



## AUDITOR GENERAL

### INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

### DEPARTMENT OF LAND INFORMATION FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

#### Audit Opinion

In my opinion,

- (i) the controls exercised by the Department of Land Information provide reasonable assurance that the receipt and expenditure of moneys, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions; and
- (ii) the financial statements are based on proper accounts and present fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia and the Treasurer's Instructions, the financial position of the Department at 30 June 2005 and its financial performance and cash flows for the year ended on that date.

#### Scope

##### *The Chief Executive's Role*

The Chief Executive is responsible for keeping proper accounts and maintaining adequate systems of internal control, preparing the financial statements, and complying with the Financial Administration and Audit Act 1985 (the Act) and other relevant written law.

The financial statements consist of the Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows, Schedule of Expenses and Revenues by Service, Summary of Consolidated Fund Appropriations and Revenue Estimates, and the Notes to the Financial Statements.

##### *Summary of my Role*

As required by the Act, I have independently audited the accounts and financial statements to express an opinion on the controls and financial statements. This was done by looking at a sample of the evidence.

An audit does not guarantee that every amount and disclosure in the financial statements is error free. The term "reasonable assurance" recognises that an audit does not examine all evidence and every transaction. However, my audit procedures should identify errors or omissions significant enough to adversely affect the decisions of users of the financial statements.

D D R PEARSON  
AUDITOR GENERAL  
16 September 2005

**Department of Land Information**  
**Statement of Financial Performance**  
**for the year ended 30 June 2005**

	Note	2005 (\$'000)	2004 (\$'000)
<b>Cost of services</b>			
<b>Expenses from ordinary activities</b>			
Employee expenses	4	49,386	47,556
Depreciation and amortisation expenses	5	6,506	4,220
Administration expenses	6	22,645	22,739
Accommodation expenses	7	9,073	8,780
Capital user charge	8	4,675	3,191
Cost of sales	11	228	246
Carrying amount of non-current assets disposed	9	33	29
<b>Total cost of services</b>		<u>92,546</u>	<u>86,761</u>
<b>Revenues from ordinary activities</b>			
Revenue from operating activities			
User charges and fees	10	69,398	61,115
Proceeds from the sale of maps and plans	11	3,970	3,691
Proceeds from DLI International Projects	12	277	85
Other revenue	13	1,085	1,095
Revenue from non-operating activities			
Proceeds from disposal of non-current assets	9	7	10
<b>Total revenues from ordinary activities</b>		<u>74,737</u>	<u>65,996</u>
<b>Net cost of services</b>		<u>17,809</u>	<u>20,765</u>
<b>Revenues from State Government</b>			
Service Appropriation	14	22,877	25,483
Resources received free of charge	15	392	78
Liabilities assumed by the Treasurer	16	2,199	1,155
Assets transferred	17	(915)	0
<b>Total revenues from State Government</b>		<u>24,553</u>	<u>26,716</u>
<b>Change in net assets</b>		<u>6,744</u>	<u>5,951</u>
<b>Total changes in equity other than those resulting from transactions with WA State Government as owners</b>		<u>6,744</u>	<u>5,951</u>

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

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**Department of Land Information**  
**Statement of Financial Position**  
**as at 30 June 2005**

	Note	2005 (\$'000)	2004 (\$'000)
<b>Current assets</b>			
Cash assets	18	14,054	23,935
Restricted cash assets	19	14	1,913
Inventories - maps		188	221
Receivables	20	15,011	6,166
Amounts receivable for services	21	1,481	1,573
Prepayments	22	761	984
Accrued revenue	23	1,816	3,361
<b>Total current assets</b>		<u>33,325</u>	<u>38,153</u>
<b>Non-current assets</b>			
Amounts receivable for services	21	13,229	9,524
Equipment, software and furniture	24(a)	28,850	25,180
<b>Total non-current assets</b>		<u>42,079</u>	<u>34,704</u>
<b>Total assets</b>		<u>75,404</u>	<u>72,857</u>
<b>Current liabilities</b>			
Payables	25	718	338
Repayable grant	26	148	103
Provisions	27	7,412	6,828
Other liabilities	28	5,008	10,962
<b>Total current liabilities</b>		<u>13,286</u>	<u>18,231</u>
<b>Non-current liabilities</b>			
Repayable grant	26	333	309
Provisions	27	5,110	4,570
<b>Total non-current liabilities</b>		<u>5,443</u>	<u>4,879</u>
<b>Total liabilities</b>		<u>18,729</u>	<u>23,110</u>
<b>Equity</b>			
Accumulated surplus	29	40,303	33,559
Contributed equity		184	0
Asset revaluation reserve		16,188	16,188
<b>Total equity</b>		<u>56,675</u>	<u>49,747</u>
<b>Total liabilities and equity</b>		<u>75,404</u>	<u>72,857</u>

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

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**Department of Land Information**  
**Statement of Cash Flows**  
for the year ended 30 June 2005

