

Financial Statements and Notes

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Fitzroy Crossing Bridge.



Statement of Comprehensive Income

for the year ended 30 June 2011

	Note	2011 \$000	2010 \$000
COST OF SERVICES			
Expenses			
Employee benefits expense	6	65,019	55,614
Supplies and services	7	377,580	343,450
Depreciation expense of infrastructure assets	8	209,647	190,858
Depreciation and amortisation expense of other assets	9	4,704	3,750
Finance costs	10	1,585	1,768
Grants and subsidies	11	140,469	112,101
Infrastructure assets retired/replaced	12	15,013	45,493
Total cost of services		814,017	753,034
Income			
Revenue			
Regulatory fines	13	18,682	13,221
Sale of goods and services	14	1,988	4,301
Commonwealth grants and contributions	15	196,666	234,575
Contributions to roadworks	16	12,091	7,156
Grants from other bodies	17	39,419	268,037
Interest revenue	18	3,038	5,032
Other revenue	19	7,526	9,555
Total revenue		279,410	541,877
Gains			
Gain on disposal of non-current assets	20	1,356	5,651
Total gains		1,356	5,651
Total income other than income from State Government		280,766	547,528
NET COST OF SERVICES		533,251	205,506
Income from State Government			
Service appropriation	21	555,190	578,389
Natural disaster funds		13,152	8,926
Resources received free of charge		1,079	2,238
Royalties for Regions Fund		393	-
Total income from State Government		569,814	589,553
SURPLUS/(DEFICIT) FOR THE PERIOD		36,563	384,047
OTHER COMPREHENSIVE INCOME			
Changes in asset revaluation surplus	35	2,349,850	(1,182,892)
Total other comprehensive income		2,349,850	(1,182,892)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		2,386,413	(798,845)

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

Statement of Financial Position

as at 30 June 2011

	Note	2011 \$000	2010 \$000
ASSETS			
Current Assets			
Cash and cash equivalents	36	221,627	260,359
Restricted cash and cash equivalents	22	3,576	5,227
Receivables	23	22,874	23,955
Amounts receivable for services	24	46,907	42,979
Inventories	25	72	62
Prepayments	26	12,272	2,274
Non-current assets classified as held for sale	27	8,335	2,409
Total Current Assets		315,663	337,265
Non-Current Assets			
Receivables	23	-	7
Amounts receivable for services	24	1,139,790	1,041,957
Inventories	25	1,501	6,068
Prepayments	26	578	-
Property, plant and equipment	28	514,134	472,898
Infrastructure	29	38,834,925	36,390,061
Intangible assets	30	4,802	3,595
Total Non-Current Assets		40,495,730	37,914,586
TOTAL ASSETS		40,811,393	38,251,851
LIABILITIES			
Current Liabilities			
Payables	32	178,787	182,733
Borrowings	33	5,000	5,000
Provisions	34	36,389	32,759
Total Current Liabilities		220,176	220,492
Non-Current Liabilities			
Payables	32	1,027	919
Borrowings	33	20,766	25,766
Provisions	34	3,135	4,627
Total Non-Current Liabilities		24,928	31,312
TOTAL LIABILITIES		245,104	251,804
NET ASSETS		40,566,289	38,000,047
EQUITY			
Contributed equity	35	2,865,852	2,686,023
Reserves		26,724,119	24,374,269
Accumulated surplus/(deficit)		10,976,318	10,939,755
TOTAL EQUITY		40,566,289	38,000,047

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 2011

	Note	Contributed equity \$000	Reserves \$000	Accumulated surplus/ (deficit) \$000	Total equity \$000
Balance at 1 July 2009	36	2,340,498	25,557,161	10,555,708	38,453,367
Changes in accounting policy or correction of prior period errors		-	-	-	-
Restated balance at 1 July 2009		2,340,498	25,557,161	10,555,708	38,453,367
Total comprehensive income for the year		-	(1,182,892)	384,047	(798,845)
Transactions with owners in their capacity as owners:					
- Capital appropriations		344,688	-	-	344,688
- Other contributions by owners		2,029	-	-	2,029
- Distribution to owners		(1,192)	-	-	(1,192)
Total		345,525	-	-	345,525
Balance at 30 June 2010		2,686,023	24,374,269	10,939,755	38,000,047
Balance at 1 July 2010		2,686,023	24,374,269	10,939,755	38,000,047
Total comprehensive income for the year		-	2,349,850	36,563	2,386,413
Transactions with owners in their capacity as owners:					
- Capital appropriations		233,175	-	-	233,175
- Other contributions by owners		1,815	-	-	1,815
- Distribution to owners		(55,161)	-	-	(55,161)
Total		179,829	-	-	179,829
Balance at 30 June 2011		2,865,852	26,724,119	10,976,318	40,566,289

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 2011

	Note	2011 \$000	2010 \$000
CASH FLOWS FROM STATE GOVERNMENT			
Service appropriations		410,451	440,128
Capital appropriations		233,175	346,988
Holding account drawdowns		42,979	42,274
Natural disaster funding		13,152	8,926
Royalties for Regions Fund		393	-
Net cash provided by State Government		700,150	838,316
Utilised as follows:			
CASH FLOWS FROM OPERATING ACTIVITIES			
<i>Payments</i>			
Employee benefits		(65,264)	(53,501)
Supplies and services		(372,288)	(353,365)
Grants and subsidies		(136,133)	(110,016)
GST payments on purchases		(80,671)	(99,246)
Finance costs		(1,639)	(1,834)
<i>Receipts</i>			
Sale of goods and services		16,385	17,999
Commonwealth grants and contributions		196,666	234,574
Regulatory fines		18,682	13,221
Interest received		3,633	6,037
GST receipts on sales		2,870	3,393
GST receipts from taxation authority		79,000	96,462
Other receipts		6,542	8,024
Rent received		3,205	3,101
Net cash provided by/(used in) operating activities	37	(329,012)	(235,151)
CASH FLOWS FROM INVESTING ACTIVITIES			
<i>Payments</i>			
Purchase of non-current physical assets		(14,087)	(18,173)
Purchase of infrastructure		(395,487)	(590,053)
<i>Receipts</i>			
Proceeds from sale of non-current physical assets		3,053	8,760
Net cash provided by/(used in) investing activities		(406,521)	(599,466)
CASH FLOWS FROM FINANCING ACTIVITIES			
<i>Payments</i>			
Repayment of borrowings		(5,000)	(5,296)
Net cash provided by/(used in) financing activities		(5,000)	(5,296)
Net increase/(decrease) in cash and cash equivalents		(40,383)	(1,597)
Cash and cash equivalents at the beginning of the period		265,586	267,183
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	37	225,203	265,586

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 2011

1 Australian Accounting Standards

General

The Commissioner of Main Roads' (Main Roads) financial statements for the year ended 30 June 2011 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*. No Australian Accounting Standards that have been issued or amended but not operative have been early adopted by Main Roads for the annual reporting period ended 30 June 2011.

