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1

OVERVIEW
LandCorp’s leadership role in a State the size of Western Australian can be evidenced through the land and infrastructure projects that will benefit communities well into the future.

The Board has been vigilant in its commitment to the strategic plan which supports the Government by contributing to key areas of priority.

Achievements focus on the community of WA as our people work to deliver innovation in communities and places for industry.

Important in the formula for success is our ability to work in partnership with the private sector and government as we all work together to develop our State. Also important is our working relationship with government authorities in WA. The availability of land is often a significant factor in stimulating the social and economic growth of regional Western Australia. Our Regional Development Assistance Program (RDAP) supports local governments in regional communities where the often prohibitive cost of development means many projects would be unviable, limiting interest from the private sector and investors.

The game-changing nature of the Pilbara Cities program is an example of multiple government agencies, including LandCorp, working with private developers, builders and the resources sector to transform towns such as Port Hedland and Karratha into true cities of the North.

By combining resources and people with those from the private development industry, we have been able to enhance our project delivery capacity at a time when the economy has gained momentum. We continue to build on our Reconciliation Action Plan (RAP) and are working alongside the Civil Contractors Federation to ensure our contractors have plans in place to provide training and job opportunities for Aboriginal people.

The Ord-East Kimberley Expansion Project is as much about developing job opportunities for Aboriginal people as it is about delivering land.

While a lot of our focus has been on the State’s North and North West, strategies are in place to bring important industrial, commercial and residential development opportunities to all of Western Australia’s regions and metropolitan Perth.

Considerable effort has been directed towards the development of SuperTowns, identified by the Government as regional growth centres.

Activity Centres are integral to the delivery of the State Government’s Directions 2031 and Beyond planning framework. By playing a key role in the development of Activity Centres we have focused on strategic metropolitan locations to plan and deliver new or revitalised communities that offer excellent public transport options and help bring amenities and facilities closer to where people live and work.

As LandCorp is poised to enter its 21st year of operation, its focus is on the future and the Board believes it is well-placed to deliver creative, innovative and timely projects that will play a key role in WA’s prosperity in the future.

On behalf of the Board, I thank Premier Colin Barnett and Ministers Brendon Grylls and John Day for their encouragement, support and assistance over the past financial year.

The Board also extends its thanks to the management team and dedicated staff. They have all worked hard to establish and develop the relationships that enable us to help make Western Australia a great place to live and work.

Monty House
Chairman
Chief Executive’s report

In the past year, Western Australia has consolidated its enviable position, leading the nation in population, economic and job growth.

The level of growth experienced by the State is directly reflected in our business. Project activity has risen considerably and as a result, staffing levels have increased, with new offices being established in regional WA.

The legacy a resource-driven economy brings to the State will be seen in a more diverse economy and the creation of great places for people to live and work.

Regional WA is an example of this diversification where we are working hard to accelerate land supply and support the rapid growth needed in many areas. In the Pilbara, lot releases are targeted to local businesses and first home buyers.

At Broome, where the Broome North development will provide more than 4,000 lots, we have worked with the local authority and traditional land owners to make sure we are ahead of the game and our prices are not driven up by demand pressures from expansion of resource or downstream processing developments.

One thing we know about regional Western Australians is they have the same appetite for contemporary lifestyle facilities and amenities as those living in Perth. Royalties for Regions has supported developments in Port Hedland and Karratha which are building with the same level of vibrancy and diversity that is seen in Perth, while maintaining their regional identity.

We have also been working closely with the Department of Regional Development and Lands to provide strategic advice for the growth of nine regional centres identified as SuperTowns of the future.

The Government’s SuperTowns initiative seeks to capitalise on the opportunities associated with a forecast doubling of WA’s population in the next 40 years and put the pieces in place to promote regional alternatives to metropolitan living. LandCorp was involved at a number of levels across all nine SuperTowns assisting in preparation of growth and implementation plans.