	Note	2005 (\$'000)	2004 (\$'000)
		Inflows (Outflows)	Inflows (Outflows)
<b>Cash flows from State Government</b>			
Service appropriations		17,691	20,723
Capital contributions		184	9,471
Distribution to owner		0	(2,422)
Assets transferred		(915)	0
Holding Account drawdowns		1,573	1,915
<b>Net cash provided by State Government</b>		<u><b>18,533</b></u>	<u><b>29,687</b></u>
<b>Utilised as follows:</b>			
<b>Cash flows from operating activities</b>			
Payments			
Employee costs		(43,407)	(40,970)
Superannuation		(4,149)	(4,093)
Administration		(24,160)	(19,780)
Accommodation		(9,030)	(8,755)
Capital user charge		(4,675)	(3,191)
GST payments on purchases		(4,460)	(3,536)
GST payments to taxation authority		0	(166)
Receipts			
User charges and fees		62,858	59,636
GST receipts on sales		631	1,050
GST receipts from taxation authority		3,286	2,834
Other receipts		6,064	4,509
<b>Net cash provided by (used in) operating activities</b>	30(b)	<u><b>(17,042)</b></u>	<u><b>(12,462)</b></u>
<b>Cash flows from investing activities</b>			
Proceeds from sale of non-current physical assets		7	10
Purchase of non-current physical assets		(13,347)	(8,513)
<b>Net cash provided by (used in) investing activities</b>		<u><b>(13,340)</b></u>	<u><b>(8,503)</b></u>
<b>Cash flows from financing activities</b>			
Repayable grant received		172	465
Repayable grant paid		(103)	(103)
<b>Net cash provided by (used in) financing activities</b>		<u><b>69</b></u>	<u><b>362</b></u>
<b>Net increase/(decrease) in cash held</b>		<b>(11,780)</b>	<b>9,084</b>
Cash assets at the beginning of the financial year		25,848	16,764
<b>Cash assets at the end of the financial year</b>	30(a)	<u><b>14,068</b></u>	<u><b>25,848</b></u>

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

**Department of Land Information**  
**Schedule of Expenses and Revenues by Service**  
**for the year ended 30 June 2005**

Service	Land Information		Valuation Services		Access to Government Geographic Information		Total	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
<b>Cost of Services</b>								
<b>Expenses from ordinary activities</b>								
Employee expenses	35,470	34,125	13,231	12,735	685	696	49,386	47,556
Depreciation and amortisation expense	5,686	3,433	789	751	31	36	6,506	4,220
Administration expenses	20,168	20,194	1,617	1,821	860	724	22,645	22,739
Accommodation expenses	7,381	7,407	1,584	1,298	108	75	9,073	8,780
Capital user charge	3,812	2,730	832	441	31	20	4,675	3,191
Cost of sales	228	246	0	0	0	0	228	246
Carrying cost of non-current assets disposed	33	29	0	0	0	0	33	29
<b>Total cost of services</b>	<b>72,778</b>	<b>68,164</b>	<b>18,053</b>	<b>17,046</b>	<b>1,715</b>	<b>1,551</b>	<b>92,546</b>	<b>86,761</b>
<b>Revenues from ordinary activities</b>								
Revenues from operating activities								
User charges and fees	57,101	53,788	12,297	7,327	0	0	69,398	61,115
Proceeds from the sale of maps and plans	3,615	3,343	354	321	1	27	3,970	3,691
Proceeds from DLI International Projects	277	10	0	75	0	0	277	85
Other revenues	1,012	1,020	0	2	73	73	1,085	1,095
<b>Revenues from non-operating activities</b>								
Proceeds from the disposal of non-current assets	7	10	0	0	0	0	7	10
<b>Total revenues from ordinary activities</b>	<b>62,012</b>	<b>58,171</b>	<b>12,651</b>	<b>7,725</b>	<b>74</b>	<b>100</b>	<b>74,737</b>	<b>65,996</b>
<b>Net cost of services</b>	<b>10,766</b>	<b>9,993</b>	<b>5,402</b>	<b>9,321</b>	<b>1,641</b>	<b>1,451</b>	<b>17,809</b>	<b>20,765</b>
<b>Revenues from State Government</b>								
Service appropriation	13,826	12,294	7,430	11,741	1,621	1,448	22,877	25,483
Resources received free of charge	369	56	16	22	7	0	392	78
Liabilities assumed by the Treasurer	1,553	992	633	160	13	3	2,199	1,155
Assets transferred	(915)	0	0	0	0	0	(915)	0
<b>Total revenues from State Government</b>	<b>14,833</b>	<b>13,342</b>	<b>8,079</b>	<b>11,923</b>	<b>1,641</b>	<b>1,451</b>	<b>24,553</b>	<b>26,716</b>
<b>Change in net assets</b>	<b>4,067</b>	<b>3,349</b>	<b>2,677</b>	<b>2,602</b>	<b>0</b>	<b>0</b>	<b>6,744</b>	<b>5,951</b>
<b>Total changes in equity other than those resulting from transactions with WA State Government as owners</b>	<b>4,067</b>	<b>3,349</b>	<b>2,677</b>	<b>2,602</b>	<b>0</b>	<b>0</b>	<b>6,744</b>	<b>5,951</b>

The Schedule of Expenses and Revenues by Service should be read in conjunction with the accompanying notes.

**Department of Land Information**  
**Summary of Consolidated Fund Appropriations and Revenue Estimates**  
**for the year ended 30 June 2005**