2 Summary of significant accounting policies

(a) General statement

The financial statements constitute general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board 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* and the Treasurer's instructions are legislative provisions governing the preparation of financial statements and take precedence over Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board.

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

(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.

Notes to the Financial Statements

for the year ended 30 June 2011

(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 transfer 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. The following specific recognition criteria must also be met before 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 on delivery of the service to the client or 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.

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 as 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 buying 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 assets is determined by reference to the cost of replacing the remaining future economic benefits embodied in the asset, ie. 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.

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 current depreciated replacement cost (existing use basis) as the assets are specialised and no market 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) 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 2011 is based on the current depreciated replacement cost determined at 30 June 2011 calculated using current 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.



Notes to the Financial Statements

for the year ended 30 June 2011

The fair value of land under roads (i.e. land within road reserves) 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 in estimating fair value are made in assessing whether to apply the existing use basis to assets and in determining estimated useful 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 within road reserves' 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'.

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 and Equipment		
Buildings		10 to 40 years
Plant and vehicles		5 to 10 years
Equipment and furniture		5 to 13 years
Computer hardware and software ^(a)		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 life. Costs incurred below these thresholds are immediately expensed directly to the Statement of Comprehensive Income.

All acquired and internally developed 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 have a finite useful life and zero residual value.



Notes to the Financial Statements

for the year ended 30 June 2011

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

Computer software ^(a) 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 treated as property, plant and equipment. Software that is not an integral part of the related hardware is treated 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.

As Main Roads is a not-for-profit entity, unless an 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 or 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 32 '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 net 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 leave entitlements and asset replacement.

(p) Inventories

Inventories held for distribution (for roadworks) are measured at the lower of cost and current replacement cost. 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 when Main Roads becomes obliged to make future payments as a result of a purchase of assets or services at fair value, as they are generally settled within 30 days.

Notes to the Financial Statements

for the year ended 30 June 2011

(s) Borrowings

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

The liability for annual leave expected to be settled within 12 months after the reporting period is recognised and measured at the undiscounted amounts expected to be paid when the liability is settled.

Annual leave not expected to be settled within 12 months after the reporting period 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 the defer settlement of the liability for at least 12 months after the reporting period.

Long service leave

The liability for long service leave expected to be settled within 12 months after the reporting period is recognised and measured at the undiscounted amounts expected to be paid when the liability is settled.

Long service leave not expected to be settled within 12 months after the reporting period 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.

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 reporting period. 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.

Deferred leave

The provision for deferred leave relates to Public Service employees who have entered into an agreement to self-fund an additional twelve months leave in the fifth year of the agreement. The provision recognises the value of salary set aside for employees to be used in the fifth year. This liability is measured on the same basis as annual leave. Deferred leave is reported as a non-current provision until the fifth year.

Purchased leave

The provision for purchased leave relates to Public Service employees who have entered into an agreement to self-fund up to an additional ten weeks leave per calendar year. The provision recognises the value of salary set aside for employees and is measured at the nominal amounts expected to be paid when the liabilities are settled. This liability is measured on the same basis as annual leave.

Superannuation

The Government Employees Superannuation Board (GESB) administers public sector superannuation arrangements in Western Australia in accordance with legislative requirements.

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.

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 concurrently funded part of the GSS is a defined contribution scheme as these contributions extinguish all liabilities in respect of the concurrently funded GSS obligations.

Employees commencing employment prior to 16 April 2007 who were not members of either the Pension 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). Both of these schemes are accumulation schemes. Main Roads makes concurrent contributions to GESB on behalf of employees in compliance with the *Commonwealth Government's Superannuation Guarantee (Administration) Act 1992*. These contributions extinguish the liability for superannuation charges in respect of the WSS and GESBS.

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.

Notes to the Financial Statements

for the year ended 30 June 2011

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, and the GESBS.

(v) Resources received free of charge or for nominal cost

Resources received free of charge or for nominal cost that can be reliably measured are recognised as income at fair value. Where the resource received represents a service that Main Roads would otherwise pay for, a corresponding expense is recognised. 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 32 'Payables'.

3 Judgements made by management in applying accounting policies

There were no material judgements made by management in applying accounting policies for the 2010-11 financial year, other than those disclosed at note 2(y) 'Property liabilities and commitments'.

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 within road reserves, are measured at current 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 2010 that impacted on Main Roads.

2009-5	<p><i>Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139]</i></p> <p>Under amendments to AASB 117, the classification of land elements of all existing leases has been reassessed to determine whether they are in the nature of operating or finance leases. As leases of land & buildings recognised in the financial statements have not been found to significantly expose Main Roads to the risks/rewards attributable to control of land, no changes to accounting estimates have been included in the Financial Statements and Notes to the Financial Statements.</p> <p>Under amendments to AASB 107, only expenditures that result in a recognised asset are eligible for classification as investing activities in the Statement of Cash Flows. All investing cashflows recognised in Main Roads' Statement of Cash Flows relate to increases in recognised assets.</p>
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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.



Notes to the Financial Statements

for the year ended 30 June 2011



		Operative for reporting periods beginning on/after
AASB 2009-11	<p><i>Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12].</i></p> <p>The amendment to <i>AASB 7 Financial Instruments: Disclosures</i> requires modification to the disclosure of categories of financial assets. Main Roads does not expect any financial impact when the Standard is first applied. The disclosure of categories of financial assets in the notes will change.</p>	1 Jan 2013
AASB 2009-12	<p><i>Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052]</i></p> <p>This Standard introduces a number of terminology changes. There is no financial impact resulting from the application of this revised Standard.</p>	1 Jan 2011
AASB 1053	<p><i>Application of Tiers of Australian Accounting Standards</i></p> <p>This Standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements.</p> <p>The Standard does not have any financial impact on Main Roads. However it may affect disclosures in the financial statements of Main Roads if the reduced disclosure requirements apply. DTF has not yet determined the application or the potential impact of the new Standard for agencies.</p>	1 Jul 2013
AASB 2010-2	<p><i>Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements</i></p> <p>This Standard makes amendments to many Australian Accounting Standards, including Interpretations, to introduce reduced disclosure requirements into these pronouncements for application by certain types of entities.</p> <p>The Standard is not expected to have any financial impact on Main Roads. However this Standard may reduce some note disclosures in the financial statements of Main Roads. DTF has not yet determined the application or the potential impact of the amendments to these Standards for agencies.</p>	1 Jul 2013

