

Notes to the Financial Statements For the Year Ended 30 June 2003

1. Departmental mission and funding

The Department's mission is to contribute to the growth and prosperity of Western Australia through innovative land services, a world class land information infrastructure and an effective and impartial valuation and property information service.

The Department is predominantly funded by revenue retained in accordance with a determination by the Treasurer under Section 23A of the Financial Administration and Audit Act and by annual Parliamentary appropriation from the Consolidated Fund.

The services provided by the Department are on a fee-for-service basis. The fees are charged on a full cost recovery basis. The financial statements encompass all funds through which the Department controls resources to carry on its functions.

In the process of reporting on the Department as a single entity, all intra-entity transactions and balances have been eliminated.

2. Significant accounting policies

The following accounting policies have been adopted in the preparation of the financial statements. Unless otherwise stated, these policies are consistent with those adopted in the previous year

General statement

The financial statements constitute a general purpose financial report which has been prepared in accordance with Australian Accounting Standards, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board, and Urgent Issues Group (UIG) Consensus Views as applied by the Treasurer's Instructions. Several of these are modified by the Treasurer's Instructions to vary the application, disclosure, format and wording. The Financial Administration and Audit Act and the Treasurer's Instructions are legislative provisions governing the preparation of financial statements and take precedence over Australian Accounting Standards, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board, and UIG Consensus Views. The modifications are intended to fulfil the requirements of general application to the public sector, together with the need for greater disclosure and also to satisfy accountability requirements.

If any such modification has a material or significant financial effect upon the reported results, details of that modification and where practicable, the resulting financial effect are disclosed in individual notes to these financial statements.

Basis of accounting

The financial statements have been prepared in accordance with Australian Accounting Standard AAS 29.

The statements have been prepared on the accrual basis of accounting using the historical cost convention, with the exception of land which subsequent to initial recognition, has been measured on the fair value basis (see Notes 2(p) and 27).

Proceeds from the sale of land, special and other leases and fines are reported as administered transactions in the Schedule of Administered Items at Note 46.

Administered assets, liabilities, expenses and revenues are not integral to the Department in carrying out its functions and are disclosed in the notes to the financial statements, forming part of the general purpose financial report of the Department. The administered items are disclosed on the same basis as is described above for the financial statements of the Department. The administered assets, liabilities, expenses and revenues are those which the Government requires the Department to administer on its behalf. The assets do not render any service potential or future economic benefits to the Department, the liabilities do not require the future sacrifice of service potential or future economic benefits of the Department, and the expenses and revenues are not attributable to the Department.

As the administered assets, liabilities, expenses and revenues are not recognised in the principal financial statements of the Department, the disclosure requirements of Australian Accounting Standard AAS 33, Presentation and Disclosure of Financial Instruments, are not applied to Administered transactions.

(a) Reporting Entity

The financial statements comprise the Department and its Related Body (refer Note 40). Consistent accounting policies have been employed in the preparation and presentation of the financial statements.

(b) Output appropriations

Output Appropriations are recognised as revenues in the period in which the Department gains control of the appropriated funds. The Department gains control of appropriated funds at the time those funds are deposited into the Department's bank account or credited to the holding account held at the Department of Treasury and Finance. (Refer to Note 14 for further information on output appropriations).

(c) Contributed equity

Under UIG 38 "Contributions by Owners Made to Wholly-Owned Public Sector Entities" transfers in the nature of equity contributions must be designated by the Government (owners) as contributions by owners (at the time of, or prior to transfer) before such transfers can be recognised as equity contributions in the financial statements. Capital contributions (appropriations) have been designated as contributions by owners and have been credited directly to Contributed Equity in the Statement of Financial Position. All other transfers have been recognised in the Statement of Financial Performance.

Notes to the Financial Statements For the Year Ended 30 June 2003 continued

(d) Net appropriation determination

Pursuant to section 23A of the Financial Administration and Audit Act, the net appropriation determination by the Treasurer allows the Department to retain all recurrent Departmental revenue and Commonwealth Specific Purpose Grants and apply them to the Department's outputs as specified in the annual Budget Statements. In accordance with the determination, the Department retained \$60.782m (accrual) as at 30 June 2003 (\$60.201m in 2002).

Retained revenues are disclosed in the Summary of Consolidated Fund Appropriations and Revenue Estimates.

(e) Grants and other contributions

Grants, donations, gifts and other non-reciprocal contributions are recognised as revenue when the Department obtains control over the assets comprising the contributions. Control is normally obtained upon their receipt.

Contributions 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.

(f) Revenue recognition

Revenue from the sale of goods and disposal of other assets and the rendering of services, is recognised when the Department has passed control of the goods or other assets or delivery of the service to the customer.

Revenue from the lease of land and rental of buildings is recognised as per the terms of the lease agreement.

(g) Acquisitions of assets

The cost method of accounting is used for all acquisitions of assets. Cost is measured as the fair value of the assets given up or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition.

Assets acquired at no cost or for nominal consideration, are initially recognised at their fair value at the date of acquisition.

