015 \$000	2014 \$000
<b>Reconciliation of net cost of services to net cash flows provided by/(used in) operating activities</b>		
Net cost of services	(207,927)	(598,473)
<i>Non-cash items:</i>		
Depreciation expense - infrastructure	254,263	251,682
Depreciation and amortisation expense - other fixed assets	4,284	4,246
Grants to other bodies	12,110	108,195
Grants received from other bodies	(13,772)	(75,246)
Services received free of charge	5,432	1,814
Infrastructure assets retired/replaced	18,852	19,456
Assets not previously recognised	(4,311)	(25,526)
Adjustment for other non-cash items	-	-
Net (gain)/loss on sale of property, plant and equipment	(1,628)	(3,191)
<i>(Increase)/decrease in assets:</i>		
Receivables <sup>(a)</sup>	4,284	14,486
Inventories	22	1,089
Prepayments	9,992	(15,710)
<i>Increase/(decrease) in liabilities:</i>		
Payables <sup>(a)</sup>	(17,735)	52,316
Employee benefits	(4,375)	(3,166)
Net GST receipts/(payments) <sup>(b)</sup>	133,814	134,160
Change in GST in receivables/payables <sup>(c)</sup>	(135,861)	(141,136)
<b>Net cash provided by/(used in) operating activities</b>	<b>57,444</b>	<b>(275,004)</b>

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

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

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

### 38. Services provided free of charge

During the year the following services were provided to other agencies free of charge for functions outside the normal operations of Main Roads:

Department of Transport - accommodation costs and provision of traffic modelling services	154	9
Police Department - traffic forecasts	-	1
Department of Planning - provision of traffic modelling services	22	1
Public Transport Authority - provision of professional services	13	27
Department of Parks and Wildlife - bridge inspection services	14	15
Services provided free of charge to other agencies	1	2
	<b>204</b>	<b>55</b>

2015  
\$0002014  
\$000**39. Commitments****Non-cancellable operating lease commitments**

Commitments for minimum lease payments are payable as follows:

Within 1 year	4,473	4,498
Later than 1 year and not later than 5 years	4,437	5,627
Later than 5 years	173	10
	<b>9,083</b>	<b>10,135</b>

The commitments below are inclusive of GST.

**Capital expenditure commitments**

Capital expenditure commitments, being contracted capital expenditure additional to the amounts reported in the financial statements, are payable as follows:

Within 1 year	589,502	500,629
Later than 1 year and not later than 5 years	117,794	373,417
Later than 5 years	1	2,702
	<b>707,297</b>	<b>876,748</b>

**Other expenditure commitments**

Other expenditure commitments predominantly comprise maintenance commitments for road infrastructure assets contracted for at the end of the reporting period but not recognised as liabilities, are payable as follows:

Within 1 year	399,096	443,850
Later than 1 year and not later than 5 years	436,292	112,238
Later than 5 years	972	-
	<b>836,360</b>	<b>556,088</b>

**40. Contingent liabilities and contingent assets****Contingent liabilities**

The following contingent liabilities are additional to the liabilities included in the financial statements:

Contract claims in dispute	67,552	8,639
Resumption claims in dispute	229,979	246,992
	<b>297,531</b>	<b>255,631</b>

***Contract claims in dispute***

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

***Resumption claims in dispute***

Claims have been lodged by owners of property acquired for road construction purposes. The contingent liability is the difference between the owner's claim and the estimated settlement price determined and recognised by Main Roads in accordance with an independent valuation.

	2015 \$000	2014 \$000
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#### *Contaminated sites*

Under the *Contaminated Sites Act 2003*, Main Roads is required to report known and suspected contaminated sites to the Department of Environment and Conservation (DEC). In accordance with the Act, DEC 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 thirty-one suspected contaminated sites to DEC. Five were classified as possibly contaminated - investigation required, two were classified as contaminated - remediation required, twenty-three were sites affected from adjacent sites and one is awaiting classification. Main Roads is unable to assess the likely outcome of the classification process, and accordingly, it is not practicable to estimate the potential financial effect or to identify the uncertainties relating to the amount or timing of any outflows. Whilst there is no possibility of reimbursement of any future expenses that may be incurred in the remediation of these sites, Main Roads may apply for funding from the Contaminated Sites Management Account to undertake further investigative work or to meet remediation costs that may be required.

#### Contingent assets

The following contingent assets are additional to the assets included in the financial statements:

Contracts in dispute	119	2,219
	<b>119</b>	<b>2,219</b>

#### *Contracts in dispute (dispute resolution in progress)*

The amount shown relates to claims against various contractors for deficient works, which are currently proceeding through dispute resolution processes. The potential financial effect of the success of the claims is based on best estimates available.

## 41. Events occurring after the end of the reporting period

### Establishment of new Department

In accordance with section 35 (1) of the *Public Sector Management Act 1994* and as per Western Australian Government Gazette notification dated the 3rd July 2015, the Western Australian Government established a new Department and designated it as the Road Safety Commission with effect from 1st July 2015.

## 42. Explanatory statements

Major variances between estimates and actual results for 2015 and between the actual results for 2014 and 2015 are shown below. Major variances are considered to be those greater than 10% or \$10 million.

