

ESTIMATES AND FINANCIAL OPERATIONS COMMITTEE

**2016/17 BUDGET ESTIMATES HEARING
ANSWERS TO QUESTIONS TAKEN ON NOTICE**

Department of Lands

Hon Ken Travers MLC asked:

1) I refer to the Statement of Financial Position on page 244 of Budget Paper 2 and ask:

- a) What is the reason for "Cash Assets" increasing from \$11,011,000 in 2014/15 to \$302,024,000 in 2019-20?

Answer: The Cash Assets on page 244 of Budget Paper 2 comprises both cash held in the Department of Lands operating bank account and notionally recognised cash from agency freehold land sales between 2015-16 and 2019-20. As shown in the table below, the increase in Cash Assets between 2014-15 and 2019-20 is predominantly attributed to the notionally recognised cash from agency freehold land sales totalling an estimated \$292.785 million across 2015-16 and the forward estimate years.

	2014-15 Actual	2015-16 Estimated Actual	2016-17 Budget Estimate	2017-18 Budget Estimate	2018-19 Budget Estimate	2019-20 Budget Estimate
Cash in Department of Lands Operating Account:						
Movement in Cash Assets	3.01	-1.472	-0.150	-0.150	-	-
Accumulated Cash Assets	11.011	9.539	9.389	9.239	9.239	9.239
Notional Cash from Agency Freehold Land Sales:						
Movement in Notional Cash Assets	N/A ⁽¹⁾	96.389	62.562	54.417	54.417	25.000
Accumulated Notional Cash Assets	N/A ⁽¹⁾	96.389	158.951	213.368	267.785	292.785
Total Cash Assets	11.011	105.928	168.340	222.607	277.024	302.024

(1) Actual cash from agency freehold land sales is reflected in the appropriate agency Statement of Financial Position.

- b) Does the agency actually hold this amount of cash in its bank accounts or is it simply an accounting treatment?

Answer: The Department of Lands does not hold the notional cash assets from agency freehold land sales in its bank account. The notional cash assets are only recognised in the Department of Lands budget estimates for whole-of-government reporting purposes.

- c) Will these cash assets remain on the Agency's book in to the future?

R

Answer: The Department of Lands is currently in discussion with the Department of Treasury on how estimated agency freehold land sales will be reported in the future, to facilitate whole-of-government reporting. Once these discussions have been finalised a decision will be made on whether the notional cash assets will continue to be recognised in the Department of Lands Budget Statements.

- d) If no to (c) what will eventually happen?

Answer: The reporting of estimated agency freehold land sales in future Budget Papers is yet to be finalised.

- e) On what basis is the increase Cash assets by \$96.4 million in 2015-16, \$62.6 million in 2016-17, \$54.4 million in 2017-18, \$54.4 million in 2018-19 and \$25 million in 2019-20 calculated?

Answer: The changes to estimated agency freehold land sales across the forward estimates are attributed to the following factors:

- i) 2015-16 agency freehold land sales estimates were amended in January 2016 to better reflect likely performance (the original budget of \$11.1 million was increased by \$85.3 million to \$96.4 million). This increase is attributed to increased provision of information from other government agencies divesting freehold land, as well as strong market appetite for freehold assets.
 - ii) The change in years 2016-17 to 2018-19 is due to the re-profiling of sales forecasts in the out years after bringing forward the \$85.3 million to 2015-16. These forecasts were reduced to offset the divestments that occurred earlier than anticipated.
 - iii) The \$25 million in 2019-20 is a nominal figure agreed with Department of Treasury based on previous performance.
- f) Do the amounts listed in (e) represent the gross sale price of properties sold or is it the net sale price of these properties?

Answer: The amounts represent gross land sales.

- g) How are the notional reduction for the sale of freehold land assets held by other agencies (whole-of-government land sales) calculated?

Answer: The notional reduction in Non-Current Assets on page 244 of Budget Paper 2 is calculated in the same manner as the notional increase in Cash Assets (as detailed in the answer to (e)).

- 2) How is the amount of \$1,818,000 in 2016-17 and each year of the forward estimates for Anketell Port and Strategic Industrial Area Compensation for Land Acquisition calculated? Why is it spread over 5 years?

Answer: A native title agreement covering 4,300 hectares of land was signed in 2014 with the traditional owners, the Ngarluma people, to sure the land required for the Anketell Port development. The agreement included a significant cash component, the protection

of Aboriginal heritage and a number of education, training and employment opportunities.

The Indigenous Land Use Agreement requires the State to pay nine payments \$1,767,556 each to the Ngarluma Aboriginal Corporation on 23 July of the years 2015-2023 inclusive. The State is also required to pay a further eight payments of \$50,000 to the Ngarluma Aboriginal Corporation for the years 2016-23 inclusive.

The \$1,818,000 in 2016/17 and each of the forward estimates reflect these two payments.

- 3) When is the \$19.232 million in the Dampier to Bunbury Natural Gas Pipeline Corridor Special Purpose Account expected to be fully expended?

Answer: It is not expected that the Dampier to Bunbury Natural Gas Pipeline (DBNGP) Corridor Special Purpose Account (SPA) will be fully expended. The SPA was established to fund expenses incurred in managing the DBNGP Corridor, including:

- i) Compensation for bringing additional land into the DBNGP Corridor.
- ii) Compensation for injurious affection (under Section 42 of the *Dampier to Bunbury Pipeline Act 1997*).
- iii) Payments in place of local government rates to local government authorities encumbered by the DBNGP Corridor (under Schedule 4, Division 7, Section 36 of the *Dampier to Bunbury Pipeline Act 1997*).
- iv) Salaries and general administration costs.

Expenditure is offset by revenue collected from Access Right Holders and other revenue collected under the *Dampier to Bunbury Pipeline Act 1997*.



104

11

12



13



14