(h) Operating account

Amounts appropriated are deposited into the account and any revenues which are the subject of net appropriation determinations are also deposited into the account. Revenues not subject to net appropriation determinations are credited to the Consolidated Fund. All payments of the Department are made from the operating account.

(i) Depreciation and amortisation of non-current assets

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

Depreciation and amortisation is calculated on the straight line basis, using rates which are reviewed annually or as set in the terms of the contract. Useful lives for each class of depreciable asset are:

Furniture	11 years
Office equipment (including leasehold improvements)	8 - 15 years
Computer equipment	3 - 5 years
Service delivery software and project costs	1 - 8 years

(j) Employee Benefits

Annual leave

This benefit is recognised by applying estimated future average salary rates over the year to 30 June 2004, to the amount of unpaid leave owing as at 30 June 2003. Employee benefit on-costs are also included.

Long service leave

An actuary calculated this entitlement as at 30 June 2003. The calculation considered the employee's long service leave entitlements at 30 June 2003, estimated future salary rates, employee benefits on-costs and experience of employee departures and periods of service. Expected future payments were discounted to their net present value using interest rates applicable to Federal government bonds.

Superannuation

Staff may contribute to the Pension Scheme, a defined benefits pension scheme now closed to new members, or to the Gold State Superannuation Scheme, a defined benefit lump sum scheme now also closed to new members. All staff who do not contribute to either of these schemes become non-contributory members of the West State Superannuation Scheme, an accumulation fund complying with the Commonwealth Government's Superannuation Guarantee (Administration) Act 1992. All of these schemes are administered by the Government Employees Superannuation Board (GESB).

Notes to the Financial Statements For the Year Ended 30 June 2003 continued

The superannuation expense comprises the following elements:

- (i) change in the unfunded employer's liability in respect of current employees who are members of the Pension Scheme and current employees who accrued a benefit on transfer from that Scheme to the Gold State Superannuation Scheme; and
- (ii) employer contributions paid to the Gold State Superannuation Scheme and the West State Superannuation Scheme.

The superannuation expense does not include payment of pensions to retirees, as this does not constitute part of the cost of services provided by the Department in the current year.

A revenue "Liabilities assumed by the Treasurer" equivalent to (i) is recognised under Revenues from Government in the Statement of Financial Performance as the unfunded liability that is assumed by the Treasurer. The GESB makes the benefit payments and is recouped by the Treasurer.

The Department is funded for employer contributions in respect of the Gold State Superannuation Scheme and the West State Superannuation Scheme. These contributions were paid to the GESB during the year. The GESB subsequently paid the employer contributions in respect of the Gold State Superannuation Scheme to the Consolidated Fund.

Employee Benefits on-costs

On-costs of Employers' superannuation contributions and workers' compensation contributions are included in employee benefit liabilities and costs when the related employee benefits are recognised as liabilities and costs.

(k) Leases

The Department has entered into a number of operating lease arrangements for buildings, office equipment and vehicles where the lessors effectively retain all of the risks and benefits incidental to ownership of the items held under the operating leases. Equal instalments of the lease payments are charged to the Statement of Financial Performance over the lease term as this is representative of the pattern of benefits to be derived from the leased property.

(l) Cash

For the purpose of the Statement of Cash Flows, cash includes cash assets and restricted cash assets. These include short-term deposits that are readily convertible to cash on hand and are subject to insignificant risk of changes in value.

(m) Receivables

Receivables are recognised at the amounts receivable as they are due for settlement no more than 30 days from the date of recognition.

Collectability of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off.

A provision for doubtful debts is raised where some doubts as to collection exist.

Land sales (Administered)

Land sold is recognised on signing of the contract of sale where terms of payment are generally 60 days. Some contracts of sale are greater than 60 days attracting penalty interest rates. These receivables are recognised in the Administered Schedule (Note 46).

(n) Accrued salaries

The accrued salaries suspense account (refer Note 21) consists of amounts paid annually into a suspense account over a period of 10 financial years to largely meet the additional cash outflow in each eleventh year when 27 pay days occur in that year instead of the normal 26. No interest is received on this account.

Accrued salaries (refer Note 30) represent the amount due to staff but unpaid at the end of the financial year, as the end of the last pay period for that financial year does not coincide with the end of the financial year. Accrued salaries are settled within a few days of the financial year end. The Department considers the carrying amount of accrued salaries to be equivalent to the net fair value.

(o) Payables

Payables, including accruals not yet billed, are recognised when the Department becomes obliged to make future payments as a result of a purchase of assets or services. Payables are generally settled within 30 days.

(p) Land

Land is reported in the Administered Statements (see Note 46 Schedule of Administered Items) with the exception of some land under leases (Pastoral and Other) which is reported as controlled at Note 27.

Items which relate directly to land are summarised below:

1) Crown land

Crown land, including land under leases, is administered by the Department under the Land Administration Act, which is valued at fair value (Valuer General's valuation) and is classified as a non-current assets.

