“Taking a triple bottom-line approach to development, we will continue to grow communities by working closely with local and state government agencies, business and the community.”
“DURING THE YEAR, WE FOCUSED ON TRANSIT-ORIENTED DEVELOPMENT TO CREATE COMMUNITIES WITHIN EASY WALKING DISTANCE OF PUBLIC TRANSPORT FACILITIES AND DESIGNING THRIVING SHOPPING, BUSINESS AND ENTERTAINMENT PRECINCTS.”
The Western Australian economy continued with unprecedented growth in 2007-08. This has led to what has been one of the most outstanding years for LandCorp in its 16 year history.

The Board takes its corporate, social and environmental responsibilities very seriously. This year we have continued to increase our commitment to sustainability by ensuring the design of our future communities and workplaces align with LandCorp’s four sustainability principles - community well-being, environmental leadership, growing the economy and design excellence.

A focus on developments to meet the growing demand for land in regional Western Australia was stronger than ever. Activity in the resources sector has seen regional WA experience sustained economic growth and this is forecast to continue.

This placed great pressure on the organisation, particularly in the north-west where an influx of workers in the resources industry drove unprecedented demand for worker accommodation, infrastructure and services. In response, LandCorp worked across all sectors - local government, State Government agencies and business to help meet the demand. A whole of government approach, combined with vigorous engagement with private enterprise was taken to more effectively resolve the constraints on land supply in many fast growing areas.

The Board has supported an expanded Design and Sustainability Unit which is driving change that will deliver long-term positive impacts on how our developments will improve the future for Western Australian communities. This unit’s important work brings together a range of skills and disciplines to deliver systems and practices that will grow the thinking and culture in relation to design excellence and sustainability, embedding them across the business, It will lead to the implementation of a Sustainability Framework, allowing independent assurance of our sustainability practices.

This year has also seen a continued drive to collaborate with other developers to benefit the State. Such partnering opportunities enable the transfer of skills and experience across the industry as well as the delivery of an increased number of projects not limited by scarce resources.
We are focused on knowing and understanding our stakeholders. To do this, the Board continued to visit key project locations. By visiting communities as diverse and distant as Kununurra and Albany the Board and senior management increase their understanding of LandCorp’s different roles and the needs of our stakeholders.

As part of its strategic development, the Board has put in place a program management approach to define a new working relationship for the three divisions of Operations, Finance and Strategy and Business Development and Marketing. This will ensure strategic focus is given to four key program areas: Perth and Peel; Industry and Infrastructure; Regional Development; and Government Services which incorporate products and services LandCorp delivers to its customers.

The Board is proud of the achievements of the business in 2007-08. In particular, LandCorp’s involvement in complex new projects such as the Perth Waterfront development, which will define our capital city, and the important infrastructure upgrades at the Australian Marine Complex, which will deliver greater international competitiveness for the State. At the same time, smaller communities such as Halls Creek and Darkan have benefited from LandCorp’s focus on non-financial outcomes.

I would like to thank Minister Alannah MacTiernan for her positive encouragement.

My fellow directors have been a great support and all work hard to provide the strategic direction and all important governance for the business.

In June 2008, the Board and staff of LandCorp were saddened at the passing of Board Member Verity Allan. Since her appointment as a director in July 2004, Verity brought to the Board exceptional skills as a strategic thinker and planner. She will best be remembered for her passion and leadership in the field of sustainability.

Finally, on behalf of all the Board members, thank you to all staff. Our significant achievements this year would not have been possible without their continued commitment, passion and expertise.

Terry Budge
Chairman
"WE CONTINUE TO THINK AND PLAN FOR HOW WESTERN AUSTRALIANS WILL LIVE, WORK AND PLAY IN THE FUTURE."
1. HOW WOULD YOU DESCRIBE LANDCORP’S PERFORMANCE IN 2007/08?

The past year has been a remarkable one both for Western Australia and LandCorp. Unprecedented economic growth and investment in the State’s economy has fuelled ongoing high levels of demand for residential and industrial land.

Our people continued to set new records, delivering more than 1,084 residential, industrial and commercial lots to help meet the demands of our expanding economy and growing population.

There has never been a year in LandCorp’s history where activity has been so intense. The entire business was challenged to meet the needs of Western Australians and deliver sustainable outcomes for the State.

With so much development activity and demand at an all-time high, total payments to government for 2007/08 was $85 million in dividends, tax and rate equivalent payments, which will benefit West Australian taxpayers.
2. HOW IS LANDCORP DIFFERENT FROM OTHER DEVELOPERS IN WESTERN AUSTRALIA?

Our huge and varied State demands we consider the big picture rather than simply look at each project in isolation. For example, in the Pilbara, we used our market position to run a national advertising campaign to attract builders to the region to cut the backlog on construction and help people get into their homes more quickly. At the same time we are working with builders to bring innovative materials and construction techniques to communities to help reduce building times.

The complexity of our projects necessitates an approach which integrates inputs from the government and private sectors to ensure they gain sufficient traction to get underway. The Albany Waterfront development is one which had been talked about in the Albany community for many years. By working with the community, government and business, the project is now well advanced. It will ultimately provide a hub of activity, including a hotel, short-stay accommodation, restaurants, cafes, shops, marina and a purpose-built entertainment centre for residents and visitors to enjoy.

We are required to meet the full range of government land development and property needs including both profitable and non-profitable projects. While it is often the case that the larger scale and coastal developments generate positive returns, most of this is used to subsidise inland and loss making regional town projects.

“THE SHEER SIZE OF WESTERN AUSTRALIA INFLUENCES THE WAY LANDCORP THINKS AND APPROACHES ITS BUSINESS.

CLIMATIC DIVERSITY, SOCIAL NEEDS AND PEOPLE’S DESIRE FOR A QUALITY LIFESTYLE, NO MATTER WHERE THEY LIVE OR WORK, REQUIRE US TO DELIVER MORE INNOVATIVE SOLUTIONS.”
3. WHAT ARE THE MAIN CHALLENGES FACING LANDCORP NEXT YEAR AND HOW WILL YOU COMBAT THEM?

Maintaining our performance in a slower market, playing our part to address the issues of housing affordability and availability and continuing to work on improving the speed of bringing land to market, particularly in the regions.

Global and national economic factors have led to a cooling off in the market in the second half of this financial year. This slowdown is expected to continue and we envisage a very different market in the forthcoming year in comparison to this financial year.

A series of price pressures and interest rate rises meant first-time homebuyers nationally were not able to enter the market due to the extraordinary real estate boom we have experienced.

We believe the question of affordable housing is a subset of the broader concept of affordable living. This means there are many factors that combine to create an entire suite of affordability measures - not just the cost of land and a home. As the price of fuel increases, factors such as the availability of public transport and the capacity to save on heating and cooling bills through simple, effective design measures contribute greatly to long-term affordable living.

The use of demonstration housing, employing new construction methods using alternative building materials, will continue to be an important tool to demonstrate innovation, affordability and sustainable developments.

An example of this approach is at Seville Grove in Armadale where a range of demonstration houses display alternative design and construction techniques, using new materials to give homebuyers different housing options.

We will also be challenged to contribute our thinking to improving the timing of bringing land to market. The development process can appear overly long to those waiting to buy a property.

Over the years we have been increasing our liaison with other government agencies to look for new ways to speed up these processes. Some we can run concurrently to minimise the overall time taken to release land to the market.
“WE BELIEVE THE QUESTION OF AFFORDABLE HOUSING IS A SUBSET OF THE BROADER CONCEPT OF AFFORDABLE LIVING.”
4. WHAT ARE YOUR KEY PRIORITIES FOR THE NEXT FIVE YEARS?

One of the main challenges we face is where to focus our finite resources. I believe our priorities are to facilitate economic development across WA, particularly in our regions. By managing growth innovatively we will deliver a long term benefit. Engaging design excellence across our developments and increasing the number of partnerships with other developers are just two of the things we will be doing.

We will continue working hard to improve the amenity of regional towns, to attract and retain families and workers in the regions. China and India’s appetite for the State’s resources means the growth in demand for residential and industrial land in regional Western Australia is set to continue. More than half of our projects are in regional areas, with land available, under production or planned in more than 100 regional towns.

Taking a triple bottom-line approach to development, we will continue to grow communities by working across Government, regional development commissions and business.

Leadership in design is a key focus of the Board and senior management leading to the creation of our Design and Sustainability Unit. Its work in coming years will help create projects incorporating design excellence and benefitting generations to come.

We cannot achieve all of this by ourselves. That is why we promote greater collaboration with the development industry to influence development of a more sustainable future for WA.

Our partnership with companies sharing a similar commitment will continue to expand. That approach creates better resourcing opportunities and shares skills across our industry.

LandCorp will continue to look at the State as a whole – putting our skills and resources towards improving the lives and the lifestyle so valued by Western Australians while ensuring future generations will also recognise and appreciate the investment made in their future.
LandCorp’s sustainability focus will remain central to guiding our business decisions and there will be a greater move to ensure the all-important industrial projects it delivers embrace that approach.

Leading edge design guidelines will be used to promote sustainable water use and energy saving practices.

Building the LandCorp brand as a developer and employer of choice is essential if we are to maintain and develop the capacity of the organisation to meet the needs of our shareholder. This includes proactively developing a positive and dynamic internal culture and maintaining strong relationships with our external stakeholders.

We will continue to look at the State as a whole - putting our skills and resources towards improving the lives and the lifestyle so valued by Western Australians while ensuring future generations will also recognise and appreciate the investment made in their future.

Above all, our most valuable asset will continue to be our staff. It is the quality of our people and their willingness to embrace innovation and change that makes LandCorp the success it is today.
Our operations cover the whole of Western Australia. From some of the largest industrial and infrastructure developments, to the creation of entire new communities, to delivering smaller subdivisions, smaller communities in the Kimberley or the Wheatbelt, we have the experience and capacity to deliver.
CORPORATE DIRECTIONS

LandCorp will use its influence and leadership to create sustainable and vibrant places to live, work and play.

ABOUT LANDCORP

WHAT WE DO

LandCorp is a land and property developer working on behalf of the Western Australian Government. Through our focus on sustainable development we aim to support the delivery of future prosperity for all Western Australians.

WHERE WE OPERATE

Our operations cover the whole of Western Australia. From some of the largest industrial and infrastructure developments, to the creation of entire new communities, to delivering smaller subdivisions, to the smaller communities in the Kimberley or the Wheatbelt, LandCorp has the experience and capacity to deliver.

OUR VISION

LandCorp will use its influence and leadership to create sustainable and vibrant places to live, work and play.
DEVELOPMENTS ACROSS THE STATE

KIMBERLEY
Broome
Derby
Fitzroy Crossing
Halls Creek
Kununurra

PILBARA
Karratha
Newman
Onslow*
Port Hedland
South Hedland

GASCOYNE
Carnarvon
Denham
Exmouth

GOLDFIELDS - ESPERANCE
Coolgardie
Hopeetoun
Kalgoorlie
Kambalda
Ravensthorpe

MIDWEST
Dandara*
Geraldton
Green Head
Kalbarri

WHEATBELT
Badgingarra*
Bencubbin*
Beverley*
Balgard
Calingiri*
Cervantes
Cuballing*
Darkan
Dowerin

GREAT SOUTHERN
Albany
Bremer Bay*
Cranbrook
Denmark
Frankland
Mount Barker*
Tambellup

Only selected towns have been shown on this map for reference purposes only
*Projects in feasibility
**OUR VALUES**

**EFFECTIVE**

**I HIT WHAT I AIM AT**
This relates to being **effective**: setting clear goals and making sure they are achieved; seeking to maximise outcomes for minimum cost; trusting and empowering people to do their jobs.

**PROFESSIONALISM**

**I CAN ALWAYS BE BETTER**
This relates to **professionalism**: maintaining skills; learning from each other’s experiences.

**PROGRESSIVE**

**LET’S GO**
This relates to being **progressive**: anticipating what is over the horizon; always looking for a better way.

**RESPONSIVENESS**

**HOW CAN I HELP?**
This relates to **responsiveness**: being energetic; adapting to changing circumstances; paying attention to stakeholder needs; planning ahead and responding quickly.

**TEAM WORK**

**WE SUCCEED TOGETHER**
This relates to **team work**: thriving on collaborating with other people; respecting other views; looking for a win-win outcome.

**INTEGRITY**

**I HAVE NOTHING TO HIDE**
This relates to **having integrity**: being up-front in all dealings; having no hidden agendas; being true to yourself.
OUR FOUR PILLARS
The four pillars were developed as guiding principles which provide the strategic focus for the delivery of our corporate objectives.

STATE NEEDS
- Stimulating property industry leadership through innovation while reflecting Government policies;
- Delivering strategic projects which have Government priority;
- Maintaining and building relationships across Government.

INDUSTRY LEADERSHIP
- Increasing emphasis on design, delivering excellence in urban design through the subdivisions and buildings we create;
- Integrating sustainability principles into every aspect of our operation;
- Balancing growing the economy in regional communities with meeting social needs;
- Creating a dynamic environment that allows our staff to excel.

BUSINESS PERFORMANCE
- Monitoring and responding to changes in market demand;
- Improving resourcing to maximise project outcomes;
- Growing the value of and the income stream from property and strategic asset leases;
- Embedding design excellence and social sustainability outcomes in our corporate culture and across our projects.

CUSTOMERS AND PARTNERSHIPS
- Developing tailored solutions to meet the specific needs of individual communities;
- Proactively progressing business arrangements with other developers, including joint ventures;
- Engaging with a range of businesses and industry bodies in key sustainability-driven initiatives;
- Connecting with high achievers in the fields of design, community engagement and sustainability.

OUR PROGRAMS
State-wide operations are managed under four key programs.

Industry and Infrastructure - This is a core function which assists economic development and employment growth in Western Australia through strategically-located industrial estates. We are experienced in developing industrial estates to meet different business and community requirements, by providing varying lot sizes, buffer zones and service needs.

Regional Development - More than half of our projects are located in regional areas. The regional program aims to provide sufficient residential and industrial land to stimulate sustainable growth, and enhance lifestyle and job opportunities.

Perth and Peel - The growing needs of the Perth and Peel population are being met through a focus on the development of activity centres and corridors, infill residential development and leadership in larger-scale developments.

Government Services - State Government agencies have access to LandCorp’s expertise for property and asset management, to optimise the remediation and sale of surplus government land and for management of key infrastructure assets.
OUR FOCUS ON SUSTAINABILITY

THE DESIGN AND SUSTAINABILITY UNIT

We aim to deliver more sustainable products and services to meet the social and economic needs of the State.

Recognising the importance of embedding sustainability principles and the long-term benefits derived from outstanding design practices across our business, The Design and Sustainability Unit is helping drive changes that will have a positive impact on how developments will improve the future for Western Australian communities.

This unit brings together a range of high-level skills and disciplines with the experience to ensure fully-integrated systems, processes, thinking and culture in relation to sustainability is embedded across our business. That work will ultimately lead to independent assurance of our sustainability practices and the implementation of a Sustainability Framework which is fully integrated with our corporate and business planning.

SUSTAINABILITY FRAMEWORK

To deliver our goals, we recognise an approach to sustainability has to be fully integrated across the organisation, both operationally and culturally.

The development of the Sustainability Framework is being undertaken in two phases. Phase one was undertaken in May 2008. It focused on research and direction-setting and included meetings with key staff across all divisions. Phase one outputs determined key objectives and perspectives to the further development of the Framework, linked to the Four Pillars.

The second phase, later in 2008, involves more detailed engagement at a senior level across the business and with key stakeholders. It will build on phase one findings by gaining consensus and ownership. The final Framework will be delivered by late 2008, enabling its integration into LandCorp’s 2009-10 Business Plan.

The Sustainability Framework will enable us to fully meet our obligations to take account, measure and report on the social, economic and environmental impacts of our operations.

LANDCORP’S DESIGN AND SUSTAINABILITY UNIT IS HELPING DRIVE CHANGES THAT WILL HAVE A LONG-TERM IMPACT ON HOW OUR DEVELOPMENTS WILL IMPROVE THE FUTURE FOR WESTERN AUSTRALIAN COMMUNITIES.
TO DELIVER ITS GOALS, LANDCORP RECOGNISES AN APPROACH TO SUSTAINABILITY HAS TO BE EMBEDDED INTO THE BUSINESS AND PROJECT MANAGEMENT SYSTEMS.

OUR SUSTAINABILITY PRINCIPLES

DESIGN EXCELLENCE
Creating a sense of place; visual character and identity; vibrant and active public realm; density and diversity; land use efficiency; safety and security; connectivity.

COMMUNITY WELL-BEING
Responding to community needs; building community capacity; affordable living; cultural enrichment; social amenity; access and equity.

ENVIRONMENTAL LEADERSHIP
Including climate responsive design; energy efficiency; water sensitive urban design; greenhouse gas reduction; biodiversity enhancement; landform retention and restoration; alternative building materials; alternative transport options.

GROWING THE ECONOMY
Long-term industrial land supply; employment generation; business attraction; workable mixed-use developments; connected industrial networks; working to business needs; appropriate integration of land use.
More than half of LandCorp’s projects are located in regional WA. Our regional program aims to provide sufficient land to stimulate sustainable social and economic growth, enhancing lifestyle, creating job opportunities and attracting new residents, visitors and investors. Some of these projects would not be financially viable for private sector developers.

We take pride in adopting sustainability principles and initiatives in its regional projects and ensuring communities in regional Western Australia benefit from triple bottom line dividends.

Some of the regional projects and key initiatives highlighting our commitment to sustainability are outlined in this section.
GRACETOWN: PLANNING A SUSTAINABLE COMMUNITY

Demonstrating environmental leadership, design excellence, and commitment to community well-being.

We are creating a model for sustainable living at Gracetown, setting new benchmarks in water saving and alternative energy initiatives.

After calling for expressions of interest in August 2007, United Utilities Australia was selected as the preferred infrastructure provider to build, operate and manage a wind-powered water recycling system at Gracetown, which has no reticulated water supply or sewerage.

Once operational, it will deliver A Plus quality recycled water directly into homes for toilet flushing and washing machine use and reduce household potable water consumption by over 30%.