The work of LandCorp is very much about the delivery of experiences for people and not just land developments. The expansion of Activity Centres in the metropolitan area under the State Government’s Directions 2031 and Beyond policy provides the vehicle for us to create new working and living opportunities at places such as the Murdoch mixed-use precinct. Here we need to take a creative approach to integrate major workplaces such as the Fiona Stanley and St John of God hospitals, Murdoch University and Challenger TAFE with new living and commercial opportunities to create a positive experience for all.

We continue to collaborate across government to support the Economic and Employment Lands Strategy with the development of a forward looking Implementation Plan to deliver industrial land to meet demand.

By achieving land-based approvals, we intend to bring key industrial estates to a basic project-ready status in preparation for occupancy in the Pilbara at Ashburton North, the Mid-West at Oakajee and Collie Shotts in the South West.

We support the State Affordable Housing Strategy by dedicating at least 15 per cent of our land and housing to provide affordable housing for those on low to moderate incomes.

This includes working with the private sector to improve housing diversity and speed to market. Successful applications from the Commonwealth Government’s Housing Affordability Fund are providing significant rebates to purchasers of land in Mandurah and Broome.

Operating State-wide, we are well placed to play a part in helping to overcome the disadvantages many Aboriginal Australians face. We work closely with the construction industry at project level to instigate training and employment opportunities for Aboriginal workers which we believe will result in real benefits for participants and their families well into the future.

By strategically using sponsorship at a community and industry level we can help provide a dividend beyond development. This extends from helping the sporting pursuits in smaller communities to supporting the Urban Development Institute of Australia’s national congress.

While we will flourish by working with others across government and business, our own people are a vital key to what we deliver. The breadth of our work overlaid against the vast area of WA overlaid against the vast area of WA overlaid against the State means every day, many of our people are engaging with communities, stakeholders and customers right where developments are taking place.

Our work can only be achieved by working in close partnership with a range of other government agencies and I would like to thank those dedicated teams for their commitment to the delivery of State Government priority projects.

Overall, the 2011/12 financial year has been a very difficult one for the property industry in general and it took a significant effort by all parts of the business to achieve LandCorp’s excellent sales results reflected in this year’s financial report.

My thanks to Chairman Monty House and his committed Board for their strategic guidance. Thank you to my executive colleagues and staff for the way they enthusiastically rise to the daily challenges in a diverse business.

On balance, it’s been a satisfying year. The achievements already gained and the depth of planning in place will ensure our work continues to contribute to WA’s exciting future.

Ross Holt
Chief Executive
Some of our priority projects across the State

**PILBARA**
- Cap Ridge Industrial Estate
- Hedland Junction Wedgefield Industrial Estate
- Newman Light Industrial Area
- Ashburton North Strategic Industrial Area
- Karratha City Centre
- Baynton West
- Madigan Road
- Nickel Estate
- East Port Hedland/Marina Precinct
- Newman Town Centre
- East Newman Residential Estate
- Mulataga
- South Hedland Town Centre

**KIMBERLEY**
- Ord-East Kimberley Expansion Project
- Januburu Six Seasons
- Broome North Waranyjarri Estate

**GASCOYNE**
- Carnarvon North Water
- Carnarvon Cornish Street Light Industrial
- Exmouth Nimitz Residential Estate

**MIDWEST**
- Geraldton Batavia Coast Marina
- Oakajee
- Morawa Light Industrial
- Morawa Residential

**WHEATBELT**
- Avon Industrial Park
- Various RDAP Projects including:
  - Dowerin Residential
  - Dalwallinu Residential
  - Hyden Residential

**PERTH & PEEL**
- Cockburn Central
- Alkimos
- Murdoch Mix
- Claremont on the Park
- Rockingham City Centre
- Western Trade Coast
- Australian Marine Complex
- Latitude 32
- Cockburn Coast
- Mandurah Bay Marina Tourism Precinct
- Meridian Park, Neerabup
- Perry Lakes
- Mandurah Junction
- Mandurah Ocean Marina

**SOUTHWEST**
- Collie Shotts
- Collie Buckingham Way
- Bunbury Waterfront

**GREAT SOUTHERN**
- Albany Waterfront
- Emu Point
- Katanning

**GOLDFIELDS - ESPERANCE**
- Kalgoorlie GreenView Residential Estate
- Karlkurla Rise, Kalgoorlie
- Anzac Drive Industrial Estate
Our Business Approach

We adopt a flexible business approach, one that responds to the dynamic needs of government and adjusts to changing market conditions. The aim is to deliver land and associated infrastructure to help government achieve its goals and to maximise the level of private sector involvement.