	Variance Note	Original Budget 2015 \$000	Actual 2015 \$000	Actual 2014 \$000	Variance between estimate and actual \$000	Variance between actual results for 2015 and 2014 \$000
<b>Statement of Comprehensive Income</b>						
<b>Expenses</b>						
Employee benefits expense	1	76,148	65,593	69,394	(10,555)	(3,801)
Supplies and services	2,A	517,433	440,573	496,794	(76,860)	(56,221)
Depreciation expense of infrastructure assets	3	285,532	254,263	251,682	(31,269)	2,581
Depreciation and amortisation expense of other assets	4	8,793	4,284	4,246	(4,509)	38
Finance costs	B	500	476	618	(24)	(142)
Grants and subsidies	5,C	211,194	197,844	311,161	(13,350)	(113,317)
Other expenses	6	23,494	18,852	19,456	(4,642)	(604)
<b>Total cost of services</b>		<b>1,123,094</b>	<b>981,885</b>	<b>1,153,351</b>	<b>(141,209)</b>	<b>(171,466)</b>
<b>Income</b>						
<i>Revenue</i>						
Regulatory fines	D	92,625	99,787	80,037	7,162	19,750
Sale of goods and services	7,E	-	11,304	9,854	11,304	1,450
Commonwealth grants and contributions	8,F	485,127	547,545	266,419	62,418	281,126
Contributions to roadworks	9	19,075	78,328	77,020	59,253	1,308
Grants from other bodies	10,G	-	13,772	75,246	13,772	(61,474)
Interest revenue	11,H	400	2,756	2,437	2,356	319
Other revenue	I	18,073	18,838	40,674	765	(21,836)
<b>Total revenue</b>		<b>615,300</b>	<b>772,330</b>	<b>551,687</b>	<b>157,030</b>	<b>220,643</b>
<i>Gains</i>						
Gain on disposal of non-current assets	12,J	200	1,628	3,191	1,428	(1,563)
<b>Total gains</b>		<b>200</b>	<b>1,628</b>	<b>3,191</b>	<b>1,428</b>	<b>(1,563)</b>
<b>Total income other than income from State Government</b>		<b>615,500</b>	<b>773,958</b>	<b>554,878</b>	<b>158,458</b>	<b>219,080</b>
<b>NET COST OF SERVICES</b>		<b>507,594</b>	<b>207,927</b>	<b>598,473</b>	<b>(299,667)</b>	<b>(390,546)</b>
<b>Income from State Government</b>						
Service appropriation	13,K	862,995	830,568	816,275	(32,427)	14,293
Natural disaster funds	14	17,400	35,210	35,577	17,810	(367)
Services received free of charge	15,L	2,700	5,616	1,814	2,916	3,802
Royalties for Regions Fund	16,M	2,005	796	1,410	(1,209)	(614)
<b>Total income from State Government</b>		<b>885,100</b>	<b>872,190</b>	<b>855,076</b>	<b>(12,910)</b>	<b>17,114</b>
<b>SURPLUS/(DEFICIT) FOR THE PERIOD</b>		<b>377,506</b>	<b>664,263</b>	<b>256,603</b>	<b>286,757</b>	<b>407,660</b>
<b>OTHER COMPREHENSIVE INCOME</b>						
<b>Items not reclassified subsequently to profit or loss</b>						
Changes in asset revaluation surplus	17,N	1,150,030	1,865,619	1,401,667	715,589	463,952
<b>Total other comprehensive income</b>		<b>1,150,030</b>	<b>1,865,619</b>	<b>1,401,667</b>	<b>715,589</b>	<b>463,952</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>1,527,536</b>	<b>2,529,882</b>	<b>1,658,270</b>	<b>1,002,346</b>	<b>871,612</b>

	Variance Note	Original Budget 2015 \$000	Actual 2015 \$000	Actual 2014 \$000	Variance between estimate and actual \$000	Variance between actual results for 2015 and 2014 \$000
<b>Statement of Financial Position</b>						
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash and cash equivalents	18,O	45,483	186,970	84,845	141,487	102,125
Restricted cash and cash equivalents	19,P	79,359	95,048	83,602	15,689	11,446
Receivables	20	59,629	51,443	53,601	(8,186)	(2,158)
Amounts receivable for services	Q	51,580	54,063	47,553	2,483	6,510
Inventories	21,R	4,027	2,421	2,994	(1,606)	(573)
Prepayments	22,S	15,847	21,435	29,515	5,588	(8,080)
Non-current assets classified as held for sale	23,T	5,346	7,150	638	1,804	6,512
<b>Total Current Assets</b>		<b>261,271</b>	<b>418,530</b>	<b>302,748</b>	<b>157,259</b>	<b>115,782</b>
<b>Non-Current Assets</b>						
Receivables	24,U	138	96	115	(42)	(19)
Amounts receivable for services	25,V	1,734,070	1,698,895	1,544,651	(35,175)	154,244
Inventories		1,360	1,855	1,304	495	551
Prepayments	26,W	1,200	1,330	3,242	130	(1,912)
Property, plant and equipment	27,X	454,413	567,204	529,695	112,791	37,509
Infrastructure	28,Y	42,729,612	43,729,691	41,206,446	1,000,079	2,523,245
Intangible assets		16,434	17,725	18,074	1,291	(349)
<b>Total Non-Current Assets</b>		<b>44,937,227</b>	<b>46,016,796</b>	<b>43,303,527</b>	<b>1,079,569</b>	<b>2,713,269</b>
<b>TOTAL ASSETS</b>		<b>45,198,498</b>	<b>46,435,326</b>	<b>43,606,275</b>	<b>1,236,828</b>	<b>2,829,051</b>
<b>LIABILITIES</b>						
<b>Current Liabilities</b>						
Payables	29,Z	238,043	326,348	298,119	88,305	28,229
Borrowings	30,AA	5,000	5,766	5,000	766	766
Provisions	31,AB	35,104	28,999	33,787	(6,105)	(4,788)
<b>Total Current Liabilities</b>		<b>278,147</b>	<b>361,113</b>	<b>336,906</b>	<b>82,966</b>	<b>24,207</b>
<b>Non-Current Liabilities</b>						
Borrowings	32,AC	766	-	5,766	(766)	(5,766)
Provisions		4,218	4,561	4,148	343	413
<b>Total Non-Current Liabilities</b>		<b>4,984</b>	<b>4,561</b>	<b>9,914</b>	<b>(423)</b>	<b>(5,353)</b>
<b>TOTAL LIABILITIES</b>		<b>283,131</b>	<b>365,674</b>	<b>346,820</b>	<b>82,543</b>	<b>18,854</b>
<b>NET ASSETS</b>		<b>44,915,367</b>	<b>46,069,652</b>	<b>43,259,455</b>	<b>1,154,285</b>	<b>2,810,197</b>
<b>EQUITY</b>						
Contributed equity	33,AD	4,083,531	4,039,936	3,759,621	(43,595)	280,315
Reserves	34,AE	28,352,999	29,320,225	27,454,606	967,226	1,865,619
Accumulated surplus/(deficit)	35,AF	12,478,837	12,709,491	12,045,228	230,654	664,263
<b>TOTAL EQUITY</b>		<b>44,915,367</b>	<b>46,069,652</b>	<b>43,259,455</b>	<b>1,154,285</b>	<b>2,810,197</b>