This system will be made available to existing homes as well as our proposed 140-lot residential subdivision and eco-tourism development on Cowaramup Bay. Septic tanks will be decommissioned over time, allowing the gradual improvement of groundwater quality.

Once the wastewater system is operational, excess recycled water generated will be used for fire fighting, with new hydrants installed throughout the town, and for recharging the groundwater to restore water quality over time.

Rainwater tanks will continue to provide drinking water in Gracetown.

Other sustainability initiatives of the Gracetown project include:

- Solar power and renewable energy to provide electricity to households
- A 60kW wind-powered turbine system to power the wastewater treatment plant
- Individually-mounted 1.5kW photovoltaic cells installed on all new homes, generating renewable energy credits which can reduce household energy costs
- Climate-sensitive design
- Retaining up to 40 per cent of natural vegetation on the development site and returning more than 90 per cent of the project area to the Leeuwin Naturaliste National Park.

OUR REGIONAL PROGRAM AIMS TO PROVIDE SUFFICIENT LAND TO STIMULATE SUSTAINABLE SOCIAL AND ECONOMIC GROWTH, ENHANCING LIFESTYLE, CREATING JOB OPPORTUNITIES AND ATTRACTING NEW RESIDENTS, VISITORS AND INVESTORS.
PRETTY POOL, PORT HEDLAND: A HIGH-QUALITY COASTAL ESTATE

At every step of the planning process, our growing Pretty Pool residential estate has taken into account the needs of local fauna and the impact of the development on the coastal environment.

Environmental consultancy RPS Group was engaged to prepare management plans for the estate, to protect the sensitive mangrove and coastal environment and address the nesting habits of the protected Flatback Turtle.

We have worked closely with local community groups, consultants and the Town of Port Hedland to manage the potential ecological impacts, educate the community about the fragility of the area, and give the turtles that visit the beach a greater level of protection than currently exists.

Between 30 and 50 turtles use the Pretty Pool beach annually, with the peak nesting period between October and January, and hatching occurring between December and April.

Our management plan for the area includes interpretive signage to raise awareness of turtle nesting areas and dune revegetation.

The plan also addresses vehicle access and human impact through the installation of permanent walking paths and bollards to restrict vehicle access to the beach. A community awareness campaign is also being developed.

Features to minimise the impact of development on turtles include positioning houses to avoid any light shed facing the eastern side of the beach, allocating land closest to the beach for grouped housing sites (where a single body corporate can manage external lighting to the required standard), and design guidelines addressing lighting, eaves, shade screens, and vegetation.

To date, 95 single residential lots have been sold within the Pretty Pool subdivision. Civil works and earthworks began in May 2008 for 70 single residential and three group housing lots on the southern portion of the estate.

The estate is sympathetic to the heritage and environmental values of the site and surrounding areas.
OTHER KEY REGIONAL DEVELOPMENTS

Our sustainability focus has led to a number of waterfront projects being undertaken to unite communities, stimulate local economies through the creation of thriving shopping, business and entertainment precincts, and encourage excellence in urban planning and design.

ALBANY WATERFRONT: COMPLEMENTING A STUNNING NATURAL HARBOUR

In Albany, development of the waterfront will provide a new social focus for the town alongside the commercial fishing industry and port activity, transforming Albany into a destination of choice for many travellers and delivering significant economic benefits to the region.

The $2.6 million pedestrian bridge linking the central business district to the foreshore development was opened in 2008, enabling people to walk the entire length of the bridge onto the newly-completed 2,300sqm plaza.

With Stage 1 of the Waterfront at Albany complete, Stage 2 civil works are expected to start late in 2008. The Waterfront hotel site is scheduled for release to developers in early 2009 and will ultimately deliver a hotel with restaurant, bar and conference facilities, along with short-stay serviced apartments.

The project will transform the way the town interacts with the sea, introducing a wealth of entertainment, recreational and commercial features to the water’s edge.

Works to realign and reconstruct Princess Royal Drive also began this year and we will soon commence civil works to the eastern side of the jetty and for the construction of the harbour/marina.

BUNBURY WATERFRONT: FOR THE NEXT GENERATION

In Bunbury, we are planning a waterfront development that will transform the city centre into a world-class destination featuring restaurants, shops and cafes, a new marina and boating facilities, residential housing and business space.

The project area aims to promote a better connection between pedestrians and vehicles, harmonizing movement throughout the city centre. Innovation and quality will drive the architectural planning while respecting the existing city fabric, character and heritage of Bunbury.

The project is forecast to attract nearly $3 billion in investment over the next 30 years, and generate 3,000 jobs during the building phase and significant jobs in the longer term.

Concept plans for the Eastside Precinct were shown to the community at an open day in late 2007 and the City’s formal public comment period on the structure plan for this precinct closed on 5 August 2008.

THE PROJECT WILL TRANSFORM THE WAY THE TOWN INTERACTS WITH THE SEA, INTRODUCING A WEALTH OF ENTERTAINMENT, RECREATIONAL AND COMMERCIAL FEATURES TO THE WATER’S EDGE.
LandCorp has worked closely with the people of Derby to not only bring new residential land to the market but also create additional infrastructure.

Having released 43 lots in the Bloodwood Crescent residential estate in April 2008 by public ballot, LandCorp will install a new bore to water the shires parks, upgrade sewerage infrastructure and provide extra walkways and parkland as part of the development.

These initiatives will benefit future LandCorp estates as well as the wider Derby community.

The new sewerage pump station will service a wide catchment area within the town and will make it viable for neighbouring landowners to develop their land, removing a hurdle for private sector developers.

The new bore will be installed around 300 metres from the Bloodwood Crescent subdivision and has been placed centrally to service future sites.

Ownership will eventually be handed over to the Shire of Derby-West Kimberley for use in other areas of public open space, such as parks and picnic areas.

The estate has been designed to maximise retention of natural vegetation, including several impressive boab trees, celebrating the Kimberley’s native flora.

Responding to the huge growth in demand for residential land as the resources sector goes from strength to strength, we are fostering a sense of community through design and public amenity in our Karratha residential estates.

Sustainability guidelines apply to the town’s Nickol West, Tambrey and Baynton West developments, encouraging the design of homes with energy efficiency in mind to minimise water and power consumption, and take advantage of cooling breezes.

We are also providing group housing sites to accommodate townhouses and apartment-style living, cottage lots and smaller residential lots, with large areas of public open space and recreational areas to bring people together.

In February 2008, 75 residential lots were sold by public ballot at Nickol West and a further 163 lots were allocated to resources companies, government agencies and Native Title claimants.

Immediately after the ballot draw, we arranged for home buyers to meet building company representatives to discuss an exciting range of alternative building materials and construction techniques that aim to cut building times and provide sustainable building solutions.

The unprecedented demand for accommodation in the Pilbara has created significant opportunities for the building industry and our aim is to support and facilitate housing construction by fostering new approaches for the industry.

In late 2007, The MAC Services Group was selected as the preferred proponent to build an accommodation village for civil works contractors, builders and tradespeople on a 20ha site at Gap Ridge.

Work continues on Karratha’s first display home village and has set aside 12 lots at Nickol West to allow builders to showcase their designs and give people the opportunity to view display homes, alternative building materials and methods suited to the region’s harsh climate, and compare sustainable features.

Land releases in Karratha will ultimately deliver more than 1,300 residential lots over the next two years. Residential estates at Nickol West and Tambrey have provided 580, and 800 lots are planned for the adjacent Baynton West.

**THE ESTATE HAS BEEN DESIGNED TO MAXIMISE RETENTION OF NATURAL VEGETATION, INCLUDING SEVERAL IMPRESSIVE BOAB TREES, CELEBRATING THE KIMBERLEY’S NATIVE FLORA.**
In the past year, due to positive economic conditions, the demand for industrial land in metropolitan and regional areas has been significant. In delivering industrial land, we work closely with other State Government agencies such as the Department of Industry and Resources, Department for Planning and Infrastructure, the Department of Environment and Conservation, Regional Development Commissions and Local Government.

Generation of investment and employment opportunities by business and industry are two important economic and social dividends resulting from the provision and facilitation of industrial land supply.

A major study is currently being undertaken by LandCorp and the Department for Planning and Infrastructure as part of a 30-year vision mapping land availability for industrial use taking into account the future needs of Perth and Peel.

Whilst key components of economic development are investment and employment, we have focused on the sustainability aspects of industrial developments ensuring social and environmental outcomes are expanded and measured. We see our role as one of leadership in the industrial development industry and influence the long term impacts and outcomes of industrial land development. Going forward, there will be a greater move to ensure more and more industrial projects embrace this approach.

Sustainable design will be a major feature of new-age industrial areas such as the development of areas including Latitude 32 Industry Zone in Perth’s South West corridor and Meridian Park at Neerabup, in Perth’s North West corridor. Leading-edge design guidelines will be used to help promote sustainable water use and energy-saving practices, with the outcome being to make the most efficient use of land, water, energy and resources.
**Western Trade Coast**

The Western Trade Coast (WTC) is the leading economic industrial location for Western Australia. Located on Cockburn Sound in Perth’s south, it encompasses 4000 hectares of industrial land and is conveniently positioned close to Fremantle Port and major road infrastructure.

WTC is a focal point for the strategic cluster of industry encompassing some of Western Australia’s major established industrial areas including Kwinana Industrial Area, Rockingham Industry Zone, the Australian Marine Complex and Latitude 32 Industry Zone.

The WTC is a LandCorp initiative supported by the Department of Industry and Resources, the Department for Planning and Infrastructure, Fremantle Port Authority and the Kwinana Industries Council.

**Latitude 32 Industry Zone: A New Benchmark in Environmental, Social and Economic Sustainability**

A key component of the Western Trade Coast, Perth’s leading economic industrial cluster, is Latitude 32 Industry Zone - a 1,400ha industry development zone.

We are taking an innovative approach to planning the Latitude 32 with a key objective being to establish a new benchmark for environmental sustainability in industrial land use.

While very much in its early stages from a planning perspective, we are viewing the current planning phase of this 30-year project as critical for embedding strong sustainability planning practices into development standards and guidelines for the area from the outset.

The Flinders Precinct at the southern end of Latitude 32 is the first stage to be developed with the Structure Plan for Stage 1 approved by the Western Australian Planning Commission.

The precinct will feature development of large lots to cater for strategic industries for transport and general industrial uses.

LandCorp is undertaking the Structure Plan process for the whole of Latitude 32 and will be seeking approval from the WAPC by late 2009, potentially paving the way for new development fronts to open up facilitating significant private investment.

We are also working with the Centre of Excellence in Cleaner Production, based at Curtin University, in an effort to ensure the new industrial precinct is developed and designed in an ecologically sustainable manner. The centre is focused on making more efficient use of the materials and energy used by industry while also minimising the generation of wastes and emissions.
The Australian Marine Complex (AMC) was developed as a hub for businesses servicing the defence, marine and oil and gas sectors. Now home to more than 100 businesses, the blend of companies and access to specialised services and skills provide collaboration, innovation and quality project delivery often unmatched in the national and international arena. The complex has become Australia’s leading marine industrial estate and has established a world-class reputation for commercial fast ferry and patrol boat construction; and more recently for the maintenance and upgrade of the Royal Australian Navy’s Frigate fleet.

More than 26 new businesses are in the process of moving to the AMC including a variety of engineering, boat building, logistics and consultancy firms from Australia and overseas.

The Common User Facility (CUF) has in five years of operation become an economic and employment powerhouse for the Western Australian economy. The State Government recently committed an extra $174.3 million to infrastructure upgrades including the construction of a floating dock, self propelled module transporters, wharf extensions and power upgrades.

The increased capability will benefit a range of industry in the defence, marine and oil and gas sectors and provide companies located within the AMC with access to necessary infrastructure to assist their business operations.

LandCorp has facilitated more than 25 per cent growth in the Support Industry Precinct as new ventures continue to identify the AMC as the ideal location to do business.

As part of the AMC Support Industry Precinct development, around six hectares of native bushland will undergo intensive rehabilitation work valued at more than $1 million.

The rehabilitated area will provide a vegetated buffer between the industrial estate and the adjacent wetlands creating both an environment that protects and enhances natural bushland as well as a pleasant working environment.
MERIDIAN PARK, NEERABUP: CREATING A SUSTAINABLE TWENTY FIRST CENTURY INDUSTRIAL DEVELOPMENT

A partnership with the City of Wanneroo is creating Meridian Park as a 400ha landmark industrial estate within the Neerabup Industrial Area. The estate is part of a much larger 1,000ha development which when completed will be the catalyst for the creation of about 20,000 new jobs in the North West Coastal Corridor.

Meridian Park will contribute to the long-term economic sustainability of Perth’s North West corridor through the provision of employment land. Through innovative design standards and measures such as storm water re-use, efficient building design and the use of alternative energy sources, Meridian Park will be an environmentally sustainable development.

A business centre will sit at the heart of the industrial community which will provide workers at the precinct and surrounding areas with a range of services - including cafés, childcare facilities and a fitness centre.

Unique in the planning of Meridian Park has been the development of an Economic Development and Employment Generation Strategy (EDEGS) which has been prepared by LandCorp in consultation with the City of Wanneroo. This is the first strategy of its kind created by LandCorp industrial land development in Western Australia.

The EDEGS focuses on accelerated employment, business development, and increased social and economic self-sufficiency in the North West Coastal Corridor.

The first 17 lots, ranging from 2500sqm to 6600sqm, were released to market as part of Stage 1A in February 2008.
**OTHER KEY INDUSTRY AND INFRASTRUCTURE DEVELOPMENTS**

**PINJARRA INDUSTRIAL ESTATE: HELPING GROW JOBS IN THE PEEL**

The Peel region south of Perth is Western Australia’s fastest growing and its population is projected to grow by 49 per cent by 2016.

In March 2007 the unemployment rate in Peel was 4.2 per cent which is above the State’s average.

Pinjarra is an important resource town within the region and is well placed to take advantage of improved transport links such as the Perth to Bunbury Highway which is set for completion in 2009.

Pinjarra Industrial Estate has provided an investment and employment opportunity for the town and the Peel Region.

It is expected to deliver up to 50 lots to support a variety of business types and there are 17 lots planned for Stage 1.

When the estate was launched in 2007 by Planning and Infrastructure Minister Alannah MacTiernan, she was able to announce an anchor tenant for the estate. The international mining and engineering firm Byrnecut Mining Group purchased a 5.5ha lot for its subsidiary Murray Engineering.

It is expected Murray Engineering’s operation at Pinjarra will generate between 20 and 30 jobs.

The development of industrial estates such as Pinjarra help stimulate investment and employment opportunities, allowing people to work closer to their homes delivering social and economic outcomes.

**AVON INDUSTRIAL PARK: BRINGING INVESTMENT TO THE REGION**

Avon Industrial Park is a partnership between LandCorp, the Avon Community Development Foundation along with stakeholders such as the Wheatbelt Development Commission, Avon Industrial Park Advisory Board and the local community.

Situated at the heart of the Avon District, Avon Industrial Park has been purpose developed to meet the needs of industries servicing the rural and resources markets. Featuring 203 hectares of industrial land within a total park area of 473 hectares, the estate is located 18 kilometres east of the town of Northam and 116 kilometres east of Perth.

Its location was chosen for its ease of access and proximity to major transport routes, including the Trans-Australian rail line and Great Eastern Highway. This makes it a convenient staging point between Perth and regional areas of Western Australia. Stage 2 includes 17 lots with the first release in 2008 and future releases subject to demand.

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**THE DEVELOPMENT OF INDUSTRIAL ESTATES SUCH AS PINJARRA HELP STIMULATE INVESTMENT AND EMPLOYMENT OPPORTUNITIES, ALLOWING PEOPLE TO WORK CLOSER TO THEIR HOMES DELIVERING SOCIAL AND ECONOMIC OUTCOMES.**
This growth, coupled with an ever-strengthening economy, has placed considerable pressure on the availability of land for residential uses across the urban areas of metropolitan Perth and Peel Region.

During the year we continued to set an example in transit-oriented development, creating communities within easy walking distance of public transport facilities and designing thriving shopping, business and entertainment precincts.

The new rail network between Perth and Mandurah has greatly extended opportunities for transit-oriented developments.

Perth and Peel

Metropolitan Perth and the Peel region are two of Australia’s fastest-growing urban areas. Seventy per cent of the State’s population resides in Perth, and there are predictions that the city’s population will increase by 50 per cent in the next 30 years. Mandurah is one of Australia’s top-five regional growth centres.
Cockburn Central: A Well-Connected Community

Strong sustainability principles underpin this attractive, liveable neighbourhood.

Cockburn Central is one of seven LandCorp projects in the Perth metropolitan area incorporating transit-oriented development principles and setting sustainability benchmarks.

Located on Beeliar Drive, Cockburn Central will become a regional hub for Perth's rapidly growing south-western corridor and ultimately serve an estimated surrounding population of 200,000 people with a range of schools nearby and shopping, entertainment and business services.

The project features a traditional ‘main street’ concept and its town centre is strategically located on the new Perth to Mandurah railway, incorporating a major bus and train interchange which opened in December 2007. It reduces reliance on cars and is pedestrian-friendly, with easy access to services.

More than 50 per cent of Cockburn Central Regional Centre has been designed as open space with enhanced wetlands and recreation.

Stage 1 prioritises lots on the town square and main street, with 11 lots ranging from 1,200sqm to one hectare.

Stage 2 comprises land in the north-west corner of the town centre, with four lots ranging in size from 3,000sqm to 1.3ha.

After winning the tender to develop six super lots, Australand began building the first 52 of up to 480 residential apartments during the year. Approval for more than 6,500sqm of commercial space is also underway. Sales have been strong.

Linx, the second apartment release comprising of 56 one, two- and three-bedroom units, a private gymnasium and rooftop garden, was launched in May 2008. Stage 2 super lots will be released to the market in 2011.
LandCorp is managing the Perth Waterfront development on behalf of the State Government. This exciting project is one of the most important developments in Perth’s recent history and will help underpin the State’s stellar growth through the numerous economic and social benefits it will bring not only to the capital city, but to all West Australians.