Notes to the Financial Statements For the Year Ended 30 June 2003 continued

2) Cost of sales

Cost of sales for land is reported as Administered.

- i) Developed land - This item is costed at its fair value of undeveloped land plus the development cost for subdividing into lots available for sale.
- ii) Undeveloped Land - This component entails Crown Grants and closed roads which are costed at sale proceeds and this reflects fair value.

(q) Special and other leases (Administered)

According to Sections 116 and 117 of the Land Act 1933 and Section 79 of the Land Administration Act 1997, rents in regard to special and other leases, are received in advance. The lessee often has the opportunity to purchase this land at fair value (Valuer General's valuation). The prospective purchaser can purchase by instalments subject to ministerial approval, but must continue to pay rent under the special lease Section 117AA of the Land Act 1933, and Section 80 of the Land Administration Act 1997.

These leases are recognised in the Schedule of Administered Items (see Note 46) in accordance with AAS 29 (Financial Reporting for Government Departments).

(r) Resources received free of charge or for nominal value

Resources received free of charge or for nominal value which can be reliably measured are recognised as revenues and as assets or expenses as appropriate at fair value.

(s) Revaluation of land and improvements

The annual revaluations of the Department's land and improvements undertaken by the Valuer General for the Government Property Register are recognised in the financial statements at fair value. Fair value has been determined on the basis of current use where available, or current market buying values in all other cases. The last valuation was performed as at 30 June 2003.

(t) Foreign currency translation

Transactions denominated in a foreign currency are translated at the rates in existence at the dates of the transactions.

(u) Inventory

Inventories are valued at the lower of cost and net realisable value. Costs are assigned by the method most appropriate to each particular class of inventory, with the majority being valued on a first in first out basis.

(v) Joint venture operations

The Department administers a joint venture operation on behalf of the Minister. Interests in joint venture operations have been reported in the Schedule of Administered Items

(see Note 46) including the Minister's share of assets employed in the joint venture, the share of liability incurred in relation to the joint venture and the share of any revenues earned and expenses incurred in relation to the joint venture in their respective classification categories.

(w) Comparative

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

(x) Rounding of amounts

Amounts in the financial statements have been rounded to the nearest thousand dollars, or in certain cases, to the nearest dollar.

3. Outputs of the Department

Information about the Department's outputs, and the expenses and revenues which are reliably attributable to those outputs is set out in the Outputs Schedule. Information about expenses, revenues, assets and liabilities administered by the Department are given in Note 46.

The four outputs of the Department and their objectives as at 30 June 2003 were:

Output 1: Government Land Services

Government land is administered and managed for residential, commercial, industrial, conservation, heritage and other community purposes. (From 1 July 2003, responsibility for this output has been transferred to the Department for Planning and Infrastructure.)

Output 2: Land Information

Information about land and land ownership is collected, recorded and made available for use by Government, business and the community.

Output 3: Access to Government Land or Geographic Information

Land or geographic information from Western Australian Land Information System (WALIS) stakeholder agencies is managed in a coordinated way so that data held by agencies can be integrated and readily accessed to meet Government, business and community needs.

Output 4: Valuation Services

An impartial valuation and property information service.

Notes to the Financial Statements For the Year Ended 30 June 2003 continued

	2003 (\$'000)	2002 (\$'000)
4. Employee expenses		
Salaries	44,214	40,666
Superannuation	6,243	6,093
Annual Leave	4,423	3,825
Long Service Leave	1,002	1,837
	55,882	52,421
5. Depreciation and amortisation		
Depreciation:		
Furniture	162	315
Equipment	131	195
Service delivery software and project costs	2,852	2,300
Computer hardware equipment	1,381	1,564
	4,526	4,374
Amortisation:		
Leased equipment	0	2
Total depreciation and amortisation	4,526	4,376
6. Administration expenses		
Services and contracts	17,687	17,321
Crown Land Management	2,227	803
Grants & Subsidies	1,750	10
Other staffing costs	1,326	1,046
Communications	715	692
Consumables	608	557
Lease office equipment	551	752
Insurance	79	514
Resources received free of charge	342	333
Doubtful Debts	9	112
Other administration expenses	595	1,299
	26,289	23,439

Notes to the Financial Statements For the Year Ended 30 June 2003 continued

	2003 (\$'000)	2002 (\$'000)
7. Accommodation expenses		
Accommodation	8,957	8,286
Electricity, gas and water	776	701
	9,733	8,987
8. Capital user charge		
	4,221	2,864
<p>A capital user charge rate of 8% has been set by the Government and represents the opportunity cost of capital invested in the net assets of the Department used in the provision of outputs. The charge is calculated on the net assets adjusted to take account of exempt assets. Payments are made to the Department of Treasury and Finance on a quarterly basis.</p>		
9. Net loss on disposal of non-current assets		
Office and computer hardware equipment		
Capital cost	1,015	786
Accumulated Depreciation	(994)	(779)
Carrying value of non-current assets disposed	21	7
Proceeds	(6)	0
Net loss on disposal	15	7
10. User charges and fees		
Land Titles Management		
Search	14,811	14,924
Transfer	11,536	10,555
Mortgage	8,302	7,843
Discharge	7,728	7,192
Other	6,414	5,369
	48,791	45,883
Valuation Services	6,589	8,399
Land Administration Act fees	102	54
Other services		
Mapping and survey	152	139
Total user charges and fees	55,634	54,475
11. Net proceeds from the sale of maps and plans		
Proceeds from sale	1,972	2,058
Cost of sale	(518)	(452)
Net proceeds	1,454	1,606