	Variance Note	Original Budget	Actual	Actual	Variance between estimate and actual	Variance between actual results for 2015 and 2014
		2015 \$000	2015 \$000	2014 \$000	\$000	\$000
<b>Statement of Cash Flow</b>						
<b>CASH FLOWS FROM STATE GOVERNMENT</b>						
Service appropriation	AG	621,996	622,261	597,723	265	24,538
Capital appropriation	36,AH	301,035	325,471	443,592	24,436	(118,121)
Holding account drawdown		47,553	47,553	46,907	-	646
Natural disaster funding	37	17,400	35,210	35,577	17,810	(367)
Royalties for Regions Fund	38,AI	21,033	10,183	32,113	(10,850)	(21,930)
<b>Net cash provided by State Government</b>		<b>1,009,017</b>	<b>1,040,678</b>	<b>1,155,912</b>	<b>31,661</b>	<b>(115,234)</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
<b>Payments</b>						
Employee benefits		(76,148)	(70,480)	(73,858)	5,668	3,378
Supplies and services	39,AJ	(497,146)	(441,828)	(480,287)	55,318	38,459
Grants and subsidies	40	(211,194)	(189,237)	(196,478)	21,957	7,241
GST payments on purchases	41	(101,946)	(146,675)	(149,714)	(44,729)	3,039
Finance costs	42,AK	(500)	(403)	(678)	97	275
<b>Receipts</b>						
Sale of goods and services	43,AL	20,017	94,594	112,072	74,577	(17,478)
Commonwealth grants and contributions	44,AM	485,127	547,545	266,419	62,418	281,126
Regulatory fines	AN	92,625	99,787	80,037	7,162	19,750
Interest received	45	400	2,622	2,496	2,222	126
GST receipts on sales	46,AO	1,808	11,333	12,552	9,525	(1,219)
GST receipts from taxation authority	47	99,892	133,814	134,160	33,922	(346)
Other receipts	48,AP	17,573	12,394	14,239	(5,179)	(1,845)
Rent received	49	3,200	3,978	4,036	778	(58)
<b>Net cash provided by/(used in) operating activities</b>		<b>(166,292)</b>	<b>57,444</b>	<b>(275,004)</b>	<b>223,736</b>	<b>332,448</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
<b>Payments</b>						
Purchase of non-current assets	50,AQ	(13,369)	(27,452)	(24,342)	(14,083)	(3,110)
Purchase of infrastructure assets	51	(869,656)	(957,948)	(958,875)	(88,292)	927
<b>Receipts</b>						
Proceeds from sale of non-current assets	52,AR	14,500	5,849	13,147	(8,651)	(7,298)
<b>Net cash provided by/(used in) investing activities</b>		<b>(868,525)</b>	<b>(979,551)</b>	<b>(970,070)</b>	<b>(111,026)</b>	<b>(9,481)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
<b>Payments</b>						
Repayment of borrowings		(5,000)	(5,000)	(5,000)	-	-
<b>Net cash provided by/(used in) financing activities</b>		<b>(5,000)</b>	<b>(5,000)</b>	<b>(5,000)</b>	<b>-</b>	<b>-</b>
Net increase/(decrease) in cash and cash equivalents		(30,800)	113,571	(94,162)	144,371	207,733
Cash and cash equivalents at the beginning of the period		155,642	168,447	262,609	12,805	(94,162)
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>		<b>124,842</b>	<b>282,018</b>	<b>168,447</b>	<b>157,176</b>	<b>113,571</b>