Already more than 90% of our expenditure is outsourced to private consultants and contractors and increasingly, the business is assuming a more facilitator-like approach to its project delivery model. This involves considerable de-risking or de-constraining so risk or uncertainty for the private sector is moderated to acceptable levels.

The “LandCorp approach” encompasses:
- Providing project management services (Perry Lakes redevelopment and the Ord Expansion),
- Facilitation (superlotting of land in Karratha and Hedland),
- Partnering (Alkimos, Carine, Craigen, Karratha and Coolbellup),
- De-risking private land (proposed under the Economic and Employment Lands Strategy to provide the next generation of industrial estates for Perth),
- LandCorp fully funded projects.

A number of variations exist within each of these models.

Unique in the national context, LandCorp’s focus extends beyond commercially driven projects to involvement in many complex and strategic endeavours often supported by Community Service Obligation funding. Western Australia’s extraordinary growth also means it has a significantly greater need for industrial land and is actively seeking to revitalise and enable regional growth. The Western Australian government supports LandCorp undertaking development in areas of market failure which in turn can provide a platform or catalyst for private sector investment.

And while many of these projects generate little or no revenue return, they nonetheless offer substantial value to the future social and economic development of the State and involve a number of our staff in their delivery.

LandCorp also plays a pivotal role in demonstrating leadership in terms of design and sustainability and to assist in exploring and trialling development approaches or technologies that can then be mainstreamed by the private development sector.
2
GOVERNMENT PRIORITIES
Supporting Pilbara Cities

In 2011/12, great progress was made in the ongoing development of the Pilbara region with projects largely driven by Pilbara Cities - a State Government initiative to create desirable places to live and work.

Under the Pilbara Cities Initiative, Karratha and Port Hedland are being transformed into major cities able to support 50,000 people each by 2035. Newman, Dampier, Onslow and Tom Price are also being enhanced so they too are able to offer residents and visitors a more attractive and sustainable community experience. The success of these revitalisation projects is only possible with the combination of State Government funding, private sector investment and the support of local governments and communities.

Karratha

As a future City of the North, Karratha is being revitalised through work in the town centre and a number of complementary development projects. Changing the city’s skyline is Finbar Group’s Pelago West - a $125 million nine storey residential and commercial project providing 114 apartments and 1,000sqm of commercial floor space. Finbar Group is now starting work on Pelago East which will provide 174 apartments and 2,000sqm of commercial space.

In late 2011, Mirvac was selected as the preferred proponent for the $1.5 billion development of several Karratha city centre sites as well as more than 1,500 homes at the new coastal suburb of Mulataga. With various city centre projects coming on line at the same time, major street works are being undertaken to ensure Karratha’s public facilities, amenities and businesses are seamlessly connected and accessible.

In the Karratha suburb of Baynton West, the Pilbara Display Village officially opened in July 2011, promoting homes designed to suit the local climate and various buyer budgets. Earthworks have begun on the first 148 lot release in Madigan Road, a 68ha parcel of land that will deliver 1,000 homes. Work has also started at Nickol Estate where 370 homes on 24ha are being developed by Otan, while the Karratha Joint Venture will construct a mixed use development on a 10ha neighbour centre in Tambrey.

Growth in airport traffic

<table>
<thead>
<tr>
<th>Increase in passengers carried</th>
<th>Increase in passengers carried</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perth to Port Hedland†</td>
<td>Perth to Karratha†</td>
</tr>
<tr>
<td>10%</td>
<td>12.2%</td>
</tr>
</tbody>
</table>

†Department of Transport and Infrastructure for the year ending 31 December 2011.
LandCorp is partnering with the Pilbara Cities Office, the Town of Port Hedland and the private sector to establish quality residential, retail and commercial opportunities and social amenities for Port and South Hedland.

