



Government of **Western Australia**
Department of **Lands**

DEPARTMENT OF LANDS

Annual Report

FOR THE YEAR ENDED 30 JUNE

2016



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Statement of Compliance for the year ended 30 June 2016



**Hon Donald Terrence Redman MLA
Minister for Lands**

In accordance with section 63 of the *Financial Management Act 2006*, I hereby submit for your information and presentation to Parliament, the Annual Report of the Department of Lands for the financial year ended 30 June 2016.

The Annual Report has been prepared in accordance with the *Financial Management Act 2006*.

A handwritten signature in black ink, appearing to read 'Colin Slattery'.

Colin Slattery
Director General
Department of Lands
20 September 2016

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Overview



Message from the Director General

On 1 July 2015, in an historic event, the Department of Lands (the department) managed the renewal of pastoral leases for 435 stations across Western Australia's Rangelands. Ninety-nine and a half per cent of all the pastoral stations eligible for lease renewal had their leases renewed on this day. This was a collaborative effort between the department, Landgate, the Pastoral Lands Board, and representatives from the pastoral, banking and insurance industries, along with other government departments and pastoral lessees working together in the months leading up to this date.

The department's component of the Water for Food initiative continues to deliver, making considerable progress this year with the launch of a new process for land tenure changes designed to stimulate economic development and investment in intensive irrigated agriculture projects on Crown land across Western Australia. The department's Land Tenure Pathway Irrigated Agriculture (Tenure Pathway) project, part of the Government's \$40 million Water for Food program, is focused on developing land tenure options that promote and support investment in potential intensive agricultural sites, increase irrigation opportunities and boost regional communities. The pathway is proponent driven allowing pastoralists and third party investors

to obtain more secure land tenure for the development of irrigated agricultural projects.



Mowanjum Station, near Derby, is serving as a case study for the Tenure Pathway project, with the Mowanjum Aboriginal Corporation being given the green light to expand its agricultural activities and an option for freehold tenure for this project. The department's Water for Food team have worked closely with the project proponent providing support as they use the land tenure pathway.

Along with the development of the Tenure Pathway, the department has managed the release of 682-hectares in the Skuthorpe Horticulture Area through an open and transparent expression of interest process, as part of the Government's \$300 million Seizing the Opportunity in Agriculture initiative, made possible by Royalties for Regions.

The department is committed to unlocking the potential of Crown land with the transformation of land administration in Western Australia. The Government's Land Asset Sales Program (LASP), managed by the department, is an important part of this transformation.

Overview continued



The redevelopment of the Shenton Park Hospital site is one of the properties being brought to market through the Land Asset Sales Program

The department's website now includes a steady stream of properties sold, on the market, or being considered for future sale as part of the LASP.

In addition to properties which are surplus to Government's current and future needs being delivered to the market, the department drafted the unsolicited bids guideline which Government has adopted, providing a framework which enables market-led proposals to be put to Government by the private sector. The Unsolicited Bids Guideline for the Sale or Lease of State-Owned Land was adopted by Government after extensive consultation with stakeholders and the community. The guideline has been developed to provide a transparent and consistent framework for governments to access the private sector's expertise and innovative ideas for the benefit of the community.

The department reached a significant milestone in June with the delivery of the Land Administration Amendment Bill 2016 to the Minister for Lands. The drafting of the Bill and the consultation on the proposed amendments was a huge team effort, drawing on the skill and experience of staff from across all divisions of the department. A concentrated period of sustained effort was applied to providing amendments to the *Land Administration Act 1997* that would modernise the allocation and administration of tenure in the Rangelands and further unlock the potential of 87 per cent of Western Australia's enormous and under-utilised land asset.

Departmental staff undertook a period of intensive consultation across the State during the four week consultation phase, presenting to stakeholders in the Kimberley, Pilbara, Murchison, Gascoyne and Goldfields. The department received 3,388 public submissions on the draft which was evidence of the significant interest in the impact that this legislation could make for positive economic, social and environmental outcomes for the Rangelands and the State. Concerns raised by key stakeholders during the consultation period were considered, resulting in significant improvements being made to produce the final Land Administration Amendment Bill 2016.

Since its creation three years ago, the department has been transforming land administration with a focus on meeting community and stakeholder expectations, providing accurate services while optimising the value of the State's land assets.

The dedicated professionals who make up the department will continue to innovate, lead, and collaborate in land administration and policy, and maximising the economic, environmental and social value of Western Australia's Crown land.

Colin Slattery
Director General



Rangelands Reform stakeholder consultation

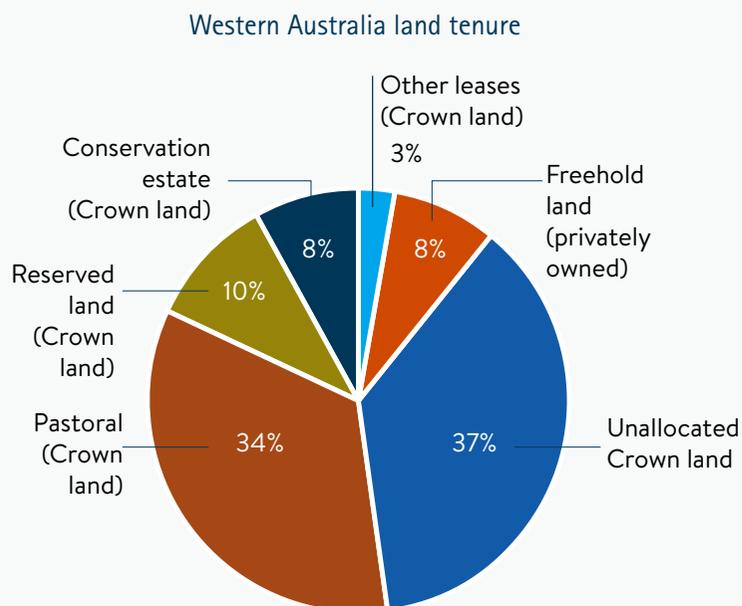
Executive Summary

Our Role

The Department of Lands (the department) administers Crown land in Western Australia. This equates to 92 percent of the Western Australian land mass with the remaining eight percent consisting of freehold land that is privately owned.

The major categories of tenure within Western Australia are shown below:

Figure 1 – Western Australia Land Tenure



The work of the department focuses on unlocking the potential of Crown land for the benefit of current and future generations of Western Australians.

Our land administration services span across the state of Western Australia, extending over 2.5 million square kilometres.

Our Plan

The Strategic Plan provides a strong focus for setting the future direction of the agency. The department's strategic priorities are to provide leadership in land policy; security of land tenure and to optimise the value of the state's land assets.



Overview continued

Our Vision

Prosperous lands for our growing state.

Our Purpose

To unlock the potential of Crown land for all Western Australians.



Our People

Human Resources

The department is committed to developing the full potential of its employees. It is guided by the Workforce Plan which sets out the strategies to build and maintain a skilled and dynamic workforce that will enable the department to adapt effectively in a changing environment.

In 2015, the human resource functions that were previously managed by the Department of Regional Development were transferred to the department. The Human Resources business team is responsible for managing personnel, payroll, workforce recruitment, induction programs, services and practices. It has also established a Diversity Reference Committee to focus on equity and diversity policies, plans and activities.

Lands Leadership Team

The department's Leadership Team was formed in 2015. It is comprised of senior managers across the agency. The team is working to improve communication across the department and to be a conduit across all levels. Its purpose is to create a positive environment within which strategic and operational issues are identified, decisions made and plans initiated to overcome challenges, create efficiencies and improve communication.

Emerging Leaders Program

To support employees as they advance through the organisation, the department established a development program for emerging leaders. The program includes modules on effective leadership, emotional intelligence, resilience and coaching skills.

Culture Club

The department's Health and Wellbeing Group, known as the Culture Club, is dedicated to providing health and wellness initiatives for all employees including those in the regional offices. A number of events have been held throughout the year which included flu vaccinations, healthy breakfast expo's and walking challenges. Fitness and self-defence classes were also coordinated by the Culture Club after hours and proved very popular. The Culture Club has a schedule of many more exciting and engaging health and wellness initiatives planned in 2016-17.

Operational Structure

The Department of Lands (the department) is comprised of six divisions. They are:

- Regional and Metropolitan Services
- Land Asset Management Services
- Strategy, Policy and Planning
- Legal Services
- Corporate Services
- Office of the Director General



Excavation work on the Fortescue River Gas Pipeline (FRGP) Project

Regional and Metropolitan Services

Regional and Metropolitan Services provide operational advice and services on Crown land.

The Division undertakes a range of activities in land assembly and land administration that includes:

- Leases, licences, easements, access rights, land sales and land exchanges
- Reserves (including conservation, community and heritage purposes)
- Dedication and closure of roads
- Administration of the state's reserves system
- Residential, industrial and commercial land release (for sale or leasing)
- Land acquisitions.

These activities are undertaken by functionally based teams in Case Assessment, Case Management (which includes five regional teams) and Case Delivery.

The division includes a number of specialist teams:

- Native Title Unit
- Major Projects
- Water for Food
- South West Settlement
- Land Sales.

Land Asset Management Services

The Land Asset Management Services division is comprised of a diverse range of business units that deliver land management functions: Contaminated Sites, Infrastructure Corridors, Survey Coordination, Land Asset Management Unit and the Pastoral Lands Unit.

Contaminated Sites

The Department of Lands represents the State as the owner of Crown land under the *Contaminated Sites Act 2003*. The department also performs a lead role in managing State significant contamination issues such as the Northampton Lead Tailings Project, Wittenoom Asbestos Management Area and Minim Cove Containment Cell. Field officers inspect potential contaminated sites, conduct hazard inspections, undertake management and abatement actions, conduct lease inspections and investigate unauthorised activities.



Lead tailings stockpile at former Wheal Ellen mine site, Northampton

Overview continued

Infrastructure Corridors

Infrastructure Corridors administers the land use of the Dampier to Bunbury Natural Gas Pipeline (DBNGP) corridor in accordance with the *Dampier to Bunbury Pipeline Act 1997*. The corridor includes 11 lateral pipelines for Carnarvon, Worsley, Pinjarra and industry in the Kwinana area. The main DBNGP represents the single longest gas pipeline in Australia at approximately 1600km.

Survey Coordination

The Survey Coordination team facilitates the preparation of Crown land cadastral surveys and graphics by issuing instructions to the survey industry. It ensures that the spatial extent of land tenure related to Crown land are accurate, and allows for registration of land tenure actions, in Freehold and Crown land subdivisions.

Land Asset Management Unit

The Land Asset Management unit implements the Land Asset Sales Program which coordinates and targets the divestment of the State's real property assets based on their optimal use. The unit identifies, assesses and divests these land assets through a centralised web based portal.

The unit provides secretariat support to the Land Asset Management Advisory Group (LAMAG) which is comprised of Directors General and Chief Executive Officers from agencies working in the portfolios of land, planning, finance



Fortescue River Gas Pipeline (FRGP) Project, a 270km pipeline out to a power station near FMG's Solomon hub 60kms north of Tom Price

and development. LAMAG provides advice to the Minister for Lands on the divestment and optimisation of Crown land. The unit is also responsible for the unsolicited bids process.

Pastoral Lands Unit

The Pastoral Lands Unit provides advisory services to the Minister for Lands and Pastoral Lands Board on a range of pastoral matters. This includes policy development, permit approvals to diversify and rangeland condition inspections as well as the administration of pastoral leases under the direction of the Pastoral Lands Board.

Strategy, Policy and Planning

Strategy and Planning oversee the strategic plan and business planning process. The strategic plan and departmental business plans set out the strategic direction of the department and highlight the priority projects. Strategy and Planning lead the corporate governance process and develop templates and tools for staff. The unit

also has a monitoring role with responsibility for reporting against the strategic plan and evaluating the efficiency and effectiveness of its service delivery.

The Strategic Policy unit coordinates whole of government policy and legislative matters affecting aspects of Crown land administration within Western Australia. The unit provides policies to ensure operational staff have more detailed guidance for their day-to-day activities that is provided by the content of the *Land Administration Act 1997*. The unit also maintains the department's formal Instruments of delegations and authorisations, to ensure operational staff have the requisite powers to do their work efficiently. Two key initiatives are the Optimising Crown Land Administration and Rangelands Reform. These initiatives propose separate amendments to the *Land Administration Act 1997*. If subsequently enacted, these would remove constraints, inconsistencies and inefficiencies and unlock the potential of Western Australia's significant Crown land asset.

Corporate Services

In 2015-16 the department established the Corporate Services Division to provide the operational services previously provided under a shared services arrangement with the Department of Regional Development.

The role of Corporate Services is to deliver business services to support the department's operations. It comprises of Finance, Human Resources Business Systems Support and project delivery.

Finance is responsible for managing the department's financial resources, statutory reporting and compliance.

Human Resources incorporates the development of workforce capabilities to ensure that the department has the right mix of people, knowledge and behaviours to deliver the department's strategic priorities and people reform agenda.

Business Systems Support unit develops, implements and evaluates business improvement tools to enhance organisational capability. Its activities cover the reform of core business processes, strengthening business practices and assists in implementing integrated business systems.

Project delivery is responsible for delivering the Reform projects associated with Digitisation and the workflow managements solution.

Legal Services

The Legal Services Division provides legal services to the Minister for Lands, Director General and staff. The service extends to drafting and negotiating Crown land tenure documents in complex land transactions, providing legal advice related to all aspects of the department's operations and participation in policy formulation and proposed legislative amendments.

Legal Services also provides technical expertise in the development and presentation of training for staff such as Notice of Intention to Take (NOITT) competency training and leasing under the *Land Administration Act 1997*.



Office of the Director General

The Office of the Director General provides strategic advice and support for the Director General. The team coordinates Ministerial and Parliamentary processes and liaises with the office of the Minister for Lands, external stakeholders and other government agencies.

The Office of the Director General is responsible for:

- Executive Support to the Director General
- Ministerial and Parliamentary Services
- Strategic Stakeholder Engagement
- Communication Services
- Freedom of Information Coordination
- Feedback and Complaints
- Reform Office



Pastoral Lands Board

The Pastoral Lands Board of Western Australia (board) is a statutory authority that is established under section 94 of the *Land Administration Act 1997 (LAA)*. It has joint responsibility with the Minister for Lands for administering Western Australia's pastoral leases in accordance with Part 7 of the LAA.

The board has responsibilities prescribed under the LAA to ensure that pastoral leases are managed on an ecologically sustainable basis and to develop policies to prevent degradation of the rangelands.

In October 2015, the board approved the development of the Rangeland Management Compliance Policy and Procedures. A key objective of the policy is to engage proactively with pastoral lessees to improve rangeland condition on pastoral leases.

Other significant achievements of the board during 2015-16 include:

- development of an inspection template to review rangeland condition on pastoral leases in consultation with the Department of Agriculture and Food;
- development of the Pastoral Rangeland Monitoring Policy which provides for the integration of remote sensing (satellite) imagery and on-ground evidence to provide indicators of changes in rangeland conditions on pastoral leases;

- publication of the Pastoral Purposes Framework which provides a guide to activities that can be undertaken on pastoral leases in Western Australia;
- providing input and feedback into Rangelands Reform.

Leanne Corker was Chairperson of the Board from February 2010 to April 2016. During her tenure, there were significant innovations in board administration. They included:

- Completion of the review and assessment of Board directives for lessee compliance for pastoral stations in order to meet 2015 pastoral lease renewal conditions.
- Completion of the review and assessment of Part 7 Division 5 permits for re-issue in July 2015.
- Implementation of the Pastoral Lands Board *Strategic Plan 2014-2019*.

Enabling Legislation

The Department of Lands was established as a department on 1 July 2013 under the *Public Sector Management Act 1994*.