		Operative for reporting periods beginning on/after
AASB 2011-2	<p><i>Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project – Reduced Disclosure Requirements [AASB 101 & 1054]</i></p> <p>This Amending Standard removes disclosure requirements from other Standards and incorporates them in a single Standard to achieve convergence between Australian and New Zealand Accounting Standards for reduced disclosure reporting. DTF has not yet determined the application or the potential impact of the amendments to these Standards for agencies.</p>	1 Jul 2011
AASB 2010-5	<p><i>Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042] (October 2010)</i></p> <p>This Standard introduces a number of terminology changes as well as minor presentation changes to the Notes to the Financial Statements. There is no financial impact resulting from the application of this revised Standard.</p>	1 Jan 2011
AASB 2010-6	<p><i>Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets [AASB 1 & AASB 7]</i></p> <p>This Standard makes amendments to Australian Accounting Standards, introducing additional presentation and disclosure requirements for Financial Assets.</p> <p>The Standard is not expected to have any financial impact on Main Roads. DTF has not yet determined the application or the potential impact of the amendments to these Standards for agencies.</p>	1 Jul 2011
AASB 9	<p><i>Financial Instruments</i></p> <p>This Standard supersedes <i>AASB 139 Financial Instruments: Recognition and Measurement</i>, introducing a number of changes to accounting treatments.</p> <p>The Standard was reissued on 6 Dec 2010 and Main Roads is currently determining the impact of the Standard. DTF has not yet determined the application or the potential impact of the Standard for agencies.</p>	1 Jan 2013



Notes to the Financial Statements

for the year ended 30 June 2011



		Operative for reporting periods beginning on/after
AASB 2010-7	<p><i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]</i></p> <p>This Amending Standard makes consequential adjustments to other Standards as a result of issuing <i>AASB 9 Financial Instruments</i> in December 2010. DTF has not yet determined the application or the potential impact of the Standard for agencies.</p>	1 Jan 2013
AASB 1054	<p><i>Australian Additional Disclosures</i></p> <p>This Standard, in conjunction with <i>AASB 2011-1 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project</i>, removes disclosure requirements from other Standards and incorporates them in a single Standard to achieve convergence between Australian and New Zealand Accounting Standards.</p>	1 Jul 2011
AASB 2011-1	<p><i>Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project [AASB 1, 5, 101, 107, 108, 121, 128, 132 & 134 and Interpretations 2, 112 & 113]</i></p> <p>This Amending Standard, in conjunction with <i>AASB 1054 Australian Additional Disclosures</i>, removes disclosure requirements from other Standards and incorporates them in a single Standard to achieve convergence between Australian and New Zealand Accounting Standards.</p>	1 Jul 2011

	2011 \$000	2010 \$000
6 Employee benefits expense		
Wages and salaries	51,294	44,572
Annual leave	5,159	4,255
Long service leave	2,462	2,097
	58,915	50,924
Superannuation – defined contribution plans ^(a)	6,104	4,690
	65,019	55,614

(a) Defined contribution plans include West State, Gold State and GESB Super Scheme (contribution paid).

7 Supplies and services

Contractors and consultants	316,697	308,696
Materials	3,373	1,440
Plant hire charges	14,452	5,064
Fringe benefits tax	1,128	1,099
Postage, stationery and reprographics	1,361	1,287
Telecommunications	3,278	3,359
Building maintenance and equipment	8,497	2,665
Electricity, gas and water	5,965	5,634
Contributions	312	173
Legal costs	348	593
Advertising	6,605	4,972
Rates and taxes	333	330
Insurance	2,399	2,329
Other	12,833	5,809
	377,581	343,450

8 Depreciation expense of infrastructure assets

Roads – earthworks	533	623
Roads – earthworks (adjustment)	(1,266)	1,266
Roads – pavements, drainage and seal	157,740	141,914
Bridges	40,835	8,018
Road furniture	11,805	9,037
	209,647	190,858



Notes to the Financial Statements

for the year ended 30 June 2011



	2011 \$000	2010 \$000
9 Depreciation and amortisation expense of other assets		
Depreciation		
Plant, equipment and vehicles	2,762	2,375
Buildings	5,759	4,049
Total depreciation	8,521	6,424
Amortisation		
Intangible assets	280	285
Total amortisation	280	285
Total depreciation and amortisation	8,801	6,709
Less: depreciation capitalised to infrastructure	(4,097)	(2,959)
	4,704	3,750

10 Finance costs

Interest expense	1,585	1,768
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11 Grants and subsidies

Grants and subsidies to local government and other bodies	137,478	111,935
Grants of non-current assets to other bodies	2,991	166
	140,469	112,101

12 Infrastructure assets retired/replaced

Earthworks and pavements	13,096	33,395
Bridges	639	252
Road furniture	826	-
Work in progress	452	11,846
	15,013	45,493

Infrastructure assets replaced or retired during the year have been expensed at their carrying amount.

13 Regulatory fines

Regulatory fines	18,682	13,221
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This revenue represents one-third of 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 Fund and administered by the Office of Road Safety in accordance with the *Road Safety Council Act 2002*.

2011
\$0002010
\$000

14 Sale of goods and services

Sale of goods and services

1,988

4,301

This amount represents works undertaken for other public and private bodies and includes the recovery of expenditure from the Commonwealth Department of Infrastructure, Transport, Local Government 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 2010–11 are summarised at note 47 'Indian Ocean Territories'.

15 Commonwealth grants and contributions

Nation Building Program

180,247

232,160

Jobs Fund – Infrastructure Employment Projects

13,500

-

Interstate Road Transport Act 1985

2,919

2,415

196,666**234,575**

Nation Building Program

Grants are received from the Commonwealth Government through the *Nation Building Program (National Land Transport) Act 2009*. 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, Boom Gates for Rail Crossings and the Black Spot Program along with funding for the Local Road and National Road Projects.

Jobs Fund – Infrastructure Employment Projects

Grants are received from the Commonwealth Government through the Jobs Fund. This is an Australian Government initiative to support and create jobs and skill development through projects that build infrastructure and social capital in local communities. This funding is used to deliver the Fitzgerald River National Park Road Upgrade and Walk Trail Project.

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 2011, \$35.982 million of the *Nation Building Program (National Land Transport) Act 2009* grants recognised as revenue remained unspent on approved projects (at 30 June 2010 the amount was \$32.858 million). Refer to note 2(e) 'Income'.