	2005 Estimate (\$'000)	2005 Actual (\$'000)	Variance (\$'000)	2005 Actual (\$'000)	2004 Actual (\$'000)	Variance (\$'000)
<b>DELIVERY OF SERVICES</b>						
Item 112 Net amount appropriated to deliver services	24,508	22,767	(1,741)	22,767	36,538	(13,771)
Section 25 transfer of appropriation	0	(282)	(282)	(282)	(11,368)	11,086
Amount Authorised by Other Statutes - Salaries and Allowances Act 1975	297	392	95	392	313	79
<b>Total appropriations provided to deliver services</b>	<b>24,805</b>	<b>22,877</b>	<b>(1,928)</b>	<b>22,877</b>	<b>25,483</b>	<b>(2,606)</b>
<b>CAPITAL</b>						
Item 166 Capital Contribution	278	184	(94)	184	9,579	(9,395)
Section 25 transfer of appropriation	0	0	0	0	(108)	108
<b>Total Capital Contributions</b>	<b>278</b>	<b>184</b>	<b>(94)</b>	<b>184</b>	<b>9,471</b>	<b>(9,287)</b>
<b>GRAND TOTAL OF APPROPRIATIONS</b>	<b>25,083</b>	<b>23,061</b>	<b>(2,022)</b>	<b>23,061</b>	<b>34,954</b>	<b>(11,893)</b>
<b>Details of Expenses by Service</b>						
Land Information	69,848	72,778	2,930	72,778	68,164	4,614
Valuation Services	17,870	18,053	183	18,053	17,046	1,007
Access to Government land or geographic information	1,629	1,715	86	1,715	1,551	164
Total Cost of Services	89,347	92,546	3,199	92,546	86,761	5,785
Less total revenues from ordinary activities	(63,137)	(74,737)	(11,600)	(74,737)	(65,996)	(8,741)
Net Cost of Services	26,210	17,809	(8,401)	17,809	20,765	(2,956)
Adjustments	(1,405)	5,068	6,473	5,068	4,718	350
<b>Total appropriations provided to deliver services</b>	<b>24,805</b>	<b>22,877</b>	<b>(1,928)</b>	<b>22,877</b>	<b>25,483</b>	<b>(2,606)</b>
<b>Capital Expenditure</b>						
Purchase of non-current physical assets	7,066	9,917	2,851	9,917	8,432	1,485
Transfer of leave entitlements	0	0	0	0	1,480	(1,480)
Adjustments for other funding sources	(6,788)	(9,733)	(2,945)	(9,733)	(441)	(9,292)
<b>Capital Contribution (appropriation)</b>	<b>278</b>	<b>184</b>	<b>(94)</b>	<b>184</b>	<b>9,471</b>	<b>(9,287)</b>

Explanations of variations between the current year actual results and estimates and variations from previous year actuals are set out in Note 42

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**DEPARTMENT OF LAND INFORMATION**  
**Notes to the Financial Statements**  
**For the Year Ended 30 June 2005**

**1. Departmental mission and funding**

The Department's mission is to contribute to the sustainable growth and prosperity of Western Australia through innovative land services, a world class land and property information infrastructure, and an impartial valuation 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 "*Financial Reporting by Government Departments*".

The statements have been prepared on the accrual basis of accounting using the historical cost convention.

**(a) Reporting Entity**

The financial statements comprise the Department. There are no related bodies.

**(b) Service appropriations**

Service 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 commentary on service 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. Non reciprocal transfers of net assets after 1 July 2002 have also been designated as contributions by (or distributions to) owners and taken directly to Contributed Equity, except where the transfer is solely cash and is unrelated to a transfer of function or other assets and liabilities. All other transfers have been recognised in the Statement of Financial Performance (See Note 17 with respect to transfers of cash).

**(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 services as specified in the 2004-05 Budget Statements. In accordance with the determination, the Department retained \$74.737m as at 30 June 2005 (\$65.996m in 2004).

**(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.

**DEPARTMENT OF LAND INFORMATION**  
**Notes to the Financial Statements**  
**For the Year Ended 30 June 2005**

**(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.

**(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.

Assets costing less than \$1,000 are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

**(h) 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 are calculated on the straight line basis, using rates which are reviewed annually or as set in the terms of the contract. Expected 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

**(i) Employee Benefits**

Annual leave

This benefit is recognised at the reporting date in respect to employees' services up to that date and is measured at the nominal amounts expected to be paid when the liabilities are settled.

Long service leave

The liability for long service leave expected to be settled within 12 months of the reporting date is recognised in the provisions for employee benefits and is measured at the nominal amounts expected to be paid when the liability is settled. The liability for long service leave expected to be settled more than 12 months from the reporting date is recognised in the provisions for employee benefits and is measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given, when assessing expected future payments, to expected future wage and salary levels including relevant on costs, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

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. The Department contributes to this accumulation fund in compliance with the Commonwealth Government's *Superannuation Guarantee (Administration) Act 1992*. All of these schemes are administered by the Government Employees Superannuation Board (GESB).

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 State Government in the Statement of Financial Performance as the unfunded liability 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.

The liabilities for superannuation charges under the *Gold State Superannuation Scheme* and the *West State Superannuation Scheme* are extinguished by payment of the employer contributions to the GESB.

Employee Benefit on-costs

Employee benefit on-costs are recognised and included in employee benefit liabilities and costs when the employee benefits to which they relate are recognised as liabilities and expenses (See notes 4 and 27).

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**DEPARTMENT OF LAND INFORMATION**  
**Notes to the Financial Statements**  
**For the Year Ended 30 June 2005**

**(j) 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.

**(k) 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.

**(l) 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 doubt as to collection exist.

**(m) Accrued salaries**

The accrued salaries suspense account (refer Note 19) 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 28) 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.

**(n) Payables**

Payables 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.

**(o) 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.

**(p) Foreign currency translation**

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

**(q) Inventories**

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 at average cost.

**(r) Comparative figures**

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

**(s) Rounding of amounts**

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

**DEPARTMENT OF LAND INFORMATION**  
**Notes to the Financial Statements**  
**For the Year Ended 30 June 2005**

**3. Services of the Department**

Information about the Department's services and the expenses and revenues which are reliably attributable to those services is set out in the Schedule of Expenses and Revenues by Service.