Responsible Minister

The Hon. Donald Terrence (Terry) Redman, BSc, DipEd MLA

Minister for Regional Development; Lands

Minister Assisting the Minister for State Development



Organisational Structure

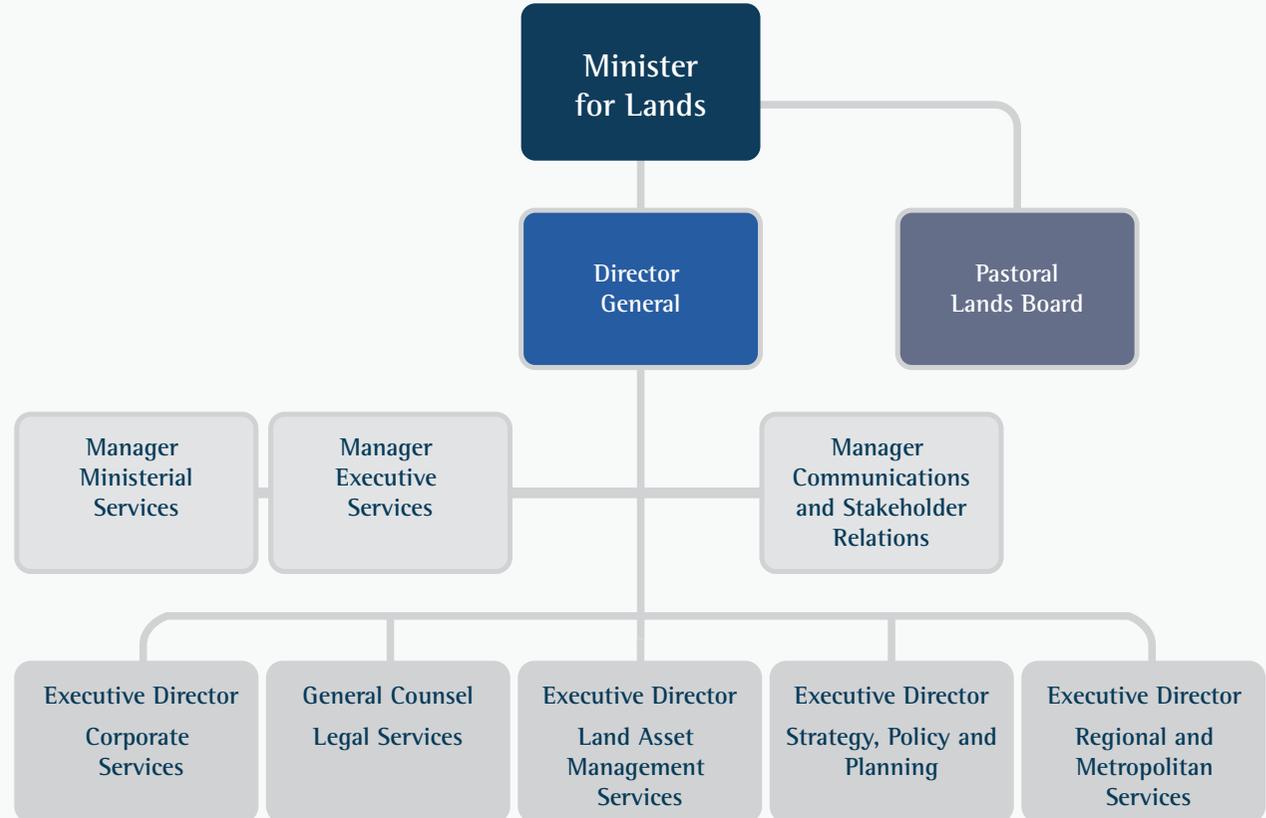
Vision

Prosperous lands for our growing state

Purpose

To unlock the potential of Crown land for all Western Australians

Organisational Chart



Senior Officers

Colin Slattery

Director General

Colin has extensive experience in developing and implementing State Government industry and trade development strategies. He was responsible for delivering the first five years of the Royalties for Regions program prior to joining the Department of Lands. As the first Director General of a new department, Colin is guiding the development of the department so that it is a modern agency unlocking the potential of crown land across the State. He is now overseeing changes in the way the Western Australian Government administers and manages land, including changes to legislation to better utilise the Crown land that makes up 92% of the State.

Amanda Hughes

Executive Director

Strategy, Policy and Planning

Amanda was recruited to the department in September 2013 to lead the reform program at the newly created department. Amanda has experience in leading complex reform agendas in the financial services sector in the United Kingdom. She has advised on the compliance and legal aspects of UK financial services as the Head of Legal for a top six UK life assurance organisation. Amanda joined the state public sector in 2010 with the Housing Authority. As A/Director Strategic Coordination, she worked on the State Affordable Housing Strategy; Opening Doors to Affordable Housing 2010 – 2020.



Corporate Executive (left to right): Pascoe Rechichi, Amanda Hughes, Matt Darcey, Colin Slattery, Sandra Eckert, Peter Zadeian

Matt Darcey

Executive Director

Regional and Metropolitan Services

Matt Darcey is the Executive Director of Regional and Metropolitan Services. Matt's broad career experience includes agricultural development, environmental and water resource regulation, heritage, the arts and natural resource management.

Peter Zadeian

Executive Director

Land Asset & Management Services

Peter Zadeian brings a strategic 'systems' approach to the management of Crown land for project approvals, infrastructure corridors, the pastoral estate, contaminated sites and the State Government's land asset sales program.

Sandra Eckert

General Counsel

Legal Services

Sandra has over 25 years' experience as a lawyer practising in commercial property law in both government and private practice. She has provided legal advice on Crown land administration for over 15 years and was appointed General Counsel in the former Department of Regional Development and Lands in February 2010.

Overview continued

Alison Gibson

**A/General Counsel
(July 2015 - Present Day)**

Legal Services

Alison has over 34 years' experience as a lawyer practising in commercial property law and local government law in government, local government and private practice both in Western Australia and the United Kingdom. She has provided legal advice on Crown land administration for nearly 5 years since being appointed as a Senior Solicitor in the former Department of Regional Development and Lands in October 2011. She has been Assisting General Counsel since July 2015.

Paul Downes

**Director
(July 2014 - April 2016)**

Business Management Services

Paul has over 25 years' experience in the private sector across numerous industries ranging from Financial Services, Telecommunications and Print Media. As a General Manager and CIO for the past 18 years, Paul has led large teams focused on corporate services, major systems development, business improvement, project management, software procurement and vendor negotiations.

Pascoe Rechichi FCPA GAICD

**Executive Director
Corporate Services**

Pascoe has 32 years' experience in the public sector and has held senior management positions with Lotterywest, the Department of Treasury and Finance, Department of the Premier and Cabinet and the former Ministry of Justice. Pascoe has a broad range of corporate support services and business service delivery experiences within general government and statutory agencies. Responsibilities held with the Department of Lands include senior executive services support, corporate governance, financial management services, human resources services, technology and information management, project management and compliance and audit services.

Administered Legislation

The department assists the Minister for Lands in administering the following Acts:

Anglican Church of Australia Diocesan Trustees and Lands Act 1918

Anglican Church of Australia Lands Vesting Act 1892

Anglican Church of Australia School Lands Act 1896

Browse (Land) Agreement Act 2012

Cambridge Endowment Lands Act 1920

Canning Lands Revestment Act 1954

Chevron-Hilton Hotel Agreement Act 1960

City of Perth (Lathlain Park Reserves) Act 1950

City of Perth (Leederville Park Lands) Act 1950

East Carey Park Land Vesting Act 1957

Fremantle City Council Lands Act 1929

Fremantle Endowment Lands Act 1929

Fremantle Reserves Surrender Act 1912

Geraldton Agricultural and Horticultural Society's Land Act 1914

Geraldton Sailors and Soldiers' Memorial Institute Lands Vesting Act 1933

Jennacubbine Sports Council (Incorporated) Act 1965

Land Administration Act 1997

Land Administration Amendment Act 2000

Land Administration (South West Native Title Settlement) Act 2016

Parks and Reserves Act 1895

Perth Town Hall Act 1950

Perth Town Hall Agreement Act 1953

Reserves Acts (various)

Roman Catholic New Norcia Church Property Act 1929

Town of Claremont (Exchange of Land) Act 1964

War Service Land Settlement Scheme Act 1954

Other Legislation Impacting on the Department of Lands Activities

In the performance of its functions, the department complies with the following relevant written laws:

A New Tax System (Goods and Services Tax) Act 1999 (Commonwealth)

Auditor General Act 2006

Contaminated Sites Act 2003

Corruption, Crime and Misconduct Act 2003

Dampier to Bunbury Pipeline Act 1997

Disability Services Act 1993

Electoral Act 1907

Equal Opportunity Act 1984

Financial Management Act 2006

Freedom of Information Act 1992

Industrial Relations Act 1979

Minimum Conditions of Employment Act 1993

Native Title Act 1993 (Commonwealth)

Occupational Safety and Health Act 1984

Public Interest Disclosure Act 2003

Public Sector Management Act 1994

Salaries and Allowances Act 1975

State Records Act 2000

State Supply Commission Act 1991

Workers' Compensation and Injury Management Act 1981

Performance Management Framework

Government goals are supported at the agency level by specific outcomes. The key effectiveness indicator measures the extent of impact of the delivery of services on achieving desired outcomes. The key efficiency indicator monitors the relationship between the service delivered and the resources used to produce the service.

Outcome Based Management Framework

Government Goal –

Stronger Focus on the Regions:

Greater focus on service delivery, infrastructure investment and economic development to improve the overall quality of life in remote and regional areas

Outcome

State lands are administered to meet the State's economic, social and cultural objectives

Service

State Land Administration

Key Effectiveness Indicator

Percentage of customers satisfied that the management and use of Crown land is supporting the State's economic, social and cultural objectives

Key Efficiency Indicator

Cost per Crown land action

Changes to Outcome Based Management Framework

The Department of Lands (the department) was established on 1 July 2013. The outcome, service and key performance indicators were transferred from the former Department of Regional Development. There were no changes to the outcome based management framework for the financial year ending 30 June 2016.



Overview continued

Shared Responsibilities with Other Agencies

The department works in partnership with government and non-government organisations to provide land assembly and tenure solutions and to provide advice on land policy and legislation.

The department is a member of a number of strategic and multi-agency working groups in land availability, government land asset management, native title and the security of Crown land tenure. As the department responsible for administering the *Land Administration Act 1997*, the department regularly liaises with a variety of stakeholders on tenure and acquisition of land for state significant projects. The department manages a variety of issues related to native title in conjunction with the Department of the Premier and Cabinet.

The department works with the departments of Mines and Petroleum, Parks and Wildlife, the Premier and Cabinet, Regional Development, State Development and Water as well as the State Solicitor's Office, Landcorp, Water Corporation, Landgate, Housing Authority and a range of other state and local government agencies. These collaborative partnerships facilitate the timely release of Crown land for residential, industrial, commercial, community, social and cultural purposes.



Elizabeth Quay, Perth

The department also regularly advises other agencies on the Crown land implications of changes to Acts, Regulations or policies they administer for consistency across legislative instruments.

The department continued its close collaboration with Pastoral Lands Board, Department of Agriculture and Food and individual lessees to ensure that pastoral leases are managed in accordance with the relevant provisions of the *Land Administration Act 1997*.

During the year under review, the department continued its efforts to refine the implementation component of the State Government's new Bushfire Risk Management Planning framework, in conjunction with the State Emergency Management Committee and the departments of the Premier and Cabinet, Fire and Emergency Services and Parks and Wildlife. Liaison with these other agencies was necessary as part of the response to enquiries into several major bushfire incidents occurring during 2015-16.

Agency Performance



Report on Operations

The Department of Lands (the department) administers Crown land under the *Land Administration Act 1997*.

The key functions of the department include:

- responsibility for unallocated Crown land and unmanaged reserves
- administering pastoral leases and providing support to the Pastoral Lands Board
- land assembly for residential, industrial, infrastructure corridor, conservation and community needs
- management of the Dampier to Bunbury Gas Pipeline infrastructure corridor
- investigating, identifying, reporting and managing contamination on Crown land
- divestment of surplus government land and buildings.

To carry out these functions, the department has over 220 staff based in Perth and regional offices in Bunbury and Kununurra.

Key Achievements and Other Highlights

Land Asset Sales Program

Last year marked the first full year of operation of the Land Asset Sales Program (LASP). Under this program, the total revenue from government land sales was \$133.2 million. This equates to 25 per cent of the sales target for the five year program.

The launch of LASP in September 2014 identified the “top 20” significant assets for divestment. Some of those assets that were divested in 2015-16 included the former Fremantle Police Station and the Yirra Yaakin Theatre in Perth.

The department also launched the Unsolicited Bids Guidelines that allow unique, market led divestment proposals to be considered by Government. To date, 26 bids have been received for assessment.

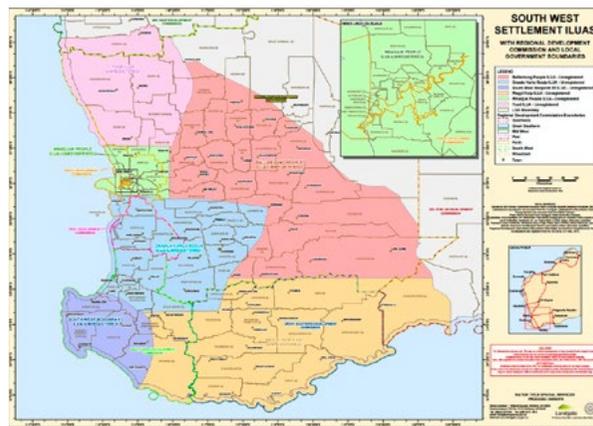
The Office of the Auditor General conducted a full review of LASP which was tabled in parliament in April 2016. The audit found that LASP had been well implemented and a robust delivery framework established.

Agency Performance continued

Water for Food – Land Tenure Pathway Irrigated Agriculture Project

Water for Food is a key component of the State Government's \$350 million Seizing the Opportunity in Agriculture initiative. The department is leading the Land Tenure Pathway Irrigated Agriculture (Tenure Pathway) project and has achieved the major milestone of developing the policy framework, information package and website. Indigenous Land Use Agreement templates and supporting guidelines have been developed as part of the project. The information package assists pastoralists and third party investors with advice on how to access greater security of land tenure for irrigated agricultural projects.

Approval has been granted to the Mowanjum Aboriginal Corporation for an Option Agreement with a further offer of a Development Lease for four years and freehold tenure subject to it meeting the terms and conditions of the Option Agreement.



South West Native Title Settlement's 6 Indigenous Land Use Agreement Areas

South West Settlement Project

The \$1.3 billion native title settlement between the State Government and Noongar people is the first of its kind in Australia. In exchange for the surrender of Native Title rights and interests, the State has offered a package of benefits to the Noongar people including up to 320,000 hectares of land.

The agreement is to transfer up to 20,000 hectares in freehold and up to 300,000 hectares as reserve from Unallocated Crown land and unmanaged reserves to the Noongar Land Trust. The annual targets set out in the Indigenous Land Use Agreements have been met by both the department and the South West Aboriginal Land and Sea Council.

Pilbara Cities Project

The project is funded under the Royalties for Regions Pilbara Cities program in partnership with the Pilbara Development Commission. The department has finalised the land assembly for the Karratha Health Campus and the Karratha Centro Shopping Centre.

The department continues to administer development leases granted to major stakeholders in order to meet the future requirements of the local communities. Work is continuing for the Town Centre Revitalisation land assembly projects in Newman, Karratha, Port Hedland and South Hedland.

Ports, Strategic Industrial Areas and Infrastructure Corridors

The department completed the taking of lands required for the Onslow Power and Water infrastructure upgrades. These takings, along with the subsequent creation of reserves and management orders to Horizon Power and Water Corporation, fulfilled a State obligation under the Wheatstone Project State Development Agreement (SDA) and allowed construction of critical infrastructure to proceed. The Onslow Power and Water infrastructure upgrades include a new power station and a new desalination plant, both of which will deliver long term benefits to the Onslow community and help cater for the town's expected growth.

Agency Performance continued

Notice of Intention to Take (NOITT) Process Improvement Project – Stage 3

Stage 3 of the NOITT Process Improvement project is designed to assist staff in assessing if native title has been extinguished, determining what future act applies, and what procedural rights are applicable. In 2015-16, the review and improvement of the NOITT advertisement process has been completed. A dedicated team dealing with compliance, notifications and negotiations for all native title related matters continued to ensure consistency and efficiency across the department.

Optimising Crown Land Administration

The Optimising Crown Land Administration project was initiated to complete amendments to the *Land Administration Act 1997* and interfacing Acts first proposed as a result of a review in 2005. A dedicated team has been established to complete the research, consultation and analysis required to finalise an amendment Bill for introduction into Parliament.

The project team are addressing over 640 amendments that, once enacted, will achieve greater efficiencies in the legislation; reducing inconsistencies and improving processes.

In recognition of the importance of these amendments, the project has attracted funding from the State Government's Royalties for Regions program for three years.

Rangelands Reform

During 2015-16 the department finalised the Land Administration Amendment Bill 2016, was submitted for consideration, designed to unlock of the potential of Western Australia's Rangelands. This was the culmination of the Rangelands Reform program, which enabled a broad range of stakeholders to be consulted and proposals for legislative change developed. These included proposals to provide greater security of tenure for pastoral lessees and the creation a new form of tenure, the rangelands lease, to enable broader opportunities for economic diversification in the Rangelands. In addition to these there were a number of amendments to Part 7 of the LAA drafted to achieve modernised governance and sustainable economic, social and environmental development in the Rangelands. The release of the draft Bill and call for public submissions was supported through the department hosting a number of stakeholder forums in regional towns and in Perth. A total of 3,388 submissions were received and 319 people attended the public forums. As a result of feedback received, revisions to some of the amendments and new additional amendments were developed to finalise the Bill.

Elizabeth Quay

The department continues to work with the Metropolitan Redevelopment Authority on many aspects of the Elizabeth Quay development including the management orders for the reserves for the public domain areas, island and bridge which opened to the public in January 2016.

Perth Stadium

The department is an integral part of the Burswood developments including the Perth Stadium, the expanded train station and the Swan River pedestrian bridge providing land tenure advice and land assembly outcomes.



Perth Stadium

Significant Issues Impacting the Agency



Current and Emerging Issues and Trends

- The townsite of Northampton is contaminated by lead tailings from a former State battery site nearby. As this presents a health risk, the Department of Lands (the department) is leading a whole of government response to remediate the contamination. Phase 1 of the project was an investigation of the extent of the tailings within the townsite with 123 properties identified with contamination. The Department is now preparing Phase 2 of the project which involves the removal and safe disposal of the tailings.
- The department is leading the risk management from asbestos contamination posed by the Wittenoom Asbestos Management Area. The contaminated site covers 46,840 hectares of land and it dates back to the closure of the mines in 1966. Engagement is continuing with the Traditional owners of the area to determine the appropriate strategy for managing the contamination risk.
- The department is responsible for managing over 37 per cent of the state that is unallocated Crown land or unmanaged reserves including bushfire risks. The department works with the Departments of Parks and Wildlife and Fire and Emergency Services to manage the risks under the Bushfire Risk Management Planning regime.
- The department is continuing the ongoing development of State land policy in relation to the interaction of mining, petroleum and geothermal interests and consent under section 16 (3) of the *Mining Act 1978*, with the extinguishment of Native Title for exclusive possession land tenure grants and the operation of section 24 MD (3) *Native Title Act 1993*.
- The department commenced its reform program in 2013 when it was established as a stand-alone agency.
- The Government objective of funding the reform program is to modernise land administration services to provide efficient and effective services for stakeholders. This will enable cost recovery charges for land administration. To have approval of cost recovery charges by Treasury, the department needs to demonstrate that the business is conducted efficiently and effectively.