Mirvac’s proposed 178 room hotel and residential development is currently in the negotiation stage, while Finbar will transform Port Hedland’s hospital site into short stay serviced apartments with commercial and retail opportunities.

Port Hedland’s main business district is also being upgraded to encourage new industries such as hospitality and small businesses to prosper.

In South Hedland, the $23.1 million Stage One town centre revitalisation project was completed in December 2011 and features a realigned main street, a new town square with amphitheatre, a shaded market walk and public art as well as residential and commercial development sites. The project’s $53.94 million Stage Two is now underway and involves releasing 100ha of inner city land for 750 new homes and various commercial opportunities including an entertainment precinct.

In February 2012, BHP Billiton was chosen as the preferred proponent to develop four lots in the heart of South Hedland, creating residential and commercial opportunities on 2.53ha of land. In June 2012, LandCorp released the Western Edge, a development that will yield up to 2,500 homes with the potential to be the largest master-planned residential estate in the State’s North West. Expressions of Interest have been called to develop this land which may include a sporting oval and various retail opportunities to support the residential community.

In August 2012, the State Government and Town of Port Hedland announced a funding package of a $152 million for the Port Hedland Marina Complex. LandCorp will be project managing the construction.

The first ever multi-storey development in South Hedland will begin with the construction of a four storey development from Humfrey Land Developments providing up to 120 apartments and 17 commercial spaces.

A $20 million town centre revitalisation project is moving Newman into a new era to ensure the town can properly cater for housing demands and improve the lifestyle of people living and working in the area.

By January 2012, the new look of the town was already taking shape - improved lighting, landscaping, modern shade sails plus the realignment of the shopping centre car park. Further revitalisation works are now under way and include a striking new entrance to Newman’s town centre.

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### Pilbara population projections to 2020†

<table>
<thead>
<tr>
<th>Year</th>
<th>Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008†</td>
<td>45,983</td>
</tr>
<tr>
<td>2010†</td>
<td>51,067</td>
</tr>
<tr>
<td>2015†</td>
<td>61,086 (estimated)</td>
</tr>
<tr>
<td>2020†</td>
<td>62,509 (estimated)</td>
</tr>
</tbody>
</table>

### Town of Port Hedland

- LandCorp is partnering with the Pilbara Cities Office, the Town of Port Hedland and the private sector to establish quality residential, retail and commercial opportunities and social amenities for Port and South Hedland.

### Newman

- A $20 million town centre revitalisation project is moving Newman into a new era to ensure the town can properly cater for housing demands and improve the lifestyle of people living and working in the area.

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### Port Hedland exports by year††

<table>
<thead>
<tr>
<th>Year</th>
<th>Exports</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>110,997,000</td>
</tr>
<tr>
<td>2008</td>
<td>129,913,000</td>
</tr>
<tr>
<td>2009</td>
<td>158,382,000</td>
</tr>
<tr>
<td>2010</td>
<td>177,566,000</td>
</tr>
<tr>
<td>2011</td>
<td>197,732,000</td>
</tr>
</tbody>
</table>

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††Source: Department of Transport Ports Handbook WA 2011

†Source: Pilbara Industry’s Community Council, Revised Employment and Population Projections to 2020, August 2010

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78% Increase in exports in Port Hedland in 4 years††
Expanding the Regions

Western Australia’s position as the national vanguard of economic and export activity very much depends on the availability of land for the establishment of infrastructure, employment, housing and downstream processing and a myriad of support services. This is particularly the case in the State’s regions.

We have worked hand in hand with many government and private sector stakeholders to progress industrial estates supporting key infrastructure.

LandCorp’s key industrial projects which have attracted much of the spotlight in the past year include Gap Ridge Industrial Estate near Karratha, Hedland Junction at Wedgefield Industrial Estate near Port Hedland, Newman Light Industrial Area and the Ashburton North Strategic Industrial Area near Onslow.

Ord-East Kimberley Expansion Project

Through Royalties for Regions, the State Government has committed $323million to the Ord-East Kimberley Expansion Project aimed at leveraging the Ord Irrigation Project which will see Kununurra emerge as a major regional hub with a diverse economy. The Ord River Irrigation Area currently encompasses 14,000ha and a further 15,000ha is targeted for expansion.