The three services of the Department and their objectives as at 30 June 2005 were:

**Service 1: Land Information**

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

**Service 2: Valuation Services**

An impartial valuation and property information service.

**Service 3: Access to Government Geographic Information**

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

	<b>2005</b>	<b>2004</b>
	<b>(\$'000)</b>	<b>(\$'000)</b>
<b>4. Employee expenses</b>		
Wages and Salaries	37,968	37,004
Superannuation	6,353	5,192
Annual Leave	3,558	3,589
Long Service Leave	1,507	1,771
	<u>49,386</u>	<u>47,556</u>
<b>5. Depreciation and amortisation expense</b>		
Equipment	109	129
Computer Equipment	1,611	1,072
Furniture	6	164
Service Delivery Software and Project Costs	4,713	2,808
Leasehold Improvements	67	47
	<u>6,506</u>	<u>4,220</u>
<b>6. Administration expenses</b>		
Services and contracts	17,022	17,671
Grants & Subsidies	160	128
Other staffing costs	479	404
Communications	769	778
Consumables	462	477
Insurance	522	424
Resources received free of charge	392	78
Doubtful Debts	0	79
Travel	498	398
Advertising	87	143
Other administration expenses	2,254	2,159
	<u>22,645</u>	<u>22,739</u>
<b>7. Accommodation expenses</b>		
Accommodation	8,587	8,382
Electricity, gas and water	486	398
	<u>9,073</u>	<u>8,780</u>
<b>8. Capital user charge</b>	<u>4,675</u>	<u>3,191</u>
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 services. 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.		
<b>9. Net gain/(loss) on disposal of non-current assets</b>		
Furniture, Office and Computer Equipment		
Capital Cost	1,775	1,657
Accumulated Depreciation	(1,742)	(1,628)
Carrying Amount of Non Current Assets	33	29
less: Proceeds	7	10
<b>Net gain/(loss) on disposal</b>	<u>(26)</u>	<u>(19)</u>

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	2005 (\$'000)	2004 (\$'000)
<b>10. User charges and fees</b>		
Land Titles Management		
Search	17,641	17,620
Transfer	14,072	12,787
Mortgage	9,194	9,033
Discharge	8,661	8,480
Other (Plan Lodgements, Caveats, Applications etc..)	7,531	5,868
	57,099	53,788
Valuation Services	12,299	7,327
<b>Total user charges and fees</b>	69,398	61,115
<b>11. Proceeds from the sale of maps and plans</b>		
Proceeds from sale	3,970	3,691
Cost of sale	(228)	(246)
Net proceeds	3,742	3,445
<b>12. Proceeds from DLI International Projects</b>		
Proceeds		
Vietnam	201	0
Philippines	75	0
Samoa	1	0
Sri Lanka	0	69
Malaysia Study Tour	0	16
	277	85
<p>The revenue attributed to Vietnam is in accord with a consortium agreement between DLI and Ramboll Natura to provide services to the <i>Strengthening Environmental Management and Land Administration in Vietnam</i> project. This project is in the inception phase. The Swedish International Development Cooperation Agency is providing support for this project. The revenue derived from the Philippines is for the provision of technical assistance (statutory valuation) for the <i>Philippines Australia Land Administration Management Program</i>, a project supported by AusAID and the World Bank.</p>		
<b>13. Other revenue from ordinary activities</b>		
Land Claims Mapping Unit	389	360
Recovery of costs	40	220
Indian Ocean Territories	13	60
Government Vehicle Scheme	38	33
Other Services	605	422
<b>Total other revenue from ordinary activities</b>	1,085	1,095
<b>14. Service Appropriations</b>		
Appropriation revenue received during the year	22,877	25,483
<p>Service appropriations are accrual amounts, reflecting the full cost of services 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.</p>		
<b>15. Resources received free of charge</b>		
Administration expenses	392	78
<p>Resources received free of charge have been determined on the basis of the following estimates provided by agencies:</p>		
Department of Treasury and Finance	279	0
Department of Justice	113	78
	392	78

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.

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	2005 (\$'000)	2004 (\$'000)
<b>16. Liabilities Assumed by the Treasurer</b>		
<b>Superannuation</b>	2,199	1,155
The assumption of the superannuation liability by the Treasurer is only a notional revenue to offset the notional superannuation expense reported in respect of current employees who are members of the pension scheme and current employees who have a transfer benefit entitlement under the <i>Gold State Superannuation Scheme</i> . (Refer Note 2(i) )		
<b>17. Assets transferred</b>	915	0
In 2004-05 \$915,000 was transferred to the following agencies in accordance with the funding arrangements approved by Government for the Shared Land Information Platform (SLIP) initiative:		
Department of Agriculture	399	0
Department for Planning and Infrastructure	516	0
	915	0
Although non reciprocal in nature, the cash transfers were not related to a transfer of function or to the transfer of other assets and liabilities and, therefore, have been recognised in the Statement of Financial Performance in accordance with Treasurer's Instruction 955(4). (Refer Note 2(c))		
<b>18. Cash assets</b>		
Cash on hand	62	62
Operating bank account	13,992	23,873
	14,054	23,935
The decrease in cash was due to the Department's significant capital works program and the settling of the prior year's accrued expenses.		
<b>19. Restricted cash assets</b>		
Current		
Survey lodgement fees (i)	14	163
Accrued salaries suspense (ii)	0	1,518
Other suspense accounts (iii)	0	232
	14	1,913
(i) Subdivision fees collected on behalf of Department for Planning and Infrastructure.		
(ii) 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. As the 27th pay occurred in 2004-05, the account was fully drawn leaving a nil balance at year end.		
(iii) Funds received and awaiting distribution to appropriate accounts.		
<b>20. Receivables</b>		
Trade Debtors	14,433	5,807
Goods and services tax	615	442
Less: Provision for doubtful debts	(37)	(83)
	15,011	6,166
The significant increase in trade debtors from 2003-04 is largely due to the completion of the Valuer General's triennial Metropolitan Revaluation Program in 2004-05, resulting in invoices totalling approximately \$9.5m being raised in June 2005. Collection is due in early part of 2005-06.		
<b>21. Amounts receivable for services</b>		
Current	1,481	1,573
Non-current	13,229	9,524
	14,710	11,097
This asset represents the non-cash component of service appropriations. It is restricted in that it can only be used for asset replacement. (Refer Note 14)		
<b>22. Prepayments</b>		
Data processing contracts	568	773
Other	193	211
	761	984
<b>23. Accrued Revenue</b>		
Valuation services	1,785	3,269
Other	31	92
	1,816	3,361