Significant Issues Impacting the Agency continued

The reform program has delivered substantive results:

- completion of the 2015 Pastoral Lease Renewal Project by 30 June 2015;
- recruited a new executive team;
- established the strategic plan, business plan, qualitative and quantitative reporting;
- major projects of strategic significance to the State are on track;
- lifted the moratorium on the acquisition of Crown land; and
- launched the Land Asset Management Unit with oversight of the sale of Government owned assets.

The reform program continues to enhance the objectives of the Service Delivery Reform Program in 2016-17 as stipulated in Table 2 below.

Table 2: Objectives of the Service Delivery Reform Program 2016-17

Objectives	Outcomes	Outputs
Modernise land administration services	Efficient, effective and appropriate services for stakeholders	Implement cost recovery charges for land administration
Leadership in land policy	Generate revenue for Government	Policy advice on management and sale of government land assets Sale of government owned land, rent and lease payments

Economic and Social Trends

- The department is managing the divestment of the State's real property assets based on their optimal use. The Land Asset Sales Program has an overall target of \$493.7 million across the forward estimate period to 2019/20. The Land Asset Sales process and overall sales target is impacted by timing issues relating to de-constraining land for divestment and prevailing economic conditions at the time the properties enter the market. In addition, varying market conditions between metropolitan and regional areas and land use will have an impact on sales revenue. Decisions by Government to strategically hold currently underutilised or surplus state-owned land assets for a planned long term use will also influence the overall sales receipts target.

Changes in Written Law

There were no changes in any written law that materially affected the department during the financial year.

Likely Developments and Forecast Results of Operations

The department's operations continue to be consolidated during 2016, building on the changes made during the 2015-16 financial year. The most significant areas for change will be:

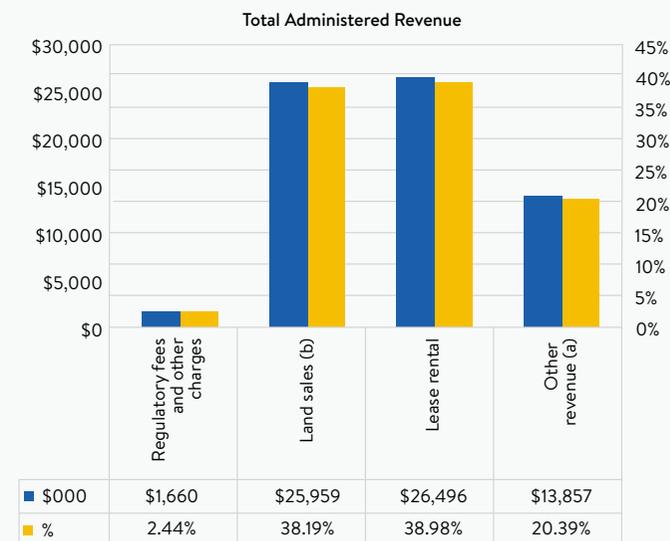
- the modernisation of processes and systems under the department's Reform Program Service Delivery.
- embedding the Corporate Services functions of Finance, Human Resources, information management, and Information and Communications Technology that were previously delivered under a Service Level Agreement by the Department of Regional Development.
- consolidation of the Regional and Metro Services function-based structure comprising Case Assessment, Case Management and Case Delivery teams.

Significant Issues Impacting the Agency continued

Financial Overview

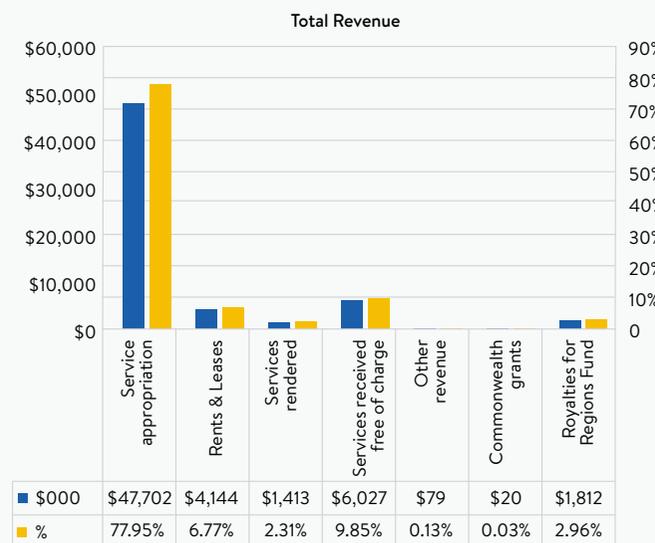
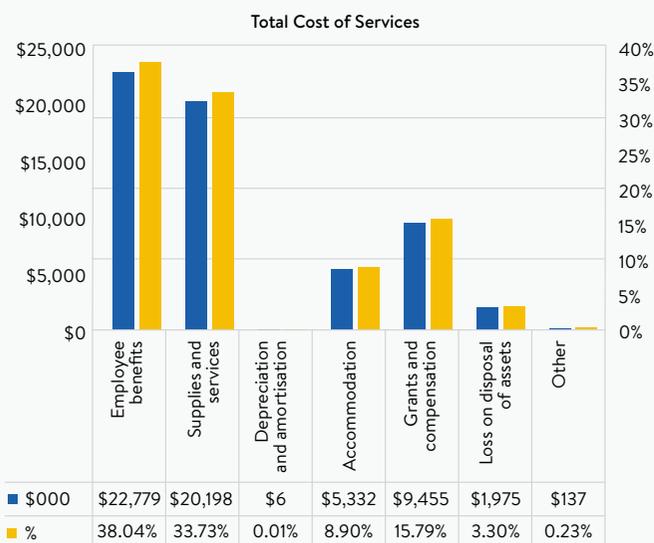
The Department of Lands in 2015-16:

- Controlled operating activities total cost of services was \$59.882 million inclusive of \$6.027 million of services received free of charge from other government agencies.
- Direct service costs were mainly funded from Government Appropriation of \$47.702 million, Royalty for Region of \$1.812 million, Rents and Leases of \$4.144 million and User Charges and Fees of \$1.413 million.
- Achieved an operating surplus of \$1.315 million for the financial year.
- Paid grant and compensation payments totalling \$9.455 million.
- Administered Crown land sales totalling \$25.959 million.
- Administered the collection Crown land lease revenue of \$26.496 million.
- Administered other revenue of \$13.857 million, this mainly relates to funds received for the expired option fee relating to the Baldivis Explosive Reserve site of \$13.636 million.



(a) Includes \$13.636 million for the expired option fee relating to the Baldivis Explosive Reserve site.

(b) Land sale revenue relates only to land sold on behalf of other agencies as the Department is the only agency with the power to sell Crown land.



Significant Issues Impacting the Agency continued

Revenue

Total Operating Revenue for 2015-16 was \$61.197 million.

Revenue	Budget \$000	Actual \$000	Variance \$000
Service appropriation	38,941	47,702	8,761
Services received free of charge	5,188	6,027	839
Royalties for Regions Fund	2,009	1,812	-197
Rents & Leases	2,878	4,144	1,266
User charges and fees	-	1,413	1,413
Other revenue	90	99	9
	49,106	61,197	\$12,091

The Department of Lands receives 90.8% of its total funding from the State Government as an appropriation to fund its Crown Land Administration activities, Royalty for Region funds for specific project outcomes and Services received free of charge from other government agencies. The remaining balance of 9.2% the Department generates its own source revenues from its operation of pastoral leases and proceeds from rental properties and the introduction of user charges.

The variance of \$12.091 million between the 2015-16 revenue budget and the 2015-16 actual mainly relates to an increase in service appropriation to fund pastoral lease compensation for lawful improvements of \$8.511 million.

Significant Issues Impacting the Agency continued

Expenditure

Expenditure

Total operating expenditure for 2015-16 was \$59.882 million.

Total Cost of Services

	Budget	Actual	Variance
	\$000	\$000	\$000
Employee benefits	23,551	22,779	-772
Supplies and services	19,342	20,198	856
Accommodation	2,192	5,332	3,140
Grants and compensation	2,268	9,455	7,187
Other	3,452	137	-3,315
Impairment Losses	-	1,975	1,975
Depreciation and amortisation	14	6	-8
	50,819	59,882	9,063

Employee benefits comprising of Salaries, wages and staffing costs accounted for 38.04% (\$22.779 million) of expenditure. This included direct costs of employee salaries and wages, costs of providing for leave liabilities and indirect payroll costs such as superannuation and workers' compensation.

Supplies and Services accounted for 33.73% (\$20.198 million) of expenditure. Accommodation expenses accounted for 8.90% (\$5.332 million) of expenditure and related to building rentals and outgoings (\$2.941 million), Parking (\$0.172 million) and other (\$2.219 million). Grants and compensation accounted for 15.79% (\$9.455 million) of total expenses in 2015 16. Impairment loss has been expensed and accounts for 3.30% (\$1.975 million) as a result of the pastoral land estate revaluations.

The variance of \$9.063 million between the 2015-16 expenditure budget and the 2015-16 actual mainly relates to an increase in pastoral lease compensation payments for lawful improvements.

Significant Issues Impacting the Agency continued

Assets and Liabilities

Total assets at the end of the period were \$139.469 million including \$102.916 million for property, plant and equipment.

ASSETS	\$000	LIABILITIES	\$000
Current Assets		Current Liabilities	
Cash and cash equivalents	27,746	Payables	11,739
Restricted cash and cash equivalents	5,681	Provisions	4,000
Receivables	1,156	Other liabilities	35
Other current assets	68	Total Current Liabilities	15,774
Total Current Assets	34,651		
Non-Current Assets		Non-Current Liabilities	
Restricted cash and cash equivalents	-	Provisions	966
Amounts receivable for services	1,902	Total Non-Current Liabilities	966
Property, Plant and equipment	102,916	TOTAL LIABILITIES	16,740
Total Non-Current Assets	104,818		
TOTAL ASSETS	139,469		

Cash and Restricted cash resources of \$33.427 million included restricted cash of \$5.681 million for expenditure associated with Contaminated Sites (\$3.122 million) and the Anketell Trust (\$2.031 million).

Total liabilities at the end of the reporting period were \$16.740 million. Liabilities include \$4.966million in provisions relating to annual and long service leave.

Significant Issues Impacting the Agency continued

Financial Targets

	2015-16 Target \$000	2015-16 Actual \$000	Variation \$000	Variation %
Total cost of services (expense limit)	50,819	59,882	9,063	15.13%
Net cost of services	47,851	54,226	6,375	11.76%
Total equity	169,727	122,729	-46,998	-38.29%
Net increase/(decrease) in cash and cash equivalents	9,225	14,525	5,300	36.49%
Approved FTE staff level	203	187	-16	-8.56%

The major variations to the financial targets set for 2015-16 include:

- Cost of Service - Increase relates mainly to additional resources allocated in 2015-16 for pastoral lease compensation payments for lawful improvements.
- Equity - Decrease in equity is mainly related to transfer of Land to Administered for Pastoral Leases not renewed.
- Cash - Increase relates to cash being held to cover accrued expenses in relation to pastoral lease compensation payments for lawful improvements and Anketell Native Title payments.
- Full Time Equivalent (FTE) - Decrease relates to delays with filling positions due to the public sector freeze on recruitment and the need to re-scope some key reform projects.

Significant Issues Impacting the Agency continued

Summary of Key Performance Indicators

Effectiveness Indicator:

	2014-15 Actual	2015-16 Target ⁽¹⁾	2015-16 Actual
Percentage of customers satisfied that the management and use of Crown land is supporting the State's economic, social and cultural objectives	84%	75%	84%

The 2015-16 Budget target as per the 2015-16 Budget Statement.

Efficiency Indicator:

Desired outcomes	Service	Key efficiency indicator	2014-15 Actual	2015-16 Target ⁽¹⁾	2015-16 Actual
State Lands are administered to meet the State's economic, social and cultural objectives	State Land Administration	Cost per Crown land action	\$9,230	\$10,196	\$6,585

⁽¹⁾ The 2015-16 Budget target as per the 2015-16 Budget Statement.

⁽²⁾ The calculation of the Key Efficiency Indicator does not include extraordinary grant and compensation costs incurred by the department in 2015-16.

Detailed Key Performance Indicator Information is located in the Disclosures and Legal Compliance within this report.

Disclosure, Legal Compliance and Financials

Independent Auditor's Report



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Parliament of Western Australia

DEPARTMENT OF LANDS

Report on the Financial Statements

I have audited the accounts and financial statements of the Department of Lands.

The financial statements comprise the Statement of Financial Position as at 30 June 2016, the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and Summary of Consolidated Account Appropriations and Income Estimates for the year then ended, and Notes comprising a summary of significant accounting policies and other explanatory information, including Administered transactions and balances.

Opinion

In my opinion, the financial statements are based on proper accounts and present fairly, in all material respects, the financial position of the Department of Lands at 30 June 2016 and its financial performance and cash flows for the year then ended. They are in accordance with Australian Accounting Standards and the Treasurer's Instructions.

Director General's Responsibility for the Financial Statements

The Director General is responsible for keeping proper accounts, and the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the Treasurer's Instructions, and for such internal control as the Director General determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Audit of the Financial Statements

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the financial statements based on my audit. The audit was conducted in accordance with Australian Auditing Standards. Those Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Department's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Director General, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

Page 1 of 3

7th Floor Albert Facey House 469 Wellington Street Perth MAIL TO: Perth BC PO Box 8489 Perth WA 6849 TEL: 08 6557 7500 FAX: 08 6557 7600

Report on Controls

I have audited the controls exercised by the Department of Lands during the year ended 30 June 2016.

Controls exercised by the Department of Lands are those policies and procedures established by the Director General to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions.

Opinion

In my opinion, in all material respects, the controls exercised by the Department of Lands are sufficiently adequate to provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions during the year ended 30 June 2016.

Director General's Responsibility for Controls

The Director General is responsible for maintaining an adequate system of internal control to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of public and other property, and the incurring of liabilities are in accordance with the Financial Management Act 2006 and the Treasurer's Instructions, and other relevant written law.

Auditor's Responsibility for the Audit of Controls

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the controls exercised by the Department of Lands based on my audit conducted in accordance with Australian Auditing and Assurance Standards.

An audit involves performing procedures to obtain audit evidence about the adequacy of controls to ensure that the Department complies with the legislative provisions. The procedures selected depend on the auditor's judgement and include an evaluation of the design and implementation of relevant controls.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

Report on the Key Performance Indicators

I have audited the key performance indicators of the Department of Lands for the year ended 30 June 2016.

The key performance indicators are the key effectiveness indicators and the key efficiency indicators that provide information on outcome achievement and service provision.

Opinion

In my opinion, in all material respects, the key performance indicators of the Department of Lands are relevant and appropriate to assist users to assess the Department's performance and fairly represent indicated performance for the year ended 30 June 2016.

Director General's Responsibility for the Key Performance Indicators

The Director General is responsible for the preparation and fair presentation of the key performance indicators in accordance with the Financial Management Act 2006 and the Treasurer's Instructions and for such controls as the Director General determines necessary to ensure that the key performance indicators fairly represent indicated performance.

Auditor's Responsibility for the Audit of Key Performance Indicators

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the key performance indicators based on my audit conducted in accordance with Australian Auditing and Assurance Standards.

An audit involves performing procedures to obtain audit evidence about the key performance indicators. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the key performance indicators. In making these risk assessments the auditor considers internal control relevant to the Director General's preparation and fair presentation of the key performance indicators in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the relevance and appropriateness of the key performance indicators for measuring the extent of outcome achievement and service provision.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

In conducting the above audits, I have complied with the independence requirements of the Auditor General Act 2006 and Australian Auditing and Assurance Standards, and other relevant ethical requirements.

Matters Relating to the Electronic Publication of the Audited Financial Statements and Key Performance Indicators

This auditor's report relates to the financial statements and key performance indicators of the Department of Lands for the year ended 30 June 2016 included on the Department's website. The Department's management is responsible for the integrity of the Department's website. This audit does not provide assurance on the integrity of the Department's website. The auditor's report refers only to the financial statements and key performance indicators described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements or key performance indicators. If users of the financial statements and key performance indicators are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial statements and key performance indicators to confirm the information contained in this website version of the financial statements and key performance indicators.


COLIN MURPHY
AUDITOR GENERAL
FOR WESTERN AUSTRALIA
Perth, Western Australia
21 September 2016

Disclosure, Legal Compliance and Financials continued

Financial Statements

Certification of Financial Statements

For the year ended 30 June 2016

The accompanying financial statements of the Department of Lands have been prepared in compliance with the provisions of the *Financial Management Act 2006* from proper accounts and records to present fairly the financial transactions for the financial year ended 30 June 2016 and the financial position as at 30 June 2016.

At the date of signing we are not aware of any circumstances which would render the particulars included in the financial statements misleading or inaccurate.



