
Crown Leaseholds Entity

AUDIT OPINION

The audit of the Entity's financial report for the year ended 30 June 2009 resulted in an unqualified Independent Auditor's Report.

KEY ISSUES

Aboriginal Land Claims Granted

I recommend legal title over land granted to successful Aboriginal land claimants be issued as soon as practicable.

The Entity has a \$968 million liability for land claims granted to local Aboriginal Land claimants under the *Aboriginal Land Rights Act 1983*. During 2008-09, land valued at \$29.4 million was transferred to successful Aboriginal Land claimants following legal title on land grants being finalised.

Legal title does not pass until the granted land has been surveyed and details recorded on the State's Digital Cadastral Database. Once this occurs formal title is issued in the name of the relevant Aboriginal Land claimant, who can then access and use the land.

Based on current survey resourcing capacity, it may take more than 20 years to clear all land claims currently granted.

The land is included as both an asset and a liability of the Entity on the basis that whilst the Crown retains control of the land until legal title passes, a present obligation exists to transfer the land.

Financial Report Preparation

I recommend the Land and Property Management Authority determine why its financial report preparation processes did not identify the misstatements identified by my audit.

The initial financial report submitted to the Auditor-General required significant and material adjustments for misstatements to ensure it complied with Australian Accounting Standards. These misstatements delayed the audit and resulted in cost overruns and reporting deadlines not being met.

FINANCIAL INFORMATION

Key Income and Expenses Recognised for the Year

Year ended 30 June	2009 \$'000	2008 \$'000
Grants and subsidies	17,251	17,766
Aboriginal Land claims granted	3,240	1,749
Increase in liability for Aboriginal Land Claims	8,709	12,161
Other expenses	757	229
OPERATING EXPENSES	29,957	31,905
Other revenues	68,072	133,358
OPERATING REVENUE	68,072	133,358
Loss on disposal of land	(21,116)	(88,807)
Other losses	(7,923)	(35,444)
SURPLUS/(DEFICIT)	9,076	(22,798)
TOTAL INCOME AND EXPENSE RECOGNISED FOR THE YEAR	9,076	(22,798)

Revenue decreased mainly because the value of land acquired for no consideration fell from \$77.7 million to \$6.9 million.

The loss on disposal of land decreased mainly because the value of disposals of land for no consideration to Reserve Trusts and Local Government fell from \$86.2 million to \$15.3 million.

Other losses related to a decrement of \$7.9 million (\$35.4 million in 2007-08) on the revaluation of land transferred to other government agencies.

Abridged Balance Sheet

At 30 June	2009 \$'000	2008 \$'000
Current assets	22,784	28,186
Non-current assets	6,272,703	6,292,752
TOTAL ASSETS	6,295,487	6,320,938
Current liabilities	989,609	1,009,816
TOTAL LIABILITIES	989,609	1,009,816
NET ASSETS	5,305,878	5,311,122

Crown Land was revalued in 2008-09 resulting in a net increase in value of \$57.3 million (\$236 million).

Land held at 30 June 2009 comprised untenured Crown Land valued at \$5.6 billion and Crown Land under tenure valued at \$659 million. Untenured Crown Land includes the continental shelf within the Three Nautical Mile Zone valued at \$359 million and granted Aboriginal land title claims not yet transferred valued at \$968 million.

Annually, the Entity transfers cash generated from its operations to the Consolidated Fund. In 2008-09, \$69.1 million (\$64.6 million) was transferred.

ENTITY ACTIVITIES

The Crown Leaseholds Entity reports on the value of tenured and untenured Crown Land. It is responsible for collecting revenues from leases, licences, permissive occupancies and disposals of Crown Lands. The Entity's activities are administered by the Department of Lands, reported separately at the request of The Treasury, and its financial report is consolidated in the financial report of the Crown Entity.

In June 2009 the New South Wales Government announced major structural reform to the New South Wales Public Sector. Since year end, the Land and Property Management Authority (the Authority) has been created and the Entity has been included within the Authority. The Entity no longer forms part of the Crown Entity.