

23/6
(A/P)

LEGISLATIVE COUNCIL
Question Without Notice

Tuesday, 22 June 2021

C336. Hon Dr Steve Thomas to the Leader of the House representing the Minister for Transport

What have been the new borrowings for each of Main Roads and the Public Transport Authority for each of following financial years:

- a. 2016-17
- b. 2017-18
- c. 2018-19
- d. 2019-20 and
- e. 2020-21 to date?

Answer

a-d. Borrowing figures are publicly available in the Main Roads and Public Transport Authority annual reports. I table the attached annual report extracts.

e. 2020-21 borrowing figures will be published in the agency's 2020-21 annual reports.

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Statement of cash flows

FOR THE YEAR ENDED 30 JUNE 2020

Note	2020 \$'000	2019 \$'000
CASH FLOWS FROM STATE GOVERNMENT		
Operating subsidy contribution	901,943	830,061
Capital appropriations	618,472	446,256
Royalties for Regions Fund	7,651	509
Holding account drawdown	93,382	69,285
Net cash provided by state government	1,621,328	1,346,111
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments		
Employee benefits	(202,949)	(195,207)
Supplies and services	(285,352)	(264,413)
Finance costs	(85,487)	(88,626)
Grants and subsidies	(548,187)	(534,984)
Receipts paid into consolidated account	(3,474)	(3,777)
GST payments on purchases	(144,437)	(118,411)
Other payments	(22,338)	(13,702)
Receipts		
User charges and fees	198,826	230,744
Commonwealth grants and contributions	4,720	1,000
Interest received	2,918	2,883
GST receipts on sales	25,148	27,630
GST receipts from taxation authority	113,189	94,634
Other receipts	85,354	48,815
Net cash used in operating activities	8.4.2 (860,069)	(813,434)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments		
Purchase of non-current assets	(642,488)	(416,636)
Receipts		
Proceeds from sale of non-current assets	3,245	-
Net cash used in investing activities	(639,243)	(416,636)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments		
Repayment of borrowings	(410,772)	(429,569)
Principal elements of lease (2019 - finance lease)	(3,088)	-
Receipts		
Proceeds from borrowings	591,606	538,776
Net cash provided by financing activities	177,746	109,207
Net increase in cash and cash equivalents	289,782	225,248
Cash and cash equivalents at the beginning of the period	448,854	223,606
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	8.4 738,636	448,854
<i>(including current and non-current restricted cash and cash equivalents)</i>		

The Statement of cash flows should be read in conjunction with the accompanying notes.

Financial statements | 95

Statement of cash flows

FOR THE YEAR ENDED 30 JUNE 2019

Note	2019 \$'000	2018 \$'000
CASH FLOWS FROM STATE GOVERNMENT		
Operating subsidy contribution	830,061	812,502
Capital appropriation - other government agencies	0	7,270
Capital appropriations	446,256	159,825
Perth Stadium account	0	98,175
Royalties for Regions Fund	509	287
Holding account drawdown	69,285	58,285
Net cash provided by State Government	1,346,111	1,136,344
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments		
Employee benefits	(195,207)	(177,788)
Supplies and services	(264,413)	(281,631)
Finance costs	(88,626)	(87,766)
Grants and subsidies	(534,984)	(525,334)
Receipts paid into consolidated account	(3,777)	(3,762)
GST payments on purchases	(118,411)	(132,904)
Other payments	(13,702)	(13,261)
Receipts		
User charges and fees	230,744	223,874
Commonwealth grants and contributions	1,000	2,998
Interest received	2,883	4,497
GST receipts on sales	27,630	27,448
GST receipts from taxation authority	94,634	111,743
Other receipts	48,815	56,987
Net cash used in operating activities	8.12 (813,434)	(794,899)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments		
Purchase of non-current assets	(416,636)	(557,879)
Receipts		
Proceeds from sale of non-current assets	0	0
Net cash used in investing activities	(416,636)	(557,879)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments		
Repayment of borrowings	(429,569)	(160,490)
Other repayments	0	(1,800)
Receipts		
Proceeds from borrowings	538,776	283,761
Net cash provided by financing activities	109,207	121,471
Net increase/(decrease) in cash and cash equivalents	225,248	(94,963)
Cash and cash equivalents at the beginning of the period	223,606	318,569
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	8.3 448,854	223,606
<i>(including current and non-current restricted cash and cash equivalents)</i>		

The Statement of cash flows should be read in conjunction with the accompanying notes.