Notes to the Financial Statements For the Year Ended 30 June 2003 continued

	2003 (\$'000)	2002 (\$'000)
12. Proceeds from DOLA International Projects		
Proceeds		
Bangladesh	2	473
Trinidad/Tobago	69	0
Other Projects	5	19
	76	492
<p>Funds received under contract by the Department have mostly been from the Inter-American Development Bank (IADB) and the Asian Development Bank (ADB) for the purpose of review and modernisation of land administration systems and from organised Study Tour programs into DOLA.</p>		
13. Other revenue		
Rental		
Pastoral leases	1,015	1,004
Buildings	967	1,014
Total rental	1,982	2,018
Land Claims Mapping Unit	732	707
Recovery of costs	324	272
Other	574	631
Total other revenue	3,612	3,628
14. Output Appropriation		
Consolidated Fund		
Recurrent	37,568	33,685
<p>Output appropriations are accrual amounts, reflecting the full cost of outputs delivered. The appropriation revenue comprises a cash component and a receivable (asset). The receivable (holding account) comprises an allocation for depreciation expense for the year and any agreed increase in leave liability during the year. In 2002-03 the receivable related only to depreciation.</p>		
15. Refund to Consolidated Fund		
Refund of capital	0	(2,553)
16. Resources received free of charge		
Administration expenses	342	333
<p>Resources received free of charge have been determined on the basis of the following estimates provided by agencies:</p>		
Department of Housing and Works	0	2
Department of Justice	250	239
Office of the Auditor General	92	92
	342	333

Where assets or services have been received free of charge or for nominal consideration, the Department recognises revenues equivalent to the fair value of the assets and/or the fair value of those services that can be reliably determined and which would have been purchased if not donated, and those fair values shall be recognised as assets or expenses, as applicable.

Notes to the Financial Statements For the Year Ended 30 June 2003 continued

	2003 (\$'000)	2002 (\$'000)
17. Liabilities assumed by the Treasurer		
Superannuation	1,520	1,704
Where a liability has been assumed by the Treasurer or other entity, the department recognises revenues equivalent to the amount of the liability assumed and an expense relating to the nature of the event or events that initially gave rise to the liability.		
18. Net assets assumed		
Assets assumed	0	18,427
Assets transferred	0	(501)
	0	17,926
The net assets assumed is the result of leased land being transferred between DOLA controlled (see Note 27) and DOLA administered (see Note 46).		
19. Net revenues from restructuring		
Assets transferred to the Department		
Current	0	3,688
Non-current	0	6,640
	0	10,328
Liabilities assumed by the Department		
Current	0	1,531
Non-current	0	860
	0	2,391
Net assets	0	7,937
In 2001/02, net assets assumed were due to the merger with the former Valuer General's Office.		
20. Cash assets		
International bank accounts	0	1
Cash on hand	62	62
Operating bank account	14,708	13,236
	14,770	13,299

Notes to the Financial Statements For the Year Ended 30 June 2003 continued

	2003 (\$'000)	2002 (\$'000)
21. Restricted cash assets		
Current		
Survey lodgement fees (i)	45	26
Other suspense accounts (ii)	278	243
	323	269
Non-current		
Accrued salaries suspense (iii)	1,671	1,453
	1,994	1,722
<p>i) Subdivision fees collected on behalf of Department for Planning and Infrastructure.</p> <p>ii) Funds received and awaiting distribution to appropriate accounts.</p> <p>iii) Amount held in the suspense account is only used for the purpose of meeting the 27th pay in a financial year that occurs every 11 years.</p>		
22. Receivables		
Land titles management fees	1,729	1,482
Valuation Services Fees	2,076	7,228
Map sales	996	570
Rentals	364	358
Goods and services tax	1,099	14
Other	0	141
Less: Provision for doubtful debts	(251)	(255)
	6,013	9,538
23. Amounts receivable for outputs		
Current	2,070	755
Non-current	6,836	4,106
	8,906	4,861
<p>This asset represents the non-cash component of output appropriations. It is restricted in that it can only be used for asset replacement.</p>		
24. Prepayments		
Data processing contracts	774	508
Salaries	21	22
Other	36	39
	831	569