The much needed revitalisation of the Perth Waterfront aims to create a sustainable hub, featuring a range of uses, attractions, activities and amenities for all sectors of the community to enjoy.

Through the development of the area primarily between William and Barrack Streets, and the Esplanade down to the foreshore, Stage 1 of the project will once again connect the central business district to the Swan River.

Stage 1 will incorporate a mix of uses including an active ground level of restaurants, cafes, bars, shops, cultural and entertainment activities and an icon public building. Commercial office space, prime hotel/short stay accommodation together with residential apartment space will help create a critical mass of activity.

A range of high quality public spaces, a major square and a full public promenade to the river will create the platform for an array of activities and events to occur by day and into the evening.

Stage 2 will see development primarily in the waterfront area south and east of the Perth Convention and Entertainment Centre, and like Stage 1 will include a mix of uses, together with a public promenade, beach and an opportunity to link to Kings Park. Public transport is to be a key to the success of the project - the site has easy access to the city bus port, the underground Esplanade train station, and ferry terminals, underwriting the project’s sustainability. Furthermore the area will be linked by footpaths and bike lanes.

Premier Alan Carpenter released the initial masterplan on 13 February 2008, announcing a $300m+ State Government commitment to Stage 1 of the project and inviting public feedback on the initial design concepts.

Western Australians responded strongly to the opportunity to have their say on the concept, with some 1,600 submissions received and the overwhelming majority (66%) expressing support for the project. The consultation process continues to play an important role in refining the project design. Two Peer Design Reviews, facilitated by the Government Architect, Geoffrey London and comprising up to 30 leading designers, urban planners, and key stakeholders, have been held to date.

In addition the Perth Waterfront Taskforce, comprising key stakeholders including the City of Perth, has been overseeing the development of the project concept. A modified masterplan is likely to be presented to the State Government in late 2008.

The statutory planning and environmental approvals process began in mid-2008 with environmental testing into soil and groundwater conditions commencing in May. The study will be conducted over a two-year period, with results to be integrated with other investigations including water quality testing, drainage management and marine impact.

Stage 1 is due to commence in 2011-12 following development and environmental approvals and further public consultation.
Setting new standards for affordable, sustainable development, 3km from the heart of the Armadale central business district.

All houses built on the 11ha Seville Grove site, where 106 residential lots were completed in September 2007, will be required to pass the Armadale Redevelopment Authority’s 12-point Sustainability Audit. This includes achieving a five-star energy rating, and as a mandatory requirement each home installing a 2,500 litre rainwater tank plumbed for cold water washing and toilet flushing, it also includes the planting of waterwise gardens.

The estate has been built around a large conservation-category wetland which has been rehabilitated to serve as the public open space centrepiece of the development. Community facilities have been constructed outside the wetlands buffer area.

Following an Australia-wide search, 7 builders were invited in early 2008 to develop a 12 display home display centre.

The display centre, which was opened by the Minister for Planning and Infrastructure on 22 August 2008, showcases innovative building materials and construction techniques. Titled Revolution Road, this initiative shows homebuyers how style, sustainability and affordability can be achieved without sacrificing design, construction and streetscape quality.

Homebuyers can directly compare innovative, alternative materials and methods such as quick-build panel systems and materials like aerated concrete, steel or lightweight composites. A new generation of energy-efficient brick-and-tile houses will also be on display.
HARVEST EDGE AT HARVEST LAKES: FOSTERING COMMUNITY INTERACTION

This is our flagship metropolitan residential project showcasing sustainability initiatives - Western Australia’s first large scale Housing Industry Association GreenSmart estate.

We have worked with other government agencies and the City of Cockburn to support community development, integration with transport infrastructure and meet a range of other economic and social objectives.

Recreation, education and community amenities including extensive public art installations have been provided to promote an engaged, active community. A community centre was jointly funded and is one of the most popular in the area and we support an active residents association.

Harvest Edge forms the ‘village centre’ of Atwell’s Harvest Lakes, one of Australia’s largest residential communities to be developed with a sustainable approach to urban design, construction, water conservation, and energy efficiency.

Harvest Edge is breaking new ground as an environmentally sustainable development that reflects the changing needs of a changing population.

It addresses the demand for affordable smaller housing for small families, empty-nesters and those choosing to live alone.

With up to 264 proposed dwellings, Harvest Edge will contain a range of housing types such as townhouses, maisonettes, detached, attached homes and apartments.

Working with the State Government, we partnered with builders Dale Alcock Homes and APG Homes to deliver affordable, sustainable house-and-land packages in the area.

Lots are designed to maximise solar-passive orientation and the homes are required to incorporate sustainability design criteria.

The agreement with Dale Alcock Homes and APG Homes requires the completed homes to be open for one month to enable the community to view sustainable building design principles in practice.

Residents will have access to a future shopping centre and commercial and mixed-use precinct within the estate.

Homesites and the proposed retail and commercial area are being designed around a ‘village’ layout to help foster community development, with housing density to increase closer to the heart of the village to encourage a sense of activity and vibrancy.
Mandurah Ocean Marina’s success is due to community involvement in the project and its ability to meet triple bottom-line objectives. The project created significant employment, features a mix of residential, commercial and retail uses, and has become a valued tourism and community asset.
CHAMPION LAKES: A NEW LIFESTYLE CENTRE

An exciting and contemporary design standard has been set at Champion Lakes residential estate with several of Perth’s best builders developing homes that combine unique urban design and sustainable living solutions to fit a range of lifestyles.

Homebuyers are seeing a type of development at Champion Lakes which has never been provided in the Armadale area.

At the centre of the project is a 55ha lake and 2,000m international-standard rowing course, surrounded by extensively landscaped public open spaces, waterways and a wildlife conservation area.

Champion Lakes covers a total project area of 138ha, with 21ha set aside for conservation. There are six habitat islands within the lake, providing havens for native fauna and the enjoyment for residents and the local community.

The 26ha estate will eventually provide up to 700 homes, including 300 single residential sites.

Champion Lakes is part of an ongoing renewal in Armadale which will attract more professional people, drawn by the new diversity of high-quality housing options appealing to a larger cross-section of the community.

Stage 1, on the south-east corner of the $35 million lake and rowing course, comprises of a six home display centre, 19 waterfront homes, 40 house-and-land packages and 12 land-only lots.

Landscaping is scheduled for completion in October 2008, the display homes in November 2008 and the waterfront homes anticipated for early 2009.

Residents and visitors will be able to enjoy cycling and walking paths, picnic and barbecue facilities and a sand beach at the lake.
GOVERNMENT SERVICES PROGRAMS

The Government Services program **fulfils a valuable strategic role** for the State Government by **applying our considerable property expertise and resources** to ensure that agencies receive high-level professional property advice and effective solutions to maximize the value of the State’s property assets.

The Program contains three core services:

فرق Resourcing of the State’s Property Asset Clearing House;

فرق Provide advice to government agencies to assist them in their management of the remediation of contaminated sites; and

فرق Property and sustainability advisory services to other government agencies.

Consequently, the value this program brings to government includes expert advice in land and property which ensures the State optimises the triple bottom line (environmental, social and economic) outcomes for Western Australians.

This year we provided services to eleven government agencies. We also sold 42ha of government land on behalf of government agencies. Through the sale of this land more than $5 million was returned to government for reinvestment.

Two major projects that we are assisting the State with are the investigations into the location of a gas hub for the processing of gas from the Browse Basin and the Ord Expansion Project in Kununurra which is looking at the potential supply of land for agricultural use.
The value this program brings to government includes expert advice in land and property which ensures the state optimises environmental, social and economic outcomes for Western Australians.
GOVERNANCE AND CORPORATE PERFORMANCE.
Corporate Governance has been at the core of LandCorp Board activities since the establishment of the organisation in 1992.

The Board of Directors is committed to the highest standards of corporate governance. This section of the annual report summarises how the Board activities are aligned to Principles of Good Corporate Governance as determined by the Australian Stock Exchange (ASX) (to the extent they can be applied to the organisation).

Corporate Governance is the system and processes adopted to direct and manage the business and affairs of LandCorp.

LandCorp has a comprehensive system of governance practices, developed over many years, which ensure it as a minimum achieves the standards set out in the Western Australian Land Authority Act and the Statutory Corporations (Liability of Directors) Act.

The LandCorp Board of Directors and the staff of LandCorp are focussed and committed to good corporate governance.

The Minister for Planning and Infrastructure has portfolio responsibility for LandCorp.

LandCorp is the trading name of the Western Australian Land Authority, a government trading enterprise established with legislated objectives and functions. The legislation in many respects sets the foundation for the corporate governance framework and structure to be given effect by the Board of Directors.

While LandCorp is exempt from the Public Sector Management Act (PSMA), it has elected to adopt standards reflecting the general principles of the PSMA and reports to the Commission for Public Sector Standards annually.

LandCorp adopts financial reporting provisions equivalent to those of Corporations Act (Commonwealth). The Western Australian Auditor General conducts annual audits of LandCorp.

There were no material changes in LandCorp’s corporate governance environment or amendments to LandCorp’s enabling legislation over 2007/08.

LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

LandCorp’s Board of Directors is accountable to the Government and Minister for Planning and Infrastructure. This requires the Board to deliver the objectives and functions set out in the Western Australian Land Authority Act.

The Board is accountable for LandCorp’s performance and the Board’s responsibilities cover:

- setting out corporate directions and annually submitting to the Minister LandCorp’s one year Statement of Corporate Intent and five year Strategic Development Plan;
- evaluating Board performance;
- evaluating the performance of the Chief Executive Officer (CEO);
- recommending director remuneration to the Minister;
- reviewing LandCorp’s financial submissions to Government
- monitoring financial performance;
- proving half year and annual reports;
- reviewing strategic risks and LandCorp’s risk management framework;
- maintaining communication with the Minister and Government;
- assessing LandCorp’s social, economic and environmental impacts; and
- maintaining an emphasis on audit activities.
Throughout the year the Board has worked on affirming and consolidating this work to ensure the organisation’s vision, future directions and strategies are well understood, given effect and continue going forward.

The Board also continued to support the work of the senior executive and management groups work on culture of the organisation, recognising this is aligned to the strategic directions of the business and is an integral part of performance overall.

The Board has used board committees to focus on specific areas. The committees are:

- Audit and Risk Management Committee;
- Governance and Remuneration Committee; and
- Statutory Planning and Development Committee.

Day to day oversight and management of operations are the CEO’s responsibility who reports to the Board on issues including:

- corporate strategies;
- human resource, including General Manager appointments;
- annual budgeting;
- managing day to day operations;
- risk management;
- operations and major project challenges and milestones; and
- strategic marketing and communications.

There were no changes to the CEO’s responsibilities and management arrangements during 2007/08. The appointment of the General Manager, Business Development & Marketing Kerry Fijac, was referred to the Board during the reporting period.

**STRUCTURE THE BOARD TO ADD VALUE**

The Board comprises independent directors appointed by the Minister in accordance with relevant provisions of the Act.

At least four of the directors on the Board need to have relevant experience in housing, industry, commerce, finance, land development, town planning and engineering, which provide a set of relevant experiences and knowledge. The skills and experiences of directors who were on the Board during the reporting period are set out in the Directors Report.

The Chairperson is appointed by the Minister and information on his details is set out in the Directors Report.

Directors may be appointed for a term of up to three years (Schedule 1A Clause 1). There are also provisions in the Act which enable the Minister to reappointment directors for a further term on the Board. The CEO is not permitted to be appointed as a director. However, in recent times the Board has only been appointed in 1-2 year terms pending resolution of the Combined Land/Redevelopment Authority.

The Board does not believe any director has served on the Board for a period which could, or could reasonably be perceived, to materially interfere with the directors’ ability to act in the best interests of LandCorp.

In addition, it is considered that each director is independent of management and any business or other relationship that could materially interfere with the exercise of objective, unfettered or independent judgement by the director of the director’s ability to act in the best interests of LandCorp.

In addition, the Board of Directors has received legal and other advice setting out their duties which covers amongst other things the:

- exercise of diligence and care;
- continuous disclosure;
- conflicts of interest;
- access to documents;
- directors’ insurance;
- confidentiality; and
- ethical standards and conduct.

The Directors, the Board and the Board Committees are able to seek external legal and other expert advice at LandCorp’s expense. This advice may be sought after consultation with the chairperson. No advice was sought by directors during the reporting period.

The Board maintains a communication protocol which aims to ensure the information received by and provided to directors of the Board, outside the formal meetings process, is brought into the Board’s formal discussion and decision processes.

The Chairperson sets the agenda for each meeting in consultation with the CEO. Any director may have any matter added to the agenda. Directors are provided comprehensive papers on matters to be considered by the Board.
Members of the Office of the CEO and other members of the senior management group may attend parts of the Board’s meetings by invitation.

The Board completed a number of project site inspections in regional WA, participating in meetings with key stakeholders during the reporting period. These delegation meetings covered key issues and complexities relating to projects in areas throughout Western Australia including Broome and Kununurra, Albany, Geraldton and Indian Ocean Drive, Port Hedland and Karratha. In addition, the Board completed a number of project site inspections and met with key stakeholders in Sydney.

**PROMOTE ETHICAL AND RESPONSIBLE DECISION MAKING**

The Board is required to establish minimum standards to apply to employees, management and the Board of Directors with regard to merit, equity and probity – which are reflected in a code of conduct developed in consultation with the Commissioner of Public Sector Standards.

LandCorp complies with the Public Sector Code of Ethics and has adopted the Sector’s ethical principles in its own Code of Conduct.

New employees are made aware of this code during their orientation and through the Board, LandCorp is able to maintain high ethical standards in its day to day operations.

There were no reported breaches of the Codes of Ethics or Conduct during the reporting period.

While conflicts of interest operationally are rare, the Board has put in place a Conflict of Interest Policy detailing how such matters are to be managed. This policy accords with standards set by the Western Australian Public Sector Standards Commission.

New directors appointed to the Board are required to declare financial and pecuniary interests at their first meeting. LandCorp has a standing protocol whereby a director would disclose an interest in any item on the Board’s meeting agenda. Disclosures are recorded in the meeting minutes, with a copy placed into a Conflict of Interest register.

Any director who considers he or she has a conflict of interest is required to give the other directors immediate notice. These interests are recorded in LandCorp’s Conflict of Interest Register.

Where a Director makes a declaration of a conflict, the Board may either allow the Director to make a statement to the Board, prior to leaving the meeting room, or the Board may request the Director leave the meeting immediately.

The Conflict of Interest Policy also applies to LandCorp staff and contractors, who, when conflicted, are required to make a formal disclosure to the CEO who in turn determines the management action required. 11 staff entries were recorded in the Register in addition to 13 Board entries during the 2007/08 financial year.

During the year, as part of good governance and maintaining high accountability standards, LandCorp undertook training conducted by officers from the Crime and Corruption Commission on the areas of misconduct and management of conflicts of interest. Sessions were conducted for the Board and senior executive.

LandCorp’s Board and Senior Executive participated in the Corruption and Crime Commission’s Conduct and Conflict training to emphasise the importance of standards of business and personal integrity.
**SAFEGUARD INTEGRITY IN FINANCIAL REPORTING**

LandCorp's CEO and General Manager Finance and Business Strategy state to the Board's Audit and Risk Management Committee, annually in writing, the financial statements and reports present a fair view of LandCorp's financial condition and the reports are prepared in a manner which accords with relevant accounting standards.

Similar standards with respect to annual written statements signed by the CEO and general managers' apply to compliance with legislation and internal control systems.

The Audit and Risk Management Committee provides advice to the Board, which assist the Board to fulfil its responsibilities relating to risk management and compliance with internal systems and control mechanisms. Financial statements and other reports are also considered by the Committee and the Board has the capacity to request the Committee to consider a specific issue should this need arise.

The Committee has a charter setting out its responsibilities and key activities:

- consider financial statements and key accounting policies;
- consider management representations;
- consider the performance and scope of the external audit;
- establish policies in relation to auditor independence;
- provide reporting access for internal audit and its scope of works;
- consider objectivity and resources and management responses to internal audit recommendations; and
- provide reports and recommendations to the Board and receive reports from management.

The Committee has direct access to external auditors, internal auditors and senior management. The Committee meets regularly, meeting external auditors at least twice a year and internal auditors more frequently.

External auditors are appointed in accordance with Schedule 3A Clause 14 of the Act.

The Committee leads the setting of an annual internal audit program having regard to its communications with the External Auditors. This ensures the activities of the respective auditors are complementary. The Committee then monitors progress of the Internal Auditors against that plan. Reports prepared by the Internal Auditors are considered by the Committee.

In 2007/08 LandCorp's risk management framework was reviewed by the Committee to ensuring there is a strategic organisational focus on mitigating and managing high level and operational exposures.

The Committee oversees the adequacy and effectiveness of LandCorp's accounting and financial policies, which are in the main set out in the Accounting Manual. No major changes to the Manual took place in 2007/08.

With respect to the financial reports, the Committee reviews with Management and the auditors, LandCorp's annual Financial Statements provided to Government.

LandCorp's Audit and Risk Management Committee also considers the adequacy and effectiveness of internal financial and operational controls. It also considers LandCorp's approach to compliance with legislation and mandatory reporting requirements in accordance with applicable Government policy.
MAKE TIMELY AND BALANCED DISCLOSURE

LandCorp’s governing legislation sets out the reports which are to be provided to the Minister.

LandCorp’s governing legislation and regulations prescribes the matters to be addressed in its Strategic Development Plan and Statement of Corporate Intent. These documents provide the Minister with details on LandCorp’s activities, key objectives, strategies and operational targets. Both documents are submitted annually for approval of the Minister, with the consent of the Treasurer. LandCorp’s approved Statement of Corporate Intent is tabled in the Parliament annually by the Minister. All documents were submitted within the timeframes prescribed in the Act.

Beyond the legislative requirements, LandCorp is committed to ensuring the Government is fully informed on significant activities and developments. This commitment is achieved by provision of information and advice to the Minister for Planning and Infrastructure, as well as agencies such as the Department of Treasury and Finance.

Information provided includes, but is not limited to: Annual Reports, Half Year Reports, budget submissions as well as responses to specific requests from the Parliament, Members of Parliament, agencies and the public.