Notes to the Financial Statements

for the year ended 30 June 2011



	2011 \$000	2010 \$000
16 Contributions to roadworks		
Contributions to roadworks	12,091	7,156

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	24,148	265,976
Local Government contribution to traffic signal construction	-	667
Developers contribution to roadworks	15,271	1,394
	39,419	268,037

Transferred infrastructure assets at fair value are transfers from Local Government and other bodies to State Government based on formal proclamation. The following roads were transferred during 2010–11: Indian Ocean Drive (Lancelin-Cervantes).

The developers contribution to roadworks relate to construction costs met by private developers on roads owned by Main Roads. Roadworks include Mingenew-Morawa Road, Marble Bar Road and Great Northern Highway (Extension Hill).

18 Interest revenue

AusLink Accelerated Upgrade Package interest revenue	2,704	4,786
Road Trauma Trust Fund interest revenue	244	182
Other interest revenue	90	64
	3,038	5,032

19 Other revenue

Rental income	3,217	3,100
Return of previous year grants	506	2,304
Other contributions ^(a)	2,670	3,081
Other	1,133	1,070
	7,526	9,555

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

20 Net gain/(loss) on disposal of non-current assets

Proceeds from disposal of non-current assets		
Land acquired for roadworks	5,058	10,370
Land and buildings	335	400
Plant, equipment and vehicles	-	26
	5,393	10,796
Costs of disposal of non-current assets		
Land acquired for roadworks	3,571	4,880
Land and buildings	466	249
Plant, equipment and vehicles	-	16
	4,037	5,145
Net gain/(loss)	1,356	5,651

	2011 \$000	2010 \$000
21 Income from State Government		
Service appropriation		
Motor vehicle licence fees	403,425	402,790
Untied funds	145,714	170,319
Motor vehicle permit fees	5,699	4,942
Salaries and Allowances Act	352	338
	555,190	578,389
Other funds received from State Government		
Natural disaster funds	13,152	8,926
Resources received free of charge		
<i>Determined on the basis of the following estimates provided by agencies:</i>		
Land Information Authority (Landgate)	73	2,232
Department of Treasury and Finance	6	6
Department of Education	1	-
Department of the Attorney General (State Solicitor's Office)	997	-
Department of Water	2	-
	1,079	2,238
Royalties for Regions Fund		
Regional Community Services Account	393	-
	569,814	589,553

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 depreciation expense for the year and any agreed increase in leave liability during the year.

Motor vehicle licence fees

Motor vehicle licence fees for cars and light vehicles are raised under the Road Traffic Act. The total licence fees collected in 2010–11 was \$522.535 million. An amount of \$403.425 million was received as a service appropriation and the balance of \$119.110 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 2010–11 was \$259.779 million. This includes a service appropriation of \$145.714 million and a capital contribution of \$114.065 million. The service appropriation includes a cash component of \$0.974 million and a \$144.740 million non cash component.

Motor vehicle permit fees

Motor vehicle permit fees are collected under the *Road Traffic Act* and fees for heavy vehicles are raised under the Road Transport Reform (Heavy Vehicles Registration) Act for the issue of permit fees for vehicles that are oversized, special purpose or carry oversized or extra loads.

Notes to the Financial Statements

for the year ended 30 June 2011

Other funds received from State Government

Natural disaster funds

Funds provided by the Fire and Emergency Services Authority for the re-opening and re-instatement of roads damaged by declared natural disasters.

Resources received free of charge

Assets or services received free of charge or for nominal cost are recognised as revenue at fair value of the assets and/or services that can be reliably measured and which would have been purchased if they were not donated. Contributions of assets or services in the nature of contributions by owners are recognised direct to equity.

Regional Community Services 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. The funds were utilised for the purposes of meeting district allowances paid to employees working in regional areas.

	2011 \$000	2010 \$000
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22 Restricted cash and cash equivalents

Current

Contractor's deposits	820	1,326
Road Trauma Trust Fund	2,756	3,901
	3,576	5,227

Contractor's deposits

Amounts withheld from contractors payments pending satisfactory completion of works.

Road Trauma Trust Fund

Cash held in these accounts is to be used only for the purposes as prescribed in note 45 'Special purpose accounts'.

23 Receivables

Current

Trade debtors	10,301	9,097
Allowance for impairment of receivables	(237)	(200)
Trade debtors – unbilled receivables	3,127	2,984
GST receivable	8,931	10,786
Other debtors	541	1,082
Accrued revenue	211	206
Total current	22,874	23,955

Non-current

Trade debtors	-	7
Total non-current	-	7
Total receivables	22,874	23,962

Reconciliation of changes in the allowance for impairment of receivables:

Balance at start of year	200	200
Doubtful debts expense	41	8
Amounts written off during the year	-	(8)
Amounts recovered during the year	(4)	-
Balance at end of year	237	200

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

	2011 \$000	2010 \$000
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24 Amounts receivable for services

Current	46,907	42,979
Non-current	1,139,790	1,041,957
	1,186,697	1,084,936

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

25 Inventories

Current

Inventories held for distribution:
- Construction and maintenance materials

Total current

	72	62
	72	62

Non-current

Inventories held for distribution:
- Construction and maintenance materials

Total non-current

	1,501	6,068
	1,501	6,068

26 Prepayments

Current

Prepayments

Total current

	12,272	2,274
	12,272	2,274

Non-current

Prepayments

Total non-current

	578	-
	578	-

27 Non-current assets classified as held for sale

Freehold land and buildings

Opening balance
Assets reclassified as held for sale
Assets removed from current disposal program
Assets sold
Write-down of assets from carrying value to fair value less selling costs

Closing balance

	2,409	16,060
	10,570	273
	(7)	(9,241)
	(4,037)	(4,364)
	(600)	(319)
	8,335	2,409



Notes to the Financial Statements

for the year ended 30 June 2011

	2011 \$000	2010 \$000
28 Property, plant and equipment		
Land		
At fair value ^(a)	96,686	82,416
	96,686	82,416
Buildings		
At fair value ^(a)	107,673	98,445
Accumulated depreciation	(4,914)	(55)
	102,759	98,390
Buildings under construction		
Construction costs	3,373	2,679
	3,373	2,679
Plant, equipment and vehicles		
At cost	24,411	22,526
Accumulated depreciation	(15,089)	(13,122)
	9,322	9,404
Surplus assets		
At fair value ^(a)	100,431	98,820
	100,431	98,820
Land acquired for roadworks		
At fair value ^(a)	201,563	181,189
	201,563	181,189
Total property, plant and equipment	514,134	472,898

(a) Land, buildings, surplus assets and land acquired for roadworks were revalued as at 1 July 2010 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 2011 and recognised at 30 June 2011.