Joe Murgia
Chief Finance Officer

20 September 2016



Colin Slattery
Director General

20 September 2016

Disclosure, Legal Compliance and Financials continued

Statement of Comprehensive Income For the year ended 30 June 2016

	Note	2016 \$000	2015 \$000
COST OF SERVICES			
Expenses			
Employee benefits expense	6.	22,779	20,012
Supplies and services	7.	20,198	14,490
Depreciation and amortisation expense	8.	6	30
Accommodation expenses	9.	5,332	2,403
Grants and compensation	10.	9,455	15,280
Impairment losses	23.	1,975	-
Loss on disposal of assets	11.	-	3
Other expenses	12.	137	354
Total cost of services		59,882	52,572
Income			
<i>Revenue</i>			
User charges and fees	13.	5,557	3,671
Commonwealth grants and contributions	14.	20	48
Reversal of impairment losses previously recognised		-	18,391
Other revenue	15.	79	55
Total Revenue		5,656	22,165
Total income other than income from State Government		5,656	22,165
NET COST OF SERVICES		54,226	30,407

Disclosure, Legal Compliance and Financials continued

Statement of Comprehensive Income For the year ended 30 June 2016 continued

	Note	2016 \$000	2015 \$000
Income from State Government	16.		
Service appropriation		47,702	42,167
Services received free of charge		6,027	5,457
Royalties for regions fund		1,812	2,037
Total income from State Government		55,541	49,661
SURPLUS/(DEFICIT) FOR THE PERIOD		1,315	19,254
OTHER COMPREHENSIVE INCOME			
Items not reclassified subsequently to profit and loss			
Changes in asset revaluation surplus	27.	-	5,439
Total other comprehensive income		-	5,439
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		1,315	24,693

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

Disclosure, Legal Compliance and Financials continued

Statement of Financial Position As at 30 June 2016

	Note	2016 \$000	2015 \$000
ASSETS			
Current Assets			
Cash and cash equivalents	28.	27,746	11,767
Restricted cash and cash equivalents	17. 28.	5,681	7,135
Receivables	18.	1,156	568
Other current assets	20.	68	103
Total Current Assets		34,651	19,573
Non-Current Assets			
Restricted cash and cash equivalents	17. 28.	-	-
Amounts receivable for services	19.	1,902	1,449
Property, plant and equipment	21.	102,916	140,937
Total Non-Current Assets		104,818	142,386
TOTAL ASSETS		139,469	161,959
LIABILITIES			
Current Liabilities			
Payables	24.	11,739	2,963
Provisions	25.	4,000	2,754
Other current liabilities	26.	35	579
Total Current Liabilities		15,774	6,296
Non-Current Liabilities			
Provisions	25.	966	1,665
Total Non-Current Liabilities		966	1,665
TOTAL LIABILITIES		16,740	7,961
NET ASSETS		122,729	153,998

Disclosure, Legal Compliance and Financials continued

Statement of Financial Position As at 30 June 2016 continued

	Note	2016 \$000	2015 \$000
EQUITY			
Contributed Equity	27.	229,138	256,283
Reserves		-	5,439
Accumulated surplus/(deficit)		(106,409)	(107,724)
TOTAL EQUITY		122,729	153,998

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

Disclosure, Legal Compliance and Financials continued

Statement of Changes in Equity For the year ended 30 June 2016

	Note	Contributed equity \$000	Reserves \$000	Accumulated surplus/ (deficit) \$000	Total equity \$000
Balance at 1 July 2014	27	301,693	-	(126,978)	174,715
Surplus/(Deficit)		-	-	19,254	19,254
Other comprehensive income		-	5,439	-	5,439
Total comprehensive income for the period		-	5,439	19,254	24,693
Transactions with owners in their capacity as owners:					
Capital appropriations		1,427	-	-	1,427
Other contributions by owners		13,827	-	-	13,827
Distribution to owners		(60,664)	-	-	(60,664)
Total		(45,410)	-	-	(45,410)
Balance at 30 June 2015		256,283	5,439	(107,724)	153,998
Balance at 1 July 2015		256,283	5,439	(107,724)	153,998
Surplus/(Deficit)		-	-	1,315	1,315
Total comprehensive income for the period		-	-	1,315	1,315
Transactions with owners in their capacity as owners:					
Capital appropriations		3,456	-	-	3,456
Distribution to owners		(30,601)	(5,439)	-	(36,040)
Total		(27,145)	(5,439)	-	(32,584)
Balance at 30 June 2016		229,138	-	(106,409)	122,729

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

Disclosure, Legal Compliance and Financials continued

Statement of Cash Flows For the year ended 30 June 2016

	Note	2016 \$000	2015 \$000
CASH FLOWS FROM STATE GOVERNMENT			
Service appropriation		47,249	42,153
Capital appropriation		3,456	1,427
Holding account drawdowns		-	14
Royalties for regions fund		1,812	2,037
Non-retained revenue distributed to owner		-	(1,713)
Net cash provided by State Government		52,517	43,918
Utilised as follows:			
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee benefits		(23,333)	(18,643)
Supplies and services		(14,165)	(7,042)
Accommodation		(5,297)	(2,403)
Grants and compensation		(950)	(15,280)
GST payments on purchases		(1,709)	(1,397)
Other payments		(137)	(294)
Receipts			
User charges and fees		5,803	4,654
Commonwealth grants and contributions		20	48
GST receipts on sales		496	573
GST receipts from taxation authority		1,213	824
Other receipts		67	55
Net cash provided by/(used in) operating activities	28.	(37,992)	(38,905)
Net increase/(decrease) in cash and cash equivalents		14,525	5,013
Cash and cash equivalents at the beginning of the period		18,902	13,889
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	28.	33,427	18,902

Disclosure, Legal Compliance and Financials continued

Summary of Consolidated Account Appropriations and Income Estimates For the year ended 30 June 2016

	2016 Estimate \$000	2016 Actual \$000	2016 Variance \$000	2016 Actual \$000	2015 Actual \$000	2015 Variance \$000
<u>Delivery of Services</u>						
Item 25 Net amount appropriated to deliver services	38,941	47,702	8,761	47,702	42,167	5,535
Total appropriations provided to deliver services	38,941	47,702	8,761	47,702	42,167	5,535
<u>Capital</u>						
Item 120 Capital appropriations	3,456	3,456	-	3,456	1,427	2,029
GRAND TOTAL	42,397	51,158	8,761	51,158	43,594	7,564
<u>Details of Expenses by Service</u>						
State Land Administration	50,819	59,882	9,063	59,882	52,572	7,310
Total Cost of Services	50,819	59,882	9,063	59,882	52,572	7,310
Less Total income	(2,968)	(5,656)	(2,688)	(5,656)	(22,165)	16,509
Net Cost of Services	47,851	54,226	6,375	54,226	30,407	23,819
Adjustments	(8,910)	(6,524)	2,386	(6,524)	11,760	(18,284)
Total appropriations provided to deliver services	38,941	47,702	8,761	47,702	42,167	5,535
<u>Capital Expenditure</u>						
Purchase of non-current physical assets	3,470	-	(3,470)	-	-	-
Capital appropriations	3,470	-	(3,470)	-	-	-
<u>Details of Income Estimates</u>						
Income disclosed as Administered Income	81,775	107,667	25,892	107,667	191,964	(84,297)
	81,775	107,667	25,892	107,667	191,964	(84,297)

Note 32 'Explanatory statement' provides details of any significant variations between estimates and actual results for 2016 Controlled Operations.

Note 43 'Explanatory statement' provides details of any significant variations between estimates and actual results for 2016 Administered Operations.

Index of Notes to the Financial Statements

Notes to the Financial Statements

Note 1. Australian Accounting Standards

General

The Department's financial statements for the year ended 30 June 2016 have been prepared in accordance with Australian Accounting Standards. The term 'Australian Accounting Standards' includes Standards and Interpretations issued by the Australian Accounting Standards Board (AASB).

The Department has adopted any applicable new and revised Australian Accounting Standards from their operative dates.

Early adoption of standards

The Department cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 Application of Australian Accounting Standards and Other Pronouncements. Partial exemption permitting early adoption of AASB 2015-7 Amendments to Australian Accounting Standards - Fair Value Disclosures of Not-for-Profit Public Sector Entities has been granted. Aside from AASB 2015-7, there has been no early adoption of any other Australian Accounting Standards that have been issued or amended (but not operative) by the Department for the annual reporting period ended 30 June 2016.

Note 2. Summary of significant accounting policies

(a) General statement

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

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

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

(b) Basis of preparation

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

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

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

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

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

Disclosure, Legal Compliance and Financials continued

(c) Reporting entity

The reporting entity comprises the Department only.

Mission

The Department's mission is to provide responsible management of the State's Crown land and pastoral estates to better benefit all Western Australians.

The Department is predominantly funded by Parliamentary appropriations. The financial statements encompass all funds through which the Department controls resources to carry on its functions.

Services

The Department provides the following service:

Service 1: State Land Administration

State Land administers and manages Crown land to support the needs of the community of Western Australia and to deliver primary land tenure for strategic infrastructure projects.

The Department administers assets, liabilities, income and expenses on behalf of Government which are not controlled by, nor integral, to the function of the Department. These administered balances and transactions are not recognized in the principal financial statements of the Department but schedules are prepared using the same basis as the financial statements and are presented at note 41 'Disclosure of administered expenses and income' and note 42 'Administered assets and liabilities'.

As there is only one service provided by the Department, the schedule of income and expenditure by service and schedule of assets and liabilities by service have not been prepared.

(d) Contributed equity

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

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

(e) Income

Revenue recognition

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

Sale of goods

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

Land sales

Revenue from land sales is recognised when the significant risks and rewards of ownership transfer to the purchaser and can be measured reliably.

Provision of services

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

Service appropriations

Service Appropriations are recognised as revenues at fair value 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 to the bank account or credited to the 'Amounts receivable for services' (holding account) held at Treasury.

Disclosure, Legal Compliance and Financials continued

Net Appropriation Determination

The Treasurer may make a determination providing for prescribed receipts to be retained for services under the control of the Department. In accordance with the most recent determination, as quantified in the 2015-2016 Budget Statements, the Department retained \$5.656 million in 2016 (\$3.774 million in 2015) from the following:

- proceeds from fees and charges;
- Commonwealth specific purpose grant;
- sale of goods;
- proceeds from Pastoral Leases and Rental Properties;
- rent and leases;
- other departmental revenue.

Grants, donations, gifts and other non-reciprocal contributions

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

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

Royalties for Regions funds are recognised as revenue at fair value in the period in which the Department obtains control over the funds.

The Department obtains control of the funds at the time the funds are deposited into the Department's bank account.

Gains

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

(f) Property, plant and equipment and infrastructure

Capitalisation/expensing of assets

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

Initial recognition and measurement

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

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

Subsequent measurement

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

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

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

Disclosure, Legal Compliance and Financials continued

Fair value for restricted use land is determined by comparison with market evidence for land with similar approximate utility (high restricted use land) or market value of compatible unrestricted land (low restricted use land).

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

Fair value of infrastructure has been determined by reference to the depreciated replacement cost (existing use basis) as the assets are specialised and no market-based evidence of value is available. Independent valuations are obtained every 3 to 5 years for infrastructure.

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

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

De-recognition

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

Asset revaluation surplus

The asset revaluation surplus is used to record increments and decrements on the revaluation of non-current assets on a class of assets basis.

Depreciation

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

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

- Buildings 40 years
- Office equipment 5 years
- Infrastructure 40 years

Land is not depreciated.

(g) Impairment of assets

Property, plant and equipment, infrastructure and intangible assets are tested for any indication of impairment at the end of each reporting period. Where there is an indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the carrying amount, the asset is considered impaired and is

written down to the recoverable amount and an impairment loss is recognised. Where an asset measured at cost is written down to recoverable amount, an impairment loss is recognised in profit or loss. Where a previously revalued asset is written down to recoverable amount, the loss is recognised as a revaluation decrement in other comprehensive income. As the Department is a not-for-profit entity, unless an asset has been identified as a surplus asset, the recoverable amount is the higher of an asset's fair value less costs to sell and depreciated replacement cost.

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

The Department recognises the acquisition of easements associated with the Dampier to Bunbury Natural Gas Pipeline as intangible assets at cost. These assets are subject to impairment based on the active operation of the pipeline.

The recoverable amount of assets identified as surplus assets is the higher of fair value less costs to sell and the present value of future cash flows expected to be derived from the asset. Surplus assets carried at fair value have no risk of material

Disclosure, Legal Compliance and Financials continued

impairment where fair value is determined by reference to market-based evidence. Where fair value is determined by reference to depreciated replacement cost, surplus assets are at risk of impairment and the recoverable amount is measured. Surplus assets at cost are tested for indications of impairment at the end of each reporting period.

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

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

All Crown land holdings are vested in the Department by the Government. The Department of Lands is the only agency with the power to sell Crown land. The agencies transfer the Crown land and any attached buildings to the department when the land becomes available for sale.

(i) Leases

Finance lease rights and obligations are initially recognised, at the commencement of the lease term, as assets and liabilities equal in amount to the fair value of the leased item or, if lower, the present value of the minimum lease payments, determined at the inception of the lease. The assets are disclosed as plant, equipment and vehicles under lease, and are depreciated over the period during which the department is

expected to benefit from their use. Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding lease liability, according to the interest rate implicit in the lease.

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

(j) Financial instruments

In addition to cash, the department has two categories of financial instrument:

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

Financial instruments have been disaggregated into the following classes:

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

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

The fair value of short-term receivables and

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

(k) Cash and cash equivalents

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

(l) Accrued salaries

Accrued salaries (see note 24 'Payables') represent the amount due to staff but unpaid at the end of the financial year. Accrued salaries are settled within a fortnight of the financial year end. The Department considers the carrying amount of accrued salaries to be equivalent to its fair value.

The accrued salaries suspense account (See note 17 'Restricted cash and cash equivalents') 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 instead of the normal 26. No interest is received on this account.

(m) Amounts receivable for services (holding account)

The Department receives funding on an accrual basis. The appropriations are paid partly in cash and partly as an asset (holding account

Disclosure, Legal Compliance and Financials continued

receivable). The accrued amount receivable is accessible on the emergence of the cash funding requirement to cover leave entitlements and asset replacement.

(n) Receivables

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

(o) Payables

Payables are recognised at the amounts payable when the Department becomes obliged to make future payments as a result of a purchase of assets or services at fair value, as they are generally settled within 30 days.

(p) Provisions

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

Provisions - employee benefits

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

Annual leave

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

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

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

Long service leave

Long service leave not expected to be settled within 12 months after the reporting period is recognised and measured at the present value of amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

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

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

Personal leave

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

Disclosure, Legal Compliance and Financials continued

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

Purchased leave

The provision for purchased leave relates to Public Service employees who have entered into an agreement to self-fund up to an additional 10 weeks leave per calendar year. The provision recognises the value of salary set aside for employees and is measured at the undiscounted amounts expected to be paid when the liabilities are settled.

Superannuation

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

Eligible employees contribute to the Pension Scheme, a defined benefit pension scheme closed

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

Employees commencing employment prior to 16 April 2007 who were not members of either the Pension Scheme or the GSS became non-contributory members of the West State Superannuation Scheme (WSS). Employees commencing employment on or after 16 April 2007 became members of the GESB Super Scheme (GESBS). From 30 March 2012, existing members of the WSS or GESBS and new employees became able to choose their preferred superannuation fund. The Department makes concurrent contributions to GESB or other funds on behalf of employees in compliance with the Commonwealth Government's Superannuation Guarantee (Administration) Act 1992. Contributions to these accumulation schemes extinguish the Department's liability for superannuation charges in respect of employees who are not members of the Pension Scheme or GSS.

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

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

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

Provisions – other

Employment on-costs

Employment on-costs, including workers' compensation insurance, are not employee benefits and are recognised separately as liabilities and expenses when the employment to which they relate has occurred. Employment on-costs are included as part of 'Other expenses' and are not included as part of the Department's 'Employee benefits expense'.

The related liability is included in 'Employment on-costs provision'.

(q) Superannuation expense

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

Disclosure, Legal Compliance and Financials continued

superannuation fund. The employer contribution paid to the GESB in respect of the GSS is paid back into the Consolidated Account by the GESB.

(r) Assets and services received free of charge or for nominal cost

Assets or services received free of charge or for nominal cost are recognised as income at the fair value of the assets and/or the fair value of those services that the Department would otherwise pay for. A corresponding expense is recognised for services received. Receipts of assets are recognised in the Statement of Financial Position.

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

(s) Comparative figures

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

Note 3. Judgements made by management in applying accounting policies

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

Operating lease commitments

The Department has entered into a number of leases for buildings for branch office accommodation. Some of these leases relate to buildings of a temporary nature and it has been determined that the lessor retains substantially all the risks and rewards incidental to ownership. Accordingly, these leases have been classified as operating leases.

Note 4. Key sources of estimation uncertainty

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

Long Service Leave

Several estimations and assumptions used in calculating the Department's long service leave provision include expected future salary rates, discount rates, employee retention rates and expected future payments. Changes in these estimations and assumptions may impact on the carrying amount of the long service leave provision.

Disclosure, Legal Compliance and Financials continued

Note 5. Disclosure of changes in accounting policy and estimates

Initial application of an Australian Accounting Standard

The Department has applied the following Australian Accounting Standards effective, or adopted, for annual reporting periods beginning on or after 1 July 2015 that impacted on the Department.

AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments

Part C of this Standard defers the application of AASB 9 to 1 January 2017. The application date of AASB 9 was subsequently deferred to 1 January 2018 by AASB 2014-1. The Department has not yet determined the application or the potential impact of AASB 9.

AASB 2014-8 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) – Application of AASB 9 (December 2009) and AASB 9 (December 2010) [AASB 9 (2009 & 2010)]

This Standard makes amendments to AASB 9 Financial Instruments (December 2009) and AASB 9 Financial Instruments (December 2010), arising from the issuance of AASB 9 Financial Instruments in December 2014. The Department has not yet determined the application or the potential impact of AASB 9.

AASB 2015-3 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality

This Standard completes the withdrawal of references to AASB 1031 in all Australian Accounting Standards and Interpretations, allowing that Standard to effectively be withdrawn. There is no financial impact.

Future impact of Australian Accounting Standards not yet operative

The Department cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 Application of Australian Accounting Standards and Other Pronouncements or by an exemption from TI1101. By virtue of a limited exemption, the Department has early adopted AASB 2015-7 Amendments to Australian Accounting Standards - Fair Value Disclosures of Not-for-Profit Public Sector Entities. Where applicable, the Department plans to apply the following Australian Accounting Standards from their application date.