RESPECT THE RIGHTS OF THE SHAREHOLDER

The Minister may give directions in writing to the Board of Directors, with respect to the performance of the functions prescribed under the legislation. Any such directions must be laid before both houses of Parliament within 14 days.

The Board has maintained a policy with respect to responding to Ministerial direction. This policy enables the Board to comply with the Act and Statutory Corporations (Liability of Directors) Act.

No Ministerial directions were received by LandCorp from the Minister during the reporting period.

The Act requires LandCorp to obtain the Minister’s approval to transactions in which the consideration is equal to or exceeds five percent of the value of total reported assets of LandCorp as set out in the most recent annual report. The Minister approved 7 transactions.

RECOGNISE AND MANAGE RISK

LandCorp has a risk management framework, which is integrated into various strategic processes such as corporate and business planning. The framework and risk register also informs the internal audit process and shapes the annual internal audit program.

LandCorp’s risk register summarises risks confronting the organisation and examines probability, severity of consequences, controls and mitigation strategies. Risks are ranked in the register to ensure the organisation is able to be clear about which aspects of risk require the greatest level of attention.

LandCorp’s risk register and framework is updated by LandCorp’s designated risk manager. In mid 2008, the Board and Audit and Risk Management Committee completed an assessment of risks which may strategically prevent the organisation from achieving its primary direction and objectives.
ENCOURAGE ENHANCED PERFORMANCE

The Chairman is responsible for monitoring the contribution of individual directors and counselling them on any areas which may result in improved Board performance.

The performance evaluation of the CEO is undertaken by the Board.

The performance evaluation of the General Managers is undertaken by the Chief Executive Officer.

More generally for staff, LandCorp has a strong culture of achievement via performance agreements, which clarify roles and responsibilities, goals and targets (aligned to the annual Business Plan) as well as specific development plans.

Under the Board and CEO’s leadership, the culture change initiative has been integrated with future performance agreements.

REMUNERATE FAIRLY AND RESPONSIBLY

The Board has established a Governance and Remuneration Committee which has a charter to:

- develop and review LandCorp’s Corporate Governance framework and policies;
- ensure policies developed are prudent and will assist LandCorp achieve its business direction outcomes;
- implement quality assurance relating to the integrity and probity of LandCorp’s remuneration policies and practices;
- ensure appropriate succession planning is undertaken for the Board and Executive including assisting with Director nominations and relevant induction programs; and
- review of performance of the Board, its committees and the CEO.

Significant work of the committee during the reporting period included:

- assessing and allocating the Performance Linked Reward pool for the 2006/07 period; and
- reviewing remuneration policy.

In accordance with the Act, disclosures relating to director, CEO and senior managers’ remuneration are included in a separate component of the Directors’ Report.

RECOGNISE THE LEGITIMATE INTERESTS OF STAKEHOLDERS

The Board is a key part of LandCorp consultations and communications with industry bodies, local government and other stakeholders.

Interactions with stakeholder groups by the Board is one strategy used to ensure there is a firm awareness and understanding of various perspectives, which are subsequently incorporated into the Board’s deliberative processes.

LandCorp maintains a series of policies and protocols which in total strengthen and affirm the organisation’s approach to corporate governance. These address the key areas of:

- values and ethics;
- trade practices;
- procurement, tendering;
- gifts;
- occupational health and safety;
- equal employment opportunity;
- continuous disclosure of conflicts of interest; and
- personal duties and responsibilities.

Policies cover all employees and contractors and set the standards within which they are expected to act. They aim to ensure honesty and fairness in dealings with employees, customers, suppliers and the community.
The provisions of the Freedom of Information (FOI) Act 1992 apply to LandCorp, and 10 FOI applications were received in this reporting period. LandCorp works with applicants to facilitate full disclosure of documents where appropriate.

An Information Statement in accordance with the FOI Act, giving information about LandCorp and how to make an FOI request is available at www.landcorp.com.au

In May 2007 LandCorp completed a major review of its records management practices. During the year LandCorp has made significant progress in the development and implementation of an electronic document and records management system (EDRMS) that will improve the management of LandCorp’s paper and electronic records.

In preparation for the implementation of the EDRMS, LandCorp provided recordkeeping training sessions for all existing staff. In addition, LandCorp conducted recordkeeping induction sessions for all new staff that covered their roles and responsibilities and compliance with LandCorp’s Recordkeeping Plan.

LandCorp has developed its own standards for Human Resource Management which underpins all human resource-related activities. The new standards have regard to the principles set out in the Public Sector Management Act 1994 and have been lodged with the Commissioner for Public Sector Standards.

LandCorp has a Code of Conduct which was based on the public sector’s ethical principles. The Code of Conduct applies to all people employed by LandCorp – the Board, management, employees and contractors. New employees are made aware of the Code at the time of orientation. A review of the Code commenced during the later part of the reporting year with finalisation being achieved in March 2008.

LandCorp ensures the principles in the Code form part of, and are reflected in, everyday business activities in recognition of the value of ethical behaviour in the future of its business.

There were no reported breaches of the Codes of Ethics or Conduct during the reporting period.
REPORTABLE EXPENDITURE

The Electoral Act 1907 (S. 175 ZE) requires the disclosure of certain categories of expenditure. Details of the organisations contracted and the amounts paid for the financial year are as follows:

**ADVERTISING**
- DAVID SMITH STUDIO
- MARKETFORCE COMMUNICATIONS
- MARKETFORCE EXPRESS
- PROFESSIONAL PUBLIC RELATIONS
- RILEY MATHEWSON PUBLIC RELATIONS
- THE BRAND AGENCY
- **$4,598,389**

**MEDIA ADVERTISING**
- MEDIA DECISIONS
- **$2,139,296**

**MARKET RESEARCH**
- AUSTRALIAN BUREAU OF STATISTICS
- CHANGE CONCEPTS PTY LTD
- CURTIN UNIVERSITY OF TECHNOLOGY
- GREEN SKILLS INC.
- HEGNEY PROPERTY ADVISORS
- PAINTED DOG RESEARCH
- PATTERSON MARKET RESEARCH
- RESEARCH SOLUTIONS
- SYNOVATE RESEARCH REINVENTED
- UNIVERSITY OF WESTERN AUSTRALIA
- **$241,487**

**TOTAL EXPENDITURE**
- **$6,979,173**
OCCUPATIONAL SAFETY AND HEALTH (OSH)

LANDCORP’S COMMITMENT TO OSH AND INJURY MANAGEMENT

LandCorp is committed to providing and promoting a safe workplace, plant and systems of work in accordance with the Occupational Safety and Health Act (1984). LandCorp takes a proactive approach to occupational safety and health, establishing clear goals and strategies to implement and monitor associated systems, responsibilities and prevention programs.

In accordance with good practice and as far as practicable, LandCorp will:

a. Consult and cooperate with employees, and their representatives, regarding occupational safety and health.

b. Ensure that the use of cleaning, maintenance, transportation and disposal of plant and substances is carried out in ways that minimise staff exposure to hazards.

c. Provide information, training and supervision to new and existing staff members to enable them to work in ways that minimise their exposure to hazards.

d. In situations where it is not practicable to avoid hazards, staff will be provided with adequate protective clothing and equipment, and instructed in its use.

e. Endeavour to review and improve its occupational safety and health performance by conducting regular reviews to ensure the effectiveness of the integration of safety and health into LandCorp’s business plans.

OSH CONSULTATION

LandCorp has an Equity and Diversity Plan in LandCorp has implemented a formal orientation process which encompasses OSH matters. All employees are provided with an overview of LandCorp’s policy and procedures which outlines LandCorp’s above commitment.

LandCorp encourages all employees to discuss all OSH issues with the Human Resources Manager for consideration and remediation if required.

LANDCORP’S STATEMENT OF COMPLIANCE TO INJURY MANAGEMENT

LandCorp is committed to providing injury management support to all workers who sustain a work related injury or illness with a focus on safe and early return to meaningful work and in accordance with the Worker’s Compensation and Injury Management Act 1981.

2007/2008 PERFORMANCE

Number of fatalities Nil
Lots time injury/diseases (LTI/D) incidence rate Nil
Lost time injury severity rate Nil
LIST OF DIRECTORS AND OFFICERS.
The Board of Directors of LandCorp presents its report for the financial year ended 30 June 2008.

Directors
The Western Australian Land Authority Act 1992 prescribes for a Board of between five and seven Directors at any one time, to be appointed by the Minister for Planning and Infrastructure. The qualifications, experience and special responsibilities of each Director are set as follows.

Terry Budge was appointed as Director on 1 November 2004 and on 15 January 2005 his appointment was as Chairman of the Board. Terry was reappointed for a term ending 31 December 2008. He is a member of the Governance and Remuneration Committee. Terry Budge has a distinguished corporate career in management and business leadership, including former senior executive positions at the National Australia Bank and as Group Managing Director at the Bank of Western Australia. In addition to his LandCorp duties, Terry is also Chancellor of Murdoch University and Chairperson of Leadership WA. He is also a national Director of the Australian Institute of Company Directors and a Director of Aspen Group and Westoz Investment Company. He also led a functional review of the Department of Industry and Resources on behalf of the Western Australian Government and served on the Major Stadia Taskforce.

Barbara Wiese was appointed as Deputy Chairman to the Board on 1 January 2002. Barbara was reappointed for a term ending on 31 December 2008. She is a member of the Governance and Remuneration Committee and the Chairs the Statutory Planning and Development Committee. Previously, Barbara Wiese was the first female Minister from her party in the South Australian Parliament and held a number of portfolios between 1985 and 1993. She is now a Perth-based communications and recruitment consultant who has worked with Australian and international clients in industries such as mining, manufacturing, tourism and property development, food processing, health and education. Barbara has also Chaired a Government-appointed sustainability panel for the South West Yarragadee water project, and she participated in a review of Perth’s freight network as a member of a Community Reference Group.

Verity Allan was appointed to the Board on 1 July 2004, and subsequently reappointed for a term ending 31 December 2008. Sadly on 16 June 2008 after a short illness, Verity Allan passed away and her extensive professional experience and talent on the Board will be missed. Verity was a member of the Governance and Remuneration Committee and the Statutory Planning and Development Committee. She brought to the Board extensive expertise in the important field of sustainability, particularly in strategic planning and urban and regional development though Verity was a recognised leader in the field of sustainability practice. Her proficiency extended across the housing, urban development and natural resource sectors. Verity was a consultant town planner with a wealth of experience in Government, industry and local government and redevelopment. Verity was Chairperson of the Water and Rivers Commission Board, a member of the Western Australian Planning Commission’s Statutory Planning Committee and the Sustainability Committee. Verity was also a Board Member of the Armadale Redevelopment Authority.
Ross Bowe was appointed to the Board on 1 January 2002. Ross was reappointed for a term ending on 31 December 2008. He is the Chairperson for the Audit and Risk Management Committee. Ross is a former Western Australian Under Treasurer. He is also Chairperson of the Metropolitan Cemeteries Board, and Chairperson of Racing and Wagering Western Australia.

John Carlson was appointed to the Board on 1 January 2002. John was reappointed for a term ending on 31 December 2008. John is the Chairperson for the Governance and Remuneration Committee. He has extensive experience in strategic planning, branding, corporate communications, project management and marketing management. John has served on a number of private and public Boards as both a Director and as Chair. He is Managing Director of LINC, a marketing and communication company.

Fiona Roche was appointed to the Board on 1 January 2004. Fiona was reappointed to the Board for a term ending on 31 December 2008. She is a member of the Audit and Risk Management Committee and the Statutory Planning and Development Committee. Fiona is Managing Director of the Roche Group of companies, operating as the Adelaide Development Company and Estates Development Company. With extensive experience in land development and planning, Fiona has held several Board positions in the finance sector. She has served on several Government advisory bodies in the areas of planning and economic development.

Louise St John Kennedy was appointed to the Board on 22 August 2005. Louise was reappointed to the Board for a term ending on 31 December 2008. She is a member of the Statutory Planning and Development Committee and the Audit and Risk Management Committee. Louise is a leading Perth architect who has brought to LandCorp’s Board a wealth of experience in architecture design, especially in medium density urban development. She is committed to good quality built environment and has received numerous design awards from the Royal Australian Institute of Architects, the Fremantle Award and the prestigious National Robin Boyd Award for architecture.
## PERSONS WHO HELD THE OFFICE OF DIRECTOR DURING THE COURSE OF THE YEAR

<table>
<thead>
<tr>
<th>DIRECTOR</th>
<th>DATE FIRST APPOINTED</th>
<th>TERM EXPIRY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Terry Budge (Chairman)</td>
<td>1 November 2004</td>
<td>31 December 2008</td>
</tr>
<tr>
<td>(Chairman 15 January 2005)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Barbara Wiese (Deputy Chairman)</td>
<td>1 January 2002</td>
<td>31 December 2008</td>
</tr>
<tr>
<td>Ross Bowe</td>
<td>1 January 2002</td>
<td>31 December 2008</td>
</tr>
<tr>
<td>John Carlson</td>
<td>1 January 2002</td>
<td>31 December 2008</td>
</tr>
<tr>
<td>Fiona Roche</td>
<td>1 January 2004</td>
<td>31 December 2008</td>
</tr>
<tr>
<td>Louise St John Kennedy</td>
<td>22 August 2005</td>
<td>31 December 2008</td>
</tr>
<tr>
<td>Verity Allan</td>
<td>1 July 2004</td>
<td>31 December 2008</td>
</tr>
</tbody>
</table>

## MEETINGS

Details of attendance by Directors at Board meetings and Board committee meetings are set out below:

### BOARD

<table>
<thead>
<tr>
<th>BOARD MEMBER</th>
<th>MEETINGS QUALIFIED TO ATTEND</th>
<th>MEETINGS ATTENDED</th>
<th>SPECIAL BOARD MEETINGS QUALIFIED TO ATTEND</th>
<th>SPECIAL MEETINGS ATTENDED</th>
</tr>
</thead>
<tbody>
<tr>
<td>Terry Budge</td>
<td>10</td>
<td>9</td>
<td>6</td>
<td>5</td>
</tr>
<tr>
<td>Barbara Wiese</td>
<td>10</td>
<td>9</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>Ross Bowe</td>
<td>10</td>
<td>9</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>John Carlson</td>
<td>10</td>
<td>9</td>
<td>6</td>
<td>4</td>
</tr>
<tr>
<td>Verity Allan</td>
<td>9</td>
<td>7</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>Fiona Roche</td>
<td>10</td>
<td>8</td>
<td>6</td>
<td>2</td>
</tr>
<tr>
<td>Louise St John Kennedy</td>
<td>10</td>
<td>8</td>
<td>6</td>
<td>2</td>
</tr>
</tbody>
</table>

### AUDIT AND RISK MANAGEMENT COMMITTEE

<table>
<thead>
<tr>
<th>BOARD MEMBER</th>
<th>MEETINGS QUALIFIED TO ATTEND</th>
<th>MEETINGS ATTENDED</th>
<th>SPECIAL BOARD MEETINGS QUALIFIED TO ATTEND</th>
<th>SPECIAL MEETINGS ATTENDED</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ross Bowe</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Barbara Wiese</td>
<td>4</td>
<td>3</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Fiona Roche</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Louise St John Kennedy*</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>4</td>
</tr>
</tbody>
</table>

*Change in membership February 2008
### STATUTORY PLANNING AND DEVELOPMENT COMMITTEE

<table>
<thead>
<tr>
<th>BOARD MEMBER</th>
<th>MEETINGS QUALIFIED TO ATTEND</th>
<th>MEETINGS ATTENDED</th>
<th>SPECIAL MEETINGS QUALIFIED TO ATTEND</th>
<th>SPECIAL MEETINGS ATTENDED</th>
</tr>
</thead>
<tbody>
<tr>
<td>Barbara Wiese</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Verity Allan</td>
<td>2</td>
<td>1</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Fiona Roche</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Louise St John Kennedy</td>
<td>2</td>
<td>1</td>
<td>2</td>
<td>0</td>
</tr>
</tbody>
</table>

### GOVERNANCE AND REMUNERATION COMMITTEE

<table>
<thead>
<tr>
<th>BOARD MEMBER</th>
<th>MEETINGS QUALIFIED TO ATTEND</th>
<th>MEETINGS ATTENDED</th>
</tr>
</thead>
<tbody>
<tr>
<td>Terry Budge</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>John Carlson</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Verity Allan</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Louise St John Kennedy*</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>Barbara Wiese*</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

*Change in membership February 2008
PRINCIPAL ACTIVITIES

The Western Australian Land Authority, trading as LandCorp, is a Government trading entity established under the provisions of the Western Australian Land Authority Act 1992 (WALA).

The Act sets out a clear role for LandCorp to ensure the State’s future land needs are met in a commercially responsible manner and establishes clear lines of accountability with the State Government.

The functions of LandCorp are:

(a) to be an agency which provides, or promotes the provision of, land for the social and economic needs of the State;
(b) to be an agency through which the Crown and public authorities may dispose of land;
(c) to be an agency through which local Governments and regional local Governments may dispose of land in accordance with the Local Government Act 1995;
(d) to complete the development of the Joondalup Centre, in accordance with the plan referred to in section 18, on the land described in Schedule 2; and
(e) to identify other potential centres of population, and centres of population in need of urban renewal, and use its powers to bring about the provision, or improvement, of land, infrastructure, facilities or services for the same.

In 2004 the Western Australian Land Authority Act 1992 was amended to enable LandCorp to:

- lift its capacity to meet the Government’s land and property outcomes;
- provide the flexibility needed to pursue strong linkages with the private sector; and
- reinforce a commitment to the triple bottom line.

LandCorp’s principal program areas during the course of the year were:

- Industry and Infrastructure;
- Perth and Peel;
- Regional; and
- Government Services.

There have been no significant changes in the nature of the principal activities of LandCorp during the financial year.

OPERATIONS

LandCorp continued to conduct its operations in accordance with commercial principles, specified in section 19 of the Western Australian Land Authority Act 1992, by:

- performing functions in a cost-efficient manner;
- endeavouring to surpass long-term financial targets specified in its Strategic Development Plan; and
- ensuring no new project had an expected rate of return below a minimum hurdle rate specified in its Strategic Development Plan. LandCorp and Treasury have agreed to set the hurdle rate of return as LandCorp’s weighted average cost of capital (WACC).