Notes to the Financial Statements For the Year Ended 30 June 2003 continued

	2003 (\$'000)	2002 (\$'000)
25. Accrued Revenue		
Valuation services	1,868	686
Other	104	0
	1,972	686
26.a) Equipment, software and furniture		
Equipment		
At cost	2,349	2,322
Accumulated depreciation	(1,757)	(1,700)
	592	622
Equipment leased		
At cost	0	45
Accumulated amortisation	0	(45)
	0	0
Computer hardware equipment		
At cost	11,257	11,047
Accumulated depreciation	(9,044)	(8,577)
	2,213	2,470
Computer equipment leased		
At cost	0	73
Accumulated amortisation	0	(73)
	0	0
Leasehold Improvements		
At cost	386	0
Accumulated amortisation	0	0
	386	0
Total equipment	3,191	3,092
Furniture		
At cost	1,860	1,862
Accumulated depreciation	(1,664)	(1,505)
Total furniture	196	357
Service delivery software and project costs		
At cost	29,599	26,109
Accumulated depreciation	(17,188)	(14,336)
Written down value	12,411	11,773
Work in progress at cost	5,254	4,489
Total service delivery	17,665	16,262
Total equipment, software and furniture	21,052	19,711

Notes to the Financial Statements For the Year Ended 30 June 2003 continued

b) Reconciliations

Reconciliations of the carrying amounts of equipment, software and furniture at the beginning and end of the current financial year are set out below.

2003	Equipment \$'000	Computer hardware equipment \$'000	Furniture \$'000	Service delivery software and project costs \$'000	Total \$'000
Carrying amount at start of year	622	2,470	357	11,773	15,222
Additions	498	1,135	3	3,490	5,126
Disposals	(85)	(925)	(5)	0	(1,015)
Depreciation Accumulated depreciation disposal	(131) 74	(1,382) 915	(163) 4	(2,852) 0	(4,528) 993
Carrying amount at end of year	978	2,213	196	12,411	15,798

27. Land

(a) Leased land at valuation

2003 (\$'000)	2002 (\$'000)
37,047	37,742

Leased land represents Pastoral and Other leases that satisfy the criteria for controlled assets under AAS 29 and SAC 4.

Land which does not satisfy this criteria but, for which the Department has immediate responsibility, are reported as Administered assets (see Note 46).

(b) Reconciliations

Reconciliations of the carrying amount of leased land at the beginning and end of the current financial year are set out below.

Carrying amount at start of year	37,742	17,691
Assets assumed (see Note 18)	0	18,427
Assets transferred (see Note 18)	0	(501)
Net revaluations (see Note 31)	(695)	2,125
Carrying amount at end of year	37,047	37,742

28. Payables

Trade	0	204
Government agencies	406	373
Other	678	321
	1,084	898

Notes to the Financial Statements For the Year Ended 30 June 2003 continued

	2003 (\$'000)	2002 (\$'000)
29. Provisions		
Employee benefits		
Current liabilities:		
Annual leave	3,461	2,601
Long service leave	3,884	4,993
	7,345	7,594
Non-current liabilities:		
Long service leave	4,736	3,788
Total employee benefits	12,081	11,382
In determining the Department's leave liability as at 30 June 2003, on-costs totalling \$1.233m including employer superannuation contributions and workers compensation have been taken into account in accordance with AAS 30.		
30. Other liabilities		
Accrued expenses		
Accommodation	1,758	1,703
Fringe benefits tax	54	50
Severance Payout	1,959	0
Leasehold Improvements	386	0
Relocation costs for Crown land administration	500	0
Other	784	782
	5,441	2,535
Salaries and wages	1,465	1,298
	6,906	3,833
Accrued salaries are amounts owing for 7 working days from 20 June to 30 June 2003 (6 working days from 21 June to 30 June 2002). Accrued salaries are settled within a few days of the financial year end.		
Unearned revenue		
Purchase of goods	84	167
Legal services	120	120
Other	216	30
	420	317
Total other liabilities	7,326	4,150

Notes to the Financial Statements For the Year Ended 30 June 2003 continued

	2003 (\$'000)	2002 (\$'000)
31. Equity		
Equity represents the residual interest in the net assets of the Department. The Government holds the equity interest in the Department on behalf of the community. The asset revaluation reserve represents that portion of equity resulting from the revaluation of non-current assets.		
Accumulated surplus/(deficiency)		
Opening Balance	43,126	15,987
Change in net assets after restructuring	(460)	27,139
Closing balance	42,666	43,126
Contributed equity		
Opening balance	11,914	0
Contributions by owners	1,550	11,914
Closing balance	13,464	11,914
Capital appropriations, termed Capital Contributions, have been designated as contributions by owners and are credited directly to equity in the Statement of Financial Position.		
Asset revaluation reserve (a)		
Opening Balance	16,883	14,758
Net revaluation increment/(decrement) - leased land	(695)	2,125
Closing balance	16,188	16,883
Total equity	72,318	71,923

(a) The asset revaluation reserve is used to record increments and decrements on the revaluation of non current assets, as described in significant accounting policy Note 2(s).