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 2009 to 1 July 2010. These properties have been valued based on the average percentage increase for the Metro and Rural areas respectively over the period 1 July 2009 to 1 July 2010. 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 2010. In undertaking the revaluation, fair value was determined by reference to market values of Freehold land \$96.686 million and Buildings \$102.759 million.

To ensure the valuations provided by Valuation Services were compliant at 30 June 2011 with the fair value requirements under AASB 116, Valuation Services provided the Department of Treasury and Finance (DTF) with information that tracked the general movement of the market value of land and building construction costs from the 1 July 2010 (date of valuation) to 31 March 2011. DTF reviewed the information and determined that the change in fair values from 1 July 2010 (date of valuation) to 31 March 2011 were not likely to have a material impact on the fair values of these assets as recognised at 30 June 2011.

Reconciliations of the carrying amounts of property, plant, equipment and vehicles at the beginning and end of the reporting period are set out in the table below.

	Freehold land \$000	Buildings \$000	Buildings under construction \$000	Plant, equipment and vehicles \$000	Surplus assets \$000	Land acquired for roadworks \$000	Total \$000
2011							
Carrying amount at start of year	82,416	98,390	2,679	9,404	98,820	181,189	472,898
Additions	717	3,705	761	2,740	-	4,187	12,110
Disposals	(559)	-	-	(60)	-	-	(619)
Classified as held for sale	(1,427)	(90)	-	-	(7,190)	(1,235)	(9,942)
Transfers	275	67	(67)	-	(1,161)	1,140	254
Transfer to infrastructure	-	-	-	-	(535)	(606)	(1,141)
Revaluation increments / (decrements)	15,264	6,446	-	-	10,497	16,888	49,095
Depreciation	-	(5,759)	-	(2,762)	-	-	(8,521)
Carrying amount at end of year	96,686	102,759	3,373	9,322	100,431	201,563	514,134
2010							
Carrying amount at start of year	81,420	78,142	12,666	7,338	78,628	155,279	413,473
Additions	1,816	706	10,663	4,339	2	285	17,811
Disposals	(90)	-	-	(15)	-	-	(105)
Classified as held for sale	-	-	-	-	(214)	(23)	(237)
Transfers	413	20,674	(20,650)	117	8,645	-	9,199
Transfer to infrastructure	-	-	-	-	-	(5,339)	(5,339)
Revaluation increments / (decrements)	(1,143)	2,917	-	-	11,759	30,987	44,520
Depreciation	-	(4,049)	-	(2,375)	-	-	(6,424)
Carrying amount at end of year	82,416	98,390	2,679	9,404	98,820	181,189	472,898

Notes to the Financial Statements

for the year ended 30 June 2011



	2011 \$000	2010 \$000
29 Infrastructure		
Infrastructure		
At fair value	46,624,182	43,546,171
Accumulated depreciation	(8,251,370)	(7,710,646)
	38,372,812	35,835,525
Infrastructure – work in progress		
Construction costs	462,113	554,536
	38,834,925	36,390,061

The value of roads and principal shared paths (earthworks, drainage, pavements and seals), bridges and road furniture at 30 June 2011 is based on the current depreciated replacement cost determined at 30 June 2011 by Main Roads. A comprehensive revaluation has been applied as at 30 June 2011 using construction unit rates obtained from professional quantity surveying firms which represent the fair value to replace the assets, and applying these against the units for each infrastructure category.

For principal shared paths, the value at 30 June 2011 has been determined by applying a cost index (ABS Road and Bridge Construction cost index) on the current depreciated replacement cost to ensure the asset value does not materially differ from fair value.

Land within road reserves was revalued at 30 June 2011 using 1 July 2010 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.

Reconciliation		
Carrying amount at start of year	36,390,061	36,977,981
Additions	383,271	600,842
Capital contribution	(53,600)	3,068
Land transferred from land acquired for roadworks	1,141	4,059
Reclassified to non-current assets	-	(319)
Revaluation increments/(decrements)	2,301,355	(1,227,090)
Local roads reclassified as highways and main roads	39,419	268,037
Infrastructure assets retired/replaced	(15,013)	(45,493)
Depreciation expense	(209,647)	(190,858)
Disposals-highways and main roads reclassified as local roads	(2,432)	(166)
Transfers to/from operating (prior year adjustments)	370	-
Carrying amount at end of year	38,834,925	36,390,061

	2011 \$000	2010 \$000
30 Intangible assets		
Computer software and licences		
At cost	7,675	6,194
Accumulated amortisation	(2,882)	(2,608)
	4,793	3,586
Drainage easements		
At cost	9	9
	9	9
Total intangible assets	4,802	3,595
Reconciliations:		
Computer software and licences		
Carrying amount at start of year	3,586	2,457
Additions	1,487	1,285
Disposals	-	-
Transfers	-	128
Amortisation expense	(280)	(284)
Carrying amount at end of year	4,793	3,586

31 Impairment of assets

At 30 June 2011, one structural asset was identified as impaired. A bridge located in the Kimberley region was damaged due to flooding during the financial year. As such the bridge is not expected to reach its' original design life. A revaluation decrement has been applied to the assets' carrying value to recognise the impairment. The value of the impairment is \$0.867 million.

Eight properties have been identified as impaired and a revaluation decrement has been applied to the carrying value in previous financial year.

Main Roads held no goodwill during the reporting period and at the end of the reporting period there were no intangible assets not yet available for use that are considered to be impaired.

All surplus assets at 30 June 2011 have either been classified surplus, as assets held for sale or written off.



Notes to the Financial Statements

for the year ended 30 June 2011



	2011 \$000	2010 \$000
32 Payables		
Current		
Trade creditors	16,008	21,943
Major contracts and services	82,147	78,362
Property acquisitions	62,012	64,682
Contractors retention	821	1,326
Funds in advance	15,840	13,073
Performance bonds / surety	290	129
Accrued salaries	1,669	3,218
Total current	178,787	182,733
Non-current		
Major contracts and services	1,027	919
Total non-current	1,027	919
33 Borrowings		
Current		
WA Treasury Corporation loans	5,000	5,000
Total current	5,000	5,000
Non-current		
WA Treasury Corporation loans	20,766	25,766
Total non-current	20,766	25,766
34 Provisions		
Current		
<i>Employee benefits provisions</i>		
Annual leave	14,682	14,236
Long service leave	21,415	18,523
	36,097	32,759
<i>Other provisions</i>		
Employment on-costs	292	-
	36,389	32,759
Non-current		
<i>Employee benefits provisions</i>		
Long service leave	3,110	4,627
	3,110	4,627
<i>Other provisions</i>		
Employment on-costs	25	-
	3,135	4,627