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	<b>2005</b>	<b>2004</b>
	<b>(\$'000)</b>	<b>(\$'000)</b>
<b>24. a) Equipment, software and furniture</b>		
Equipment		
At cost	2,162	2,247
Accumulated depreciation	<u>(1,642)</u>	<u>(1,644)</u>
	520	603
Computer equipment		
At cost	10,394	11,530
Accumulated depreciation	<u>(8,118)</u>	<u>(8,106)</u>
	2,276	3,424
Leasehold Improvements		
At cost	1,049	590
Accumulated amortisation	<u>(162)</u>	<u>(121)</u>
	887	469
<b>Total equipment</b>	<u>3,683</u>	<u>4,496</u>
Furniture		
At cost	1,858	1,868
Accumulated depreciation	<u>(1,829)</u>	<u>(1,829)</u>
<b>Total furniture</b>	<u>29</u>	<u>39</u>
Service delivery software and project costs		
At cost	40,553	31,420
Accumulated depreciation	<u>(24,710)</u>	<u>(19,998)</u>
Written down value	15,843	11,422
Work in progress at cost	<u>9,295</u>	<u>9,223</u>
<b>Total service delivery</b>	<u>25,138</u>	<u>20,645</u>
<b>Total equipment, software and furniture</b>	<u>28,850</u>	<u>25,180</u>

**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.

<b>2005</b>	<b>Equipment</b>	<b>Computer Equipment</b>	<b>Leasehold Improvements</b>	<b>Furniture</b>	<b>Service Delivery Software and Project Costs</b>	<b>Works in Progress</b>	<b>TOTAL</b>
	<b>(\$'000)</b>	<b>(\$'000)</b>	<b>(\$'000)</b>	<b>(\$'000)</b>	<b>(\$'000)</b>	<b>(\$'000)</b>	<b>(\$'000)</b>
Carrying amount at June 30 2004	603	3,424	469	39	11,422	9,223	25,180
Additions	48	474	222	0	0	9,829	10,573
Transfers	0	0	263	0	9,114	(9,377)	0
Disposals	(22)	(11)	0	0	0	0	(33)
Depreciation	(109)	(1,611)	(67)	(6)	(4,713)	0	(6,506)
Adjustments	0	0	0	(4)	20	(380)	(364)
Carrying amount at June 30 2005	520	2,276	887	29	15,843	9,295	28,850

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	2005 (\$'000)	2004 (\$'000)
<b>25. Payables</b>		
Government agencies	68	9
Other	650	329
	718	338

**26. Repayable grant**

Current	148	103
Non-current	333	309
	481	412

The Department has received grants totalling \$739,000 from the Sustainable Energy Development Office under the *Energy Smart Government Capital Advance Program*. The grants have been provided to finance performance improvement measures implemented under stages 1 and 2 of the Department's Energy Performance Contract.

The grants in respect of stage 1 (\$516,000) are repayable in equal instalments over 5 years beginning 1 August 2003. The grant in respect of stage 2 (\$223,000) is also repayable in equal instalments over 5 years, beginning 1 August 2005. The repayments are funded from savings guaranteed to be delivered by the contractor under the agreement.

**27. Provisions**

**Employee benefits**

Current liabilities:

Annual leave	3,880	3,460
Long service leave	3,532	3,368
	7,412	6,828

Non-current liabilities:

Long service leave	5,110	4,570
	12,522	11,398

**Total employee benefits**

In determining the Department's leave liability as at 30 June 2005, on-costs totalling \$0.989m including employer superannuation contributions and workers compensation have been taken into account. (30 June 2004 - \$1.114m)

The Department considers the carrying amount of employee benefits to approximate the net fair value.

**28. Other liabilities**

Accrued expenses	3,138	8,183
Accrued salaries and wages	0	1,518
Unearned revenue	1,026	252
Other liabilities	844	1,009
	5,008	10,962

There were no accrued salaries for 2004-05 as the final pay for the financial year was on the fortnight ending 30 June 2005 (There were 9 working days from the 20 June to 30 June 2004).

Accrued salaries are settled within a few days of the financial year end.