Disclosure, Legal Compliance and Financials continued

Note 5. Disclosure of changes in accounting policy and estimates continued

		Operative for reporting periods beginning on/after
AASB 9	<p><i>Financial Instruments</i></p> <p>This Standard supersedes AASB 139 Financial Instruments: Recognition and Measurement, introducing a number of changes to accounting treatments.</p> <p>The mandatory application date of this Standard is currently 1 January 2018 after being amended by AASB 2012-6, AASB 2013-9 and AASB 2014-1 Amendments to Australian Accounting Standards. The Department has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2018
AASB 15	<p><i>Revenue from Contracts with Customers</i></p> <p>This Standard establishes the principles that the Department shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The Department has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2018
AASB 16	<p><i>Leases</i></p> <p>This Standard introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. The Department has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2019
AASB 1057	<p><i>Application of Australian Accounting Standards</i></p> <p>This Standard lists the application paragraphs for each other Standard (and Interpretation), grouped where they are the same. There is no financial impact.</p>	1 Jan 2016
AASB 2010-7	<p><i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Int 2, 5, 10, 12, 19 & 127]</i></p> <p>This Standard makes consequential amendments to other Australian Accounting Standards and Interpretations as a result of issuing AASB 9 in December 2010.</p> <p>The mandatory application date of this Standard has been amended by AASB 2012-6 and AASB 2014-1 to 1 January 2018. The Department has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2018

Disclosure, Legal Compliance and Financials continued

Note 5. Disclosure of changes in accounting policy and estimates continued

	Operative for reporting periods beginning on/after
<p>AASB 2014-1 <i>Amendments to Australian Accounting Standards</i> Part E of this Standard makes amendments to AASB 9 and consequential amendments to other Standards. It has not yet been assessed by the Department to determine the application or potential impact of the Standard.</p>	1 Jan 2018
<p>AASB 2014-3 <i>Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations [AASB 1 & 11]</i> The Department establishes Joint Operations in pursuit of its objectives and does not routinely acquire interests in Joint Operations. Therefore, there is no financial impact on application of the Standard.</p>	1 Jan 2016
<p>AASB 2014-4 <i>Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation [AASB 116 & 138]</i> The adoption of this Standard has no financial impact for the Department as depreciation and amortisation is not determined by reference to revenue generation, but by reference to consumption of future economic benefits.</p>	1 Jan 2016
<p>AASB 2014-5 <i>Amendments to Australian Accounting Standards arising from AASB 15</i> This Standard gives effect to the consequential amendments to Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 15. The mandatory application date of this Standard has been amended by AASB 2015-8 to 1 January 2018. The Department has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2018
<p>AASB 2014-7 <i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)</i> This Standard gives effect to the consequential amendments to Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 9 (December 2014). The Department has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2018
<p>AASB 2014-9 <i>Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements [AASB 1, 127 & 128]</i> This Standard amends AASB 127, and consequentially amends AASB 1 and AASB 128, to allow entities to use the equity method of accounting for investments in subsidiaries, joint ventures and associates in their separate financial statements. The Department has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2016

Disclosure, Legal Compliance and Financials continued

Note 5. Disclosure of changes in accounting policy and estimates continued

	Operative for reporting periods beginning on/after
<p><i>AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [AASB 10 & 128]</i> This Standard amends AASB 10 and AASB 128 to address an inconsistency between the requirements in AASB 10 and those in AASB 128 (August 2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The Department has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2016
<p><i>AASB 2015-1 Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 Cycle [AASB 1, 2, 3, 5, 7, 11, 110, 119, 121, 133, 134, 137 & 140]</i> These amendments arise from the issuance of International Financial Reporting Standard Annual Improvements to IFRSs 2012–2014 Cycle in September 2014, and editorial corrections. The Department has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2016
<p><i>AASB -2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, 101, 134 & 1049]</i> This Standard amends AASB 101 to provide clarification regarding the disclosure requirements in AASB 101. Specifically, the Standard proposes narrow-focus amendments to address some of the concerns expressed about existing presentation and disclosure requirements and to ensure entities are able to use judgement when applying a Standard in determining what information to disclose in their financial statements. There is no financial impact. 1 Jan 2016</p>	1 Jan 2016
<p><i>AASB 2015-6 Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, 124 & 1049]</i> The amendments extend the scope of AASB 124 to include application by not-for-profit public sector entities. Implementation guidance is included to assist application of the Standard by not-for-profit public sector entities. The Department has not yet determined the application of the Standard, though there is no financial impact.</p>	1 Jul 2016
<p><i>AASB 2015-8 Amendments to Australian Accounting Standards – Effective Date of AASB 15</i> This Standard amends the mandatory effective date (application date) of AASB 15 Revenue from Contracts with Customers so that AASB 15 is required to be applied for annual reporting periods beginning on or after 1 January 2018 instead of 1 January 2017. The Department has not yet determined the application or the potential impact of AASB 15.</p>	1 Jan 2017

Disclosure, Legal Compliance and Financials continued

Note 5. Disclosure of changes in accounting policy and estimates continued

	Operative for reporting periods beginning on/after
<p><i>AASB 2015-10 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 & 128</i> This Standard defers the mandatory effective date (application date) of amendments to AASB 10 & 128 that were originally made in AASB 2014-10 so that the amendments are required to be applied for annual reporting periods beginning on or after 1 January 2018 instead of 1 January 2016. The Department has not yet determined the application or the potential impact of AASB 2014-10.</p>	1 Jan 2016
<p><i>AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107</i> This Standard amends AASB 107 Statement of Cash Flows (August 2015) to require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. There is no financial impact.</p>	1 Jan 2017
<p><i>AASB 2016-3 Amendments to Australian Accounting Standards – Clarifications to AASB 15</i> This Standard clarifies identifying performance obligations, principal versus agent considerations, timing of recognising revenue from granting a licence, and, provides further transitional provisions to AASB 15. The Department has not yet determined the application or the potential impact.</p>	1 Jan 2018
<p><i>AASB 2016-4 Amendments to Australian Accounting Standards – Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities</i> This Standard clarifies that the recoverable amount of primarily non-cash-generating assets of not-for-profit entities, which are typically specialised in nature and held for continuing use of their service capacity, is expected to be materially the same as fair value determined under AASB 13 Fair Value Measurement. The Department has not yet determined the application or the potential impact.</p>	1 Jan 2017

Disclosure, Legal Compliance and Financials continued

	2016	2015
	\$000	\$000
Note 6. Employee benefits expense		
Wages and salaries ^(a)	20,771	18,867
Superannuation - defined contribution plans ^(b)	2,008	1,145
	22,779	20,012
<p>(a) Includes the value of the fringe benefit to the employee plus the fringe benefits tax component, leave entitlements including superannuation contribution component.</p> <p>(b) Defined contribution plans include West State, Gold State, GESB and other eligible funds.</p> <p>Employment on-costs expenses, such as workers' compensation insurance, are included at note 12 'Other expenses'.</p> <p>Employment on-costs liability is included at note 25 'Provisions'.</p>		
Note 7. Supplies and services		
Communications	86	117
Consultants and contractors	18,768	13,004
Consumables	293	195
Travel	281	230
Other	770	944
	20,198	14,490
Note 8. Depreciation and amortisation expense		
<u>Depreciation</u>		
Buildings	-	25
Furniture & Fixtures	6	5
Total depreciation	6	30
Note 9. Accommodation expenses		
Lease rentals	3,020	2,278
Repairs and Maintenance	2,312	125
	5,332	2,403

Disclosure, Legal Compliance and Financials continued

	2016	2015
	\$000	\$000
Note 10. Grants and Compensation		
<u>Recurrent</u>		
Crown Land - Fire Risk Management (DFES)	450	450
Pastoral Compensation	7,137	-
Native Title Compensation	1,868	14,830
	9,455	15,280
Note 11. Net gain/(loss) on disposal of non-current assets		
<u>Carrying amount of non-current assets disposed</u>		
Plant, equipment and vehicles	-	3
Net gain/(loss)	-	(3)
Note 12. Other expenses		
Doubtful debts expense	-	59
Employment on-costs ^(a)	137	-
Act of grace payment ^(b)	-	200
Other	-	95
	137	354
(a) Includes workers' compensation insurance and other employment on-costs. The on-costs liability associated with the recognition of annual and long service leave liability is included at note 25 'Provisions'. Superannuation contributions accrued as part of the provision for leave are employee benefits and are not included in employment on-costs.		
(b) During the financial year 2014-15, \$200,000 was paid as an act of grace payments under the authority of the Minister of Lands as delegate to the Treasurer.		
Note 13. User charges and fees		
Services Rendered	326	179
License Fees	1,087	1,314
Rents and leases	4,144	2,178
	5,557	3,671
Note 14. Commonwealth grants and contributions		
Operating grant	20	48
Commonwealth grant received for Indian Ocean Territories. See note 40 "Indian Ocean Territories"	20	48

Disclosure, Legal Compliance and Financials continued

	2016	2015
	\$000	\$000
Note 15. Other revenue		
Interest	43	1
Staff housing	11	31
Other revenue	25	23
	79	55
Note 16. Income from State Government		
Appropriation received during the period:		
Service appropriation ^(a)	47,702	42,167
	47,702	42,167
Services received free of charge ^(b)		
Determined on the basis of the following estimates provided by agencies:		
Landgate	4,975	4,704
Department of Finance	252	244
State Solicitor's Office	800	509
	6,027	5,457
Royalties for Regions Fund:		
Regional Community Services Account ^(c)	1,466	1,343
Regional Infrastructure and Headwork Account ^(c)	346	694
	1,812	2,037
		-
	55,541	49,661

- (a) Service appropriations fund the net cost of services delivered. Appropriation revenue comprises a cash component and a receivable (asset). The receivable (holding account) comprises the budgeted depreciation expense for the year and any agreed increase in leave liabilities during the year.
- (b) Discretionary transfers of assets (including grants) and liabilities between State Government agencies are reported under Income from State Government. Transfers of assets and liabilities in relation to a restructure of administrative arrangements are recognised as distribution to owners by the transferor and contribution by owners by the transferee under AASB 1004 in respect of net assets transferred. Other non-discretionary non-reciprocal transfers of assets and liabilities designated as contributions by owners under TI 955 are also recognised directly to equity.
- (c) This is a sub-fund within the over-arching 'Royalties for Regions Fund'. The recurrent funds are committed to projects and programs in WA regional areas.

Disclosure, Legal Compliance and Financials continued

	2016	2015
	\$000	\$000
Note 17. Restricted cash and cash equivalents		
<u>Current</u>		
Accrued salaries suspense account ^(a)	-	756
Royalties for Regions Fund ^(b)	516	924
Indian Ocean Territory	12	13
Anketell ILUA ^(c)	2,031	2,000
Wittenoom ^(d)	3,122	3,442
	5,681	7,135
<u>Non-current</u>		
Accrued salaries suspense account ^(a)	-	-
	-	-
	5,681	7,135
<p>(a) Funds held in the suspense account used only for the purpose of meeting the 27th pay in a financial year that occurs every 11 years.</p> <p>(b) Unspent funds are committed to projects and programs in WA regional areas.</p> <p>(c) Funds held in the suspense account established under section 16(1)(c) of FMA. See note 38</p> <p>(d) Funds held in the suspense account established under section 16(1)(d) of FMA. See note 38</p>		
Note 18. Receivables		
<u>Current</u>		
Receivables	514	772
Allowances for impairment of receivables	(661)	(672)
GST Receivable	840	468
Other debtors	462	-
Total current	1,156	568
Total receivables	1,156	568

Disclosure, Legal Compliance and Financials continued

	2016	2015
	\$000	\$000
Note 18. Receivables continued		
Reconciliation of changes in the allowance for impairment of receivables:		
Balance at start of period	672	704
Doubtful debts expense	-	59
Amounts written off during the period	(11)	(91)
Balance at end of period	661	672
The Department does not hold any collateral or other credit enhancements as security for receivables.		
Note 19. Amounts receivable for services (Holding Account)		
Non-current	1,902	1,449
	1,902	1,449
Represents the non-cash component of service appropriations. It is restricted in that it can only be used for asset replacement or payment of leave liability.		
Note 20. Other current assets		
Prepayments	68	103
Total other current assets	68	103

Disclosure, Legal Compliance and Financials continued

	2016	2015
	\$000	\$000
Note 21. Property, plant and equipment		
<u>Land</u>		
At fair value ^(a)	102,879	134,177
 <u>Buildings</u>		
At fair value ^(a)	-	6,742
Accumulated depreciation	-	(25)
	-	6,717
 <u>Fixtures and furniture</u>		
At cost	52	52
Accumulated depreciation	(15)	(9)
	37	43
	102,916	140,937

(a) Land and buildings were revalued as at 1 July 2015 by the Western Australian Land Information Authority (Valuation Services). The valuations were performed during the year ended 30 June 2016 and recognised at 30 June 2016. In undertaking the revaluation, fair value was determined by reference to market values for land: \$87,492,000 and buildings: nil (2014-15 land: \$114,697,750 and buildings: nil). For the remaining balance, fair value of land and buildings was determined on the basis of depreciated replacement cost.

Disclosure, Legal Compliance and Financials continued

Note 21. Property, plant and equipment continued

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

	Land at fair value \$000	Buildings at fair value \$000	Fixtures & Furniture \$000	Infrastructure \$000	Total \$000
2016					
Carrying amount at start of period	134,177	6,717	43	-	140,937
Transfers ^(a)	(29,323)	(6,717)	-	-	(36,040)
Depreciation	-	-	(6)	-	(6)
Impairment losses (Note 23) ^(b)	(1,975)	-	-	-	(1,975)
Carrying amount at end of period	102,879	-	37	-	102,916

(a) Transfer of State assets from Controlled to Administered

(b) Recognised in the Statement of Comprehensive Income. Where an asset measured at cost is written-down to recoverable amount, an impairment loss is recognised in profit or loss. Where a previously revalued asset is written down to recoverable amount, the loss is recognised as a revaluation decrement in other comprehensive income.

	Land at fair value \$000	Buildings at fair value \$000	Fixtures & Furniture \$000	Infrastructure \$000	Total \$000
2015					
Carrying amount at start of period	115,864	1,225	50	45,127	162,266
Additions	-	-	-	13,824	13,824
Transfers	-	-	-	(58,951)	(58,951)
Other disposals	-	-	(2)	-	(2)
Depreciation	-	(25)	(5)	-	(30)
Revaluation increments/(decrements)	-	5,439	-	-	5,439
Impairment losses reversed	18,313	78	-	-	18,391
Carrying amount at end of period	134,177	6,717	43	-	140,937

Information on fair value measurements is provided in Note 22

Disclosure, Legal Compliance and Financials continued

Note 22. Fair value measurements

Assets measured at fair value:

2016

Lands (Note 21)

	Level 1	Level 2	Level 3	Fair Value at the end of the period
	\$000	\$000	\$000	\$000
Lands (Note 21)	-	87,492	15,387	102,879
	-	87,492	15,387	102,879

Assets measured at fair value:

2015

Lands (Note 21)

Buildings (Note 21)

	Level 1	Level 2	Level 3	Fair Value at the end of the period
	\$000	\$000	\$000	\$000
Lands (Note 21)	-	114,698	19,479	134,177
Buildings (Note 21)	-	-	6,717	6,717
	-	114,698	26,196	140,894

There were no transfers between Level 1, 2 or 3 during the period.

Valuation techniques to derive Level 2 fair values

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

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

Disclosure, Legal Compliance and Financials continued

Fair value measurements using significant unobservable inputs (Level 3)

	Land	Buildings
	\$000	\$000
2016		
Fair value at start of period	19,479	6,717
Transfer or Disposals	(4,092)	(6,717)
Fair Value at end of period	15,387	-
	Land	Buildings
	\$000	\$000
2015		
Fair value at start of period	11,820	1,225
Revaluations increments/(decrements) recognised in Profit or Loss	7,659	78
Revaluations increments/(decrements) recognised in Other Comprehensive Income	-	5,439
Depreciation Expense	-	(25)
Fair Value at end of period	19,479	6,717

Valuation processes

There are no changes in valuation techniques during this period.

Disclosure, Legal Compliance and Financials continued

Valuation processes

There were no changes in valuation techniques during the period.

Transfers in and out of a fair value level are recognised on the date of the event or change in circumstances that caused the transfer. Transfers are generally limited to assets newly classified as non-current assets held for sale as Treasurer's instructions require valuations of land, buildings and infrastructure to be categorised within Level 3 where the valuations will utilise significant Level 3 inputs on a recurring basis.

Land (Level 3 fair values)

Fair value for restricted use land is based on comparison with market evidence for land with low level utility (high restricted use land). The relevant comparators of land with low level utility is selected by the Western Australian Land Information Authority (Valuation Services) and represents the application of a significant Level 3 input in this valuation methodology. The fair value measurement is sensitive to values of comparator land, with higher values of comparator land correlating with higher estimated fair values of land.

Buildings (Level 3 fair values)

Fair value for existing use specialised buildings is determined by reference to the cost of replacing the remaining future economic benefits embodied in the asset, i.e. the depreciated replacement cost. Depreciated replacement cost is the current replacement cost of an asset less accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired economic benefit, or obsolescence, and optimisation (where applicable) of the asset. Current replacement cost is generally determined by reference to the market observable replacement cost of a substitute asset of comparable utility and the gross project size specifications.

Valuation using depreciation replacement cost utilises the significant Level 3 input, consumed economic benefit/obsolescence of asset which is estimated by the Western Australian Land Information Authority (Valuation Services). The fair value measurement is sensitive to the estimate of consumption/obsolescence, with higher values of the estimate correlating with lower estimated fair values of buildings.