## Major Variance Narratives

### *Variances between estimate and actual*

- 1 Employee benefits was underspent by \$10.5 million (16%) due mainly to a higher level of salary overheads applied to capital projects in comparison to the forecast.
- 2 Supplies and services expense was underspent by \$76.9 million (17%) due mainly to the corrective measures applied against road maintenance during the financial year.
- 3 Depreciation expense of infrastructure assets was underspent by \$31.2 million (12%) due mainly to optimistic assumptions applied in the forecast model.
- 4 Depreciation and amortisation of other assets was underspent by \$4.5 million (105%) due mainly to a higher level of depreciation overheads applied to capital projects in comparison to the forecast.
- 5 Grants and subsidies was underspent by \$13.3 million (7%) due mainly to a 15% reduction in the State Road Funds to Local Government agreement.
- 6 Other expenses was underspent by \$4.6 million (25%) due to less infrastructure assets retired or replaced from road reconstruction or realignment which gives rise to asset retirements.
- 7 Sale of goods and services exceeded estimates by \$11.3 million (100%) due mainly to minor works and services rendered to local government and other bodies.
- 8 Commonwealth grants and contributions exceeded estimates by \$62.4 million (11%) due mainly to funded capital projects achieving agreed milestones.
- 9 Contributions to roadworks exceeded estimates by \$59.2 million (76%) due mainly to the cost of unanticipated third party roadworks for both public and private bodies.
- 10 Grants from other bodies exceeded estimates by \$13.8 million (100%) due mainly to road asset transferred to Main Roads from local government and other bodies.
- 11 Interest revenue exceeded estimates by \$2.3 million (85%) due mainly to higher interest received as a result of a higher interest bearing bank balance.
- 12 Gains from disposal of non-current assets exceeded estimates by \$1.4 million (88%) due to achieving a higher value on the sale of assets during the financial year.
- 13 Service appropriation was under estimates by \$32.4 million (4%) due mainly to corrective measures applied against road maintenance during the financial year.
- 14 Natural disaster funds received exceeded estimates by \$17.8 million (51%) due mainly to unanticipated natural disaster payment claims made during the financial year.
- 15 Services received free of charge exceeded estimates by \$2.9 million (52%) due mainly to increased services provided by Landgate.
- 16 Royalties for Regions Fund was under estimates by \$1.2 million (152%) due mainly to a reduction in funding for district allowances.
- 17 Changes in asset revaluation surplus is over estimates by \$715.6 million (38%) due to the fair value reassessment of land under roads.
- 18 Cash and cash equivalents exceeded estimates by \$141.5 million (76%) due mainly to advanced Commonwealth milestone payments and additional motor vehicle license fees received in the year.
- 19 Restricted cash and cash equivalents exceeded estimates by \$15.7 million (17%) mainly due to increased collection of regulatory fines from red light and speed cameras.
- 20 Receivables was overestimated by \$8.2 million (16%) due mainly to collection of debts.
- 21 Inventories was overestimated by \$1.6 million (66%) due mainly to current material stockpile stores being utilised on ongoing road projects.
- 22 Prepayments exceeded estimates by \$5.6 million (26%) due mainly to principal controlled insurance payments on new capital projects.
- 23 Non-current assets classified as held for sale exceeded estimates by \$1.8 million (25%) due mainly to surplus land available for disposal.
- 24 Receivables was overestimated \$42,000 (44%) due mainly to collection of debts.
- 25 Amounts receivable for services exceeded estimates by \$35.2 million (2%) due mainly to corrective measures applied against road maintenance during the financial year.
- 26 Prepayments exceeded estimates by \$0.1 million (10%) due mainly to principal controlled insurance payments for capital projects.
- 27 Property, plant and equipment exceeded estimates by \$112.8 million (20%) due mainly to more land and buildings acquired in the financial year.
- 28 Infrastructure exceeded estimates by \$1.0 billion (2%) due to revaluation of land under roads infrastructure assets.
- 29 Payables exceeded estimates \$88.3 million (27%) due mainly to increases in land resumption liabilities.
- 30 Borrowings exceeded estimates by \$0.7 million (13%) due to extinguishing of loan borrowings in the next 12 months.
- 31 Provisions was overestimated by \$6.1 million (21%) due mainly to a targeted reduction in long service leave provision for employees.
- 32 Borrowings was overestimated by \$0.7 million (100%) due to extinguishing of loan borrowings in the next 12 months.
- 33 Contributed equity was underspent by \$43.6 million (1%) due mainly to equity transfers of infrastructures in 2014-15.
- 34 Reserves exceeded estimates by \$967.2 million (3%) due to revaluation of land under roads infrastructure assets.
- 35 Accumulated surpluses exceeded estimates by \$230.4 million (2%) due mainly to commonwealth grant milestone payments.
- 36 Capital appropriation exceeded estimates by \$24.4 million (8%) due mainly to increased funding received from motor vehicle licence fees.
- 37 Natural disaster funds exceeded estimates by \$17.8 million (51%) due mainly to unanticipated natural disaster payment claims made during the financial year.
- 38 Royalties for Regions Fund was overestimated by \$10.8 million (107%) due mainly to less grants received for roadwork projects undertaken by Main Roads.
- 39 Supplies and services was underspent by \$55.3 million (13%) due mainly to corrective measures applied against road maintenance during the financial year.
- 40 Grants and subsidies was underspent by \$21.9 million (12%) due mainly to a 15% reduction in the State Road Funds to Local Government agreement.
- 41 GST payment on purchases exceeded estimates by \$44.7 million (30%) due to higher than anticipated GST payments on purchases.
- 42 Finance costs was underspent by \$0.1 million (24%) due mainly to early repayment of the loan principal.
- 43 Sales of good and services was underestimated by \$74.5 million (79%) due to a higher level of work performed on behalf of third parties.
- 44 Commonwealth grants and contributions exceeded estimates by \$62.4 million (11%) due mainly to funded capital projects achieving agreed milestones.
- 45 Interest received exceeded estimates by \$2.2 million (85%) due mainly to higher interest earned as a result of a higher interest bearing bank balance.
- 46 GST receipts from sales exceeded estimates by \$9.5 million (84%) due to a higher level of receipts from sales.
- 47 GST receipts from taxation authority exceeded estimates by \$33.9 million (25%) due to higher than anticipated GST receipts from taxation authority.
- 48 Other receipts was underspent by \$5.2 million (42%) due mainly to a change in payment arrangements from the Insurance Commission of Western Australia towards road safety.
- 49 Rent received exceeded estimates by \$0.7 million (20%) due to increased rental rates.
- 50 Purchase of non current assets exceeded estimates by \$14.1 million (51%) due mainly to land purchases for future capital projects.
- 51 Purchase of infrastructure assets exceeded estimates by \$88.3 million (9%) due to increased expenditure on major projects than estimated.
- 52 Proceeds from sale of non-current assets was less than estimated by \$8.6 million (148%) due mainly to less sales of non-current assets.