**29. 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	33,559	42,666
Distribution to Owners (i)	0	(15,058)
Change in net assets	6,744	5,951
Closing balance	40,303	33,559

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	<b>2005</b>	<b>2004</b>
	<b>(\$'000)</b>	<b>(\$'000)</b>
<b>Contributed equity</b>		
Opening balance	0	13,464
Capital Contributions (ii)	184	9,471
Total Contribution by Owners	184	22,935
Distribution to Owners (i)	0	(22,935)
Closing balance	184	0
<b>Asset revaluation reserve (iii)</b>		
Opening Balance	16,188	16,188
Net revaluation increment/(decrement)	0	0
Closing balance	16,188	16,188
<b>Total equity</b>	56,675	49,747

- (i) In 2003-04, there was a non reciprocal transfer of net assets to government as a result of the transfer of Crown Land Services to the Department for Planning and Infrastructure (designated as Distribution to Owners in Treasurer's Instruction 955) - totalling \$37.993m (\$15.058m + \$22.935m = \$37.993m).
- (ii) Capital appropriations, termed Capital Contributions, have been designated as contributions by owners and are credited directly to equity in the Statement of Financial Position.
- (iii) The asset revaluation reserve is used to record increments and decrements on the revaluation of non current assets.

**30. Notes to the Statement of Cash Flows**

(a) Reconciliation of 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 (Refer Note 18)	14,054	23,935
Restricted cash assets (Refer Note 19)	14	1,913
	14,068	25,848

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

Reconciliation of net cost of services to net cash flow provide by /(used in) operating activities.

Net cash (used in) operating activities (Statement of Cash Flows)	(17,042)	(12,462)
Non-cash items:		
Depreciation expense	(6,506)	(4,220)
Superannuation expense	(2,199)	(1,155)
Resources received free of charge	(392)	(78)
Doubtful debts expense	0	(79)
Write-back of doubtful debts expense	46	0
Net loss on disposal of non-current assets	(26)	(19)
Works in Progress expensed relating to prior years	(350)	0
Increase/(decrease) in assets:		
Current inventories	(33)	(3)
Current receivables	8,328	101
Prepayments	(223)	157
Accrued revenue	(1,545)	1,389
(Increase)/decrease in liabilities:		
Accounts payable	(381)	(291)
Employee benefits	(1,124)	(797)
Other liabilities	3,471	(3,461)
Net GST (receipts)/payments	543	(183)
Change in GST in receivables/payables	(376)	336
Net cost of services (Statement of Financial Performance)	(17,809)	(20,765)

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	<b>2005</b>	<b>2004</b>
	<b>(\$'000)</b>	<b>(\$'000)</b>
<b>31. Resources provided free of charge</b>		
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	8,145	6,920
Department for Planning and Infrastructure	2,596	3,847
Public Transport Authority	1,618	0
Fire and Emergency Services Authority of Western Australia	1,153	212
Department of Conservation and Land Management	1,145	412
Western Australia Police Service	970	368
Department of Industry and Resources	802	93
Main Roads Western Australia	642	714
Department of Environment	410	126
Water and Rivers Commission	394	361
Department of Agriculture	391	992
Department of Indigenous Affairs	247	27
LandCorp	246	271
Department of Housing and Works	231	209
Department of Justice	180	173
Department of Education and Training	81	139
Department of the Premier and Cabinet	73	81
Department of Health	63	214
University of Western Australia	50	316
Local Government Grants Commission	31	0
WA Tourism Commission	18	0
Bunbury Water Board	14	0
Murdoch University	13	5
Racing and Wagering Western Australia	0	97
	19,513	15,577
Resources provided to other agencies which were less than \$10,000 per agency.	33	32
Resources provided free of charge to organisations other than departments and statutory authorities:	4,023	2,807
<b>Total resources provided free of charge</b>	<b>23,569</b>	<b>18,416</b>

The above figures are costed on the basis of full cost recovery.

**32. 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 IT contracted services and office and computer equipment and are payable as follows:

Within 1 year (i)	6,225	229
Later than 1 year and not later than 5 years (i)	8,049	0
	14,274	229

(b) Operating lease expenditure

These commitments are in respect of 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	7,784	7,303
Later than 1 year and not later than 5 years	30,332	29,419
Later than 5 years	24,254	33,397
	62,370	70,119

(c) Other expenditure commitments

These expenditure commitments relate to general administration expenses including IT services, software licensing and maintenance, photographic services and building maintenance, and are payable as follows:

Within 1 year (i)	13,524	308
Later than 1 year and not later than 5 years (i)	28,283	0
Later than 5 years (i)	5,149	0
	46,956	308

(i) Previous reporting in these categories was limited to short term commitments that were the subject of a purchase order. The Department has improved the capturing of long term contracted commitments and these have been now included for the first time. Although similar commitments existed the previous year, it was not practicable to arrive at comparatives due to the nature of the data available.

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	2005 (\$'000)	2004 (\$'000)
<b>33. Remuneration of senior officers</b>		
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:		
\$	2005	2004
10,001 - 20,000	1	1
30,001 - 40,000	1	0
90,001 - 100,000	0	1
100,001 - 110,000	1	0
110,001 - 120,000	1	1
120,001 - 130,000	1	3
130,001 - 140,001	2	0
140,001 - 150,000	0	1
160,001 - 170,000	1	0
180,001 - 190,000	0	1
220,001 - 230,000	1	0
	<b>9</b>	<b>8</b>

The total remuneration of senior officers is:

1,046      932

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 2005 (two senior members in 2004).

**34. Financial Instruments**

(a) Interest rate risk exposure

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

	Non Interest Bearing Total 2005 (\$'000)	Non Interest Bearing Total 2004 (\$'000)
<b>Financial instruments</b>		
<b>Financial assets</b>		
Cash assets	14,054	23,935
Restricted cash assets	14	1,913
Receivables	15,011	6,166
Accrued Revenue	1,816	3,361
	<b>30,895</b>	<b>35,375</b>
<b>Financial liabilities</b>		
Payables	718	338
Provisions	12,522	11,398
Repayable grant	481	412
Other liabilities	5,008	10,962
	<b>18,729</b>	<b>23,110</b>

(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.