32. Notes to the Statement of Cash Flows

(a) Reconciliation of closing cash

For the purpose of the Statement of Cash Flows, cash includes cash at bank, amounts in suspense and restricted 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 assets	14,770	12,350
Cash assets from restructuring	0	949
Total cash assets (see Note 20)	14,770	13,299
Restricted cash assets (see Note 21)	1,994	1,722
	16,764	15,021

Notes to the Financial Statements For the Year Ended 30 June 2003 continued

	2003 (\$'000)	2002 (\$'000)
(b) Reconciliation of net cost of services to net cash flows provided by/(used in) operating activities		
Net cash (used in) operating activities (Statement of Cash Flows)	(27,783)	(25,045)
Non-cash items:		
Depreciation expense	(4,526)	(4,376)
Superannuation expense	(1,520)	(1,704)
Resources received free of charge	(342)	(333)
Doubtful debts expense	(9)	(112)
Net loss on disposal of non-current assets	(15)	(7)
Net adjustment for administered transactions	289	(971)
Increase/(decrease) in assets:		
Current inventories	(1)	(528)
Current receivables	(3,704)	2,420
Prepayments	262	(445)
Accrued revenue	1,286	(113)
(Increase)/decrease in liabilities:		
Accounts payable	(185)	(284)
Employee benefits	249	(834)
Other liabilities	(2,972)	(532)
Financial leases	0	1
Net GST receipts/(payments)	180	956
Change in GST in receivables/payables	(1,099)	14
Net cost of services (Statement of Financial Performance)	<u>(39,890)</u>	<u>(31,893)</u>

33. Resources provided free of charge

During the year the following resources in excess of \$10,000 were provided to other agencies free of charge for functions outside the normal operations of the Department:

Department of Treasury and Finance	7,357	6,826
Main Roads WA	501	724
Department of the Premier and Cabinet	533	677
Department for Planning and Infrastructure	692	693
Department of Conservation and Land Management	547	631
Western Australian Police Service	291	613
Department of Environment	335	566
Department of Agriculture	602	254
Department of Industry and Resources	759	247
Department of Housing and Works	248	245
Fire and Emergency Services Authority of Western Australia	513	236
Department of Justice	135	128
Department of Education & Training	178	119
Water & Rivers Commission	398	82
Department of Health	398	58
Western Australian Electoral Commission	25	20
Fisheries Department - (2001/02 less than \$10,000)	260	0
Landcorp - (2001/02 less than \$10,000)	223	0
Public Prosecutions WA - (2001/02 less than \$10,000)	17	0
Department for Community Development - (2001/02 less than \$10,000)	18	0
	<u>14,030</u>	<u>12,119</u>
Resources provided to other agencies which were less than \$10,000 per agency.	66	316
Resources provided free of charge to organisations other than departments and statutory authorities:	3,763	4,367
Total resources provided free of charge	<u>17,859</u>	<u>16,802</u>

The above figures are costed on the basis of fee for service.

Notes to the Financial Statements For the Year Ended 30 June 2003 continued

	2003 (\$'000)	2002 (\$'000)
34. Commitments for expenditure		
(a) Capital expenditure		
Capital expenditure commitments are contracted capital expenditure additional to the amounts reported in the financial statements. These commitments include amounts for office and computer equipment and consultancy and are payable as follows:		
Within 1 year	375	1,272
(b) Operating lease expenditure		
These commitments are in respect to non cancellable leases contracted for at the reporting date but not recognised as liabilities. These leases include office accommodation, office equipment and motor vehicles		
Within 1 year	7,511	7,355
Later than 1 year and not later than 5 years	29,842	29,061
Later than 5 years	49,856	48,361
	87,209	84,777
(c) Other expenditure commitments		
These expenditure commitments relate to general administration expenses and are payable as follows:		
Within 1 year	408	1,547
(d) Operating lease receivables		
These are operating lease receivables as at the reporting date and include Pastoral leases and Building leases.		
Within 1 year	2,116	2,020
Later than 1 year and not later than 5 years	7,468	7,874
Later than 5 years	9,849	8,412
	19,433	18,306

35. Remuneration of senior officers

Remuneration

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

\$	\$	2003	2002
100,001	110,000	1	3
110,001	120,000	1	2
120,001	130,000	3	1
140,001	150,000	1	1
180,001	190,000	1	0

The total remuneration of senior officers is:

910	823
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The superannuation included here represents the superannuation expense incurred by the Department in respect of senior officers.

Two senior officers are members of the Pension Scheme in 2003 (three senior members in 2002).

Notes to the Financial Statements For the Year Ended 30 June 2003 continued

36. Financial Instruments

(a) Interest rate risk exposure

The following table details the Department's exposure to interest rate risk as at the operating date. The financial instruments listed are all non interest bearing.

Financial instruments	Non Interest Bearing Total 2003 (\$'000)	Non Interest Bearing Total 2002 (\$'000)
Financial assets		
Cash assets	14,770	13,299
Restricted cash assets	1,994	1,722
Receivables		
Valuation Services	2,076	7,228
Land tenure	1,729	1,482
Map sales	996	570
Other	1,212	258
	22,777	24,559
Financial liabilities		
Payables	1,084	898
Provisions	12,081	11,382
Unearned revenue	420	317
	13,585	12,597

(b) Credit risk exposure

All financial assets are unsecured.