	2011 \$000	2010 \$000
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- (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 reporting period. Assessments indicate that actual settlement of the liabilities will occur as follows:

Within 12 months of the end of the reporting period	8,902	6,856
More than 12 months after the reporting period	5,780	7,380
	14,682	14,236

- (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 reporting period. Assessments indicate that actual settlement of the liabilities will occur as follows:

Within 12 months of the end of the reporting period	2,727	2,306
More than 12 months after the reporting period	21,798	20,844
	24,525	23,150

- (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	-	-
Additional provisions recognised	317	-
Payments/other sacrifices of economic benefits	-	-
Unwinding of the discount	-	-
Carrying amount at end of period	317	-



Notes to the Financial Statements

for the year ended 30 June 2011



	2011 \$000	2010 \$000
35 Equity		
The 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	2,686,023	2,340,498
Contributions by owners		
Capital contribution	233,175	344,688
Transfer of net assets from other agencies		
Department of Premier and Cabinet	-	(2,141)
Public Transport Authority	1,410	3,572
Western Australian Planning Commission	-	598
Department of Regional Development and Lands	405	-
Total contributions by owners	234,990	346,717
Distributions to owners		
Transfer of net assets to other agencies		
Public Transport Authority	55,010	1,102
Western Australian Planning Commission	-	90
Department of Regional Development and Lands	151	-
Total distributions to owners	55,161	1,192
Balance at end of period	2,865,852	2,686,023
Reserves		
Asset revaluation surplus		
Balance at start of year	24,374,269	25,557,161
Net revaluation increments/(decrements)		
Earthworks, Drainage, Pavements and Seals	804,922	-
Bridges	288,738	(5,423)
Land within Road Reserves	1,238,970	(1,221,667)
Road Furniture	(31,275)	-
Land and Buildings	48,495	44,198
Balance at end of period	26,724,119	24,374,269
Accumulated surplus/(deficit)		
Balance at start of year	10,939,755	10,555,708
Result for the period	36,563	384,047
Income and expense recognised directly in equity	-	-
Balance at end of period	10,976,318	10,939,755

2011
\$0002010
\$000

36 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	221,628	260,359
Restricted cash and cash equivalents	3,576	5,227
	225,204	265,586

Reconciliation of net cost of services to net cash flows provided by/(used in) operating activities

Net cost of services	(533,251)	(205,506)
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Non-cash items:

Depreciation expense – infrastructure	209,647	190,858
Depreciation and amortisation expense – other fixed assets	4,704	3,750
Grants to other bodies	2,991	166
Grants received from other bodies	(39,419)	(268,037)
Resources received free of charge	1,079	2,238
Infrastructure assets retired/replaced	15,013	45,493
Adjustment for other non-cash items	(66)	-
Net (gain)/loss on sale of property, plant and equipment	(1,356)	(5,651)

(Increase)/decrease in assets:

Receivables	1,573	12,678
Inventories	4,557	370
Prepayments	(10,576)	-

Increase/(decrease) in liabilities:

Payables	12,099	(12,829)
Provisions	2,138	3,884

Net GST receipts/(payments)	79,000	96,462
Change in GST in receivables/payables	(77,145)	(99,027)
Net cash provided by/(used in) operating activities	(329,012)	(235,151)

37 Resources provided free of charge

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

Department of Planning – provision of technical advice	-	193
Department of Transport – provision of technical advice	-	7
	-	200

Notes to the Financial Statements

for the year ended 30 June 2011



	2011 \$000	2010 \$000
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38 Commitments

The commitments below are inclusive of GST where relevant.

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	221,478	88,186
Later than 1 year and not later than 5 years	136,761	1,063
Later than 5 years	217	34
	358,456	89,283

The capital commitments include amounts for:

Infrastructure	358,456	89,283
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Lease commitments

Commitments in relation to leases contracted for at the end of the reporting period but not recognised in the financial statements are payable as follows:

Within 1 year	3,662	3,357
Later than 1 year and not later than 5 years	2,395	1,579
Later than 5 years	-	-
	6,057	4,936
<i>Representing:</i>		
Cancellable operating leases	4	869
Non-cancellable operating leases	6,053	4,067
	6,057	4,936

Non-cancellable operating lease commitments

Commitments for minimum lease payments are payable as follows:

Within 1 year	3,658	2,687
Later than 1 year and not later than 5 years	2,395	1,380
Later than 5 years	-	-
	6,053	4,067

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	365,846	275,584
Later than 1 year and not later than 5 years	1,213,737	14,491
Later than 5 years	-	-
	1,579,583	290,075

2011
\$0002010
\$000

39 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	3,061	3,337
Resumption claims in dispute	242,279	226,904
	245,340	230,241

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 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 by Main Roads in accordance with an independent valuation.

Contaminated sites

Under the *Contaminated Sites Act 2003*, Main Roads is required to report known and suspected contaminated sites to the Department of 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 twelve suspected contaminated sites to DEC. Six were classified as possibly contaminated – investigation required, four were classified as contaminated – remediation required, one was classified as remediated for restricted use and one is yet to be classified. 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	21,938	50,189
Damages claim in progress	2,417	2,839
	24,355	53,028

Notes to the Financial Statements

for the year ended 30 June 2011

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 cannot be reliably measured at this time.

Damages claim in progress

The damages claim in progress relates to damage to Main Roads infrastructure by a third party. The potential financial effect of the success of the claim cannot be reliably measured at this time.

40 Events occurring after the end of the reporting period

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

41 Explanatory statements

This statement provides details of any significant variations between estimates and actual results for 2011 and between the actual results for 2011 and 2010. Significant variations are considered to be those greater than 10% and \$5 million.

Significant variances between estimated and actual result for 2011

	2011 Estimate \$000	2011 Actual \$000	Variation \$000
Expenses			
Other expenses	77,481	66,401	11,080
Income			
Sale of goods and services	22,501	14,080	8,421
Other revenue	55,463	70,021	(14,558)

Other expenses

The variation is due to lower than expected completion of replacement road works construction/ capitalisation for the year.

Sale of goods and services

Sale of goods and services comprises works undertaken by Main Roads on behalf of other organisations. The variation was due to delays in works completed resulting in lower than anticipated revenue.

Other revenue

The variation was due to notional transactions relating to works undertaken by private organisations on Main Roads infrastructure assets. Significant transactions include notional contributions from Mount Gibson Mining and Fortescue Metals Group.