OPERATING RESULTS

<table>
<thead>
<tr>
<th></th>
<th>2007/08 ($M)</th>
<th>2006/07 ($M)</th>
<th>2005/06 ($M)</th>
<th>2004/05 ($M)</th>
<th>2003/04 ($M)</th>
<th>2002/03 ($M)</th>
<th>2001/02 ($M)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit Before Income Tax Equivalents</td>
<td>134,708</td>
<td>119,108</td>
<td>88,959</td>
<td>73,963</td>
<td>45,487</td>
<td>20,940</td>
<td>20,212</td>
</tr>
<tr>
<td>Income Tax Equivalents</td>
<td>39,417</td>
<td>35,736</td>
<td>26,691</td>
<td>19,863</td>
<td>10,558</td>
<td>4,245</td>
<td>3,684</td>
</tr>
<tr>
<td>Net Profit</td>
<td>95,291</td>
<td>83,372</td>
<td>62,268</td>
<td>54,100</td>
<td>34,929</td>
<td>16,695</td>
<td>16,528</td>
</tr>
</tbody>
</table>
DIVIDENDS PAID OR RECOMMENDED

The Western Australian Land Authority Act 1992 specifies how the dividend is to be determined by the Board and Minister.

The Board of Directors is required to make a dividend recommendation to the Minister for Planning and Infrastructure as soon as practicable after the end of each financial year. The Minister is required to consult with the Treasurer and either accept the recommendation or otherwise determine the dividend payable by LandCorp.

The Treasurer determines the date the dividend is to be paid by LandCorp. The dividend payments for the last (5) five years are summarised below:

<table>
<thead>
<tr>
<th>EVENTS SUBSEQUENT TO BALANCE DATE</th>
</tr>
</thead>
</table>

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of LandCorp, to affect significantly the operations of LandCorp, the results of those operations, or the state of affairs of LandCorp in future financial years.

<table>
<thead>
<tr>
<th>LIKELY DEVELOPMENTS AND FUTURE RESULTS</th>
</tr>
</thead>
</table>

LandCorp will continue to work collaboratively and closely with Government, customers and stakeholders to meet its role across Western Australia. With projects located throughout the State and in different property market sectors, future results are heavily influenced by economic conditions and local community settings. It is clear generally the market outlook is less buoyant today when compared to previous years’ conditions. LandCorp is an agency committed to delivering results, through its projects, for the benefit of the Western Australians’ community. The agency is cognisant of the impacts of the role and clearly aims to balance economic, social and environmental outcomes in the future.

<table>
<thead>
<tr>
<th>DIVIDENDS PAID</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>2007/08</th>
<th>2006/07</th>
<th>2005/06</th>
<th>2004/03</th>
<th>2003/04</th>
<th>2002/03</th>
</tr>
</thead>
<tbody>
<tr>
<td>($M)</td>
<td>($M)</td>
<td>($M)</td>
<td>($M)</td>
<td>($M)</td>
<td>(M)</td>
</tr>
<tr>
<td>Interim Dividend</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.828</td>
</tr>
<tr>
<td>Total Dividend</td>
<td>23.291</td>
<td>18.751</td>
<td>35.451</td>
<td>16.661</td>
<td>6.632</td>
</tr>
</tbody>
</table>
EMOLUMENTS

In accordance with Section 13(c) of schedule 3A of the Western Australian Land Authority Act 1992, included below is the nature and amount of each element for each director and the five named officers of LandCorp receiving the highest emoluments.

DIRECTORS’ EMOLUMENTS

The Minister determines the emoluments of the Board of Directors.

<table>
<thead>
<tr>
<th>DIRECTOR</th>
<th>FEES</th>
<th>SUPERANNUATION</th>
<th>OTHER BENEFITS</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Terry Budge (Chairman)</td>
<td>74,400</td>
<td>6,696</td>
<td>299</td>
<td>81,395</td>
</tr>
<tr>
<td>Barbara Wiese (Deputy Chairman)</td>
<td>55,800</td>
<td>5,022</td>
<td>331</td>
<td>61,153</td>
</tr>
<tr>
<td>Verity Allan</td>
<td>37,200</td>
<td>3,348</td>
<td>304</td>
<td>40,852</td>
</tr>
<tr>
<td>Ross Bowe</td>
<td>32,400</td>
<td>2,916</td>
<td>386</td>
<td>35,702</td>
</tr>
<tr>
<td>John Carlson</td>
<td>37,200</td>
<td>3,348</td>
<td>54</td>
<td>40,602</td>
</tr>
<tr>
<td>Fiona Roche</td>
<td>37,200</td>
<td>3,348</td>
<td>83</td>
<td>40,631</td>
</tr>
<tr>
<td>Louise St John Kennedy</td>
<td>37,200</td>
<td>3,348</td>
<td>193</td>
<td>40,741</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>311,400</strong></td>
<td><strong>28,026</strong></td>
<td><strong>1,650</strong></td>
<td><strong>341,076</strong></td>
</tr>
</tbody>
</table>

DIRECTORS’ BENEFITS

No directors of LandCorp have received benefits or became entitled to receive any benefit (other than a benefit included in the total amount of emoluments received or due and receivable by directors) by reason of contract made by LandCorp with the director, or with a firm of which the director is a member, or with an entity in which the director has a substantial interest.
**EXECUTIVES’ EMOLUMENTS**

The Board, with the approval of the Minister and subject to the *Salaries and Allowances Act* 1975 determines the emoluments package of the Chief Executive Officer. The Board delegates to the Chief Executive Officer the power to determine the terms and conditions of other senior executives in accord with a policy under which LandCorp engages consultants to report and recommend competitive emolument packages for senior executives based on benchmarking with other organisations.

The performance of the Chief Executive Officer and senior executives is monitored against agreed criteria.

Details of emoluments provided to the five named officers of LandCorp receiving the highest emoluments:

<table>
<thead>
<tr>
<th>SPECIFIED EXECUTIVE</th>
<th>SALARIES AND FEES $</th>
<th>SUPERANNUATION $</th>
<th>OTHER BENEFITS $</th>
<th>TOTAL $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ross Holt (Chief Executive Officer)</td>
<td>408,757</td>
<td>32,111</td>
<td>41,330</td>
<td>482,198</td>
</tr>
<tr>
<td>Mike Moloney (General Manager Operations)</td>
<td>242,858</td>
<td>21,857</td>
<td>29,294</td>
<td>294,009</td>
</tr>
<tr>
<td>Frank Marra (General Manager Finance &amp; Strategy)</td>
<td>237,826</td>
<td>24,614</td>
<td>29,527</td>
<td>291,967</td>
</tr>
<tr>
<td>Louise Ainsworth (Deputy General Manager Operations)</td>
<td>173,907</td>
<td>20,869</td>
<td>24,162</td>
<td>218,938</td>
</tr>
<tr>
<td>John Clifton (Manager Business Strategy)</td>
<td>143,994</td>
<td>17,279</td>
<td>23,514</td>
<td>184,787</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,207,342</strong></td>
<td><strong>116,731</strong></td>
<td><strong>147,826</strong></td>
<td><strong>1,471,899</strong></td>
</tr>
</tbody>
</table>

**ENVIRONMENTAL REGULATION AND MANAGEMENT**

LandCorp’s operations are subject to significant regulation under both Commonwealth and State environmental legislation applicable to any Australian commercial entity. These include:

- Environment Protection and Biodiversity Conservation Act (Commonwealth) 1999;
- Environmental Protection Act 1986;
- Contaminated Sites Act 2003;
- Aboriginal Heritage Act 1972;
- Dangerous Goods Regulations 1982; and
- Poisons Act 1964.

A period of significant change in environmental regulation is being experienced in Western Australia, with recent amendments to the *Environmental Protection Act* 1986, the enactment of the *Contaminated Sites Act* 2003, and the formation of an Enforcement Unit within the Department of Environment last year.

No environmental breaches were committed during the year and full statutory compliance was maintained.
ROUNDDING OF AMOUNTS

Amounts have been rounded off to the nearest thousand dollars in the Directors’ Report and financial statements unless otherwise shown or indicated.

This report is made in accordance with a resolution of the Board.

Terry Budge
CHAIRMAN

Ross Bowe
DIRECTOR

26 August 2008
The Directors declare that:

a) in the Directors’ opinion, the attached financial statements and notes thereto are in accordance with the Western Australian Land Authority Act 1992, including compliance with Australian Accounting Standards and giving a true and fair view of the financial position and performance of the Western Australian Land Authority (LandCorp); and

b) in the Directors’ opinion, there are reasonable grounds to believe that LandCorp will be able to pay its debts as and when they become due and payable;

Signed in accordance with a resolution of the Directors made pursuant to Western Australian Land Authority Act 1992.

On behalf of the Directors

Terry Budge  
CHAIRMAN

Ross Bowe  
DIRECTOR

26 August 2008
INDEPENDENT AUDIT REPORT ON WESTERN AUSTRALIAN LAND AUTHORITY

To the Parliament of Western Australia

I have audited the financial report of the Western Australian Land Authority, which comprises the Balance Sheet as at 30 June 2008, and the Income Statement, Statement of Changes in Equity and Cash Flow Statement for the year ended on that date, a summary of significant accounting policies, other explanatory Notes and the Directors’ Declaration.

Directors’ Responsibility for the Financial Report

The directors of the Western Australian Land Authority are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Western Australian Land Authority Act 1992. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Summary of my Role

As required by the Western Australian Land Authority Act 1992, my responsibility is to express an opinion on the financial report based on my audit. This was done by testing selected samples of the audit evidence. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion. Further information on my audit approach is provided in my audit practice statement. Refer "http://www.audit.wa.gov.au/pubs/Audit-Practice-Statement.pdf".

An audit does not guarantee that every amount and disclosure in the financial report is error free, nor does it examine all evidence and every transaction. However, my audit procedures should identify errors or omissions significant enough to adversely affect the decisions of users of the financial report.

Audit Opinion

In my opinion, the financial report of the Western Australian Land Authority is in accordance with schedule 3A of the Western Australian Land Authority Act 1992, including:

(a) giving a true and fair view of the Authority’s financial position as at 30 June 2008 and of its performance for the year ended on that date; and
(b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

COLIN MURPHY
AUDITOR GENERAL
29 August 2008
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FINANCIAL STATEMENTS.
# INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008

<table>
<thead>
<tr>
<th>NOTE</th>
<th>2008 $’000</th>
<th>2007 $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue - land sales</td>
<td>371,409</td>
<td>329,571</td>
</tr>
<tr>
<td>Cost of land sold</td>
<td>(196,362)</td>
<td>(179,270)</td>
</tr>
<tr>
<td>Other revenue</td>
<td>78,410</td>
<td>44,762</td>
</tr>
<tr>
<td></td>
<td>253,457</td>
<td>195,063</td>
</tr>
<tr>
<td>Estate holding expenses</td>
<td>(18,374)</td>
<td>(15,729)</td>
</tr>
<tr>
<td>Employee benefit expenses</td>
<td>(14,812)</td>
<td>(12,517)</td>
</tr>
<tr>
<td>Consultant expenses</td>
<td>(2,768)</td>
<td>(2,903)</td>
</tr>
<tr>
<td>Advertising, public relations and sponsorship</td>
<td>(10,195)</td>
<td>(6,490)</td>
</tr>
<tr>
<td>Finance costs</td>
<td>(157)</td>
<td>(883)</td>
</tr>
<tr>
<td>Other operating expenses</td>
<td>(72,443)</td>
<td>(37,433)</td>
</tr>
<tr>
<td><strong>Profit before income tax</strong></td>
<td>134,708</td>
<td>119,108</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>(39,417)</td>
<td>(35,736)</td>
</tr>
<tr>
<td><strong>Net profit for the year</strong></td>
<td>95,291</td>
<td>83,372</td>
</tr>
</tbody>
</table>

The Income Statement should be read in conjunction with the accompanying notes.
## BALANCE SHEET

**AS AT 30 JUNE 2008**

<table>
<thead>
<tr>
<th>NOTE</th>
<th>2008 $'000</th>
<th>2007 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CURRENT ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>6,566</td>
<td>2,465</td>
</tr>
<tr>
<td>Receivables</td>
<td>23,943</td>
<td>19,203</td>
</tr>
<tr>
<td>Inventories</td>
<td>318,215</td>
<td>231,166</td>
</tr>
<tr>
<td>Other financial assets</td>
<td>97,744</td>
<td>50,624</td>
</tr>
<tr>
<td>Deposit bonds</td>
<td>4,105</td>
<td>4,027</td>
</tr>
<tr>
<td>Deposits for land acquisitions</td>
<td>15,537</td>
<td>11,871</td>
</tr>
<tr>
<td>Other</td>
<td>4,070</td>
<td>5,146</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>470,180</td>
<td>324,502</td>
</tr>
<tr>
<td><strong>NON-CURRENT ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receivables</td>
<td>11,580</td>
<td>3,332</td>
</tr>
<tr>
<td>Inventories</td>
<td>184,425</td>
<td>195,939</td>
</tr>
<tr>
<td>Investments in joint ventures</td>
<td>14,610</td>
<td>13,360</td>
</tr>
<tr>
<td>Property, plant &amp; equipment</td>
<td>184,346</td>
<td>147,527</td>
</tr>
<tr>
<td>Intangibles</td>
<td>241</td>
<td>46</td>
</tr>
<tr>
<td>Deferred tax assets</td>
<td>36,915</td>
<td>29,580</td>
</tr>
<tr>
<td>Deposits for land acquisitions</td>
<td>9,000</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total non-current assets</strong></td>
<td>441,117</td>
<td>389,784</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td>911,297</td>
<td>714,286</td>
</tr>
<tr>
<td><strong>CURRENT LIABILITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payables</td>
<td>51,920</td>
<td>37,894</td>
</tr>
<tr>
<td>Current tax liabilities</td>
<td>19,417</td>
<td>22,472</td>
</tr>
<tr>
<td>Provisions</td>
<td>40,123</td>
<td>22,906</td>
</tr>
<tr>
<td>Other</td>
<td>25,000</td>
<td>30,139</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>136,460</td>
<td>113,411</td>
</tr>
<tr>
<td><strong>NON-CURRENT LIABILITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provisions</td>
<td>11,158</td>
<td>10,498</td>
</tr>
<tr>
<td>Other</td>
<td>44,163</td>
<td>569</td>
</tr>
<tr>
<td><strong>Total non-current liabilities</strong></td>
<td>55,321</td>
<td>11,067</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES</strong></td>
<td>191,781</td>
<td>124,478</td>
</tr>
<tr>
<td><strong>NET ASSETS</strong></td>
<td>719,516</td>
<td>589,808</td>
</tr>
<tr>
<td><strong>EQUITY</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributed equity</td>
<td>324,224</td>
<td>266,224</td>
</tr>
<tr>
<td>Hedging reserve</td>
<td>819</td>
<td>1,111</td>
</tr>
<tr>
<td>Retained profits</td>
<td>394,473</td>
<td>322,473</td>
</tr>
<tr>
<td><strong>TOTAL EQUITY</strong></td>
<td>719,516</td>
<td>589,808</td>
</tr>
</tbody>
</table>

The Balance Sheet should be read in conjunction with the accompanying notes.
### STATEMENT OF CHANGES IN EQUITY

**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008**

<table>
<thead>
<tr>
<th></th>
<th>$'000</th>
<th>$'000</th>
<th>$'000</th>
<th>$'000</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Equity Contribution</td>
<td>Retained Earnings</td>
<td>Hedging Reserve</td>
<td>Total</td>
</tr>
<tr>
<td><strong>Balance at 1 July 2006</strong></td>
<td>246,690</td>
<td>257,852</td>
<td>1,196</td>
<td>505,739</td>
</tr>
<tr>
<td>Gain recognised on hedging reserve</td>
<td>-</td>
<td>-</td>
<td>499</td>
<td>499</td>
</tr>
<tr>
<td><strong>Net income recognised directly in equity</strong></td>
<td>-</td>
<td>-</td>
<td>499</td>
<td>499</td>
</tr>
<tr>
<td>Profit for the year</td>
<td>-</td>
<td>83,372</td>
<td>-</td>
<td>83,372</td>
</tr>
<tr>
<td>Hedging reserve transferred to profit</td>
<td>-</td>
<td>-</td>
<td>(584)</td>
<td>(584)</td>
</tr>
<tr>
<td><strong>Total recognised income and expense</strong></td>
<td>-</td>
<td>83,372</td>
<td>(584)</td>
<td>82,788</td>
</tr>
<tr>
<td>Dividends (note 25)</td>
<td>-</td>
<td>(18,751)</td>
<td>-</td>
<td>(18,751)</td>
</tr>
<tr>
<td>Contributions of equity (note 15)</td>
<td>19,534</td>
<td>-</td>
<td>-</td>
<td>19,534</td>
</tr>
<tr>
<td><strong>Balance at 30 June 2007</strong></td>
<td>266,224</td>
<td>322,473</td>
<td>1,111</td>
<td>589,808</td>
</tr>
<tr>
<td>Gain recognised on hedging reserve</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net income recognised directly in equity</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Profit for the year</td>
<td>-</td>
<td>95,291</td>
<td>-</td>
<td>95,291</td>
</tr>
<tr>
<td>Hedging reserve transferred to profit</td>
<td>-</td>
<td>-</td>
<td>(292)</td>
<td>(292)</td>
</tr>
<tr>
<td><strong>Total recognised income and expense</strong></td>
<td>-</td>
<td>95,291</td>
<td>(292)</td>
<td>94,999</td>
</tr>
<tr>
<td>Dividends (note 25)</td>
<td>-</td>
<td>(23,291)</td>
<td>-</td>
<td>(23,291)</td>
</tr>
<tr>
<td>Contributions of equity (note 15)</td>
<td>58,000</td>
<td>-</td>
<td>-</td>
<td>58,000</td>
</tr>
<tr>
<td><strong>Balance at 30 June 2008</strong></td>
<td>324,224</td>
<td>394,473</td>
<td>819</td>
<td>719,516</td>
</tr>
</tbody>
</table>