Amounts owing by other government agencies are not considered a credit risk. In respect of other financial assets, the carrying amounts represent the Department's maximum exposure to credit risk in relation to those assets

(c) Net fair values

The carrying amount of financial assets and financial liabilities recorded in the financial statements are not materially different from their net fair values, determined in accordance with the accounting policies disclosed in Note 2 to the financial statements.

37. Contingent liabilities

In addition to the liabilities incorporated in the financial statements, the Department has the following contingent liabilities:

- (i) The Department has pending or potential litigation that may affect the financial position to the value of \$1.273m.
- (iii) Having regard for the large number of native title claims in Western Australia, the Department's role in the administration of the Crown estate may result in future compensation liability for the State.
- (iii) There is a pending claim of copyright by land surveyors estimated at \$3.2m for the copying of survey plans by the Department.

Notes to the Financial Statements For the Year Ended 30 June 2003 continued

38. Intellectual property

DOLA's intellectual property consists of software, data, databases, administrative records, publications, products, trademarks and know-how in the categories listed below. At reporting date the intellectual property cannot be reliably measured, and accordingly has not been recognised as an asset in the financial statements:

- 1) Air Photography
- 2) Cadastral
 - * Spatial Cadastral Data Base (SCDB)
 - * Survey Plans
 - * Survey Diagrams
 - * Survey Field books
- 3) Corporate Computing
- 4) Crown Land Administration
 - * Land Stock Register
 - * Document Processing System
 - * Project Management Performance and Tracking (PROMPT) System
 - * Quality Assurance System
 - * Pastoral Lands Information System
- 5) Desktop Technology
- 6) Geodetic Survey Marks database
- 7) Geographic Names
- 8) Government Property Register
- 9) International
- 10) Mapping Products (digital and analogue)
- 11) Publications (including Internet design)
- 12) Tenure
 - * Tenure Systems
 - * Title and Document Images
- 13) Topographic
 - * Street Centreline
 - * Property Street Address (PSA)
- 14) Satellite Imagery
- 15) Electronic Advice of Sale System
- 16) Land and Property Portal
- 17) Business Realignment Methodology

39. Events occurring after balance date

There have been no significant events occurring after 30 June 2003, that affect these financial statements.

Notes to the Financial Statements For the Year Ended 30 June 2003 continued

	2003 \$	2002 \$
40. Related body		
The Department had one related body during the financial year meeting all operating expenses of:		
Pastoral Lands Board	832,256	575,033
41. Affiliated body		
The Land Surveyors' Licensing Board is an affiliated body in that it received administrative support and a grant of \$10,000 from the Department. The Board is not subject to the operational control of the Department and reports to Parliament separately.		
42. Supplementary information		
(a) Write offs		
Public and other property, revenue and debts due to the State, written off in accordance with Section 45 of the Financial Administration and Audit Act by:		
The Accountable Officer	11,521	23,101
The Minister	0	0
	0	0
	11,521	23,101
(b) Losses through theft, defaults and other causes		
Losses of public monies and public and other property through theft or default	0	48
Amount recovered	0	0
	0	48
(c) Gifts of Public Property		
Gifts of public property provided by the Department	3,073	3,248
43. Trust Accounts		
The trust accounts are reported on a cash basis.		
Private Trust		
(a) Payroll Deductions		
The purpose of the trust account is to hold income tax instalments and Government Employees Housing Authority (GEHA) rent contributions, deducted from salaries and wages of employees of the Department of Land Administration Group Payroll.		
Opening balance	3	25
Receipts	11,531	10,884
Payments		
The Australian Taxation Office	(11,515)	(10,900)
GEHA	(6)	(6)
Closing balance	13	3

Notes to the Financial Statements For the Year Ended 30 June 2003 continued

	2003 (\$'000)	2002 (\$'000)
(b) Deposits: Land Applications		
The purpose of the trust account is to hold funds in accordance with the provisions of the Land Administration Act and the former Land Act, being deposits received from applicants, pending the issue of licenses or leases.		
Opening balance	153	832
Receipts:		
Deposits	457	12,492
Payments		
Refunds	(35)	(103)
Transfers to		
Consolidated Fund	(275)	(13,068)
Closing balance	300	153
(c) War Service Land Settlement		
The purpose of the trust fund is to hold funds pending transfer to the Commonwealth Department of Primary Industry - Production Branch.		
Opening balance	2	4
Receipts:		
Perpetual Lease Rents	374	386
Freehold Option Price	141	199
Payments:		
Remittances to the Commonwealth	(515)	(587)
Closing balance	2	2
Governmental Trust		
(d) DBNGP Corridor Trust		
The Department administers this Trust Account on behalf of the DBNGP Land Access Minister. The purpose of the trust account is to hold funds received pursuant to section 45(2) of the Dampier to Bunbury Pipeline Act 1997 for application in accordance with section 45(5) of that Act.		
Opening balance	36,474	39,073
Receipts:		
Fees and charges	1,208	1,526
Payments:		
Administration	1,797)	(3,015)
Purchase of easement rights	(2,505)	(1,110)
Closing balance	33,380	36,474
Suspense		
e) Departmental Receipts in Suspense		
The purpose of the receipts in suspense is to hold funds pending identification of the purpose for which these monies were received or identification of where those monies are to be credited or paid, pursuant to Section 9 (2) (c) (iv) of the Financial Administration and Audit Act.		
Opening Balance	270	353
Receipts	208	151
Payments	(154)	(234)
Closing Balance	324	270