Significant variances between actual result for 2011 and 2010

	2011 \$000	2010 \$000	Variation \$000
Expenses			
Employee benefits expense	65,019	55,614	9,405
Grants and subsidies	140,469	112,101	28,368
Infrastructure assets retired/replaced	15,013	45,493	(30,480)
Income			
Regulatory fines	18,682	13,221	5,461
Commonwealth grants and contributions	196,666	234,575	(37,909)
Grants from other bodies	39,419	268,037	(228,618)

Employee benefits expense

The variance is due to a reduction in the amount directly charged to capital projects this financial year and also as a result of increases based on Main Roads Enterprise Bargaining Agreement.

Grants and subsidies

The variance is due to higher level of road project grants paid to local government authorities based on claims submitted during the financial year.

Infrastructure assets retired/replaced

The variance is due to less road reconstruction works during the financial year.

Regulatory fines

The variance is due to higher level of receipts from photographic based vehicle infringement notices during the financial year Commonwealth grants and contributions.

Commonwealth grants and contributions

The variance is due to significant reduction in receipts as a result of lower claims for Commonwealth funded projects offset by receipts from the Jobs Fund grant received during the financial year.

Grants from other bodies

The variance is due to a significant transaction in the previous year relating to the transfer of the Mount Magnet route from Local Government.



Notes to the Financial Statements

for the year ended 30 June 2011

42 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, borrowings, loans and receivables, and payables. Main Roads has limited exposure to financial risks. Main Roads' overall risk management program focuses on managing the risks identified below.

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 end of the reporting period in relation to each class of recognized financial assets is the gross carrying amount of those assets inclusive of any provisions for impairment as shown in the table at note 42(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. The risk is managed by WATC through portfolio diversification and variation in maturity dates. Main Roads cash and cash equivalents and restricted cash assets are interest bearing (apart from a minor amount) and therefore subject to interest rate risk as detailed in the interest rate sensitivity analysis table at note 42(c).

(b) Categories of financial instruments

In addition to cash and bank overdraft, the carrying amounts of each of the following categories of financial assets and financial liabilities at the end of the reporting period are:

	2011 \$000	2010 \$000
Financial Assets		
Cash and cash equivalents	221,628	260,359
Restricted cash and cash equivalents	3,576	5,227
Loans and receivables ^(a)	1,200,640	1,098,112
Financial Liabilities		
Financial liabilities measured at amortised cost	205,580	214,418

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

(c) Financial instrument disclosures

Credit risk and interest rate exposures

The following table discloses Main Roads' maximum exposure to credit risk, interest rate exposures 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.

Main Roads does not hold any financial assets that had to have their terms renegotiated that would have otherwise resulted in them being past due or impaired.

Interest rate exposures and ageing analysis of financial assets ^(a)

	Weighted Average Effective Interest Rate %	Carrying Amount \$000	Interest rate exposure			Past due but not impaired					Impaired financial assets \$000
			Fixed interest rate \$000	Variable interest rate \$000	Non-interest bearing \$000	Up to 3 months \$000	3-12 months \$000	1-2 years \$000	2-5 years \$000	More than 5 years \$000	
Financial Assets											
2011											
Cash and cash equivalents	5.11	221,628	-	221,615	13	-	-	-	-	-	-
Restricted cash and cash equivalents	5.11	3,576	-	3,576	-	-	-	-	-	-	-
Receivables ^(a)	-	13,943	-	-	13,943	4,679	394	23	-	-	237
Amounts receivable for services	-	1,186,697	-	-	1,186,697	-	-	-	-	-	-
		1,425,844	-	225,191	1,200,653	4,679	394	23	-	-	237
2010											
Cash and cash equivalents	3.94	260,359	-	260,346	13	-	-	-	-	-	-
Restricted cash and cash equivalents	3.94	5,227	-	5,227	-	-	-	-	-	-	-
Receivables ^(a)	-	13,176	-	-	13,176	4,343	126	44	-	-	200
Amounts receivable for services	-	1,084,936	-	-	1,084,936	-	-	-	-	-	-
		1,363,698	-	265,573	1,098,125	4,343	126	44	-	-	200

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

Notes to the Financial Statements

for the year ended 30 June 2011

Liquidity risk

The following table details the contractual maturity analysis for financial liabilities. The table includes interest and principal cash flows. An adjustment has been made where material.

Interest rate exposures and maturity analysis of financial liabilities ^(a)

	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	Adjustment for discounting \$000	Total Nominal Amount \$000	Up to 3 months \$000	3-12 months \$000	1-2 years \$000	2-5 years \$000	More than 5 years \$000
Financial Liabilities												
2011												
Payables	-	179,814	-	-	179,814	-	179,814	-	-	-	-	-
WATC Loan	5.75	25,766	25,766	-	-	-	25,766	-	5,000	5,000	9,891	5,875
		205,580	25,766	-	179,814	-	205,580	-	5,000	5,000	9,891	5,875
2010												
Payables	-	183,652	-	-	183,652	-	183,652	-	-	-	-	-
WATC Loan	5.66	30,766	30,766	-	-	-	30,766	-	5,000	5,000	15,000	5,766
		214,418	30,766	-	183,652	-	214,418	-	5,000	5,000	15,000	5,766

(a) The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities at the end of the reporting period.

Interest rate sensitivity analysis

The following table represents a summary of the interest rate sensitivity of Main Roads' financial assets and liabilities at the end of the reporting period on the surplus for the period and equity for a 0.75% change in interest rates. It is assumed that the change in interest rates is held constant throughout the reporting period.

	Carrying amount \$000	-75 basis points		+75 basis points	
		Surplus \$000	Equity \$000	Surplus \$000	Equity \$000
2011					
Financial Assets					
Cash and cash equivalents	221,615	(1,662)	(1,662)	1,662	1,662
Restricted cash and cash equivalents	3,576	(27)	(27)	27	27
Total Increase/(Decrease)		(1,689)	(1,689)	1,689	1,689
2010					
Financial Assets					
Cash and cash equivalents	260,346	(1,953)	(1,953)	1,953	1,953
Restricted cash and cash equivalents	5,227	(39)	(39)	39	39
Total Increase/(Decrease)		(1,992)	(1,992)	1,992	1,992

43 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:

\$	2011	2010
0 – 20,000	1	-
480,001 – 500,000	-	1
The total remuneration of members of the accountable authority	-	488

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

No members of the accountable authority are members of the Pension Scheme.