*Variances between actual results for 2015 and 2014*

- A** Supplies and services decreased by \$56.2 million (13%) was due mainly to the corrective measures applied against road maintenance during the financial year.
- B** Finance costs decreased by \$0.1 million (30%) due mainly to early repayment of loan principal.
- C** Grants and subsidies decreased by \$113.3 million (57%) due mainly to a 15% reduction in the State Road Funds to Local Government agreement.
- D** Regulatory fines increased by \$19.8 million (20%) due to penalty increases under the WA Road Traffic Code legislation which came into effect on 26 September 2014.
- E** Sales of good and services increased by \$1.4 million (13%) due mainly to minor works and services rendered to local government and other bodies.
- F** Commonwealth grants and contributions increased by \$281.1 million (51%) due mainly to funded capital projects achieving agreed milestones.
- G** Grants from other bodies decreased by \$61.5 million (446%) due mainly to less road assets transferred to Main Roads from local government and other bodies.
- H** Interest received increased by \$0.3 million (12%) due mainly to higher interest received as a result of a higher interest bearing bank balance.
- I** Other revenue decreased by \$21.8 million (116%) due mainly to the notional revenue of assets not previously recognised in 2013-14.
- J** Gains from disposal of non-current assets decreased by \$1.5 million (96%) due to less disposals during the financial year.
- K** Service appropriation increased by \$14.3 million (2%) due mainly to additional costs of operations.
- L** Services received free of charge increased by \$3.8 million (68%) due mainly to increased services provided by Landgate.
- M** Royalties for Regions decreased by \$0.6 million (77%) due mainly to a reduction in funding for district allowances.
- N** Changes in asset revaluation increased by \$463.9 million (25%) due mainly to the fair value reassessment of land under roads.
- O** Cash and cash equivalents increased by \$102.1 million (55%) due mainly to advance Commonwealth milestone payments and additional motor vehicle licence fees received in the year.
- P** Restricted cash and cash equivalents increased by \$11.4 million (12%) mainly due to increased collection of regulatory fines from red light camera and speed cameras.
- Q** Amounts receivable for services increased by \$6.5 million (12%) due higher drawdown of capital contribution in comparison to the previous year.
- R** Inventories decreased by \$0.5 million (24%) due mainly to current material stockpile stores being utilised on ongoing road projects.
- S** Prepayments decreased by \$8.1 million (38%) due mainly to principal controlled insurance payments on new capital projects.
- T** Non-current assets classified as held for sale increased by \$6.5 million (91%) due mainly to surplus land available for disposal.
- U** Receivables decreased \$19,000 (20%) due mainly to collection of debts.
- V** Amounts receivable for services increased by \$154.2 million (9%) due mainly to corrective measures applied against road maintenance during the financial year.
- W** Prepayments decreased by \$1.9 million (144%) due mainly to principal controlled insurance payments for capital projects.
- X** Property, plant and equipment increased by \$37.5 million (7%) due mainly to more land and buildings acquired in the financial year.
- Y** Infrastructure increased by \$2.5 billion (6%) due to revaluation of land under roads infrastructure assets.
- Z** Payables increased \$28.2 million (9%) due mainly to increases in land resumption liabilities.
- AA** Borrowings decreased by \$0.7 million (13%) due to extinguishing of loan borrowings in the next 12 months.
- AB** Provisions decreased by \$4.8 million (17%) due mainly to a targeted reduction in long service leave provision for employees.
- AC** Borrowings decreased by \$5.7 million (100%) due to extinguishing of loan borrowings in the next 12 months.
- AD** Contributed equity increased by \$280.3 million (7%) due mainly to equity transfers of infrastructure assets in 2014-15.
- AE** Reserves increased by \$1.9 billion (6%) due to revaluation of land under roads infrastructure assets.
- AF** Accumulated surpluses increased by \$664 million (5%) due mainly to commonwealth grant milestone payments.
- AG** Service appropriation increased by \$24.5 million (4%) due to additional motor vehicle licence fees received in the financial year.
- AH** Capital appropriation decreased by \$118.1 million (36%) due to replacement of consolidated funding with motor vehicle licence fees.
- AI** Royalties for Regions Fund decreased by \$21.9 million (215%) due mainly to less grants received for roadwork projects undertaken by Main Roads.
- AJ** Supplies and services decreased by \$38.4 million (9%) due mainly to corrective measures applied against road maintenance during the financial year.
- AK** Finance costs decreased by \$0.2 million (68%) due mainly to early repayment of the loan principal.
- AL** Sales of good and services decreased by \$17.5 million (18%) due to a lower level of work performed on behalf of third parties.
- AM** Commonwealth grants and contributions increased by \$281.1 million (51%) due mainly to funded capital projects achieving agreed milestones.
- AN** Regulatory fines increased by \$19.7 million (20%) due to penalty increases under the WA Road Traffic Code legislation which came into effect on 26 September 2014.
- AO** GST receipts from sales decreased by \$1.2 million (11%) due to lower receipts from sales.
- AP** Other receipts decreased by \$1.8 million (15%) due mainly to a change in payment arrangements from the Insurance Commission of Western Australia towards road safety.
- AQ** Purchase of non-current assets increased by \$3.1 million (11%) due mainly to land purchases for future capital projects.
- AR** Proceeds from sale of non-current assets decreased by \$7.3 million (125%) due mainly to less sales of non-current assets.

2015  
\$0002014  
\$000

## 43. Financial instruments

### (a) Financial risk management objectives and policies

Financial instruments held by Main Roads are cash and cash equivalents, restricted cash and cash equivalents, loans and receivables, payables, and WATC borrowings. Main Roads has limited exposure to financial risks. Main Roads' overall risk management program focuses on managing the risks identified below.

#### Credit risk

Credit risk arises when there is the possibility of Main Roads' receivables defaulting on their contractual obligations resulting in financial loss to Main Roads.

The maximum exposure to credit risk at the end of the reporting period in relation to each class of recognised financial assets is the gross carrying amount of those assets inclusive of any allowance for impairment as shown in the table at note 43(c) 'Financial instrument disclosures' and note 23 'Receivables'.

Credit risk associated with Main Roads' financial assets is minimal because the main receivable is the amounts receivable for services (holding account). For receivables other than government, Main Roads trades only with recognised, creditworthy third parties. Main Roads has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. In addition, receivable balances are monitored on an ongoing basis with the result that Main Roads' exposure to bad debts is minimal. At the end of the reporting period there were no significant concentrations of credit risk.