The preferred proponent to develop the agricultural land is expected to be announced in late 2012. The State Government is aiming to have development leases in place to enable some farmland development to start in 2013. To date the Request for Proposal process has attracted strong interest from local, national and international parties looking to develop land for a variety of crops.

Construction of infrastructure started in mid 2010. A key component of the project is the Indigenous and Community Development Program which aims to increase job training and business opportunities for the Miriuwung Gajerrong people.

| Source: ABS 8710.0 – Building Approvals Australia, June 2012 |
| Source: WAPC - State Lot Activity, March 2012 |
Onslow is a strategic location of interest to resource companies due to its deep-water access and proximity to off-shore gas reserves. We are working closely with the Dampier Port Authority and the Department of State Development to establish an 8,000ha Ashburton North Strategic Industrial Area (ANSIA) that will initially service the needs of Chevron’s Wheatstone and BHP Billiton’s Macedon Gas Project.

The Premier officiated in a ceremony late last year to mark the start-up of the Wheatstone project at ANSIA which will support a State port, common-user coastal zone, multi-user service corridors and a heavy industrial area.

ANSIA provides the impetus for a significant expansion of the town to accommodate LNG plant workers and their families. LandCorp has been embraced by businesses servicing the resources sector.

In the past year we have been able to secure sales to national businesses such as Toll and Monadelphous and seen investment by MCM Linen in the first large scale commercial laundry service in the Pilbara.

Stage 4 is providing a further ten industrial lots to keep pace with the region’s strong economic growth ranging in size from 3,600sqm to 1.3ha.

Since early 2010, 160ha of land has been released at Gap Ridge to service a strong market.

The Browse Liquid Natural Gas Precinct and planned 2,000ha Strategic Industrial Area near Broome will facilitate the development of the Browse Basin gas fields. LandCorp is working closely with the Department of State Development, Broome Port Authority and other agencies to create a structure plan, Crown land title and a lease structure to enable the development of the strategic industrial area.

To address the limited supply of general industrial land in Broome, LandCorp has fast tracked the planning for the 400ha Broome Road Industrial Area.

LandCorp is assisting the State Government’s SuperTowns program by providing strategic advice on plans for the growth of nine regional centres identified as SuperTowns of the future. The SuperTowns initiative seeks to help address the expected pressures associated with a forecast doubling of WA’s population in the next 30 years by putting the pieces in place promoting regional alternatives to metropolitan living.

While LandCorp is involved at a number of levels with the uplift of the nine identified SuperTowns, we have also been requested by two shires to project manage the growth plans and project implementation for Morawa and Katanning.

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Gap Ridge Karratha

Our 260ha Gap Ridge Industrial Estate will be one of WA’s biggest regional industrial estates, ultimately yielding around 128 lots.

Strategically located on the Dampier Highway between the Dampier Port and Karratha Town Centre and only two kilometres from the Karratha Airport, Gap Ridge has been embraced by businesses servicing the resources sector.

Stage 4 is providing a further ten industrial lots to keep pace with the region’s strong economic growth ranging in size from 3,600sqm to 1.3ha.

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Ashburton North Onslow

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SuperTowns

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(Source: Pilbara Industry’s Community Council, Revised Employment and Population Projections to 2020, August 2010)
In collaboration with the Department of Planning and other key government agencies, LandCorp is playing its part to deliver on the State Government’s Directions 2031 and Beyond framework - a blueprint for the future development of the Perth and Peel metropolitan area.

A key component of this planning framework is the creation of Activity Centres - strategic suburban areas which will provide a competitive choice of residential, commercial and mixed use sites.

WA metropolitan population projections

†Source: WAPC, WA Tomorrow 2006 to 2026, Jan 2012 (Metropolitan and Peel)
††Source: ABS, 2011 Census
Creating places where people want to be

In the past year there has been a concerted and coordinated approach by various State Government agencies to drive and prioritise the development of key Activity Centres. We are progressing several urban centres already taking shape or in planning stages with our development partners.