The Statement of Changes in Equity should be read in conjunction with the accompanying notes.
## CASH FLOW STATEMENT

**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2008**

<table>
<thead>
<tr>
<th>Note</th>
<th>2008 $'000</th>
<th>2007 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CASH FLOWS FROM OPERATING ACTIVITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receipts from customers</td>
<td>471,598</td>
<td>366,044</td>
</tr>
<tr>
<td>Community service obligation (CSO) contributions received</td>
<td>35,273</td>
<td>26,214</td>
</tr>
<tr>
<td>Payments to suppliers and employees</td>
<td>(405,973)</td>
<td>(311,083)</td>
</tr>
<tr>
<td>Interest received</td>
<td>2,583</td>
<td>1,264</td>
</tr>
<tr>
<td>Interest paid</td>
<td>(39)</td>
<td>(693)</td>
</tr>
<tr>
<td>Income tax paid</td>
<td>(49,681)</td>
<td>(32,339)</td>
</tr>
<tr>
<td><strong>Net cash provided by operating activities</strong></td>
<td>16(b)</td>
<td>53,761</td>
</tr>
<tr>
<td><strong>CASH FLOWS FROM INVESTING ACTIVITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payments for investments</td>
<td>(167,668)</td>
<td>(120,477)</td>
</tr>
<tr>
<td>Proceeds on sale of investments</td>
<td>124,360</td>
<td>102,323</td>
</tr>
<tr>
<td>Payments for property, plant and equipment</td>
<td>(41,064)</td>
<td>(31,123)</td>
</tr>
<tr>
<td>Proceeds from sale of property, plant and equipment</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td><strong>Net cash (used in)/provided by investing activities</strong></td>
<td></td>
<td>(84,369)</td>
</tr>
<tr>
<td><strong>CASH FLOWS FROM FINANCING ACTIVITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proceeds from equity contribution</td>
<td>58,000</td>
<td>19,534</td>
</tr>
<tr>
<td>Payment of dividend</td>
<td>(23,291)</td>
<td>(18,751)</td>
</tr>
<tr>
<td><strong>Net cash provided by/(used in) financing activities</strong></td>
<td></td>
<td>34,709</td>
</tr>
</tbody>
</table>

Net increase in cash and cash equivalents | 4,101 | 914 |
Cash and cash equivalents at the beginning of the financial year | 2,465 | 1,551 |
Cash and cash equivalents at the end of the financial year | 6,566 | 2,465 |

The Cash Flow Statement should be read in conjunction with the accompanying notes.
Western Australian Land Authority (LandCorp) is the Western Australian Government’s land and property development agency with its office and principal place of business as follows:

Level 3 Wesfarmers House
40 The Esplanade
PERTH, WA 6000

LandCorp is a not-for-profit entity that is controlled by the State Government of Western Australia.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been adopted in the preparation of the financial statements. Unless otherwise stated these policies are consistent with those adopted in the previous year.

The financial statements were authorised for issue by the directors on 26 August 2008.

A) BASIS OF PREPARATION

The financial statements constitute a general purpose financial report which has been prepared in accordance with the Western Australian Land Authority Act 1992, Australian Accounting Standards (AASBs) (including Australian Interpretations) and other authoritative pronouncements of the Australian Accounting Standards Board except for AASB 114 Segment Reporting, AASB 120 Accounting for Government Grants and Disclosure of Government Assistance and AASB 124 Related Party Disclosures (which are not applicable to not-for-profit entities).

The statements have been prepared on the accrual basis of accounting using the historical cost convention, with the exception of derivatives which have been measured on the fair value basis. Accounting policies have been applied in a manner which ensures the resulting financial information satisfies the concepts of relevance and reliability.

B) FUNCTIONAL AND PRESENTATION CURRENCY

The financial statements are presented in Australian dollars, which is both the functional and presentation currency of LandCorp.

C) USE OF ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from the estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- Note 5 Inventories
- Note 10 Other assets
- Note 11 Payables
- Note 13 Provisions
- Note 19 Commitments
- Note 24 Contingent liabilities.

D) NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

The following standards have been identified as those which may impact LandCorp in the period of initial application. They are available for early adoption at 30 June 2008, but have not been applied in preparing this financial report.

- AASB 101 Presentation of Financial Statements
- AASB 123 Borrowing Costs (potentially)
- AI 12 Service Concession Arrangements (potentially)
- AI 14 IAS 19 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and the Interaction.
E) PAYABLES
Payables, including accruals not yet billed, are recognised when LandCorp becomes obliged to make future payments as a result of a purchase of assets or services. Payables are generally settled within 30 days. Payables are measured initially at fair value and subsequently at amortised cost using the effective interest method.

F) PROPERTY, PLANT AND EQUIPMENT
(i) Recognition and measurement
Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the item.

An item of property, plant and equipment may be gifted or contributed to LandCorp. Under these circumstances the cost of the item is its fair value as at the date it was acquired.

(ii) Subsequent costs
The costs of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to LandCorp and the cost can be measured reliably. The costs of day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation
Property, plant and equipment having a limited useful life are systematically depreciated over their useful lives in a manner which reflects the consumption of their future economic benefits. No depreciation is charged on freehold land. Depreciation is provided for on the straight line basis so as to write off the net cost of each asset over its expected useful life to its estimated residual value using rates which are reviewed annually. The following estimated useful lives are used in the calculation of depreciation for each class of depreciable asset:

- Buildings: 25 - 40 years
- Furniture & Office Equipment: 4 - 10 years
- Computer Equipment: 3 years
- Leasehold Improvements: 3 years
- Plant & Equipment: 10 years
- Infrastructure: 22 years.

The assets’ residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

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

G) INTANGIBLE ASSETS
Computer software has a limited useful life and is carried at cost less accumulated amortisation and impairment. Amortisation is charged on a straight line basis over an estimated useful life of 4 years, which is reviewed annually.

H) DERIVATIVES
LandCorp holds derivative financial instruments to hedge its foreign currency risk exposure.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as below:

Hedge Accounting
LandCorp designates certain hedge relationships as cash flow hedges.
Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.
At the inception of the hedge relationship LandCorp documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, LandCorp documents whether the hedging instrument that is used in the hedging relationship is highly effective in offsetting changes in cash flows of the hedged item.

Note 21(b) contains details of the fair values of the derivative instruments used for hedging purposes.

Changes in the fair value of the derivative hedging instrument are recognised directly in equity to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognised immediately in profit or loss. Amounts deferred in equity are recycled in profit or loss in the periods when the hedged item is recognised in profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in equity remains there until the forecast transaction occurs. The amount recognised in equity is transferred to profit or loss in the same period as the hedged item affects profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was deferred in equity is recognised immediately in profit or loss.

**I) EMPLOYEE BENEFITS**

(i) Annual and long service leave

Provision is made for benefits accruing to employees in respect of salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Long-term employee benefits:

LandCorp’s obligation in respect of long-term employee benefits other than defined benefit superannuation funds is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on-costs. That benefit is discounted to determine its present value and the fair value of any related assets is deducted. The discount rate is 6.7%pa which was based on the Commonwealth Government bond rate at 30 June 2008. (2007: 6.4%pa). The method used is the actuarial cost method. Any actuarial gains or losses are recognised in profit or loss in the period in which they arise.

The last actuarial assessment of long service leave was performed in July 2008 in respect of the year ended 2008. An assessment is carried out on an annual basis and will provide the basis for the liability reported.

Short-term benefits:

Liabilities for employee benefits for wages, salaries, annual leave and sick leave represent present obligations resulting from employees services provided to reporting date and are calculated at undiscounted amounts based on the remuneration wage and salary rates that LandCorp expects to pay as at reporting date including related on-costs such as workers compensation insurance and payroll tax. Non-accumulating non-monetary benefits such as medical care and cars are expensed based on the net marginal cost to LandCorp as the benefits are taken by employees.

(ii) Superannuation

Defined contribution superannuation funds:

Obligations for contributions to defined contribution superannuation funds are recognised as an expense in profit or loss when they are due.

Defined benefit superannuation funds:

LandCorp does not have any defined benefit superannuation scheme. Certain employees of LandCorp are members of the Gold State Super which is a state plan funded by contributions from employers and LandCorp does not have any legal liability to cover any deficit arising.
NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(cont’d)

from this scheme. However, certain employees of LandCorp who were former members of a pension scheme had transferred to Gold State Super prior to its closure. In respect of their transferred benefits these members receive a lump sum benefit at retirement, death or invalidity which is related to their salary during their employment and indexed during any deferral period after leaving public sector employment. Gold State Super is a multi-employer plan and therefore as allowed under AASB 119 Employee Benefits, is exempted from certain disclosure requirements.

The pre-transfer service benefits (which is unfunded) of these employees who transferred to the Gold State Super remains the liability of LandCorp and is determined by actuarial valuations carried out at each reporting date. Actuarial gains and losses are recognised in full in the profit or loss in the period which they occur.

J) CONTRIBUTED EQUITY

Capital contributions have been designated as contributions by owners and have been credited directly to Contributed Equity in the Balance Sheet only when such contributions have been designated by the Department of Treasury and Finance as a contribution by the owner at the time of or prior to the transfer.

K) FOREIGN CURRENCY

All foreign currency transactions during the year are brought to account using the exchange rate in effect at the date of the transaction unless accounted for as a cash flow hedge. Foreign currency monetary items at reporting date are translated at the exchange rate existing at that date. Exchange differences are recognised in profit or loss in the period in which they arise.

L) GOODS AND SERVICES TAX

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

M) INCOME TAX

LandCorp entered into the National Tax Equivalent Regime (nTER) in 2001/02 whereby an equivalent amount in respect of income tax is payable to the Department of Treasury and Finance. The calculation of the liability in respect of income tax is governed by nTER guidelines agreed by the State Government. The nTER is administered by the Australian Taxation Office.

As a consequence of participation in the NTER, LandCorp is required to comply with AASB 112 “Income Taxes”.

(i) Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent it is unpaid (or refundable).

(ii) Deferred tax

Deferred tax is accounted for using the balance sheet liability method. Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure
the deferred tax asset or liability. Deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from the recognition of goodwill.

Deferred tax assets are recognised for deductible temporary differences only if it is probable that future taxable amounts will be available to utilise those temporary differences.

N) INVENTORY – LAND HELD FOR SALE

Land held for sale comprising development properties are carried at the lower of cost or net realisable value (based on undiscounted cash flows). Cost includes the cost of acquisition and development. Amounts are disclosed as current where it is anticipated that land will be developed ready for sale within twelve months after reporting date. Net realisable value represents the estimated selling price less all estimated costs of completion and costs necessary to make the sale.

Q) UNINCORPORATED JOINT VENTURE OPERATIONS

LandCorp’s interest in unincorporated joint ventures (classified as jointly controlled operations) are brought to account by recognising in its financial statements the assets it controls, the liabilities that it incurs, the expenses it incurs and its share of income that it earns from sale of goods by the joint venture.

P) JOINT VENTURE ENTITIES

LandCorp’s interest in joint venture entities over whose activities LandCorp has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions, are accounted for using the equity method.

Q) LEASE ARRANGEMENTS

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Leases in terms of which LandCorp (as a lessee) assumes substantially all of the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments.

Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Leases other than finance leases are operating leases and where LandCorp is the lessee in an operating lease arrangement, leased assets are not recognised on the balance sheet.

LandCorp is a lessor in a number of operating leases of industrial, grazing and residential property. These assets are recognised on the balance sheet as items of property plant and equipment or inventory. Refer to note 1(f) and note 1(n) for accounting treatment.

R) LEASE PAYMENTS

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.
NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(cont’d)

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

S) PROVISIONS

Provisions are recognised if, as the result of a past event, LandCorp has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

Provision for future development obligations

Amounts have been set aside to meet future development obligations in respect of land which has been sold or developed ready for sale.

Onerous Contracts

Present obligations arising under onerous contracts are recognised and measured as a provision. An onerous contract is considered to exist where LandCorp has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

T) RECEIVABLES

Trade receivables and other receivables expected to be received within 180 days are recognised at face value, less any impairment losses.

Trade receivables and other receivables expected to be received later than 180 days are measured at amortised cost, less any impairment losses.

U) IMPAIRMENT OF ASSETS

Non-financial assets

The carrying amounts of LandCorp’s assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there are any indicators of impairment. If any such indication exists then the asset’s recoverable amount is estimated. For intangible assets that have an indefinite life or are not yet available for use, recoverable amount is estimated annually and whenever there is an indication of impairment.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in profit or loss. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that a loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment
NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont’d)

loss is reversed only to the extent that the asset’s carrying amount does not exceed the amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised in prior periods.

Financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset’s carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

V) REVENUE RECOGNITION

Revenue from land sales is recognised when all the following conditions are satisfied:

- LandCorp has transferred to the buyer the significant risks and rewards of ownership of the land;
- LandCorp retains neither the continuing managerial involvement to the degree usually associated with ownership nor effective control over the land;
- the amount of revenue can be reliably measured;
- it is probable that the economic benefits associated with the transaction will flow to LandCorp; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rent revenue from operating leases is recognised as income on a straight line basis over the rental term.

Royalty revenue is recognised on an accruals basis in accordance with the substance of the relevant agreement.

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the principal sum of the financial asset.

Project management revenue is recognised in profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to surveys of work performed.

Services received free of charge are recognised as revenue when and only when a fair value can be reliably determined and the services would have been purchased if they had not been donated. Consequently, use of those resources is recognised as an expense.
NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(cont’d)

W) COMMUNITY SERVICE OBLIGATION (CSO) PROJECT FUNDING
LandCorp receives CSO funding for certain projects from the Department of Treasury and Finance and other Government agencies as a contribution towards either holding costs, land acquisitions or land development and associated costs. This funding is required to ensure LandCorp achieves its hurdle rate of return on these projects and is recognised as revenue in the Income Statement when received by LandCorp.

X) CASH AND CASH EQUIVALENTS
Cash comprises cash on hand and demand deposits. Cash equivalents are highly liquid investments with short periods to maturity which is readily convertible to cash and are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts.

Y) INVESTMENTS
LandCorp has investments in commercial bills which are recognised and derecognised on trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs.

Subsequent to initial recognition, investments in commercial bills are recorded at amortised cost using the effective interest method less impairment, with revenue recognised on an effective yield basis.

Z) ROUNding
All amounts in the financial report have been rounded to the nearest thousand dollars unless otherwise indicated.

AA) COMPARATIVE AMOUNTS
When the presentation or classification of items in the financial report is amended, comparative amounts are reclassified unless the reclassification is impracticable. When comparative amounts are reclassified, LandCorp discloses:

- the nature of the classification;
- the amount of each item or class of items that is reclassified; and
- the reason for the reclassification.
## Note 2 Profit before income tax

Profit before income tax includes the following items of revenue and expense:

### a) Other revenue

**Operating revenue**
- Grants to fund Community service obligation (CSO) projects: $35,277, $26,502
- Property management revenue:
  - Rent revenue: $10,726, $8,592
  - Expenses recovery: $2,198, $1,088
  - Other: $673, $803
- Royalties: $1,346, $1,932
- Project management revenue: $989, $1,167
- Joint venture share of profits: $18,881, $3
- Equity share income: $3,001, $-
- Other: $2,202, $3,178

Total operating revenue: $75,293, $43,265

**Non-operating revenue**
- Interest revenue: $2,617, $1,042
- Other: $500, $455

Total non-operating revenue: $3,117, $1,497

Total other revenue: $78,410, $44,762

### b) Other expenses from ordinary activities

- CSO project expenditure: ($53,406), ($22,077)
- Property management expenses: ($9,857), ($7,815)
- Administration expenses: ($3,344), ($2,732)
- Accommodation expenses: ($1,210), ($961)
- Land study expenses: ($1,200), ($819)
- Loss on sale of property, plant and equipment: ($44), ($35)
- Depreciation of property, plant and equipment: ($3,279), ($2,987)
- Other expenses: ($103), ($7)

Total other expenses from ordinary activities: ($72,443), ($37,433)
Note 3 Income tax

Income tax expense
Current tax expense 46,241 40,674
Adjustment for prior periods (5) -

Deferred tax expense
Origination and reversal of temporary differences (5,825) (4,938)
Change in unrecognised temporary differences (995) -
Income tax expense (6,820) (4,938)

Income tax expense 39,416 35,736
Income tax expense from continuing operations 39,416 35,736
Total income tax expense 39,416 35,736

Numerical reconciliation of income tax expense and pre-tax accounting profit
Profit before income tax 134,707 119,108
Total income tax expense (39,416) (35,736)
Profit excluding income tax 95,291 83,372

Income tax using LandCorps domestic rate of 30% (2007: 30%) 40,412 35,732
Non-deductible expenses 4 4
Change in unrecognised temporary differences (995) -
Under (over) provided in prior periods (5) -
Total income tax expense 39,416 35,736

Income tax recognised directly in equity
Available-for-sale financial assets 125 36
Total income tax recognised directly in equity 125 36

Tax assets and liabilities
Current tax assets and liabilities
The current tax asset for LandCorp of $36,915,000 (2007: $29,580,000) represents the amount of income taxes recoverable in respect of prior periods and that arise from the temporary differences in the tax values and accounting values of certain assets and liabilities. The current tax liability for LandCorp of $19,417,000 (2007: $22,472,000) represent the amount of income taxes payable in respect of current and prior financial periods.