Notes to the Financial Statements For the Year Ended 30 June 2003 continued

44. Explanatory statement

The Summary of Consolidated Fund Appropriations and Revenue Estimates discloses appropriations and other statutes expenditure estimates, the actual expenditures made and revenue estimates and payments into the Consolidated Fund. Appropriations are on an accrual basis.

The following explanations are provided in accordance with Treasurer's Instruction 945.

Significant variations are considered to be those greater than 10%.

(i) Significant variances between estimates and actual

	2003 Estimate \$'000	2003 Actual \$'000	Variance \$'000
1. Total Appropriation to purchase outputs			
Although there was no significant variance in the total appropriation, there was a significant offsetting variance in the expenditure of Output 1.			
Output 1 Government Land Services	14,628	18,196	3,568
Expenditure ended \$3.568m or 24.4% above the budget estimate, due to several one off expense items for coastal erosion prevention, foreshore reclamation works, the surrender of the Moola Bulla Pastoral Station, and relocation costs related to the transfer of Output 1 to the Department for Planning and Infrastructure.			
2. Retained Revenue	54,288	60,782	6,494
A better than expected result in the areas of searches \$1.712m, transfers \$2.189, mortgages \$0.845m, and discharges \$1.102m contributed towards the \$7.884m or 14.5% variance to budget.			
3. Capital Expenditure			
There is no variation in the Capital Contribution.			
Purchase of non-current physical assets	2,305	5,856	3,551
Expenditure of \$5.856m includes items deferred and funded from the 2001/02 capital works program			
4. Administered Revenue			
4.1 Land Leases	2,505	4,286	1,781
The estimate for land leases proved conservative with lease rentals realising \$1.781m better than budget.			
4.2 Town and Suburban lots	5,000	2,002	(2,998)
Sales for Town and Suburban lots were overestimated to the extent of \$2.998m.			
4.3 Crown Grants - land sales	82,486	46,348	(36,138)
The variation of \$36.138m below the estimate is mainly due to lower sales relating to the Department of Education \$9.120m, Westrail \$9.510m, Department of Agriculture \$6.409m and the Recreation Camps and Reserves Board \$12m.			

Notes to the Financial Statements For the Year Ended 30 June 2003 continued

(ii) Significant variances between actual and prior year actual

	2003 Actual \$'000	2002 Actual \$'000	Variance \$'000
1. Total Appropriation to purchase outputs			
Total Appropriation to purchase outputs	37,568	33,685	(3,883)
The variance reflects the lower level of appropriation in 2001/02, under the net appropriation arrangements, as a consequence of higher revenue in that year for Valuation Services.			
2. Output Expenditure			
Output 1 Government Land Services	18,196	15,682	(2,514)
The variance is due to one off expense items for coastal erosion prevention, foreshore reclamation works, the surrender of the Moola Bulla Pastoral Station and the relocation of Output 1 to the Department for Planning and Infrastructure.			
3. Revenue			
There are no significant variations.			
4. Capital Expenditure			
Capital Contribution	1550	11,914	10,364
The variance is largely due to supplementary funding being provided in 2002 for the Electronic Land Titles (BackCapture) project which is now complete.			
Actual capital expenditure decreased from \$7.348m in 2002 to \$5.856m in 2003.			
This was due to a lower level of funding provided for the ongoing Asset Replacement Program.			
5. Administered Revenue			
4.1 Land Leases	4,286	3,824	462
The variance is mainly due to the ongoing reappraisal and review of lease rentals.			
4.2 Town and Suburban lots	2,002	17,348	(15,346)
The variance is due to the bulk sale of lots to Land Corp in 2001/02 as part of the Machinery of Government changes.			

45. Indian Ocean Territories Service Delivery Arrangement

The provision of services to the Indian Ocean territories are recouped from the Commonwealth government.

	2003 (\$'000)	2002 (\$'000)
Opening balance	(103)	(143)
Receipts	320	171
Payments	(97)	(131)
Closing balance	120	(103)

2002/03 receipts included an amount of \$147,190 for the conversion of the paper title register to digital format. This conversion will take place during 2003/04.

46. Schedule of Administered Items

The Schedule of Administered Items are not controlled by the Department but are administered by it on behalf of the Government

(i) Administered Expenses and Revenues

(ii) Administered Assets and Liabilities