Note 23. Impairment of assets

The Department has recognised an impairment to property plant and equipment totalling \$1.9million.

Apart from the above there were no indications of impairment to property, plant and equipment, infrastructure or intangible assets at 30 June 2016.

The Department held intangible assets with an indefinite useful life during the reporting period. The Department recognises the acquisition of easements associated with the Dampier to Bunbury Natural Gas Pipeline as intangible assets with an indefinite useful life during the reporting period. At the end of the reporting period there were no intangible assets not yet available for use.

Disclosure, Legal Compliance and Financials continued

	2016	2015
	\$000	\$000
Note 24. Payables		
<u>Current</u>		
Trade payables	40	5
Accrued expenses	11,699	2,395
Accrued salaries	-	563
Total current	11,739	2,963
See note 33 'Financial instruments'		
Note 25. Provisions		
<u>Current</u>		
<i>Employee benefits provision</i>		
Annual leave ^(a)	1,726	1,622
Long service leave ^(b)	2,233	1,093
Purchased leave ^(c)	5	15
	3,964	2,730
<i>Other provisions</i>		
Employment on-costs ^(d)	36	24
	36	24
	4,000	2,754
<u>Non-current</u>		
<i>Employee benefits provision</i>		
Long service leave ^(b)	957	1,650
Purchased leave	-	-
	957	1,650
<i>Other provisions</i>		
Employment on-costs ^(d)	9	15
	966	1,665
	4,966	4,419

Disclosure, Legal Compliance and Financials continued

	2016	2015
	\$000	\$000
Note 25. Provisions continued		
(a) Annual leave liabilities have been classified as current as there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:		
Within 12 months of the end of the reporting period	1,239	1,120
More than 12 months after the end of the reporting period	487	502
	1,726	1,622
(b) Long service leave liabilities have been classified as current where there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:		
Within 12 months of the end of the reporting period	871	672
More than 12 months after the end of the reporting period	2,319	2,071
	3,190	2,743
(c) Purchase leave liabilities have been classified as current where there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period. Actual settlement of liabilities is expected to occur as follows:		
Within 12 months of the end of the reporting period	5	15
More than 12 months after the end of the reporting period	-	-
	5	15
(d) The settlement of annual and long service leave liabilities gives rise to the payment of employment on-costs including workers' compensation insurance. The provision is the present value of expected future payments.		
The associated expense, apart from unwinding of the discount (finance cost), is disclosed in note 12 'Other expenses'.		
Movements in other provisions		
Movements in each class of provisions during the period, other than employee benefits, are set out below.		
<u>Employment on-cost provision</u>		
Carrying amount at start of period	39	26
Additional/(reversals of) provisions recognised	6	13
Carrying amount at end of period	45	39

Disclosure, Legal Compliance and Financials continued

	2016	2015
	\$000	\$000
Note 26. Other liabilities		
<u>Current</u>		
Unearned revenue	39	579
Other	(4)	-
	<u>35</u>	<u>579</u>
Note 27. Equity		
The Western Australian Government holds the equity interest in the Department on behalf of the community. Equity represents the residual interest in the net assets of the Department. The asset revaluation surplus represents that portion of equity resulting from the revaluation of non-current assets.		
Contributed equity		
Balance at start of period	256,283	301,693
<u>Contributions by owners</u>		
Capital Appropriation	3,456	1,427
<u>Transfer of net assets from other agencies:</u>		
Main Roads WA	-	13,827
Total contributions by owners	<u>3,456</u>	<u>15,254</u>
<u>Transfer of net assets to other agencies</u>		
Department of Treasury	-	(1,713)
Department of Lands Administered	(30,601)	(58,951)
Total contributions to owners	<u>(30,601)</u>	<u>(60,664)</u>
Balance at end of period	<u>229,138</u>	<u>256,283</u>

Disclosure, Legal Compliance and Financials continued

	2016	2015
	\$000	\$000
Note 27. Equity continued		
Reserves		
<u>Asset revaluation surplus</u>		
Balance at start of period	5,439	-
Net revaluation increment/(decrement)		
Buildings	-	5,439
Transfer of net assets to Department of Lands - Administered	(5,439)	-
Balance at end of period	-	5,439
Accumulated surplus/(deficit)		
Balance at start of period	(107,724)	(126,978)
Result for the period	1,315	19,254
Balance at end of period	(106,409)	(107,724)
Total Equity at end of period	122,729	153,998

Disclosure, Legal Compliance and Financials continued

	2016	2015
	\$000	\$000
Note 28. Notes to the Statement of Cash Flows		
Reconciliation of cash		
Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:		
Cash and cash equivalents	27,746	11,767
Restricted cash and cash equivalents (<i>note 17 'Restricted cash and cash equivalents'</i>)	5,681	7,135
	33,427	18,902
Reconciliation of net cost of services to net cash flows provided by/(used in) operating activities		
Net cost of services	(54,226)	(30,407)
<u>Non-cash items</u>		
Depreciation and amortisation expense (<i>note 8 'Depreciation and amortisation expense'</i>)	6	30
Doubtful debts expense (<i>note 12 'Other expenses'</i>)	-	59
Resources received free of charge (<i>note 16 'Income from State Government'</i>)	6,027	5,457
Adjustment for non-cash items	-	(86)
Reversal of impairment losses previously recognised	-	(18,391)
Impairment Loss on fixed assets	1,975	-
<u>(Increase)/decrease in assets</u>		
Current receivables	(216)	1,076
Non-current assets	-	-
Other current assets	35	108
<u>Increase/(decrease) in liabilities</u>		
Current payables ^(a)	8,776	1,985
Current provisions	1,246	(73)
Other current liabilities	(544)	508
Non-current provisions	(699)	1,038
Change in GST in receivables/payables ^(b)	(372)	(209)
Net cash provided by/(used in) operating activities	(37,992)	(38,905)

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

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

Disclosure, Legal Compliance and Financials continued

Note 29. Commitments

Non-cancellable operating lease commitments

Commitments for minimum lease payments are payable as follows:

Within 1 year

Later than 1 year and not later than 5 years

Later than 5 years

The Department has entered into a property lease which is a non-cancellable lease with a five year term, with rent payable monthly in advance. Contingent rent provisions within the lease agreement require that the minimum lease payments shall increase by the lower of CPI or 4% per annum. An option exists to renew the lease at the end of the five year term for an additional term of five years.

The commitments below are inclusive of GST.

Other expenditure commitments

Other expenditure commitments contracted for at the end of the reporting period but not recognised as liabilities, are payable as follows:

Within 1 year

Later than 1 year and not later than 5 years

	2016	2015
	\$000	\$000
	1,390	1,923
	5,304	6,678
	4,930	6,038
	11,624	14,639
	198	1,396
	-	-
	198	1,396

Disclosure, Legal Compliance and Financials continued

Note 30. Contingent liabilities and contingent assets

Contingent liabilities

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

Litigation in progress

The Department of Lands (the Department) has pending litigation that may affect its financial position:

Minister for Lands is party to James Point litigation. Minister for Transport is also a party and Department of Transport is lead agency. Cost cannot be estimated at this time.

Minister for Lands is party to litigation concerning the non-renewal of the Ningaloo pastoral lease. Costs cannot be estimated at this time.

Native title claims

Crown land, administered by the Department, is subject to native title. There is a potentially large, but as yet unquantified compensation liability for the State, relating to land transactions that constitute “future acts” under the Native Title Act 1993 (Commonwealth) (NTA), and have extinguished or affected native title rights and interests over specified parcels of land. Claims for compensation have not yet been made by the native title parties, except for:

(i) two claims under the LAA, which is still in early consideration for an offer to be made as is required by the LAA include:

Thalanji Compensation Claim - the registered native title body corporate for the native title holders has lodged a claim for compensation under Part 10 of the LAA for taking of native title rights under a Taking Order made in relation to the Ashburton North Strategic Industrial Area (ANSIA). The claim is for \$87 million. The States offer has been rejected. An advance payment has been made. The final settlement will not be known until the matter settles or the Court makes an Order.

Three claims for compensation under Part 10 of the LAA has been made by the Thalanji people in respect of ANSIA Lots 555, 556 and 557 which are for public utility purposes for Water Corporation, Horizon Power and Land Corp which total \$1.68 million, some of which may be met by Horizon Power and Water Corporation.

To date, there is no guidance from the Courts as to how native title rights and interests might be valued. The extent of the Departments native title compensation liability cannot be estimated at this time.

Other contingent liabilities arising from native title related matters, include:

Kariyarra Letter Agreement, Port and South Hedland - the State has signed 2 Letter Agreements in which monetary benefits are payable to the Kariyarra people in exchange for the Department) and other State agencies being able to undertake Stage 1 and Stage 2 and other land releases in South Hedland and the expansion to the Port Hedland port. Some of the cost of the monetary benefits have been or may be able to be passed on to the developers by the Department but other have not or may not be able to be passed on. The State and Kariyarra people have been negotiating ILUA to replace the 2 Letter Agreements. Estimated liability is \$2.8 million. Future benefits cannot be estimated at this time.

Newman Letter Agreement - benefits are outstanding to the Niyiyaparli people. An offer to settle has been made which is yet to be accepted.

Balanggarra Compensation Claim - lodged a claim for compensation for invalid grants of leasehold/freehold over 6 blocks in Wyndham. Agreement has been reached in principle.

Disclosure, Legal Compliance and Financials continued

Other claims for compensation

Claim for compensation under Part 10 of the LAA by Forrest & Forrest for taking part of Minderoo pastoral lease needed for the Macedon project, has been lodged. The sum of \$0.8 million has been claimed. The States offer was rejected and an offer of advanced payment was not accepted. The claim continues.

Contaminated sites

Under the Contaminated Sites Act 2003 (CSA) the Department is required to report known and suspected contaminated sites to the Department of Environment Regulation (DER). In accordance with the CSA, DER classifies these sites on the basis of the risk to human health, the environment and environment values. Where sites are classified as “contaminated - remediation required” or “possibly contaminated - investigation required”, the Department may have a liability in respect of investigation or remediation expenses.

DER approved a reporting program for the Department under section 12 of the CSA for the systematic identification, inspection, reporting and treatment of suspected contaminated sites on Crown land. At the commencement of the program, there was approximately 10,000 suspected contaminated sites on unmanaged Crown land that required initial review and inspection by State Land Field Officers. Following this, The Department determines whether the site requires further investigation and subsequent reporting to DER as a suspected or known contaminated site. Contingent on availability of funding, the Department then engages qualified environmental consultants and contaminated sites auditors, to undertake detailed site investigations and remediation as required. The extent of the Department’s liability can only be quantified as DER progressively classifies site under a program, which is expected to continue for a number of years.

DER approved a further \$0.350 million program contribution for the current remediation feasibility studies of the Wittenoom gorge in 2013-14. The Department also holds DER funding for the investigation of the Deanmill Sawmill site (\$430k), the Shell Esperance Tank 2 site (\$180k) and Kalbarri landfill (\$120k).

As per the MOU between DER, the Department and Landcorp, the Department has transferred the Minim Cove Containment Cell reserve and is the proponent responsible for the EPA conditions imposed on the cell.

Under s29 and s32 of the CSA, the Department (on behalf of the State) is the responsible agency for any orphaned contaminated sites and contaminated sites that are retested back to the state (i.e. non-payment of rates, etc.)

During the year the Department reported 2 suspected contaminated sites to DER. These have yet to be classified. The Department is unable to assess the likely outcome of the classification process, and accordingly, it is not practicable to estimate the potential financial effect or to identify the uncertainties relating to the amount or timing of any outflows. Whilst there is no possibility of reimbursement of any future expenses that may be incurred in the remediation of these sites, the Department may apply for funding from the Contaminated Sites Management Account to undertake further investigative work or to meet remediation costs that may be required.

Note 31. Events occurring after the end of the reporting period

There are no events after the end of the reporting period.

Disclosure, Legal Compliance and Financials continued

Note 32. Explanatory statement

All variances between estimates (original budget) and actual results for 2016, and between actual results for 2015 and 2016 are shown below.

Narratives are provided for key variations selected from observed major variances, which are generally greater than:

- 5% and \$1.016 million for the Statements of Comprehensive Income and Cash Flows; and,
- 5% and \$3.239 million for the Statement of Financial Position.

Statement of Comprehensive Income

(Controlled Operations)	Variance Note	Estimate 2016 \$000	Actual 2016 \$000	Actual 2015 \$000	Variance between estimate and actual \$000	Variance between actual results for 2016 and 2015 \$000
COST OF SERVICES						
Expenses						
Employee benefits expense	A1	23,551	22,779	20,012	(772)	2,767
Supplies and services	A2	19,342	20,198	14,490	856	5,708
Depreciation and amortisation expense		14	6	30	(8)	(24)
Accommodation expenses	E1, A3	2,192	5,332	2,403	3,140	2,929
Grants and compensation	E2, A4	2,268	9,455	15,280	7,187	(5,825)
Impairment Losses	E3, A5	-	1,975	-	1,975	1,975
Loss on disposal of assets		-	-	3	-	(3)
Other expenses	E4	3,452	137	354	(3,315)	(217)
Total cost of services		50,819	59,882	52,572	9,063	7,310
Income						
<i>Revenue</i>						
User charges and fees	E5, A6	2,878	5,557	3,671	2,679	1,886
Commonwealth grants and contributions		-	20	48	20	(28)
Reversal of impairment losses previously recognised	A7	-	-	18,391	-	(18,391)
Other revenue		90	79	55	(11)	24
Total Revenue		2,968	5,656	22,165	2,688	(16,509)
Total income other than income from State Government		2,968	5,656	22,165	2,688	(16,509)
NET COST OF SERVICES		47,851	54,226	30,407	6,375	23,819

Disclosure, Legal Compliance and Financials continued

(Controlled Operations)	Variance Note	Estimate 2016 \$000	Actual 2016 \$000	Actual 2015 \$000	Variance between estimate and actual \$000	Variance between actual results for 2016 and 2015 \$000
Income from State Government						
Service appropriation	E6, A8	38,941	47,702	42,167	8,761	5,535
Services received free of charge		5,188	6,027	5,457	839	570
Royalties for regions fund		2,009	1,812	2,037	(197)	(225)
Total income from State Government		46,138	55,541	49,661	9,403	5,880
SURPLUS/(DEFICIT) FOR THE PERIOD		(1,713)	1,315	19,254	3,028	(17,939)
OTHER COMPREHENSIVE INCOME						
Items not reclassified subsequently to profit and loss						
Changes in asset revaluation surplus		-	-	5,439	-	(5,439)
Total other comprehensive income		-	-	5,439	-	(5,439)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		(1,713)	1,315	24,693	3,028	(23,378)

Disclosure, Legal Compliance and Financials continued

(Controlled Operations)	Variance Note	Estimate 2016 \$000	Actual 2016 \$000	Actual 2015 \$000	Variance between estimate and actual \$000	Variance between actual results for 2016 and 2015 \$000
Statement of Financial Position						
ASSETS						
Current Assets						
Cash and cash equivalents		12,814	27,746	11,767	14,932	15,979
Restricted cash and cash equivalents		2,661	5,681	7,135	3,020	(1,454)
Receivables		1,403	1,156	568	(247)	588
Other current assets		291	68	103	(223)	(35)
Total Current Assets		17,169	34,651	19,573	17,482	15,078
Non-Current Assets						
Restricted cash and cash equivalents		484	-	-	(484)	-
Amounts receivable for services		2,342	1,902	1,449	(440)	453
Property, plant and equipment	E7, A9	154,916	102,916	140,937	(52,000)	(38,021)
Total Non-Current Assets		157,742	104,818	142,386	(52,924)	(37,568)
TOTAL ASSETS		174,911	139,469	161,959	(35,442)	(22,490)

Disclosure, Legal Compliance and Financials continued

(Controlled Operations)	Variance Note	Estimate 2016 \$000	Actual 2016 \$000	Actual 2015 \$000	Variance between estimate and actual \$000	Variance between actual results for 2016 and 2015 \$000
LIABILITIES						
Current Liabilities						
Payables	E8, A10	88	11,739	2,963	11,651	8,776
Provisions		2,929	4,000	2,754	1,071	1,246
Other liabilities		647	35	579	(612)	(544)
Total Current Liabilities		3,664	15,774	6,296	12,110	9,478
Non-Current Liabilities						
Provisions		1,520	966	1,665	(554)	(699)
Total Non-Current Liabilities		1,520	966	1,665	(554)	(699)
TOTAL LIABILITIES		5,184	16,740	7,961	11,556	8,779
NET ASSETS		169,727	122,729	153,998	(46,998)	(31,269)
EQUITY						
Contributed Equity		303,715	229,138	256,283	(74,577)	(27,145)
Reserves		-	-	5,439	-	(5,439)
Accumulated surplus/(deficit)		(133,988)	(106,409)	(107,724)	27,579	1,315
TOTAL EQUITY		169,727	122,729	153,998	(46,998)	(31,269)