Unrecognised deferred tax assets
Deferred tax assets have not been recognised in respect of the following items:

Deductible temporary differences 10,772 11,774

The deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because they will only become available in the event that the underlying assets are held until utilisation of all capital works deductions.
Note Income tax (cont’d)

Recognised deferred tax assets and liabilities & movement in temporary differences during the year
Deferred tax assets and liabilities are attributable to the following:

<table>
<thead>
<tr>
<th>2008 Temporary differences</th>
<th>Opening balance $’000</th>
<th>Charged to income $’000</th>
<th>Over/(under) provision in prior year $’000</th>
<th>Charged to equity $’000</th>
<th>Closing balance $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inventories</td>
<td>32,803</td>
<td>513</td>
<td>(1,363)</td>
<td>-</td>
<td>31,953</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>(3,061)</td>
<td>(1,155)</td>
<td>2,358</td>
<td>-</td>
<td>(1,858)</td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>37</td>
<td>34</td>
<td>-</td>
<td>-</td>
<td>71</td>
</tr>
<tr>
<td>Provision for superannuation</td>
<td>97</td>
<td>20</td>
<td>-</td>
<td>-</td>
<td>117</td>
</tr>
<tr>
<td>Provision for annual leave</td>
<td>302</td>
<td>13</td>
<td>-</td>
<td>-</td>
<td>315</td>
</tr>
<tr>
<td>Provision for long service leave</td>
<td>522</td>
<td>68</td>
<td>-</td>
<td>-</td>
<td>590</td>
</tr>
<tr>
<td>Provision for doubtful debts</td>
<td>18</td>
<td>(10)</td>
<td>-</td>
<td>-</td>
<td>8</td>
</tr>
<tr>
<td>Non-current receivable - long term debtors</td>
<td>201</td>
<td>(31)</td>
<td>-</td>
<td>-</td>
<td>170</td>
</tr>
<tr>
<td>Joint venture participation fee</td>
<td>5,998</td>
<td>(438)</td>
<td>390</td>
<td>-</td>
<td>5,950</td>
</tr>
<tr>
<td>Provision for future development obligation</td>
<td>2,360</td>
<td>840</td>
<td>-</td>
<td>-</td>
<td>3,200</td>
</tr>
<tr>
<td>Accrued interest income</td>
<td>(182)</td>
<td>(377)</td>
<td>-</td>
<td>-</td>
<td>(559)</td>
</tr>
<tr>
<td>Income received in advance</td>
<td>(7,938)</td>
<td>7,325</td>
<td>-</td>
<td>-</td>
<td>(612)</td>
</tr>
<tr>
<td>Unsettled lots</td>
<td>-</td>
<td>(705)</td>
<td>-</td>
<td>-</td>
<td>(705)</td>
</tr>
<tr>
<td>Joint venture development costs</td>
<td>(1,101)</td>
<td>(273)</td>
<td>-</td>
<td>-</td>
<td>(1,374)</td>
</tr>
<tr>
<td>Hedging reserve</td>
<td>(476)</td>
<td>-</td>
<td>-</td>
<td>125</td>
<td>(351)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>29,580</td>
<td>5,825</td>
<td>1,385</td>
<td>125</td>
<td>36,915</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2007 Temporary differences</th>
<th>Opening balance $’000</th>
<th>Charged to income $’000</th>
<th>Over/(under) provision in prior year $’000</th>
<th>Charged to equity $’000</th>
<th>Closing balance $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inventories</td>
<td>33,339</td>
<td>(536)</td>
<td>-</td>
<td>-</td>
<td>32,803</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>(2,823)</td>
<td>(238)</td>
<td>-</td>
<td>-</td>
<td>(3,061)</td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>34</td>
<td>3</td>
<td>-</td>
<td>-</td>
<td>37</td>
</tr>
<tr>
<td>Provision for superannuation</td>
<td>70</td>
<td>27</td>
<td>-</td>
<td>-</td>
<td>97</td>
</tr>
<tr>
<td>Provision for annual leave</td>
<td>214</td>
<td>88</td>
<td>-</td>
<td>-</td>
<td>302</td>
</tr>
<tr>
<td>Provision for long service leave</td>
<td>374</td>
<td>148</td>
<td>-</td>
<td>-</td>
<td>522</td>
</tr>
<tr>
<td>Provision for doubtful debts</td>
<td>19</td>
<td>(1)</td>
<td>-</td>
<td>-</td>
<td>18</td>
</tr>
<tr>
<td>Non-current receivable - long term debtors</td>
<td>230</td>
<td>(29)</td>
<td>-</td>
<td>-</td>
<td>201</td>
</tr>
<tr>
<td>Joint venture participation fee</td>
<td>3,162</td>
<td>3,156</td>
<td>(320)</td>
<td>-</td>
<td>5,998</td>
</tr>
<tr>
<td>Provision for future development obligation</td>
<td>1,004</td>
<td>1,356</td>
<td>-</td>
<td>-</td>
<td>2,360</td>
</tr>
<tr>
<td>Accrued interest income</td>
<td>(833)</td>
<td>651</td>
<td>-</td>
<td>-</td>
<td>(182)</td>
</tr>
<tr>
<td>Income received in advance</td>
<td>(8,530)</td>
<td>592</td>
<td>-</td>
<td>-</td>
<td>(7,938)</td>
</tr>
<tr>
<td>Joint venture development costs</td>
<td>(906)</td>
<td>(195)</td>
<td>-</td>
<td>-</td>
<td>(1,101)</td>
</tr>
<tr>
<td>Hedging reserve</td>
<td>(512)</td>
<td>-</td>
<td>-</td>
<td>36</td>
<td>(476)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>24,842</td>
<td>5,022</td>
<td>(320)</td>
<td>36</td>
<td>29,580</td>
</tr>
</tbody>
</table>

Movement in unrecognised deferred tax assets and liabilities during the year

<table>
<thead>
<tr>
<th>Balance</th>
<th>Deductible temporary differences</th>
</tr>
</thead>
<tbody>
<tr>
<td>01-Jul-06</td>
<td>Recognition $’000</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>11,774</td>
<td>-</td>
</tr>
<tr>
<td>11,774</td>
<td>-</td>
</tr>
</tbody>
</table>
Note 4 Receivables

Current
Trade receivables 19,280 15,590
Less allowance for doubtful debts 26 60
19,254 15,530
GST receivable 4,689 3,673
Total current receivables 23,943 19,203

Non-current
Trade receivables 11,580 3,169
Non-trade receivables (i) - 163
Total non-current receivables 11,580 3,332

(i) Collateral is not normally obtained.

Note 5 Inventories

Current - land under development and developed land
at cost 315,461 229,092
at net realisable value 2,754 2,074
Total current inventories 318,215 231,166

Non-current - undeveloped land
at cost 183,595 195,109
at net realisable value 830 830
Total non-current inventories 184,425 195,939

Inventory comprises
Cost of acquisition 219,764 241,529
Development costs 282,876 185,576
Total inventories 502,640 427,105

The most recent valuations of land held for sale, which have not been recognised in the financial statements, were internal valuations at 1 January 2008. The internal valuations have been determined taking into account advice from independent valuers, real estate agents and both internal and external property advisors.

At 30 June 2008 the write-down of inventories to net realisable value amounted to $160,000. (2007: $1,027,000). There were no reversals of writedowns. The write-down is included in cost of sales.
Note 6 Other financial assets

Current
Commercial bills (note 21 (a)) 96,574 49,037
Derivative financial instruments (note 21b) 1,170 1,587
Total current other financial assets 97,744 50,624

Note 7 Property, plant and equipment

Non-current

<table>
<thead>
<tr>
<th>Capital Works in Progress</th>
<th>Freehold Land</th>
<th>Buildings</th>
<th>Infrastructure</th>
<th>Equipment</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
</tr>
<tr>
<td>Gross carrying amount</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance at 30 June 2006</td>
<td>3,686</td>
<td>63,395</td>
<td>28,658</td>
<td>16,100</td>
<td>12,926</td>
</tr>
<tr>
<td>Additions</td>
<td>15,709</td>
<td></td>
<td>1,254</td>
<td></td>
<td>18,916</td>
</tr>
<tr>
<td>Cost revisions</td>
<td>-</td>
<td>(22)</td>
<td></td>
<td>5</td>
<td>(17)</td>
</tr>
<tr>
<td>Reclassification</td>
<td>(2,062)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Disposals</td>
<td>-</td>
<td>(43)</td>
<td></td>
<td>(342)</td>
<td>(385)</td>
</tr>
<tr>
<td>Balance at 30 June 2007</td>
<td>17,333</td>
<td>63,395</td>
<td>28,593</td>
<td>17,354</td>
<td>31,505</td>
</tr>
<tr>
<td>Additions</td>
<td>38,977</td>
<td></td>
<td>10</td>
<td>1,254</td>
<td>1,127</td>
</tr>
<tr>
<td>Reclassification</td>
<td>(2,885)</td>
<td></td>
<td></td>
<td></td>
<td>2,885</td>
</tr>
<tr>
<td>Disposals</td>
<td>-</td>
<td></td>
<td></td>
<td>(1,289)</td>
<td>(1,289)</td>
</tr>
<tr>
<td>Balance at 30 June 2008</td>
<td>53,425</td>
<td>63,395</td>
<td>28,603</td>
<td>17,354</td>
<td>34,228</td>
</tr>
</tbody>
</table>

Accumulated depreciation

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at 30 June 2006</td>
<td>(2,905)</td>
<td>(1,572)</td>
</tr>
<tr>
<td>Disposals</td>
<td>34</td>
<td>310</td>
</tr>
<tr>
<td>Depreciation expense</td>
<td>(1,052)</td>
<td>(727)</td>
</tr>
<tr>
<td>Balance at 30 June 2007</td>
<td>(3,923)</td>
<td>(2,299)</td>
</tr>
<tr>
<td>Disposals</td>
<td>-</td>
<td>1,232</td>
</tr>
<tr>
<td>Depreciation expense</td>
<td>(1,050)</td>
<td>(1,438)</td>
</tr>
<tr>
<td>Balance at 30 June 2008</td>
<td>(4,973)</td>
<td>(3,049)</td>
</tr>
</tbody>
</table>

Net book value

<table>
<thead>
<tr>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>as at 30 June 2007</td>
<td>17,333</td>
</tr>
<tr>
<td>as at 30 June 2008</td>
<td>53,425</td>
</tr>
</tbody>
</table>

LandCorp obtained valuations from the Valuer General’s Office to support the carrying value of freehold land included in property, plant and equipment based on their estimated market value at 1 January 2008. Market value of freehold land at 30 June 2008 was $238,940,000. (2007: 167,966,000).
**Note 8 Intangibles**

**Non-current**

<table>
<thead>
<tr>
<th></th>
<th>Computer software</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gross carrying amount</strong></td>
<td>$'000</td>
</tr>
<tr>
<td>Balance at 30 June 2006</td>
<td>622</td>
</tr>
<tr>
<td>Additions</td>
<td>6</td>
</tr>
<tr>
<td>Disposals</td>
<td>(6)</td>
</tr>
<tr>
<td>Balance at 30 June 2007</td>
<td>622</td>
</tr>
<tr>
<td>Additions</td>
<td>236</td>
</tr>
<tr>
<td>Disposals</td>
<td>(479)</td>
</tr>
<tr>
<td>Balance at 30 June 2008</td>
<td>379</td>
</tr>
</tbody>
</table>

|                                    |                    |
|**Accumulated amortisation**        | $'000             |
|Balance at 30 June 2006             | (429)             |
|Disposals                           | 4                 |
|Depreciation expense                | (151)             |
|Balance at 30 June 2007             | (576)             |
|Disposals                           | 479               |
|Depreciation expense                | (41)              |
|Balance at 30 June 2008             | (138)             |

**Net book value**

<p>| | |
|                                    |                    |
|as at 30 June 2007                  | 46                |
|as at 30 June 2008                  | 241               |</p>
<table>
<thead>
<tr>
<th>Note 9 Deferred tax assets</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-current</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred tax asset</td>
<td>36,915</td>
<td>29,580</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Note 10 Other assets</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deposit bonds</td>
<td>4,105</td>
<td>4,027</td>
</tr>
<tr>
<td>Deposits for land acquisitions</td>
<td>15,537</td>
<td>11,871</td>
</tr>
<tr>
<td>Other</td>
<td>4,070</td>
<td>5,146</td>
</tr>
<tr>
<td>Total current other assets</td>
<td>23,712</td>
<td>21,044</td>
</tr>
</tbody>
</table>

| Non-current                                                    |      |      |
| Deposits for land acquisitions                                 | 9,000 | -    |
### Note 11 Payables

#### Current
- Trade payables 4,158 4,172
- Accrued expenses 40,193 23,288
- GST payable 7,569 10,434
- Total current payables 51,920 37,894

### Note 12 Tax liabilities

#### Current
- Income tax payable 19,417 22,472

### Note 13 Provisions

#### Current
- Employee benefits (note 18a) 1,912 1,860
- Compensation (note 17) 1,500 1,500
- Future development obligations (note 17) 36,711 19,546
- Total current provisions 40,123 22,906

#### Non-current
- Employee benefits (note 18a) 1,105 887
- Defined benefit superannuation plan (note 18b) 386 320
- Future development obligations (note 17) 9,667 9,291
- Total non-current provisions 11,158 10,498

### Note 14 Other liabilities

#### Current
- Deposits (i) 12,381 17,512
- Unearned revenue 12,619 12,627
- Total current other liabilities 25,000 30,139

#### Non-current
- Unearned revenue 163 569
- Deposits (i) 44,000 -
- Total non-current other liabilities 44,163 569

(i) Deposits include deposits received on sales of land.
### Note 15 Equity

**(a) Contributed equity**

*Opening balance:*

<table>
<thead>
<tr>
<th>Description</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital contributed on formation</td>
<td>113,957</td>
<td>113,957</td>
</tr>
<tr>
<td>Capital contributed by State Government</td>
<td>152,267</td>
<td>132,733</td>
</tr>
<tr>
<td><strong>Total contributed equity</strong></td>
<td>266,224</td>
<td>246,690</td>
</tr>
</tbody>
</table>

*Capital contributed by State Government during the year (i)*

<table>
<thead>
<tr>
<th>Description</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australian Marine Complex - Common User Facility cash contribution</td>
<td>58,000</td>
<td>19,534</td>
</tr>
<tr>
<td><strong>Total capital contributed by State Government during the year</strong></td>
<td>58,000</td>
<td>19,534</td>
</tr>
</tbody>
</table>
Note 16 Notes to the statement of cash flows

(a) Reconciliation of cash
For the purposes of the statement of cash flows, cash includes cash on hand and in banks, net of outstanding bank overdrafts. Cash and cash equivalents 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

(b) Reconciliation of profit from ordinary activities after related income tax to net cash flows from operating activities

<table>
<thead>
<tr>
<th>Item</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net profit for the year</td>
<td>95,291</td>
<td>83,372</td>
</tr>
<tr>
<td>Loss on sale of non-current assets</td>
<td>43</td>
<td>31</td>
</tr>
<tr>
<td>Depreciation and amortisation of non-current assets</td>
<td>3,279</td>
<td>2,987</td>
</tr>
<tr>
<td>(Decrease)/increase in current tax liability</td>
<td>(3,055)</td>
<td>8,097</td>
</tr>
<tr>
<td>(Increase) in deferred tax assets</td>
<td>(7,335)</td>
<td>(4,738)</td>
</tr>
</tbody>
</table>

Changes in assets and liabilities

<table>
<thead>
<tr>
<th>Item</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Increase)/decrease in assets</td>
<td>(12,988)</td>
<td>(7,321)</td>
</tr>
<tr>
<td>Receivables</td>
<td>(75,535)</td>
<td>(55,008)</td>
</tr>
<tr>
<td>Inventories</td>
<td>(16,298)</td>
<td>(14,101)</td>
</tr>
<tr>
<td>Increase/(decrease) in liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payables</td>
<td>14,026</td>
<td>14,350</td>
</tr>
<tr>
<td>Provisions</td>
<td>17,878</td>
<td>2,818</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>38,455</td>
<td>18,920</td>
</tr>
</tbody>
</table>

Net cash from operating activities

<table>
<thead>
<tr>
<th>Item</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>53,761</td>
<td>49,407</td>
</tr>
</tbody>
</table>

(c) Financing facilities
Unsecured bank overdraft facility, reviewed annually and payable at call:
Amount used
Amount unused

<table>
<thead>
<tr>
<th>Item</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2,000</td>
<td>2,000</td>
</tr>
</tbody>
</table>

Secured loan facilities with Western Australian Treasury Corporation (WATC)
Amount used
Amount unused

<table>
<thead>
<tr>
<th>Item</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>175,000</td>
<td>175,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Item</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>175,000</td>
<td>175,000</td>
</tr>
</tbody>
</table>
### Note 17 Provisions

<table>
<thead>
<tr>
<th></th>
<th>Compensation $’000</th>
<th>Future Development $’000</th>
<th>Other $’000</th>
<th>Total $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balance at 30 June 2006</strong></td>
<td>1,500</td>
<td>26,615</td>
<td>277</td>
<td>28,392</td>
</tr>
<tr>
<td>Additional provisions recognised</td>
<td>-</td>
<td>28,837</td>
<td>-</td>
<td>28,837</td>
</tr>
<tr>
<td>Reductions from payments</td>
<td>-</td>
<td>(26,615)</td>
<td>(277)</td>
<td>(26,892)</td>
</tr>
<tr>
<td><strong>Balance at 30 June 2007</strong></td>
<td>1,500</td>
<td>28,837</td>
<td>-</td>
<td>30,337</td>
</tr>
<tr>
<td>Additional provisions recognised</td>
<td>-</td>
<td>46,378</td>
<td>-</td>
<td>46,378</td>
</tr>
<tr>
<td>Reductions from payments</td>
<td>-</td>
<td>(28,837)</td>
<td>-</td>
<td>(28,837)</td>
</tr>
<tr>
<td><strong>Balance at 30 June 2008</strong></td>
<td>1,500</td>
<td>46,378</td>
<td>-</td>
<td>47,878</td>
</tr>
<tr>
<td>Current (note 13)</td>
<td>1,500</td>
<td>36,711</td>
<td>-</td>
<td>38,211</td>
</tr>
<tr>
<td>Non-current (note 13)</td>
<td>-</td>
<td>9,667</td>
<td>-</td>
<td>9,667</td>
</tr>
<tr>
<td></td>
<td>1,500</td>
<td>46,378</td>
<td>-</td>
<td>47,878</td>
</tr>
</tbody>
</table>

Provisions have been raised where it is probable that LandCorp will have a future sacrifice of benefits that can be reliably measured in accordance with accounting policy outlined in note 1(s). The provision for compensation has been recognised where LandCorp has acquired land subject to a native title compensation agreement.