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**35. 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 \$1.054m. (\$0.995m in 2003-04)
- (ii) There is a pending claim of copyright by Copyright Agency Limited (acting for surveyors) estimated at \$50,000 (\$50,000 in 2003-04) for the paper copying of survey plans by the Department. This claim arises out of the proposed agreement between the State of Western Australia and Copyright Agency Limited in respect of the use of all copyright materials by the State of which survey plans potentially form a part. Due to the complexity of the issues involved and the dispute by the state in relation to some aspects of liability copying survey plans, that part of the proposed agreement relating to survey plans has been removed from the agreement that deals with copyright for the whole of the State and is the subject of further negotiations.
- (iii) There is at present a claim in the Copyright Tribunal against the State of NSW for copies of digital plans and the use of those plans in the Digital Cadastral Database. This has potential to impact Western Australia but the precedent value and binding nature of a decision of the Copyright Tribunal is at issue. The financial impact of this claim is very uncertain as it may apply to Western Australia. The Department is currently seeking advice from the State Solicitor's Office as to litigating this claim.

**36. Intellectual property**

The Department'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  
A collection of images of various parts of Western Australia. The collection dates from 1948 to the current time and has significant historical importance.
- 2) Spatial Cadastral Database  
A single, seamless map of Western Australia covering property boundaries.
- 3) Geodetic Survey Marks Database  
Information that maintains a viable reference framework infrastructure for all survey, mapping and associated land information purposes in Western Australia.
- 4) GEONOMA Database  
Place name information for Western Australia, including position, origin, meaning and classification of names.
- 5) Registered trademarks
  - \* SmartPlan
  - \* SmartRegister
  - \* Landgate
  - \* StreetSmart
- 6) Copyright, design, artwork and "know how" related to mapping products (digital and analogue) and publications (including internet design).
- 7) Tenure
  - \* Tenure Systems - systems containing descriptions of how land is held, eg freehold or reserve.
  - \* Title and Document Images - digital copies of titles and documents that are held in a central location.
- 8) Topographic Database  
Repository of all geographic land information stored in terms of relief, cultural, road centreline, hydrography, property street address, geographic names, ortho-imagery, coastlines and points of interest.
- 9) Satellite Imagery  
Digital datasets of satellite acquired images maintained in a catalogue archive.
- 10) Land Claims Database  
Spatial data recording external boundaries of native title claims, status and claimants.
- 11) Thematic Databases  
Data fundamentally used in the preparation of thematic mapping products, eg StreetSmart Touring Maps, Street Directory and WA Travellers Atlas.
- 12) Land and Property Improvements Database  
A repository that contains a description of the physical characteristics of land and improvements to land.
- 13) Land Valuations Database  
A database of current and previous values determined by the Valuer General.
- 14) Property Sales and Rentals Database  
A repository of historical sales and rental information integrated with land and property descriptions.
- 15) Computer Assisted Valuation Methodology  
A suite of integrated software that assists with the mass appraisal of values.
- 16) Work Management System Database  
A suite of software that provides the recording and allocation of human resources across services.
- 17) Property/Valuation GIS  
Integrated spatial and textual data displayed via a customised suite of software.

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	<b>2005</b>	<b>2004</b>
	<b>(\$'000)</b>	<b>(\$'000)</b>
<b>37. Events occurring after balance date</b>		
There have been no significant events occurring after 30 June 2005 that affect these financial statements.		
<b>38. Remuneration of auditor</b>		
Remuneration to the Auditor General for the financial year is as follows:		
Auditing the accounts, financial statements and performance indicators	107	100
<b>39. Affiliated body</b>		
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.		
	<b>2005</b>	<b>2004</b>
	<b>(\$)</b>	<b>(\$)</b>
<b>40. Supplementary financial information (expressed in whole dollars)</b>		
<b>(a) Write offs</b>		
During the financial year \$22,620 was written off by the Department:		
Public and other property	4,036	3,656
Revenue and debts	18,584	5,540
	22,620	9,196
These write-offs were under the authority of:		
The Accountable Officer	22,620	9,196
The Minister	0	0
Executive Council	0	0
	22,620	9,196
<b>(b) Losses through theft, defaults and other causes</b>		
Losses of public monies and public and other property through theft or default		
Amount recovered	17	9
	0	0
	17	9
<b>(c) Gifts of Public Property</b>		
Gifts of public property provided by the Department	341	579
<b>41. Trust Accounts</b>	<b>2005</b>	<b>2004</b>
	<b>(\$'000)</b>	<b>(\$'000)</b>
The trust accounts are reported on a cash basis.		
<b>Private Trust</b>		
<b>(a) Payroll Deductions</b>		
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 Information Group Payroll.		
Opening balance	22	13
Receipts	11,989	10,248
Payments		
The Australian Taxation Office	(12,011)	(10,239)
GEHA	0	0
Closing balance	0	22

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(b) From 1 July 2003, Government transferred responsibility for Crown Land Services to the Department for Planning and Infrastructure. Consequently, all attendant assets and liabilities were transferred effective from that date.

This included three trust accounts:

- Deposits: Land Applications
- War Service Land Settlement
- DBNGP Corridor Trust

During 2003-04 the only transactions against these trust accounts were the transfer of closing balances as at 30 June 2003 to the Department for Planning and Infrastructure. No transactions were recorded against these trust accounts in 2004-05.

