

**Division 12: Treasury —**

**[Supplementary Information No A16.]**

*Question:* Dr M.D. Nahan asked what is driving the increase in dividends and tax equivalents from Landgate across the forward estimates and the level the dividend payout ratio reaches.

*Answer:* The increase in dividends and tax equivalent payments from Landgate across the forward estimates is being driven by a mixture of cost reductions, increased transaction activity and an increased dividend payout ratio.

At the 2018–19 Budget, Landgate sought to partially offset a \$60.2 million reduction in revenue with a \$39.9 million decrease in expenditure. This was driven by reductions in salaries and superannuation (\$29.1 million) and other cost containment strategies (\$10.8 million).

Landgate is forecasting an average increase in transaction activity of 4.4% per annum across the forward estimates.

In addition, at the 2017–18 Budget, the Government approved progressively increasing Landgate's dividend payout ratio from 35% in 2016–17 to 75% in 2022–23 to bring it into line with most Government Trading Enterprises. The dividend payout ratio increases across the forward estimates are as follows:

- 41.67% in 2017–18, payable in 2018–19;
- 48.33% in 2018–19, payable in 2019–20;
- 55% in 2019–20, payable in 2020–21; and
- 61.67% in 2020–21, payable in 2021–22.

**[Supplementary Information No A17.]**

*Question:* Dr M.D. Nahan asked: What is the rate of return on valuing Landgate, especially in 2021–22 when it increases to \$44 million with dividends and income tax? What is the expected rate of return from that business?

*Answer:* Landgate's forecast rate of return as a function of net profit after tax (\$54.9 million) in relation to its total assets (\$350.5 million) is 15.7% in 2021–22.