#### Liquidity risk

Liquidity risk arises when Main Roads is unable to meet its financial obligations as they fall due.

Main Roads is exposed to liquidity risk through its trading in the normal course of business.

Main Roads has appropriate procedures to manage cash flows including drawdowns of appropriations by monitoring forecast cash flows to ensure that sufficient funds are available to meet its commitments.

#### Market risk

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

All borrowings are due to the Western Australian Treasury Corporation (WATC) and are repayable at fixed rates with varying maturities. Other than as detailed in the interest rate sensitivity analysis table at note 43(c), Main Roads is not exposed to interest rate risk because the majority of cash and cash equivalents and restricted cash are non-interest bearing and it has no borrowings other than the WATC borrowings.

### (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:

#### Financial Assets

Cash and cash equivalents	186,970	84,845
Restricted cash and cash equivalents	95,048	83,602
Loans and receivables <sup>(a)</sup>	1,771,360	1,614,830

#### Financial Liabilities

Financial liabilities measured at amortised cost	332,114	308,885
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(a) The amount of loans and receivables excludes GST recoverable from the ATO (statutory receivable).

**(c) Financial instrument disclosures**
**Credit risk**

The following table discloses Main Roads' maximum exposure to credit risk and the ageing analysis of financial assets. Main Roads' maximum exposure to credit risk at the end of the reporting period is the carrying amount of financial assets as shown below. The table discloses the ageing of financial assets that are past due but not impaired and impaired financial assets. The table is based on information provided to senior management of Main Roads.

Main Roads does not hold any collateral as security or other credit enhancement relating to the financial assets it holds.

**Ageing analysis of financial assets**

	Carrying Amount	Not past due and not impaired	Past due but not impaired					Impaired financial assets
			Up to 1 month	1-3 months	3 months to 1 year	1-5 years	More than 5 years	
<b>2015</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Cash and cash equivalents	186,970	186,970	-	-	-	-	-	-
Restricted cash and cash equivalents	95,048	95,048	-	-	-	-	-	-
Receivables <sup>(a)</sup>	18,402	14,170	1,171	1,007	30	-	-	2,024
Amounts receivable for services	1,752,958	1,752,958	-	-	-	-	-	-
	<b>2,053,378</b>	<b>2,049,146</b>	<b>1,171</b>	<b>1,007</b>	<b>30</b>	<b>-</b>	<b>-</b>	<b>2,024</b>

  

	Carrying Amount	Not past due and not impaired	Up to 1 month	1-3 months	3 months to 1 year	1-5 years	More than 5 years	Impaired financial assets
<b>2014</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Cash and cash equivalents	84,845	84,845	-	-	-	-	-	-
Restricted cash and cash equivalents	83,602	83,602	-	-	-	-	-	-
Receivables <sup>(a)</sup>	22,626	19,484	824	79	125	37	-	2,077
Amounts receivable for services	1,592,204	1,592,204	-	-	-	-	-	-
	<b>1,783,277</b>	<b>1,780,135</b>	<b>824</b>	<b>79</b>	<b>125</b>	<b>37</b>	<b>-</b>	<b>2,077</b>

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

### 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

2015	Weighted Average Effective Interest Rate %	Interest rate exposure				Maturity date						
		Carrying Amount \$000	Fixed interest rate \$000	Variable interest rate \$000	Non-interest bearing \$000	Nominal Amount \$000	Up to 1 month \$000	1-3 months \$000	3 months to 1 year \$000	1-5 years \$000	More than 5 years \$000	
<b>Financial Assets</b>												
Cash and cash equivalents	-	186,970	-	-	186,970	186,970	-	-	-	-	-	-
Restricted cash and cash equivalents	2.70	95,048	-	94,740	308	95,048	-	-	-	-	-	-
Receivables <sup>(a)</sup>	-	18,402	-	-	18,402	18,402	-	-	-	-	-	-
Amounts receivable for services	-	1,752,958	-	-	1,752,958	1,752,958	10,200	9,600	34,263	203,277	1,495,618	-
		2,053,378	-	94,740	1,958,638	2,053,378	310,620	9,600	34,263	203,277	1,495,618	-
<b>Financial Liabilities</b>												
Payables	-	326,348	-	-	326,348	326,348	-	-	-	-	-	-
WATC Loan	5.57	5,766	5,766	-	-	6,073	1,851	-	1,825	2,397	-	-
		332,114	5,766	-	326,348	332,421	328,199	-	1,825	2,397	-	-
<b>2014</b>												
<b>Financial Assets</b>												
Cash and cash equivalents	-	84,845	-	-	84,845	84,845	-	-	-	-	-	-
Restricted cash and cash equivalents	2.84	83,602	-	73,054	10,548	83,602	-	-	-	-	-	-
Receivables <sup>(a)</sup>	-	22,626	-	-	22,626	22,626	-	-	-	-	-	-
Amounts receivable for services	-	1,592,204	-	-	1,592,204	1,592,204	8,400	8,600	30,553	162,610	1,382,041	-
		1,783,277	-	73,054	1,710,223	1,783,277	199,473	8,600	30,553	162,610	1,382,041	-
<b>Financial Liabilities</b>												
Payables	-	298,119	-	-	298,119	298,119	-	-	-	-	-	-
WATC Loan	5.45	10,766	10,766	-	-	11,444	5,052	-	1,274	5,118	-	-
		308,885	10,766	-	298,119	309,563	303,171	-	1,274	5,118	-	-

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



**Interest rate sensitivity analysis**

The following table represents a summary of the interest rate sensitivity of Main Roads' financial assets and liabilities at the end of the reporting period on the surplus 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.