The balance of each trust account as at 30 June 2003 was as follows:

	(\$'000)
- Deposits: Land Applications	300
- War Service Land Settlement	2
- DBNGP Corridor Trust	#####

**42. 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 now 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 - Total Appropriation to deliver services**

	2005 Estimate \$'000	2005 Actual \$'000	Variance \$'000
<b>1. Total revenues from Ordinary Activities</b>	63,137	74,737	11,600

The \$11.6m or 18.4% variance was mainly due to better than expected results in Land Titles Management caused by Western Australia's property market continuing to operate at record levels.

**(ii) Significant variances between actual and prior year actual - Total Appropriation to deliver services**

	2005 Actual \$'000	2004 Actual \$'000	Variance \$'000
<b>1. Total Appropriation to provided to deliver services</b>	22,877	25,483	(2,606)

The \$2.606m or 11.4% reduction was primarily due to cash flow adjustments totalling \$4.9m that related to the revenue collection cycle of the Valuer General's triennial Metropolitan Revaluation Program, where the resultant revenue is only collected every third year. As 2004-05 was the final year of that triennium, the reduction in appropriation was offset by increased revenue from ordinary activities.

There were other reductions to the appropriation totalling \$760,000 for Procurement Reform and the transfer of procurement staff to the Department of Treasury and Finance.

The above funding reductions were offset by funding increases totalling \$3.1m for salary adjustments (\$1.1m), capital user charge and depreciation adjustments (\$0.9m), the Shared Land Information Platform initiative (\$0.7m) and other costs (\$0.4m).

<b>2. Total Revenues from Ordinary Activities</b>	74,737	65,996	8,741
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The \$8.741m or 13.2% increase on last year mainly comprised:

- (i) valuation services (\$5.0m), due largely to the completion of the triennial Metropolitan Revaluation Program; and
- (ii) Land Titles Management (\$3.5m), due to the property market continuing to operate at record levels.

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**(iii) Significant variances between estimates and actual - Capital Contributions**

	2005 Estimate \$'000	2005 Actual \$'000	Variance \$'000
<b>1. Capital Contribution</b>	278	184	(94)
The \$94,000 reduction was a funding adjustment arising from Government's Procurement Reform Harvest.			
<b>2. Capital Expenditure</b>			
Purchase of non-current physical assets	7,066	9,917	2,851
The \$2.851m or 40.3% variance was due to expenditure that had been deferred from 2003-04.			

**(iv) Significant variances between actual and prior year actual - Capital Contribution:**

	2005 Actual \$'000	2004 Actual \$'000	Variance \$'000
<b>1. Capital Contribution</b>	184	9,471	(9,287)
The variance is mainly due to the increased funding provided in 2003-04 with respect to the Department's e-Business initiative. In 2004-05 the capital works program was mostly funded from internal funds and balances.			
<b>2. Capital Expenditure</b>			
Purchase of non-current physical assets	9,917	8,432	1,485
Transfer of leave entitlements	0	1,480	(1,480)
The increase in purchases of non-current physical assets is due to the increased investment in the Department's e-Business initiative and business infrastructure requirements to support the initiative and existing business arrangements.			
The \$1.480m transfer of leave entitlements in 2003-04 was in respect of staff transferred with Crown Land Services and was done in accordance with the requirements of Treasurer's Instruction 520, <i>Transfer of Employees</i> .			

**43. Indian Ocean Territories Service Delivery Arrangement**

The provision of services to the Indian Ocean Territories (IOT) are recouped from the Commonwealth government.

	2005 (\$'000)	2004 (\$'000)
Opening balance	56	120
Receipts	0	99
Payments	(24)	(163)
Closing balance	32	56

The balance in the account will be offset against IOT work that will be done during 2005-06.

**44. Impact of adopting Australian Equivalents to IFRS**

Australia is adopting Australian equivalents to International Financial Reporting Standards (AIFRS) for reporting periods beginning on or after 1 January 2005. The Department of Land Information will adopt these Standards for the first time for the year ended 30 June 2006.

AASB 1047 'Disclosing the Impacts of Adopting Australian Equivalents to International Financial Reporting Standards' requires disclosure of any known or reliably estimable information about the impacts on the financial statements had they been prepared using AIFRSs.

The impact of adopting AIFRS including the key differences in accounting policies are as follows-

**(a) Reconciliation of total equity as reported under previous AGAAP to that under AIFRS:**

	30 June 2005 (\$'000)	1 July 2004 (\$'000)
Total equity under previous AGAAP	56,675	49,747
De-recognition of capitalised research and development costs (i)	(187)	(521)
Reduce accumulated depreciation for assets de-recognised (ii)	43	0
Total equity under AIFRS	56,531	49,226

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**(b) Reconciliation of surplus/(deficit) for the period as presented under previous AGAAP to that under AIFRS:**

	<b>30 June 2005</b> <b>(\$'000)</b>
Surplus/deficit for the period under previous AGAAP	6,744
De-recognition of depreciation expense for research and development costs (iii)	43
Surplus/deficit for the period under AIFRS	<u>6,787</u>

The adjustments are explained as follows:

- (i) AASB 138 requires that all research costs must be expensed and imposes stricter recognition for the capitalisation of development costs. As a consequence, certain research and development costs previously capitalised must be de-recognised.
- (ii) Due to the above requirement, the accumulated depreciation applicable to research and development costs de-recognised must be eliminated.
- (iii) De-recognition of depreciation expense for research and development costs as a consequence of the above.