### Note 18 Employee benefits

(a) The aggregate employee entitlement liability (other than under the defined benefit superannuation plan) recognised and included in the financial statements is as follows:

<table>
<thead>
<tr>
<th></th>
<th>2008 $’000</th>
<th>2007 $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current provision for employee benefits (note 13)</td>
<td>1,912</td>
<td>1,860</td>
</tr>
<tr>
<td>Non-current provision for employee benefits (note 13)</td>
<td>1,105</td>
<td>887</td>
</tr>
<tr>
<td></td>
<td>3,017</td>
<td>2,747</td>
</tr>
</tbody>
</table>

(i) Accrued wages and salaries are included in the current accrued expenses balance as disclosed in note 11 to the financial statements

(b) Defined benefit superannuation plan

The principal assumptions used for the purposes of the actuarial assumptions were as follows:

<table>
<thead>
<tr>
<th></th>
<th>%</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discount rate</td>
<td>6.64</td>
<td>6.06</td>
</tr>
<tr>
<td>Expected salary increase rate</td>
<td>4.50</td>
<td>4.50</td>
</tr>
</tbody>
</table>

Movement in the present value of the defined benefit obligations were as follows:

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening defined benefit obligation</td>
<td>320</td>
<td>232</td>
</tr>
<tr>
<td>Interest cost</td>
<td>19</td>
<td>13</td>
</tr>
<tr>
<td>Actuarial loss</td>
<td>47</td>
<td>75</td>
</tr>
<tr>
<td>Closing defined benefit obligation</td>
<td>386</td>
<td>320</td>
</tr>
</tbody>
</table>
Note 19 Commitments
(a) Capital commitments expenditure
Development of land 152,739  161,899
Community service obligation (project funding received in advance) 35,273  26,459
Share of joint venture capital commitments 1,375  1,303
189,387  189,661
(b) Operating lease commitments
Operating lease commitments are disclosed in note 26(a)

Note 20 Joint ventures

Alkimos Joint Venture 50%  50%
College Grove Joint Venture *
Swanbourne Joint Venture 50%  50%

* LandCorp shares in 50% of the net sale proceeds after deducting from gross sale proceeds the project expenditure, management fees and land costs as per the Joint Venture Agreement.

JOINTLY CONTROLLED OPERATIONS
The Alkimos and College Grove Joint Ventures (both classified as jointly controlled operations) are involved in residential land development. LandCorp’s interests in assets in these joint ventures are included in the balance sheet under the following classifications:

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash assets</td>
<td>1,249</td>
<td>1,625</td>
</tr>
<tr>
<td>Current receivables</td>
<td>5</td>
<td>11</td>
</tr>
<tr>
<td>Current inventories</td>
<td>2,265</td>
<td>1,701</td>
</tr>
<tr>
<td>Current other financial assets</td>
<td>5</td>
<td>15</td>
</tr>
<tr>
<td>Non-current inventories</td>
<td>1,678</td>
<td>1,692</td>
</tr>
<tr>
<td>Current liabilities</td>
<td>(1)</td>
<td>(1)</td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>(315)</td>
<td>(125)</td>
</tr>
<tr>
<td>Investment in Joint Ventures</td>
<td>(130)</td>
<td>(59)</td>
</tr>
<tr>
<td>Net assets</td>
<td>4,756</td>
<td>4,859</td>
</tr>
</tbody>
</table>

JOINT VENTURE ENTITIES
The Swanbourne Joint Venture is involved in residential land development. LandCorp’s interests in the above joint venture is included in the balance sheet as an investment accounted for using the equity method, as follows:

<table>
<thead>
<tr>
<th>Investment in Joint Ventures</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>14,740</td>
<td>13,419</td>
</tr>
</tbody>
</table>
Note 21 Financial risk management

LandCorp has exposure to the following risks from their use of financial instruments:
- credit risk
- liquidity risk
- market risk

This note presents information about LandCorp’s exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board has overall responsibility for the establishment and oversight of the risk management framework. The Board has established the Risk Management Committee, which is responsible for developing and monitoring risk management policies. The committee reports regularly to the Board on its activities.

Risk management policies are established to identify and analyse the risks faced by LandCorp, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and LandCorp’s activities. LandCorp, through their training and management standards and procedures, aim to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee oversees how management monitors compliance with LandCorp’s risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by LandCorp. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

(a) Credit risk

Credit risk is the risk of financial loss to LandCorp if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from LandCorp’s receivables from customers and investments.

### EXPOSURE TO CREDIT RISK

The carrying amount of LandCorp’s financial assets represents the maximum credit exposure. LandCorp’s maximum exposure to credit risk at the reporting date was:

<table>
<thead>
<tr>
<th></th>
<th>Carrying amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2008</td>
</tr>
<tr>
<td></td>
<td>$'000</td>
</tr>
<tr>
<td>Held-to-maturity investments</td>
<td>95,222</td>
</tr>
<tr>
<td>Trade receivables</td>
<td>35,523</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>6,566</td>
</tr>
<tr>
<td>Forward exchange contracts used for hedging</td>
<td>2,522</td>
</tr>
<tr>
<td></td>
<td>139,833</td>
</tr>
</tbody>
</table>
INVESTMENTS
LandCorp limits its exposure to credit risk by only investing in liquid securities and only with counterparties that have a credit rating of AA- from Standard & Poor’s. Given these high credit ratings, management does not expect any counterparty to fail to meet its obligations.

TRADE AND OTHER RECEIVABLES
LandCorp’s exposure to credit risk is influenced mainly by the nature of each type of debtor and a risk management approach is taken. At balance date, approximately 34% (2007: 36%) comprises debt from other Government agencies to be paid over time and is considered to be low risk.

It should be noted that due to the nature of LandCorp’s business, the vast majority of LandCorp’s revenue is received and recognised at the time of settlement of the sale of land, hence debtors make up a small proportion of LandCorp’s overall customer base.

New non-Government debtors are analysed individually for creditworthiness before LandCorp’s standard payment and delivery terms and conditions are offered.

Given the one-off nature of land sales with LandCorp, less than 10 percent (2007: less than 10 percent) of LandCorp’s customers have transacted with LandCorp previously, and losses have occurred infrequently. In monitoring debtor credit risk, debtors are grouped according to their credit characteristics; whether they are a Government or non-Government debtor. Debtors that are graded as higher risk are monitored for late payment and may be subject to legal action.

LandCorp has established an allowance for impairment that represents their estimate of incurred losses in respect of trade and other receivables. The allowance is a specific loss component that relates to individual exposures.

LandCorp’s maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:

<table>
<thead>
<tr>
<th>Carrying amount</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td>$30,860</td>
<td>$18,759</td>
</tr>
</tbody>
</table>

LandCorp’s maximum exposure to credit risk for trade receivables at the reporting date by type of debtor was:

<table>
<thead>
<tr>
<th>Carrying amount</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government debtors</td>
<td>$11,583</td>
<td>$6,792</td>
</tr>
<tr>
<td>Non-Government debtors</td>
<td>$19,277</td>
<td>$11,967</td>
</tr>
</tbody>
</table>
Note 21 Financial risk management (cont’d)

IMPAIRMENT LOSSES
LandCorp’s receivables past due amount to $2,602,685. (2007: $4,640,133). The aging of LandCorp’s trade receivables at the reporting date was:

<table>
<thead>
<tr>
<th>Gross Impairment</th>
<th>Gross Impairment</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008 $'000</td>
<td>2008 $'000</td>
</tr>
<tr>
<td>Not past due</td>
<td>28,257</td>
</tr>
<tr>
<td>Past due 1-30 days</td>
<td>575</td>
</tr>
<tr>
<td>Past due 31-60 days</td>
<td>52</td>
</tr>
<tr>
<td>Past due 61-90 days</td>
<td>753</td>
</tr>
<tr>
<td>Past due 91-180 days</td>
<td>21</td>
</tr>
<tr>
<td>Past due more than 181days</td>
<td>1,202</td>
</tr>
</tbody>
</table>

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

<table>
<thead>
<tr>
<th>2008 $'000</th>
<th>2007 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at 1 July</td>
<td>60</td>
</tr>
<tr>
<td>Movement</td>
<td>(34)</td>
</tr>
<tr>
<td>Balance 30 June</td>
<td>26</td>
</tr>
</tbody>
</table>

Based on historic default rates, LandCorp believes that no impairment allowance is necessary in respect of trade receivables not past due or past due by up to 60 days.

The allowance accounts in respect of trade receivables and held-to-maturity investments are used to record impairment losses unless LandCorp is satisfied that no recovery of the amount owing is possible; at that point the amount is considered irrecoverable and is written off against the financial asset directly. At 30 June 2008 LandCorp does not have any collective impairments on its trade receivables or its held-to-maturity investments (2007: nil).

(b) Liquidity risk
Liquidity risk is the risk that LandCorp will not be able to meet its financial obligations as they fall due. LandCorp’s approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to LandCorp’s reputation.

LandCorp uses market value to cost its land, which assists it in monitoring cash flow requirements and optimising its cash return on investments. Typically LandCorp ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 30 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition, LandCorp maintains the following lines of credit:

- $2 million bank overdraft facility that is unsecured. Interest would be payable at the bank’s published Corporate Overdraft Reference Rate less 100 basis points.
- $175 million provided by WA Treasury Corporation (WATC) that can be drawn down to meet short and long-term financing needs. The facility has a flexible maturity that is renewable at the option of LandCorp. Interest would be payable at the WATC lending rate for this structure on the day the funds are advanced being the State Government guarantee fee plus 20 basis points.
Note 21 Financial risk management (cont’d)

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

<table>
<thead>
<tr>
<th></th>
<th>Carrying amount</th>
<th>Contractual cash flows</th>
<th>6 months or less</th>
<th>6-12 months</th>
<th>More than 1 year</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>14,125</td>
<td>(14,125)</td>
<td>(11,289)</td>
<td>(1,431)</td>
<td>(1,405)</td>
</tr>
<tr>
<td>Bank overdraft</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>14,125</td>
<td>(14,125)</td>
<td>(11,289)</td>
<td>(1,431)</td>
<td>(1,405)</td>
</tr>
<tr>
<td>2007</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>9,868</td>
<td>(9,868)</td>
<td>(8,062)</td>
<td>(954)</td>
<td>(852)</td>
</tr>
<tr>
<td>Bank overdraft</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>9,868</td>
<td>(9,868)</td>
<td>(8,062)</td>
<td>(954)</td>
<td>(852)</td>
</tr>
</tbody>
</table>

The following table indicates the periods in which the cashflows associated with derivatives that are cash flow hedges are expected to occur:

<table>
<thead>
<tr>
<th></th>
<th>Carrying amount</th>
<th>Expected cashflows</th>
<th>6 months or less</th>
<th>6-12 months</th>
<th>1-2 years</th>
<th>More than 2 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Forward exchange contracts</td>
<td>2,522</td>
<td>2,681</td>
<td>804</td>
<td>804</td>
<td>1,073</td>
<td>-</td>
</tr>
<tr>
<td>Assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Liabilities</td>
<td>(1,352)</td>
<td>(1,438)</td>
<td>(420)</td>
<td>(430)</td>
<td>(588)</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>1,170</td>
<td>1,243</td>
<td>384</td>
<td>374</td>
<td>485</td>
<td>-</td>
</tr>
<tr>
<td>2007</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Forward exchange contracts</td>
<td>3,933</td>
<td>4,289</td>
<td>804</td>
<td>804</td>
<td>329</td>
<td>1,073</td>
</tr>
<tr>
<td>Assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Liabilities</td>
<td>(2,346)</td>
<td>(2,560)</td>
<td>(472)</td>
<td>(475)</td>
<td>(962)</td>
<td>(651)</td>
</tr>
<tr>
<td></td>
<td>1,587</td>
<td>1,729</td>
<td>332</td>
<td>329</td>
<td>646</td>
<td>422</td>
</tr>
</tbody>
</table>
Note 21 Financial risk management (cont’d)

The following table indicates the periods in which the cashflows associated with derivatives that are cash flow hedges are expected to impact profit or loss:

<table>
<thead>
<tr>
<th>Carrying amount</th>
<th>Expected Income Statement impact</th>
<th>6 months or less</th>
<th>6-12 months</th>
<th>1-2 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
</tr>
<tr>
<td>2008</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Forward exchange contracts</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Liabilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2007</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Forward exchange contracts</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Liabilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(c) Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates will affect LandCorp’s income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

LandCorp has entered into one derivative arrangement to manage foreign exchange exposure and has the capacity to incur financial liabilities if necessary to manage market risks. Generally, LandCorp seeks to apply hedge accounting in order to manage volatility in profit or loss.

CURRENCY RISK

LandCorp’s exposure to currency risk is immaterial.

LandCorp hedges 100 percent of its estimated foreign currency exposure in respect of one lease receivable contract. LandCorp uses rolling forward exchange contracts of one month to maturity each to hedge this risk. The hedge is 100% effective on forecast rental revenue. LandCorp does not hedge trade payables as they are of minimal value.

LandCorp holds no foreign currency loans or other monetary assets and liabilities and incurs no foreign currency interest.

INTEREST RATE RISK

At the reporting date the interest rate profile of LandCorp’s interest-bearing financial instruments was:

<table>
<thead>
<tr>
<th>$’000</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Variable rate instruments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial assets</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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Note 21 Financial risk management (cont’d)

Cash flow sensitivity analysis for variable rate instruments:
A change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2007.

<table>
<thead>
<tr>
<th></th>
<th>2008 $’000</th>
<th></th>
<th>100 bp increase</th>
<th>100 bp decrease</th>
</tr>
</thead>
<tbody>
<tr>
<td>Variable rate instruments</td>
<td></td>
<td></td>
<td>1,031</td>
<td>(1,031)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2007 $’000</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Variable rate instruments</td>
<td></td>
<td></td>
<td>515</td>
<td>(515)</td>
</tr>
</tbody>
</table>

FAIR VALUES

Fair values versus carrying amounts
The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:

<table>
<thead>
<tr>
<th></th>
<th>30 June 2008</th>
<th>30 June 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Carrying amount</td>
<td>Fair value</td>
</tr>
<tr>
<td>Held-to-maturity investments</td>
<td>95,222</td>
<td>95,222</td>
</tr>
<tr>
<td>Trade receivables</td>
<td>35,523</td>
<td>35,523</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>6,566</td>
<td>6,566</td>
</tr>
<tr>
<td>Forward exchange contracts used for hedging:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assets</td>
<td>2,522</td>
<td>2,522</td>
</tr>
<tr>
<td>Liabilities</td>
<td>(1,352)</td>
<td>(1,352)</td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>(14,125)</td>
<td>(14,125)</td>
</tr>
<tr>
<td></td>
<td>124,356</td>
<td>124,356</td>
</tr>
</tbody>
</table>

CAPITAL MANAGEMENT
The Board’s policy is to maintain a strong capital base so as to maintain shareholder, creditor and market confidence and to sustain the future development of the business.

The Board’s policy is referred to in Section 19 of the Western Australian Land Authority Act 1992.

Under the Western Australian Land Authority Act 1992, LandCorp is has agreed a dividend policy with its shareholder, the State Government, around a set formula. A balance is retained as a source of capital base for ongoing activities.

There were no changes to LandCorp’s approach to capital management during the year.

LandCorp is not subject to externally imposed capital requirements.
Note 22 Land sales contracts

Unsettled sales contracts (i)  77,041  159,432

(i) Unsettled sales contracts have not been included in revenue since neither title nor possession has been transferred. This treatment is in accordance with the Accounting Policy explained in note 1(v).

Note 23 Remuneration of auditors

<table>
<thead>
<tr>
<th></th>
<th>2008 $'000</th>
<th>2007 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Audit of the financial report</td>
<td>122,000</td>
<td>122,000</td>
</tr>
<tr>
<td>Other audit services provided</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>122,000</td>
<td>122,000</td>
</tr>
</tbody>
</table>

Note 24 Contingent liabilities

LandCorp is not currently involved in any litigation with other parties.

Note 25 Dividends

<table>
<thead>
<tr>
<th></th>
<th>2008 $'000</th>
<th>2007 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Normal dividend</td>
<td>15,000</td>
<td>16,000</td>
</tr>
<tr>
<td>Special dividends:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>AMC Common User Facility</td>
<td>1,751</td>
<td>1,751</td>
</tr>
<tr>
<td>Townsite Development Programs</td>
<td>5,540</td>
<td>-</td>
</tr>
<tr>
<td>Corporatisation</td>
<td>1,000</td>
<td>1,000</td>
</tr>
<tr>
<td></td>
<td>23,291</td>
<td>18,751</td>
</tr>
</tbody>
</table>

At the August 2007 Board meeting, the Board approved to recommend to the Minister a final dividend of $23,291,000 (2007: $18,751,000) in respect of LandCorp’s 2006-07 operations.
Note 26 Leasing arrangements

(a) Operating lease commitments
LandCorp has its office premises and its motor vehicle fleet under non-cancellable operating leases. Total commitments for future lease payments which have not been provided for in the accounts are as follows:

<table>
<thead>
<tr>
<th></th>
<th>$1,391</th>
<th>$1,355</th>
</tr>
</thead>
<tbody>
<tr>
<td>No later than 1 year</td>
<td>1,391</td>
<td>1,355</td>
</tr>
<tr>
<td>Later than 1 year and not later than 5 years</td>
<td>399</td>
<td>1,304</td>
</tr>
<tr>
<td>Later than 5 years</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>1,790</td>
<td>2,659</td>
</tr>
</tbody>
</table>

(b) Operating lease receivables
Leases are negotiated in terms between 2 to 5 years with the exception of certain contracts that last up till 25 years. Rental rates are subject to future adjustments based on the terms of the lease arrangements. Outstanding operating leases are based on existing rates and do not include the extension periods under option.
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LandCorp’s commitment to sustainability.

A sustainable approach to our use of land will strongly shape the future of our society. To meet the needs of both current and future generations, we must consider all the effects of our actions: environmental protection, social advancement and economic prosperity.

We apply the principles and practices of sustainable development across Western Australia, learning more and improving outcomes on all projects.

We are committed to reducing our ecological impact and enhancing the community’s quality of life.
Feedback and Further Information

LandCorp welcomes feedback about its practices and performance.

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