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, other than senior officers reported as members of the accountable authority, whose total fees, salaries, superannuation, non-monetary benefits and other benefits for the financial year fall within the following bands are:

\$	2011	2010
120,001 – 140,000	-	1
140,001 – 160,000	-	1
160,001 – 180,000	1	1
180,001 – 200,000	2	-
220,001 – 240,000	-	1
240,001 – 260,000	1	3
260,001 – 280,000	3	1
320,001 – 340,000	1	-
340,001 – 360,000	-	1
360,001 – 380,000	1	-
520,001 – 540,000	1	-
The total remuneration of senior officers	2,862	2,045

The total remuneration includes the superannuation expense incurred by Main Roads in respect of senior officers other than senior officers reported as members of the accountable authority.

No senior officers are members of the Pension Scheme.

Notes to the Financial Statements

for the year ended 30 June 2011



2011
\$000

2010
\$000

44 Remuneration of auditor

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

Auditing the accounts, financial statements and performance indicators	151	145
Other audits	10	9
	161	154

45 Special purpose accounts

Special Purpose Account – section 16(1)(c) of FMA

Road Trauma Trust Fund

In accordance with section 12 of the *Road Safety Council Act 2002*, the purpose of the Fund is to receive and hold funds from parliamentary appropriations, one-third of 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.

Balance at the start of the financial year	3,901	2,044
Receipts	22,080	28,489
Payments	(23,225)	(26,632)
Balance at the end of the financial year	2,756	3,901

46 Supplementary financial information

Write-offs

Bad debts – damage to roads, bridges and road furniture	-	8
Fixed asset stocktake discrepancies	-	4
Inventory – stocktake discrepancies and obsolete/contaminated materials	1	27
	1	39

47 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 2010–11 are summarised below:

Amount brought forward for recovery	(61)	61
Amount received during the year	-	(160)
	(61)	(99)
Expenditure during the year	62	38
Amount carried forward for recovery	1	(61)

48. Schedule of income and expenses by service

Schedule of Income and Expenses by Service for 2009-10 and 2010-11 (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		
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	
COST OF SERVICES																			
Expenses																			
Employee benefits expense	2,259	3,504	44,975	40,875	7,920	6,185	2,223	2,004	12,820	10,600	6,513	8,991	2,221	2,498	(20,016)	(23,733)	58,915	50,924	
Supplies and services	81,919	142,872	33,702	29,136	188,415	167,325	29,191	25,048	292,726	272,582	99,620	271,119	12,435	10,497	(360,428)	(575,129)	377,580	343,450	
Depreciation of infrastructure assets	-	-	-	-	-	-	-	-	209,647	190,858	-	-	-	-	-	-	209,647	190,858	
Depreciation and amortisation of other non-current assets	495	554	481	305	1,095	675	200	107	1,848	1,124	558	951	27	34	-	-	4,704	3,750	
Finance costs	168	263	163	145	371	321	68	51	626	536	189	452	-	-	-	-	1,585	1,768	
Grants and subsidies	16,665	16,740	5,923	7,758	26,254	24,033	8,794	3,858	68,450	45,636	6,938	2,693	10,235	16,522	(2,790)	(5,139)	140,469	112,101	
Infrastructure assets retired / replaced	-	-	-	-	-	-	-	-	-	-	-	-	-	-	15,013	45,493	15,013	45,493	
Superannuation	629	679	611	374	1,390	827	254	131	2,345	1,381	708	1,164	167	134	-	-	6,104	4,690	
Total Cost of Services	102,135	164,612	85,855	78,593	225,445	199,366	40,730	31,199	588,462	522,717	114,526	285,370	25,085	29,685	(368,221)	(558,508)	814,017	753,034	
Income																			
Revenue																			
Contributions to roadworks	170	2,104	108	72	1,070	263	1,410	934	7,306	1,909	2,027	1,874	-	-	-	-	12,091	7,156	
Commonwealth grants and contributions	13,077	3,917	-	195	100,859	60,510	13,500	7	61,975	58,415	7,255	111,531	-	-	-	-	196,666	234,575	
Sale of goods and services	40	-	11	238	44	(87)	15	26	1,493	3,499	385	625	-	-	-	-	1,988	4,301	
Grants from other bodies	3,480	34,421	2,925	16,434	7,680	41,687	1,388	6,524	20,046	109,301	3,900	59,670	-	-	-	-	39,419	268,037	
Regulatory fines	-	-	-	-	-	-	-	-	-	-	-	-	18,682	13,221	-	-	18,682	13,221	
Interest revenue	268	646	225	308	592	783	107	122	1,544	2,052	302	1,121	-	-	-	-	3,038	5,032	
Other revenue	739	931	621	445	1,631	1,128	295	176	4,257	2,957	829	1,614	(846)	2,304	-	-	7,526	9,555	
Total Revenue	17,774	42,019	3,890	17,692	111,876	104,284	16,715	7,789	96,621	178,133	14,698	176,435	17,836	15,525	-	-	279,410	541,877	
Gains																			
Gain on disposal of non-current assets	120	726	101	346	264	879	48	138	689	2,304	134	1,258	-	-	-	-	1,356	5,651	
Total Gains	120	726	101	346	264	879	48	138	689	2,304	134	1,258	-	-	-	-	1,356	5,651	
Total Income other than Income from State Government	17,894	42,745	3,991	18,038	112,140	105,163	16,763	7,927	97,310	180,437	14,832	177,693	17,836	15,525	-	-	280,766	547,528	
NET COST OF SERVICES	84,241	121,867	81,864	60,555	113,305	94,203	23,967	23,272	491,152	342,280	99,694	107,677	7,249	14,160	(368,221)	(558,508)	533,251	205,506	
Income From State Government																			
Service appropriation	35,205	28,702	70,908	67,184	47,033	36,120	16,215	6,651	338,167	370,602	39,424	60,892	8,238	8,238	-	-	555,190	578,389	
Capital contribution	32,973	81,031	747	297	91,146	94,400	6,724	15,705	2,688	3,013	45,552	151,079	-	-	(179,830)	(345,525)	-	-	
Natural disaster funds	-	-	-	-	-	-	-	-	13,152	8,926	-	-	-	-	-	-	13,152	8,926	
Royalties for Region	25	-	51	-	34	-	12	-	243	-	28	-	-	-	-	-	393	-	
Resources received free of charge	95	287	80	137	210	347	38	54	549	910	107	498	-	5	-	-	1,079	2,238	
Total Income from State Government	68,298	110,020	71,786	67,618	138,423	130,867	22,989	22,410	354,799	383,451	85,111	212,469	8,238	8,243	(179,830)	(345,525)	569,814	589,553	
SURPLUS/DEFICIT FOR THE PERIOD	(15,943)	(11,847)	(10,078)	7,063	25,118	36,664	(978)	(862)	(136,353)	41,171	(14,583)	104,792	989	(5,917)	188,391	212,983	36,563	384,047	