Public Transport Authority Annual Report 2018-19

111

Statement of cash flows

FOR THE YEAR ENDED 30 JUNE 2018

Note	2018 \$'000	2017 \$'000
CASH FLOWS FROM STATE GOVERNMENT		
Operating subsidy contribution	812,502	799,131
Capital appropriation - other government agencies	7,270	23,956
Capital appropriations	159,825	576,384
Perth Stadium account	98,175	104,323
Royalties for Regions Fund	287	6,586
Holding account drawdown	58,285	48,121
Net cash provided by State Government	1,136,344	1,558,501
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments		
Employee benefits	(177,788)	(168,905)
Supplies and services	(281,631)	(275,680)
Finance costs	(87,766)	(86,805)
Grants and subsidies	(525,334)	(506,999)
Receipts paid into consolidated account	(3,762)	(3,743)
GST payments on purchases	(132,904)	(137,102)
Other payments	(13,261)	(15,836)
Receipts		
User charges and fees	223,874	208,287
Commonwealth grants and contributions	2,998	2,844
Interest received	4,497	7,892
GST receipts on sales	27,448	25,367
GST receipts from taxation authority	111,743	113,288
Other receipts	56,987	49,976
Net cash used in operating activities	8.32 (794,899)	(787,416)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments		
Purchase of non-current assets	(557,879)	(630,622)
Receipts		
Proceeds from sale of non-current assets	0	536
Net cash used in investing activities	(557,879)	(630,086)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments		
Repayment of borrowings	(160,490)	(193,065)
Other repayments	(1,800)	(6,000)
Receipts		
Proceeds from borrowings	283,761	226,375
Net cash provided by financing activities	121,471	27,310
Net increase/(decrease) in cash and cash equivalents	(94,963)	168,309
Cash and cash equivalents at the beginning of the period	318,569	150,260
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	8.3 223,606	318,569

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

Performance and Financials

8 Risks and Contingencies

This note sets out the key risk management policies and measurement techniques of Main Roads.

	Notes
Financial risk management	8.1
Contingent assets	8.2.1
Contingent liabilities	8.2.2
Fair value measurements	8.3

8.1 Financial risk management

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

(a) Summary of risks and risk management

Credit risk

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

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

Liquidity risk

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

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

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

Market risk

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

Other than as detailed in the Interest rate sensitivity analysis table at Note 8.1(c), Main Roads is not exposed to the interest rate risk. Majority of cash and cash equivalents are non-interest bearing and restricted cash and cash equivalents are interest bearing. Main Roads has no borrowings as at 30 June 2020.

Liquidity risk

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

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

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

Market risk

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

Other than as detailed in the interest rate sensitivity analysis table at note 8.1(e), Main Roads is not exposed to the interest rate risk. Majority of cash and cash equivalents are non-interest bearing and restricted cash and cash equivalents are interest bearing. Main Roads has no borrowings as at 30 June 2019.

(b) Categories of financial instruments

The carrying amounts of each of the following categories of financial assets and financial liabilities at the end of the reporting period are:

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

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

(c) Credit risk exposure

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

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

8 Risks and Contingencies

This note sets out the key risk management policies and measurement techniques of Main Roads.

	Notes
Financial risk management	8.1
Contingent assets	8.2.1
Contingent liabilities	8.2.2
Fair value measurements	8.3

8.1 Financial risk management

Financial instruments held by Main Roads are cash and cash equivalents, restricted cash and cash equivalents, 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.

(a) Summary of risks and risk management**Credit risk**

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

The maximum exposure to credit risk at the end of the reporting period in relation to each class of recognised financial assets is the gross carrying amount of those assets inclusive of any allowance for impairment as shown in the table at note 8.1(e) 'Ageing analysis of financial assets' and note 6.1 '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.

Other than as detailed in the interest rate sensitivity analysis table at note 8.1(e), Main Roads is not exposed to the interest rate risk. Majority of cash and cash equivalents are non-interest bearing and restricted cash and cash equivalents are interest bearing. Main Roads has no borrowings as at 30 June 2018.

(b) Categories of financial instruments

The carrying amounts of each of the following categories of financial assets and financial liabilities at the end of the reporting period are:

	2018 \$'000	2017 \$'000
Financial assets		
Cash and cash equivalents	283,742	91,984
Restricted cash and cash equivalents	251,059	183,136
Loans and receivables ^(a)	2,626,585	2,313,146
Total financial assets	3,161,386	2,588,266
Financial liabilities		
Financial liabilities measured at amortised cost	318,133	283,493
Total financial liability	318,133	283,493

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

43 FINANCIAL INSTRUMENTS**(a) Financial risk management objectives and policies**

Financial instruments held by Main Roads are cash and cash equivalents, restricted cash and cash equivalents, loans and receivables 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 the end of the reporting period in relation to each class of recognised financial assets is the gross carrying amount of those assets inclusive of any allowance for impairment as shown in the table at note 43(c) 'Financial instrument disclosures' and note 24 '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.

Other than as detailed in the interest rate sensitivity analysis table at note 43(d), Main Roads is not exposed to interest rate risk because the majority of cash and cash equivalents and restricted cash are non-interest bearing. The borrowings due to WATO was fully repaid during the 2015-16 financial year.