In the past year there has been much work done to progress new Activity Centres at Murdoch, Claremont, the Cockburn Coast and Mandurah Junction. These will complement the fast-growing, more mature Activity Centre at Cockburn Central.
Cockburn Central

Development within Stage 1 at Cockburn Central Town Centre is now well established, with several retail, commercial and residential buildings at or near completion. Infrastructure planning for Stage 2 is advanced with works scheduled to start in late 2012 to create the final lots. Planning for the next stage progressed during 2011/12 with a stakeholder reference group guiding regional land-use and transport planning for the project’s Cockburn West Stage 3.

Murdoch

Planning stepped up in 2011/12 to drive the development of the Murdoch Activity Centre.

It is one of five designated Specialised Centres identified in the Government’s long-term planning strategy, Directions 2031 and Beyond, that addresses urban sprawl.

We are helping facilitate the creation of a new city centre for the wider area taking shape around the new $2 billion Fiona Stanley Hospital, the St John of God Hospital, Murdoch University and the Challenger Institute of Technology.

With a forecast of 35,000 workers, the centre will have one of the highest employment levels of any area outside the Perth CBD and potentially one of the country’s most intensive non-CBD employment centres.

In late 2011, LandCorp successfully undertook a Registration of Interest process to gauge industry interest and requirements in the delivery of the Murdoch Activity Centre - Murdoch Mix. An Expression of Interest process is expected to take place in the second half of 2012.

Murdoch will have the highest employment levels of any area outside the Perth’s CBD

35,000
Workers and jobs created around Murdoch Activity Centre

Claremont

The rejuvenation of land around Claremont Oval and the railway station will bring about an exciting residential and retail precinct maximising its proximity to Claremont’s boutique shopping and café strip.

The first stage of initial bulk earthworks at Claremont on the Park is due to start in the third quarter of 2012. LandCorp is assisting the WA Police Service and the Town of Claremont to progress the early development phase of the planned Western Suburbs Police Station site at the southern section of the project area.

When fully developed, Claremont on the Park will contain a mix of one, two and three bedroom apartments and townhouses across 9.4ha.

Development will be led by LandCorp in collaboration with a project reference group including the Department of Planning, Town of Claremont, Public Transport Authority, WA Police and Community Youth Centres and the Claremont Football Club.

Expressions of Interest will be called in third quarter 2012 to secure a partner for the first stage of Claremont on the Park - a 3,251sqm site providing for more than 75 apartments.

Mandurah Junction

Mandurah Junction will provide a high quality residential community for up to 2,000 people and will include 9,500sqm of retail and commercial space when complete. The estate, located next to Mandurah train station and bus interchange, will be pedestrian and bicycle-friendly and will offer extensive public space. To support affordable housing choices, $2 million of funding was secured under the Federal Government’s Housing Affordability Fund (HAF).

In conjunction with two local builders, construction at Mandurah Junction commenced in May 2012 and first sales of homes and land packages and single residential lots are scheduled for release in the third quarter of 2012. There will also be a number of opportunities for developers as the project progresses.
Cockburn Coast

The Cockburn Coast redevelopment passed important milestones through the year pointing the way to moving this coastal zone from its industrial past towards an urban future.

Located five kilometres south of Fremantle, the 140ha urban renewal project will link South Beach to the Port Coogee estate and includes the derelict South Fremantle Power Station and the former Robb Jetty industrial area.

Regenerating the area will create a new community of up to 10,000 people with an exciting mix of commercial, residential and recreational activities.

The draft Master Plan and Town Planning Scheme Amendment were released for public comment by the City of Cockburn in October 2011.

This followed a Metropolitan Region Scheme Amendment which rezoned the project area from industrial to urban following an extended period of consultation and stakeholder engagement.

The Master Plan was approved by the City of Cockburn in 2012 allowing the project to progress towards detailed planning including the preparation of local structure plans and subdivision planning.

Planning for the former South Fremantle Power Station is also under way. A master plan to outline the vision for the rejuvenation of the power station and its immediate surroundings is being prepared.

Plans for the area focus on respecting and safeguarding culturally significant areas while energising urban places to deliver lifestyle, work and leisure choices.