2015	Carrying amount \$000	-25 basis points		+25 basis points	
		Surplus \$000	Equity \$000	Surplus \$000	Equity \$000
<b>Financial Assets</b>					
Restricted cash and cash equivalents	94,740	(237)	(237)	237	237
<b>Total Increase/(Decrease)</b>		(237)	(237)	237	237

2014	Carrying amount \$000	-25 basis points		+25 basis points	
		Surplus \$000	Equity \$000	Surplus \$000	Equity \$000
<b>Financial Assets</b>					
Restricted cash and cash equivalents	73,054	(183)	(183)	183	183
<b>Total Increase/(Decrease)</b>		(183)	(183)	183	183

**Fair values**

All financial assets and liabilities recognised in the Statement of Financial Position, whether they are carried at cost or fair value, are recognised at amounts that represent a reasonable approximation of fair value unless otherwise stated in the applicable notes.

**44. Remuneration of members of the accountable authority and senior officers**

**Remuneration of members of the accountable authority**

The number of members of the accountable authority, whose total of fees, salaries, superannuation, non-monetary benefits and other benefits for the financial year, fall within the following bands are:

Remuneration Band (\$)	2015	2014
0 – 10,000	1	1
	\$000	\$000
Base remuneration and superannuation	-	-
Annual leave and long service leave accruals	-	-
Other benefits	-	-
<b>The total remuneration of members of the accountable authority</b>	<b>-</b>	<b>-</b>

The total remuneration includes the superannuation expense incurred by Main Roads in respect of members of the accountable authority.

The remuneration of the incumbent Commissioner of Main Roads is met by the Department of Transport.

### Remuneration of senior officers

The number of senior officers whose total fees, salaries, superannuation, non-monetary benefits and other benefits for the financial year fall within the following bands are:

Remuneration Band (\$)	2015	2014
70,001 – 80,000	1	-
160,001 – 170,000	-	1
180,001 – 190,000	-	1
200,001 – 210,000	1	-
210,001 – 220,000	1	4
220,001 – 230,000	2	-
230,001 – 240,000	3	1
310,001 – 320,000	1	-
360,001 – 370,000	-	1
410,001 – 420,000	1	-
	\$000	\$000
Base remuneration and superannuation	2,529	1,882
Annual leave and long service leave accruals	(248)	(139)
Other benefits	82	74
<b>The total remuneration of senior officers</b>	<b>2,363</b>	<b>1,817</b>

Total remuneration includes the superannuation expense incurred by Main Roads in respect of senior officers.

### 45. Remuneration of auditor

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

	2015 \$000	2014 \$000
Auditing the accounts, financial statements and key performance indicators	220	190
Other audits	47	25
	<b>267</b>	<b>215</b>

### 46. Affiliated bodies

WA Pavement Asset Research Centre (WAPARC) is a government affiliated body that received a grant of \$0.235 million (2013-14: \$0.422 million) from Main Roads. The WAPARC is not subject to operational control by Main Roads.

### 47. Special purpose accounts

#### Road Trauma Trust Account <sup>(a)</sup>

In accordance with section 12 of the *Road Safety Council Act 2002*, the purpose of the Account is to receive and hold funds from parliamentary appropriations, all moneys from photographic based vehicle infringement (via Department of Transport and Department of the Attorney General) and any money lawfully received for the purpose of the Act.

	2015 \$000	2014 \$000
Balance at the start of the financial year	72,309	64,517
Receipts	103,358	88,996
Payments	(81,692)	(81,204)
<b>Balance at the end of the financial year</b>	<b>93,975</b>	<b>72,309</b>

(a) Established under section 16(1)(b) of FMA



	2015 \$000	2014 \$000
<b>48. Supplementary financial information</b>		
<u>Write-offs</u>		
Bad debts – damage to roads, bridges and road furniture	163	30
Fixed asset stocktake discrepancies	3	-
Damage to public property	3	144
Inventory – stocktake discrepancies and obsolete/contaminated materials	-	-
	<b>169</b>	<b>174</b>
<u>Gifts of public property</u>		
Gifts of public property provided by Main Roads	11	4
	<b>11</b>	<b>4</b>
<u>Restricted Access Vehicle permits <sup>(a)</sup></u>		
Regulatory fees	7,326	7,138
Transfer payments	7,326	7,109
Cash held in lieu of transfer	39	38

(a) Main Roads collects the Restricted Access Vehicle permits fees in accordance with *Road Traffic (Vehicles) Regulations 2014*. The receipts are paid into the Consolidated Fund and is subsequently appropriated to Main Roads.

#### 49. 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 2014-15 are summarised below:

Amount brought forward for recovery	(45)	(30)
Amount received during the year	(39)	(37)
	(84)	(67)
Expenditure during the year	40	22
<b>Amount carried forward for recovery</b>	<b>(44)</b>	<b>(45)</b>