Disclosure, Legal Compliance and Financials continued

Statement of Cash Flows (Controlled Operations)	Variance Note	Estimate 2016 \$000	Actual 2016 \$000	Actual 2015 \$000	Variance between estimate and actual \$000	Variance between actual results for 2016 and 2015 \$000
CASH FLOWS FROM STATE GOVERNMENT						
Service appropriation	E9, A11	38,474	47,249	42,153	8,775	5,096
Capital appropriation		3,456	3,456	1,427	-	2,029
Holding account drawdowns		14	-	14	(14)	(14)
Royalties for Regions Fund		2,009	1,812	2,037	(197)	(225)
Non-retained revenue distributed to owner	A12	-	-	(1,713)	-	1,713
Net cash provided by State Government		43,953	52,517	43,918	8,564	8,599
Utilised as follows:						
CASH FLOWS FROM OPERATING ACTIVITIES						
Payments						
Employee benefits	A13	(23,097)	(23,333)	(18,643)	(236)	(4,690)
Supplies and services	A14	(14,301)	(14,165)	(7,042)	136	(7,123)
Accommodation	E10, A15	(2,192)	(5,297)	(2,403)	(3,105)	(2,894)
Grants and Compensation	E11, A16	(2,268)	(950)	(15,280)	1,318	14,330
GST payments on purchases		-	(1,709)	(1,397)	(1,709)	(312)
Other payments	E12	(4,252)	(137)	(294)	4,115	157
Receipts						
User charges and fees	E13, A17	2,878	5,803	4,654	2,925	1,149
Commonwealth grants and contributions		-	20	48	20	(28)
GST receipts on sales		799	496	573	(303)	(77)
GST receipts from taxation authority		-	1,213	824	1,213	389
Other receipts		90	67	55	(23)	12
Net cash provided by/(used in) operating activities		(42,343)	(37,992)	(38,905)	4,351	913

Disclosure, Legal Compliance and Financials continued

Statement of Cash Flows (Controlled Operations)	Variance Note	Estimate 2016 \$000	Actual 2016 \$000	Actual 2015 \$000	Variance between estimate and actual \$000	Variance between actual results for 2016 and 2015 \$000
CASH FLOWS FROM INVESTING ACTIVITIES						
Payments						
Purchase of non-current assets	E14	(3,470)	-	-	3,470	-
Receipts						
Proceeds from disposal of non-current asset	E15	11,085	-	-	(11,085)	-
Net cash provided by/(used in) investing activities		7,615	-	-	(7,615)	-
Net increase/(decrease) in cash and cash equivalents		9,225	14,525	5,013	5,300	9,512
Cash and cash equivalents at the beginning of the period		6,734	18,902	13,889	12,168	5,013
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		15,959	33,427	18,902	17,468	14,525

Major Estimate and Actual Variance Narratives for Controlled Operations:

- E1 Actual exceeded estimate by \$3,140,000 due to increased accommodation needs and Divestment fund expenditure.
- E2 Actual exceeded estimate by \$7,187,000 mainly due to the original budget figure excluding pastoral compensation expenses (\$7,136,700). The budget figure was adjusted at mid year review.
- E3 Actual exceeded estimate by \$1,975,000 due to Pastoral Lease land valuation decrease.
- E4 Actual \$3,315,000 less than estimate mainly due to the actual expenses (\$3,674,000) for the Service Level Agreement with the Department of Regional Development are included in supplies and services.
- E5 Actual exceeded estimate by \$2,679,000 due to increased monitoring of expired and renewable leases.
- E6 Actual exceeded estimate by \$8,761,000 mainly due to the original budget figure excluding appropriation received for pastoral compensation expenses (\$7,137,000). The budget figure was adjusted at mid year review.
- E7 Actual \$52,000,000 less than estimate mainly due to Actual includes net transfer of Land to Administered for Pastoral Leases not renewed.
- E8 Actual exceeded estimate by \$11,651,000 due to the accrual of the pastoral lease compensation payments (\$7,137,000) and the Anketell annual instalment (\$1,818,000).
- E9 Actual exceeded estimate by \$8,775,000 due to Actual Including appropriation for Pastoral Compensation expenses adjusted at Mid Year Review.

Disclosure, Legal Compliance and Financials continued

E10 Actual exceeded estimate by \$3,105,000 due to increased accommodation needs and Divestment fund expenditure.

E11 Actual \$1,318,000 less than estimate mainly due to delayed payment of the Anketell annual instalment.

E12 Actual \$4,115,000 less than estimate mainly due to the actual expenses (\$3,674,000) for the Service Level Agreement with the Department of Regional Development are included in supplies and services.

E13 Actual exceeded estimate by \$2,925,000 due to increased monitoring of expired and renewable leases.

E14 Actual \$3,470,000 less than estimate mainly due to delayed in capital projects.

E15 Actual \$11,085,000 less than estimate due to the budget being a Treasury provision for the notional allocation for estimated land sales by other agencies.

Major Actual (2016) and Comparative (2015) Variance Narratives for Controlled Operations:

A1 Increase of \$2,767,000 due to increase in salary rates and FTEs.

A2 The increase of \$5,708,000 is mainly due to the new Divestment Fund expenditure of \$6,190,000.

A3 Increase of \$2,929,000 due to increased accommodation needs and Divestment fund expenditure.

A4 The decrease of \$5,825,000 is mainly due to a reduction in native title compensation payments (\$12,962,000). The decrease in native title compensation has been substantially offset by pastoral compensation payments in 2015/16 (\$7,137,000).

A5 Actual of \$1,975,000 is due to Pastoral Lease land valuation decrease.

A6 Increase of \$1,886,000 due to increased monitoring of expired and renewable leases.

A7 Decrease of \$18,391,000 due to prior year reversal of impairment.

A8 Increase of \$5,535,000 mainly relating to Pastoral Compensation appropriation (\$7,137,000).

A9 Decrease of \$38,021,000 due to Actual including transfer of Land to Administered for Pastoral Leases not renewed.

A10 Increase of \$8,776,000 mainly due to the accrual of the pastoral lease compensation payments (\$7,137,000).

A11 Increase of \$5,096,000 due to appropriations from mid year revenue.

A12 Increase of \$1,713,000 due to the return of surplus cash in the previous year.

A13 Increase of \$4,690,000 due to increase in salary rates and FTEs.

A14 Increase of \$7,123,000 relates to the new Divestment Fund expenditure.

A15 Increase of \$2,894,000 due to increased accommodation needs and Divestment fund expenditure.

A16 Decrease of \$14,330,000 due to 2015 actual including once-off native title payments.

A17 Increase of \$1,149,000 due to increased monitoring of expired and renewable leases.

Disclosure, Legal Compliance and Financials continued

Note 33. Financial instruments

(a) Financial risk management objectives and policies

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

Credit risk

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

The maximum exposure to credit risk at the end of the reporting period in relation to each class of recognised financial assets is the gross carrying amount of those assets inclusive of any allowance for impairment as shown in the table at note 33 (c) 'Financial instrument disclosures' and note 18 'Receivables'.

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

Liquidity risk

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

The Department is exposed to liquidity risk through its trading in the normal course of business.

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

Market risk

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

Disclosure, Legal Compliance and Financials continued

(b) Categories of financial instruments

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

	2016 \$000	2015 \$000
<u>Financial Assets</u>		
Cash and cash equivalents	27,746	11,767
Restricted cash and cash equivalents	5,681	7,135
Loans and receivables (a)	2,218	1,549
<u>Financial Liabilities</u>		
Financial liabilities measured at amortised cost	11,739	2,963

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

Disclosure, Legal Compliance and Financials continued

(c) Financial instrument disclosures

Credit risk

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

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

	Ageing analysis of financial assets							Impaired financial assets
	Carrying Amount	Not past due and not impaired	Past due but not impaired				More than 5 Years	
			Up to 1 month	1 - 3 months	3 months to 1 year	1 - 5 Years		
\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	
2016								
Cash and cash equivalents	27,746	27,746	-	-	-	-	-	-
Restricted cash and cash equivalents	5,681	5,681	-	-	-	-	-	-
Receivables ^(a)	316	316	-	-	-	-	-	-
Amounts receivable for services	1,902	1,902	-	-	-	-	-	-
	35,645	35,645	-	-	-	-	-	-

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

Disclosure, Legal Compliance and Financials continued

(c) Financial instrument disclosures continued

	Ageing analysis of financial assets							Impaired financial assets \$000
	Carrying Amount \$000	Not past due and not impaired \$000	Past due but not impaired					
			Up to 1 month \$000	1 - 3 months \$000	3 months to 1 year \$000	1 - 5 Years \$000	More than 5 Years \$000	
2015								
Cash and cash equivalents	11,767	11,767	-	-	-	-	-	-
Restricted cash and cash equivalents	7,135	7,135	-	-	-	-	-	-
Receivables ^(a)	100	26	-	-	74	-	-	-
Amounts receivable for services	1,449	1,449	-	-	-	-	-	-
	20,451	20,377	-	-	74	-	-	-

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

Disclosure, Legal Compliance and Financials continued

(c) Financial instrument disclosures continued

Liquidity risk and interest rate exposure

The following table details the Department's interest rate exposure and the contractual maturity analysis of financial assets and financial liabilities. The maturity analysis section includes interest and principal cash flows. The interest rate exposure section analyses only the carrying amounts of each item.

Interest rate exposure and maturity analysis of financial assets and financial liabilities

	Interest rate exposure				Maturity Dates						
	Weighted Average Effective Interest Rate %	Carrying Amount \$000	Fixed interest rate \$000	Variable interest rate \$000	Non-Interest Bearing \$000	Nominal Amount \$000	Up to 1 month \$000	1 - 3 months \$000	3 months to 1 year \$000	1 - 5 years \$000	More than 5 years \$000
2016											
<u>Financial Assets</u>											
Cash and cash equivalents		27,746	-	-	27,746	27,746	27,746	-	-	-	-
Restricted cash and cash equivalents		5,681	-	-	5,681	5,681	5,681	-	-	-	-
Receivables ^(a)		316	-	-	316	316	316	-	-	-	-
Amounts receivable for services		1,902	-	-	1,902	1,902	-	-	-	-	1,902
		35,645	-	-	35,645	35,645	33,743	-	-	-	1,902
<u>Financial Liabilities</u>											
Payables		11,739	-	-	11,739	11,739	11,739	-	-	-	-
		11,739	-	-	11,739	11,739	11,739	-	-	-	-

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

Disclosure, Legal Compliance and Financials continued

(c) Financial instrument disclosures continued

Interest rate sensitivity analysis

None of the Department's financial assets and financial liabilities at the end of the reporting period are sensitive to movements in interest rates, hence movements in the interest rates have no bottom line impact on the Department's surplus or equity.

Interest rate exposure and maturity analysis of financial assets and financial liabilities

	Interest rate exposure				Maturity Dates						
	Weighted Average Effective Interest Rate %	Carrying Amount \$000	Fixed interest rate \$000	Variable interest rate \$000	Non-Interest Bearing \$000	Nominal Amount \$000	Up to 1 month \$000	1 - 3 months \$000	3 months to 1 year \$000	1 - 5 years \$000	More than 5 years \$000
2015											
<u>Financial Assets</u>											
Cash and cash equivalents		11,767	-	-	11,767	11,767	11,767	-	-	-	-
Restricted cash and cash equivalents		7,135	-	-	7,135	7,135	7,135	-	-	-	-
Receivable ^(a)		100	-	-	100	100	100	-	-	-	-
Amounts receivable for services		1,449	-	-	1,449	1,449	-	-	-	-	1,449
		20,451	-	-	20,451	20,451	19,002	-	-	-	1,449
<u>Financial Liabilities</u>											
Payables		2,963	-	-	2,963	2,963	2,963	-	-	-	-
		2,963	-	-	2,963	2,963	2,963	-	-	-	-

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

Disclosure, Legal Compliance and Financials continued

Note 34. Remuneration of senior officers

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

\$	2016	2015
80,001 - 90,000	1	-
130,001 - 140,000	1	1
140,001 - 150,000	1	-
160,001 - 170,000	-	1
180,001 - 190,000	1	2
190,001 - 200,000	1	-
200,001 - 210,000	1	1
220,001 - 230,000	1	-
260,001 - 270,000	-	1
	\$000	\$000
Base remuneration and superannuation	1,135	1,026
Annual leave and long service leave accrual	(27)	49
Other benefits	64	57
Total remuneration of senior officers	1,172	1,132

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

Note 35. Remuneration of auditor

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

	2016	2015
	\$000	\$000
Auditing the accounts, controls, financial statements and key performance indicators	95	83

Note 36. Related bodies

The Department had no related bodies during the financial year 2015-16.

Disclosure, Legal Compliance and Financials continued

Note 37. Affiliated bodies

The Department had no affiliated bodies during the financial year 2015-16.

Note 38. Special purpose accounts

	2016 \$000	2015 \$000
Special Purpose Account		
<u>Dampier to Bunbury Natural Gas Pipeline Account (Administered) (a)</u>		
The purpose of this 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.		
Balance at start of period	26,848	26,610
Receipts	1,631	1,970
Payments	(2,532)	(1,732)
Balance at the end of period	25,947	26,848
Special Purpose Account		
<u>Deposits Land Applications (Administered) (b)</u>		
This Account holds fees, rentals, deposits, premiums or performance bonds received from applicants pending the issue of licenses or leases, or the sale of Crown land or in relation to improvements to Crown land in accordance with provisions of the Land Administration Act 1997.		
Balance at start of period	31,579	22,978
Receipts	41,982	62,108
Payments	(64,268)	(53,507)
Balance at the end of period	9,293	31,579
Special Purpose Account		
<u>Wittenoom Relocation Trust Account (Controlled) (c)</u>		
The purpose of this account is to hold funds for the purpose of purchasing property in the Wittenoom town site, relocating residents, demolition and disposal of acquired property.		
Balance at start of period	3,442	3,470
Receipts	-	-
Payments	(320)	(28)
Balance at the end of period	3,122	3,442

Disclosure, Legal Compliance and Financials continued

	2016 \$000	2015 \$000
Special Purpose Account		
<u>Anketell Trust Account (Controlled)</u> ^(b)		
The purpose of this account is to hold funds under the Anketell Indigenous Land Use Agreement.		
Balance at start of period	2,000	-
Receipts	31	4,015
Payments	-	(2,015)
Balance at the end of period	2,031	2,000
(a) Established under section 16(1)(b) of FMA.		
(b) Established under section 16(1)(c) of FMA.		
(c) Established under section 16(1)(d) of FMA.		
Note 39. Supplementary financial information		
(a) Write-offs		
During the financial year 2016 \$80,000 (2015 \$91,000) was written off the Department's receivable register under the authority of:		
Controlled		
The accountable authority	11	91
The Minister	-	-
	11	91
Administered		
The accountable authority	69	-
The Minister	-	-
	69	-
	80	91
(b) Losses through theft, defaults and other causes		
There have been no losses of public money and other property through theft or default.		
(c) Gifts of public property		
There have been no gifts of public property provided by the Department.		

Disclosure, Legal Compliance and Financials continued

Note 40. Indian Ocean Territories

Funds are provided by the Commonwealth Department of Infrastructure and Regional Development to provide services to the Indian Ocean Territories as specified in the Service Delivery Arrangements entered into between the State and Commonwealth.

Opening Balance
 Receipts
 Payments
Closing Balance

	2016	2015
	\$000	\$000
	13	(18)
	20	48
	(21)	(17)
	12	13

Disclosure, Legal Compliance and Financials continued

Note 41. Disclosure of administered income and expenses by service

	2016	2015
	\$000	\$000
COST OF SERVICES		
<u>Expenses</u>		
Employee benefits expense	885	830
Supplies and services	874	796
Accommodation expenses	-	100
Depreciation expenses	3,842	1,474
Grants and subsidies	-	40
Land transferred out ^(a)	5,122	-
Impairment losses	467,818	335,983
Loss on disposal of assets ^(b)	17,027	-
Transfer payments ^(c)	64,268	53,467
Other expenses	839	1,377
Total administered expenses	560,675	394,067
<u>Income</u>		
For transfer:		
Regulatory fees and other charges	1,660	679
Gain on disposal of assets ^(b)	-	22,312
Lease rental	26,496	22,485
Asset transfers ^(d)	65,654	145,158
Other revenue ^(e)	13,857	1,330
Total administered revenue	107,667	191,964
(a) Land transferred out during the year to:		
Department of Parks and Wildlife	2,716	-
Local Government Authorities	2,388	-
Other	18	-
	5,122	-

Disclosure, Legal Compliance and Financials continued

	2016	2015
	\$000	\$000
(b) Sale of administered Crown land is reported as a net gain/loss on disposal of fixed assets as outlined below:		
Proceeds from disposal of land	25,959	35,455
Cost of disposal of land (at fair value less cost to sell)	(42,986)	(13,143)
Net gain/(loss)	(17,027)	22,312
(c) This reflects Crown land lease and sale proceeds that was transferred to the State Government Consolidated Account during the year.		
(d) This relates to assets (mainly land) transferred in from the following agencies:		
Department of Lands (Controlled) (see note 21)	36,040	58,951
Department of State Development	-	86,207
Department of Agriculture and Food	3,630	-
National Trust of WA	1,156	-
WA Museum	18	-
WA Planning Commission	7,949	-
WA Police	16,861	-
	65,654	145,158
(e) Includes \$13,636,363 for the expired option fee relating to the Baldivis Explosive Reserve site.		

Disclosure, Legal Compliance and Financials continued

Note 42. Administered assets and liabilities

	2016	2015
	\$000	\$000
<u>Current Assets</u>		
Restricted cash and cash equivalents	35,240	58,427
Receivables	3,551	875
Land classified as held for sale ^(a)	5,459	1,185
Total Administered Current Assets	44,250	60,487
<u>Non-Current Assets</u>		
Land and buildings at fair value ^(b)	3,487,204	3,941,477
Infrastructure	140,055	143,684
Easements at fair value	18,550	18,550
Total Administered Non-Current Assets	3,645,809	4,103,711
Total Administered Assets	3,690,059	4,164,198
<u>Current Liabilities</u>		
Payables	8	20
Provisions	280	134
Income in advance	-	6,224
Refundable deposits	5,046	22,681
Total Administered Current Liabilities	5,334	29,059
<u>Non-Current Liabilities</u>		
Provisions	28	108
Total Administered Non-Current Liabilities	28	108
Total Administered Liabilities	5,362	29,167

Disclosure, Legal Compliance and Financials continued

(a) Crown Land administered by the Department and identified for sale within the next 12 months is reported as a current asset held for sale, details of balance held is outlined below:

Opening balance

Non-current assets classified as held for sale during the year

Less sale of assets previously recognised as held for sale

Closing Balance - Land classified as held for sale

	2016	2015
	\$000	\$000
	1,185	191
	5,459	1,185
	(1,185)	(191)
	5,459	1,185

(b) Notes to the Schedules of Administered Items - Land values

Land is measured at fair value based on independent valuations provided by the Western Australian Land Information Authority (Valuation Services). The valuations were performed during the year ended 30 June 2016 and recognised at 30 June 2016.