Fastest growing metropolitan areas 2006–2011†

<table>
<thead>
<tr>
<th>Area</th>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perth CBD</td>
<td>8.4%</td>
</tr>
<tr>
<td>Serpentine - Jarrahdale</td>
<td>6.6%</td>
</tr>
<tr>
<td>Wanneroo</td>
<td>6.2%</td>
</tr>
<tr>
<td>Kwinana</td>
<td>4.7%</td>
</tr>
<tr>
<td>Rockingham</td>
<td>4.2%</td>
</tr>
</tbody>
</table>

†Source: ABS 3218.0 - Regional Population Growth, Australia, 2010-11.
Rockingham
LandCorp is assisting the City of Rockingham, Department of Planning and the Rockingham Kwinana Development Office to advance plans for the revitalisation of Rockingham’s city centre. A business case to implement the project has been completed and a project plan for Stage 1 has been developed pending approval by the State.

Alkimos
LandCorp has partnered with Lend Lease to advance concept planning for the Alkimos regional centre, which will ultimately support 57,000 people. When complete, Alkimos will contribute to achieving higher levels of employment self-sufficiency in Perth’s north west corridor and deliver facilities and amenities currently lacking in the area, while maximising public transport efficiencies to reduce car use.

WA sources of population increase September 2010/11†

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Net overseas migration</td>
<td>62%</td>
</tr>
<tr>
<td>Natural increase</td>
<td>27%</td>
</tr>
<tr>
<td>Net interstate migration</td>
<td>11%</td>
</tr>
</tbody>
</table>

†Source: ABS 3101.0 - Australian Demographic Statistics, Sep 2011
Shotts Industrial Park, Collie

The 235ha Shotts Industrial Park site near Collie will provide industrial land to the coal industry for downstream processing and will become a major economic contributor to the region.

LandCorp is working closely with the Department of State Development and other agencies to create a Structure Plan, freehold land titles and a lease to enable the development of the Perdaman coal-to-urea project.

Oakajee

Development of the Oakajee Port and Oakajee Industrial Estate near Geraldton will facilitate the development of existing and proposed iron ore mines in the Mid West region. The port and rail will make it possible to attract industry to the Oakajee Industrial Estate by providing a gateway to overseas markets and access to resources for downstream processing.

The Oakajee Industrial Estate provides for a 1,134ha Strategic Industrial Area for heavy industry, two General Industrial Areas totalling 196ha for support industry and a substantial 407ha Buffer Area.

Close to fifteen years of land assembly and planning was rewarded in April 2012 when the Oakajee Industrial Estate Structure Plan was endorsed with final approval by the Western Australian Planning Commission, following earlier local authority support from the Shire of Chapman Valley.

Meeting our affordability targets

- **74% of Lots LandCorp Sold** across Western Australia were below the market median lot price.
- **25% of Land for Dwellings** were sold for $170,000 or less (which supports the current indicator that an affordable land and dwelling package is $370,000 and below).
- **4.4% of Residential Lots LandCorp Sold** were to the Department of Housing.

The 6,400ha industrial estate, together with the port and rail infrastructure, will make it possible to attract diverse industries creating jobs and contributing to a sustainable State economy.

The Structure Plan will guide the future development of the Strategic Industrial Area, General Industry Areas and Buffer Area and will ensure the industrial estate integrates, over the long term, with the port and rail developments.
3
STRATEGIC LAND DELIVERY
Meeting the needs of our growing state

By taking a long term view of the State’s needs, we are providing for future growth requirements through the delivery of strategic industrial, commercial and residential developments.

Broome

Western Australia’s national leadership in the resources sector has seen a focus on the Kimberley with a number of potential resources developments planned for the region.

Working with the community, the traditional land owners and the Shire of Broome, we have planned and started development of 700ha at Broome North. Broome North has the potential to provide almost 5,000 homes and will help guarantee future land supply to meet the town’s expected growth.

In October 2011 the release of medium density and grouped housing sites, as well as single residential lots at Waranyjarri Estate, the first precinct of Broome North to be developed, continued the trend of offering purchasers and investors a wider, more affordable choice. Purchasers were able to access $18,595 worth of Federal Government Housing Affordability Fund payments plus landscaping rebates from LandCorp.