## 50. Schedule of income and expenses by service

Schedule of Income and Expenses by Service for 2013-14 and 2014-15 (All amounts in \$'000)	Road Safety		Road System Management		Road Efficiency Improvements		Infrastructure For Community Access		Road Network Maintenance		Infrastructure For State Development		Office Of Road Safety		Roadworks Capitalised/ Expenses not allocated to Outputs		Total		
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	
<b>COST OF SERVICES</b>																			
<b>Expenses</b>																			
Employee benefits expense	3,580	3,588	54,337	55,823	16,173	13,597	1,030	1,767	8,420	10,581	2,446	6,101	2,637	2,411	(23,030)	(24,474)	65,593	69,394	
Supplies and services	133,730	136,004	58,645	57,769	730,463	459,491	36,993	49,098	345,387	434,288	120,884	295,704	6,037	3,058	(991,566)	(938,618)	440,573	496,794	
Depreciation of infrastructure assets other non-current assets	-	-	-	-	-	-	-	-	254,263	251,682	-	-	-	-	-	-	254,263	251,682	
Depreciation and amortisation of other non-current assets	402	267	348	335	1,928	1,353	109	137	1,181	1,383	316	771	-	-	-	-	4,284	4,246	
Finance costs	45	39	39	49	214	197	12	20	131	201	35	112	-	-	-	-	476	618	
Grants and subsidies	(27,518)	(58,427)	5,181	9,354	16,788	109,180	5,126	5,964	114,147	179,981	1,984	7,309	75,061	72,461	7,075	(14,661)	197,844	311,161	
Other expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	18,852	19,456	18,852	19,456	
<b>Total cost of services</b>	<b>110,239</b>	<b>81,471</b>	<b>118,550</b>	<b>123,330</b>	<b>765,566</b>	<b>583,818</b>	<b>43,270</b>	<b>56,986</b>	<b>723,529</b>	<b>878,116</b>	<b>125,665</b>	<b>309,997</b>	<b>83,735</b>	<b>77,930</b>	<b>(988,669)</b>	<b>(958,297)</b>	<b>981,885</b>	<b>1,153,351</b>	
<b>Income</b>																			
Revenue																			
Regulatory fines	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sale of goods and services	68	5	2,111	2,375	23	67	-	35	9,080	7,315	22	57	99,787	80,037	-	-	99,787	80,037	
Commonwealth grants and contributions	5,722	12,831	-	1,723	458,469	201,733	-	-	49,342	40,248	34,012	9,884	-	-	-	-	11,304	9,854	
Contributions to roadworks	1,252	1,187	3,410	(737)	39,859	7,089	14,151	34,285	17,937	31,825	1,719	3,371	-	-	-	-	547,545	266,419	
Grants from other bodies	1,136	3,014	843	4,563	5,445	21,601	308	2,108	5,146	32,490	894	11,470	-	-	-	-	78,328	77,020	
Interest revenue	2	2	1	4	8	17	2	2	7	25	1	9	2,737	2,378	-	-	13,772	75,246	
Other revenue	1,473	1,393	1,094	2,110	7,062	9,990	399	975	6,674	15,027	1,159	5,305	977	5,874	-	-	2,756	2,437	
<b>Total revenue</b>	<b>9,653</b>	<b>18,432</b>	<b>7,459</b>	<b>10,038</b>	<b>510,866</b>	<b>240,497</b>	<b>14,858</b>	<b>37,405</b>	<b>88,186</b>	<b>126,930</b>	<b>37,807</b>	<b>30,096</b>	<b>103,501</b>	<b>88,289</b>	<b>-</b>	<b>-</b>	<b>772,330</b>	<b>551,687</b>	
<b>Gains</b>																			
Gain on disposal of non-current assets	134	128	100	193	644	915	36	89	608	1,380	106	486	-	-	-	-	1,628	3,191	
Gain on disposal of other assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Gains	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total gains</b>	<b>134</b>	<b>128</b>	<b>100</b>	<b>193</b>	<b>644</b>	<b>915</b>	<b>36</b>	<b>89</b>	<b>608</b>	<b>1,380</b>	<b>106</b>	<b>486</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,628</b>	<b>3,191</b>	
<b>Total income other than income from State Government</b>	<b>9,787</b>	<b>18,560</b>	<b>7,559</b>	<b>10,231</b>	<b>511,510</b>	<b>241,412</b>	<b>14,894</b>	<b>37,494</b>	<b>88,794</b>	<b>128,310</b>	<b>37,913</b>	<b>30,582</b>	<b>103,501</b>	<b>88,289</b>	<b>-</b>	<b>-</b>	<b>773,958</b>	<b>554,878</b>	
<b>NET COST OF SERVICES</b>	<b>100,452</b>	<b>62,911</b>	<b>110,991</b>	<b>113,099</b>	<b>254,056</b>	<b>342,406</b>	<b>28,376</b>	<b>19,492</b>	<b>634,735</b>	<b>749,806</b>	<b>87,752</b>	<b>279,415</b>	<b>(19,766)</b>	<b>(10,359)</b>	<b>(988,669)</b>	<b>(958,297)</b>	<b>207,927</b>	<b>598,473</b>	
<b>INCOME FROM STATE GOVERNMENT</b>																			
Service appropriation	106,001	50,409	120,925	123,993	46,678	47,509	15,564	4,394	518,531	549,698	22,869	40,372	-	-	-	-	830,568	816,275	
Natural disaster funds	-	-	-	-	-	-	-	-	35,210	35,577	-	-	-	-	-	-	35,210	35,577	
Royalties for Region	-	-	796	1,410	-	-	-	-	-	-	-	-	-	-	-	-	-	796	1,410
Capital contribution	35,537	60,298	1,199	1,593	195,622	219,076	9,976	11,735	3,597	6,250	34,383	144,489	-	-	(280,314)	(443,441)	-	-	
Resources received free of charge	463	73	344	110	2,220	521	126	51	2,099	782	364	277	-	-	-	-	5,616	1,814	
<b>Total income from State Government</b>	<b>142,001</b>	<b>110,780</b>	<b>123,264</b>	<b>127,106</b>	<b>244,520</b>	<b>267,106</b>	<b>25,666</b>	<b>16,180</b>	<b>559,437</b>	<b>592,207</b>	<b>57,616</b>	<b>185,138</b>	<b>-</b>	<b>-</b>	<b>(280,314)</b>	<b>(443,441)</b>	<b>872,190</b>	<b>855,076</b>	
<b>SURPLUS/DEFICIT FOR THE PERIOD</b>	<b>41,549</b>	<b>47,869</b>	<b>12,273</b>	<b>14,007</b>	<b>(9,536)</b>	<b>(75,300)</b>	<b>(2,710)</b>	<b>(3,312)</b>	<b>(75,298)</b>	<b>(157,599)</b>	<b>(30,136)</b>	<b>(94,277)</b>	<b>19,766</b>	<b>10,359</b>	<b>708,355</b>	<b>514,856</b>	<b>664,263</b>	<b>256,603</b>	