Fair value has been determined on the basis of current market value where an active market exists or current use where no market exists and/or the current land use if specialised in nature. Revaluations are made with sufficient regularity to ensure that the carrying value of land does not differ materially from its fair value at reporting date.

Valuation Services, the Office of the Auditor General and the Department of Treasury and Finance assessed the valuations globally to ensure that the valuations provided (as at 1 July 2015) were compliant with fair value at 30 June 2016.

(c) Contingent liabilities

There were no contingent liabilities in relation to the Administered assets and liabilities schedule as at 30 June 2016.

Disclosure, Legal Compliance and Financials continued

Note 43. Explanatory Statement for Administered Items

All variances between estimates (original budget) and actual results for 2016, and between actual results for 2015 and 2016 are shown below. Narratives are provided for key variations selected from observed major variances, which are generally greater than:

- 5% and \$1.636 million for the Statement of Comprehensive Income.

Statement of Income

(Administered Operations)	Variance Note	Estimate 2016 \$000	Actual 2016 \$000	Actual 2015 \$000	Variance between estimate and actual \$000	Variance between actual results for 2016 and 2015 \$000
COST OF SERVICES						
Expenses						
Employee benefits expense		769	885	830	116	55
Supplies and services		-	874	796	874	78
Accommodation expenses		-	-	100	-	(100)
Depreciation and amortisation expense	E1, A1	-	3,842	1,474	3,842	2,368
Grants and compensation		-	-	40	-	(40)
Land transferred out	E2, A2	-	5,122	-	5,122	5,122
Impairment Losses		-	467,818	335,983	467,818	131,835
Loss on disposal of assets	E3, A3	-	17,027	-	17,027	17,027
Transfer payments	E4, A4	115,448	64,268	53,467	(51,180)	10,801
Other expenses	E5	6,123	839	1,377	(5,284)	(538)
Total cost of services		122,340	560,675	394,067	438,335	166,608
Income						
Regulatory fees and other charges	E6	-	1,660	679	1,660	981
Gain on disposal of assets	E3, A3	66,415	-	22,312	(66,415)	(22,312)
Lease rental	E7, A5	15,360	26,496	22,485	11,136	4,011
Asset transfers	E8, A6	-	65,654	145,158	65,654	(79,504)
Other revenue	E9, A7	-	13,857	1,330	13,857	12,527
Total Revenue		81,775	107,667	191,964	25,892	(84,297)
NET COST OF SERVICES		40,565	453,008	202,103	412,443	250,905

Disclosure, Legal Compliance and Financials continued

Major Estimate and Actual Variance Narratives for Administered Items:

- E1 Increase of \$3,842,000 due to no Budget estimate allocated for depreciation.
- E2 Increase of \$5,122,000 due to no Budget estimate allocated for land transfers to other agencies and Local Governments.
- E3 The loss on land sales of \$17,027,000 compared to the budgeted gain of \$66,415,000 is due to a downturn in market conditions.
- E4 Decrease of \$51,180,000 due to lower than expected land sales.
- E5 Decrease of \$5,284,000 due to lower than anticipated general expenses incurred.
- E6 Increase of \$1,660,000 due to no Budget estimate allocated for regulatory fees and other charges.
- E7 Increase of \$11,136,000 due to new and re-appraised leases not being factored in the budget estimate.
- E8 Increase of \$65,654,000 due to no Budget estimate allocated for asset transfers.
- E9 Increase of \$13,857,000 mainly due to the expired option fee relating to the Baldivis Explosive Reserve site (\$13,636,000).

Major Actual (2016) and Comparative (2015) Variance Narratives for Administered Items:

- A1 Increase of \$2,368,000 due to depreciation on \$86,207,000 of Ord Assets transferred at the end of 2015, as well as depreciation on buildings.
- A2 Increase of \$5,122,000 due to one off land transfers to other agencies and local governments. Refer to Note 41 (a) for further details.
- A3 The loss of \$17,027,000 compared to the prior year gain of \$22,312,000 is due to a downturn in market conditions.
- A4 Increase of \$10,801,000 mainly due to settlement of significant outstanding refundable deposits, which were paid to the consolidated fund.
- A5 Increase of \$4,011,000 due to new leases as well PY leases not billed being rectified.
- A6 Decrease of \$79,504,000 due to land transfers from a range of different Government agencies and authorities. Refer to Note 41 (d) for further details.
- A7 Increase of \$12,527,000 mainly due to the expired option fee relating to the Baldivis Explosive Reserve site (\$13,636,000).

Disclosure, Legal Compliance and Financials continued

Certification of Key Performance Indicators

For the year ended 30 June 2016

I hereby certify that the key performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the Department of Lands' performance and fairly represent the performance of the Department of Lands for the financial year ended 30 June 2016.

A handwritten signature in black ink, appearing to read 'Colin Slattery', with a long horizontal stroke extending to the right.

Colin Slattery
Director General

20 September 2016

Key Performance Indicator Information

Desired Outcome

State lands are administered to meet the State's economic, social and cultural objectives.

Crown land is managed under the *Land Administration Act 1997*. The Act is administered by the Minister for Lands with support from the Department of Lands.

The department provides leadership in the Lands portfolio in administering the Crown land estate to support the needs of the community of Western Australia, optimising the value of the State's land assets and delivering land tenure for strategic infrastructure projects.

Effectiveness Indicator

Percentage of customers satisfied that the management and use of Crown land is supporting the State's economic, social and cultural objectives.

The primary users of land administration services are State government agencies and local governments. The extent to which these stakeholders are satisfied that their needs are supported is an indicator of the department's effectiveness in meeting the State's economic, social and cultural objectives.

An independent research consultancy was commissioned to undertake the survey in July 2016 to complete the client survey on the department's behalf for the 2015-16 financial year. Stakeholders were asked to rate their satisfaction with the department's services and to what extent they felt Crown land has been provided to meet the State's economic, social and cultural objectives. Respondents were also asked to rate the department's management of risk on Crown land under its control.

A total of 264 surveys were completed from 313 valid client contacts supplied by the Department of Lands. This gives a maximum standard error ratio of +/-2.4 percent at the 95 percent confidence level. The response rate was 84%.

Table 3: Key Effectiveness Indicator

	2014-15 Actual	2015-16 Target ⁽¹⁾	2015-16 Actual
Percentage of customers satisfied that the management and use of Crown land is supporting the State's economic, social and cultural objectives	84%	75%	84%

⁽¹⁾ The 2015-16 Budget target as per the 2015-16 Budget Statement.

The actual is higher than the target of 75 percent as a result of the department's focus on improving its customer service. The department will revise the target as part of its review of the key performance indicators.

Disclosure, Legal Compliance and Financials continued

Efficiency Indicator:

Service 1: State Land Administration

The department manages Crown land to support the needs of the Western Australia community and to deliver land tenure for strategic projects. The department works with private and public entities to ensure that land needs are met in a sustainable and responsible manner.

The **cost per Crown land** action is calculated by dividing the total cost of services (less grants and compensation) by the number of Crown land actions.

Crown land actions include:

- Registrable documents lodged at Landgate by Department of Lands staff (DPS Lodgements)
- Surveys
- Tenure searches
- Inspections
- Rent reappraisals

Table 4: Crown land actions

	2014-15	2015-16
DPS Lodgments	2,622	3,554
Inspections	382	541
Issued surveys	410	433
Rent reappraisals	250	255
Tenure searches	425	2,875
Total	4,089	7,658

No change has been applied to the methodology and data for the 2015-16 KPIs.

The increase in the volume of Crown land actions is due to:

- Improved recording of Tenure Searches and Inspections; and
- The renewal of all pastoral leases in July 2015 accounted for 27% of DPS Lodgements.

Disclosure, Legal Compliance and Financials continued

Table 5: Key Efficiency Indicator

Desired outcomes	Service	Key efficiency indicator	2014-15	2014-15	2015-16
			Actual	Target ⁽¹⁾	Actual ⁽²⁾
State Lands are administered to meet the State's economic, social and cultural objectives	State Land Administration	Cost per Crown land action	\$9,230	\$10,196	\$6,585

⁽¹⁾ The 2015-16 Budget target as per the 2015-16 Budget Statement.

⁽²⁾ The calculation of the Key Efficiency Indicator does not include extraordinary grant and compensation costs incurred by the department in 2015-16.

The variation between the 2014-15 Actual, the 2015-16 Target and the 2015-16 Actual for the Key Efficiency Indicator is primarily due to improved recording of all Crown land actions and the renewal of all pastoral leases.

Other Financial Disclosures

Pricing Policies of Services Provided

Charges for goods and services are rendered on a full or partial cost recovery basis. Fees and charges are determined in accordance with Costing and Pricing Government Services: Guidelines for Use by Agencies in the Western Australian Public Sector as published by the Department of Treasury.

The current list of fees and charges are listed in Schedule 1 of the Land Administration Regulations 1998. Details are available at www.slp.wa.gov.au.

Employment and Industrial Relations

Staff Profile

	2014-15	2015-16
Full-time permanent	147	138.50
Full-time contract	38	35
Part-time measured on a FTE basis	23	13.5

Staff Development and Compliance Training

The department provided a range of professional development courses to employees during 2015-16, including communication, information technology and leadership courses. A key initiative was the Emerging Leaders program for our level four to level 6 employees in the organisation.

The department also provided a series of development courses during 2015-16 to ensure compliance with relevant legislation requirements, including:

- four employees were elected as Safety and Health representatives and attended the mandatory training course in accordance with the *Occupational Safety and Health Act 1984* (WA);
- 34 employees completed Accountable and Ethical Decision Making training course which meant that 50% of employees had now completed the course; and
- 176 employees attended in-house conduct and integrity information sessions.

Governance Disclosures

Contracts with Senior Officers

At the date of reporting, no senior officers, or firms of which senior officers are members, or entities in which senior officers have substantial interests, had any interests in existing or proposed contracts with the Department of Lands other than normal contracts of employment of service.

Unauthorised Use of Credit Cards

Officers of the Department of Lands hold corporate credit cards where their functions warrant usage of this facility. Despite each cardholder being reminded of their obligations regularly, one employee inadvertently utilised the corporate credit card for a personal transaction. The matter was not referred for disciplinary action as the Chief Finance Officer noted prompt advice and settlement of the personal use amount, and, that the nature of the expenditure was immaterial and characteristic of an honest mistake.

	2016
	\$
Aggregate amount of personal use expenditure for the reporting period	21.99
Aggregate amount of personal use expenditure settled by the due date (within 5 working days)	-
Aggregate amount of personal use expenditure settled after the period (after 5 working days)	21.99
Aggregate amount of personal use expenditure outstanding at balance date	-

Disclosure, Legal Compliance and Financials continued

Board and Committee Remuneration

Position	Name	Type of remuneration	Period of membership	Gross/actual 2015/16 financial year
Chairperson	Leanne Corker	Annual	10 months	\$26 500
Deputy Pastoral member	David Stoate	Sessional	3 months	\$2893
Pastoral member	Jamie (Jack) Burton	Sessional	9 months	\$972
Pastoral member	Timothy Meecham	Sessional	12 months	\$12 106
Pastoral member	Brett Crook	Sessional	12 months	\$7 452
Expert in the field of flora, fauna or land conservation	Dr Gaye Mackenzie	Sessional	6 months	\$1 840
Aboriginal person with experience in pastoral leases	Gregory Stubbs	Sessional	12 months	\$11 303
Nominee of the Chief Executive Officer of the department responsible for the Biosecurity and Agriculture Management Act 2007	John Ruprecht	n/a	12 months	\$0
Nominee of the Chief Executive Officer of the department responsible for the Land Administration Act 1997	Colin Slattery	n/a	12 months	\$0
			Total	\$63 066

Remuneration review by the Public Sector Commission in 2011 recommended the following:

1. Chairperson \$22,000 per annum
2. Members \$560 per full day for meeting over 4 hours; and \$370 per half day meeting of less than 4 hours
3. Members travelling in excess of 5 hours to attend meetings are to be eligible to claim travelling time at the rate of \$560 per day or \$70 per hour (not to exceed \$560 per day).

Other Legal Requirements

Expenditure on Advertising, Market Research, Polling and Direct Mail

In compliance with section 175ZE of the *Electoral Act 1907*, the department is required to report on expenditure incurred during the financial year in relation to advertising agencies, market research organisations, polling organisations, direct mail organisations and media advertising organisations.

Advertising agencies 2015-16	\$000
Market research organisations	6
Polling organisations	-
Direct mail organisations	-
Media advertising organisations	
– Adcorp Australia	91
– Other	6
Total expenditure	103

Disability Access and Inclusion Plan

The Department of Lands is committed to the principles of access and inclusion for people with disabilities. The department is continuing with the Disability Access and Inclusion Plan (DAIP) that was developed by the former Department of Regional Development and Lands in 2012. The department is currently developing its own Disability Access and Inclusion Plan 2016 - 2020 in conjunction with Disability Services Commission. Until the completion of this new plan, the department has an exemption to sit under the current Department of Regional Development until December 2016.

The department has undertaken the following activities in 2015-16:

- Awareness of disability access issues at Occupational Safety and Health and corporate induction training
- Ensured that all office space is accessible to people with disabilities and that fire wardens are trained in evacuation procedures for people with disabilities
- Ensured that people with disabilities have the same opportunities to participate in public consultation forums that are held by the department.
- Sought feedback from various stakeholders on the development, content and implementation of the new plan for the department.

Compliance with Public Sector Standards and Ethical Codes

The Department of Lands is committed to complying with the Public Sector Standards and the Western Australian Code of Ethics. This commitment is demonstrated through expectations of high standards of professional conduct and ethical behaviour and integrity from employees. It is further demonstrated by incorporating these principles into the department's culture, policies and procedures.

The department informs employees about the Public Sector Standards and Code of Ethics through induction courses and training and development programs. Accountable and Ethical Decision Making training is provided to employees with 46 percent of current employees having completed the training program. Information is provided to prospective employees through notification to job applicants of rights and obligations under the *Grievance Resolution Standard* and *Employment Standard*.

Recordkeeping Plan

Record keeping services are provided by Department of Regional Development under a bureau service arrangement. The record keeping provisions of Department of Lands are also covered under Department of Regional Development's Recordkeeping Plan. The Plan was approved by the State Records Commission in April 2014 and it meets the requirements of the *State Records Act 2000*.

Department of Regional Development - Information Services Branch delivers one-hour records-specific induction sessions. The topics include information about the Act, the record keeping plan, departmental policies, procedures and practices as well as State Records Office standards and principles which underpin the departmental record keeping activities. During the financial year, the in-house training program offered over 45 hours of training.

The training program is structured into four, one-hour sessions covering key topics including an overview of the electronic Document Records Management System structure, its ability to enhance electronic document collaboration, searching skills, working with various types of electronic documents and managing emails. Department of Regional Development - Information Services Branch monitors electronic Document Records Management System activity and provides ongoing, customised support to each organisational division. The effectiveness of the program is measured by analysing the uptake of the electronic Document Records Management System and the lessening reliance on non-approved record keeping tools such as network drives.

Disclosure, Legal Compliance and Financials continued

Government Policy Requirements

Substantive Equality

The department has established a Diversity Reference Committee which is tasked with developing a range of policies for the department, including a Substantive Equality Policy. This is expected to be completed in 2016-17.

Occupational Safety, Health (OSH) and Injury Management

Department of Lands is committed to providing and maintaining a safe and healthy workplace for employees. Corporate Executive is accountable for providing, maintaining and promoting a safe working environment for employees.

The department's Occupational Safety and Health (OSH) System includes relevant policies, procedures and forms. A key focus during 2015-16 was the development of field work safety and health policies. The focus for the year ahead will be to assess the system against the WorkSafe Plan and identify opportunities for improvement.

The department's Workers' Compensation and Injury Management System includes a relevant policies, procedures and forms. It is compliant with the requirements of the *Workers' Compensation and Injury Management Act 1981* (WA).

The Occupational Safety and Health (OSH) Committee is the formal mechanism for consultation on safety and health issues. The department participated in a joint OSH Committee with Department of Regional Development in 2015 and then established its own OSH Committee in 2016 which meets on a quarterly basis.

The department offers a range of services to support the health and wellbeing of employees. The department's Employee Assistance Program provides free confidential counselling to employees and their families on both work-related and personal issues. The department's Culture Club provides a series of health and wellness initiatives that educates, informs and support employees wellbeing, health and introduction to the department.

Occupational Safety and Health and Injury Management Performance

	Actual Results		Target	Results against target
	2014-15	2015-16		Comments on result
Number of fatalities	0	0	0	
Lost time injury and/or disease incidence rates	1	2	0 or 10% reduction	
Lost time injury and/or disease severity rate	0	0	0 or 10% reduction	
Percentage of injured workers returned within:	(i) 100%	(i) 100%	Greater than or equal to 80%	
(i) 13 weeks				
(ii) 26 weeks				
Percentage of managers trained in occupational safety, health and injury management responsibilities	77%	77%	Greater than or equal to 80%	OSH training for managers is scheduled for October 2016.

Contact Details

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