Eight new display homes at the Waranyjarri Estate Display Village were launched by Hon Wendy Duncan MLC in April 2012. We created the village to showcase new, affordable and diverse housing choices tailored for Broome’s climate and conditions. Five of the display homes were constructed by Broome-based builders.

In a first for the Kimberley, not-for-profit community housing provider Foundation Housing acquired land at Waranyjarri Estate to build much-needed rental homes for key workers and low income earners.

LandCorp’s Januburu Six Seasons estate located west of the town centre behind Cable Beach has helped to address recent pressure on land and housing availability in the town.

Lot approvals in Broome year ending March 2012†

Houses 135††
Units 50††
Land 125††

††Source: REWIA – Market Update, March 2012. Total market of Broome.)
Avon Industrial Park

Avon Industrial Park is a modern industrial estate established through a community desire to create jobs and encourage people to live and work in the town. The State Government’s vision for this 473ha industrial park was delivered in partnership with the Avon Community Development Foundation and the Wheatbelt Development Commission to meet the needs of industries servicing the rural, resources and mineral processing markets.

The estate is now home to several manufacturing and rural service companies as well as the C Y O’Connor Institute.

This new skills training facility was opened by Training and Workforce Development Minister Peter Collier and Regional Development, Lands Minister Brendon Grylls in August 2011.

In January 2012, Minister Grylls announced Hutchinson Builders’ plans to locate significant new facilities at Avon Industrial Park. The company will establish its operations on a 70,000sqm site where it will manufacture modular units for delivery to the Pilbara to support the accommodation needs of the resources industry.

In addition, Hutchinson Builders are working on a 12,000sqm factory nearing completion (expected in September 2012). This is expected to deliver up to 300 jobs when operating at full capacity.

The Waterfront at Albany

A 30-year vision was realised on 14 July 2011 when the State Government officially opened the $42 million waterfront development at Albany. The Waterfront development has been achieved with input from the City of Albany, the Albany Port Authority and the Great Southern Development Commission, along with a community reference group and the communities of Albany and the wider Great Southern.

The event marked LandCorp’s completion of the civil works, with marina operations handed over to the Department of Transport. Management of the waterfront’s public open spaces was handed over to the City of Albany.

Also announced on the day was the release of the first commercial lots to the market, with LandCorp offering two lots to potential investors. One lot has sold and is due to be a mixed-use development with potential for commercial, retail and restaurant outlets, while several developers have expressed initial interest in the remaining lot.
Strategically located industrial estates are key economic drivers and employment generators for a rapidly growing metropolitan area.

We regularly work with other government agencies and local authorities to deliver the next generation of industrial and business land developments for Perth.

**Western Trade Coast**

The Western Trade Coast brings together some of the State’s key industrial asset clusters. The Australian Marine Complex, Latitude 32 Industry Zone, Kwinana Industrial area and Rockingham Industry Zone all benefit from the available road, rail and sea access.

Following an announcement by the Premier in May 2011, the Western Trade Coast Industries Committee (WTCIC) was established to replace five separate committees involved in the planning and development of the region.

The WTCIC committee, chaired by South Metropolitan MLC Hon Phil Edman, met regularly throughout 2011/12. It comprises representatives from Fremantle Ports, the departments of Planning, State Development, Commerce, Environment and Conservation and Transport as well as the Rockingham-Kwinana Development Office, LandCorp, Rockingham, Cockburn and Kwinana local government authorities, as well as two industry representatives.

At the time of the creation of the single committee, the four strategic industrial areas that form the Western Trade Coast produced $15.5 billion annually and employed 11,600 people.

The State Government’s long-term aim is to increase the Western Trade Coast’s output to $28.3 billion each year and generate 22,000 jobs.

**Australian Marine Complex**

The Australian Marine Complex (AMC) at Henderson on Cockburn Sound continued to thrive through a successful partnering effort from LandCorp, the Department of Commerce and AMC Management. It provides a world-class centre of excellence for fabrication, assembly, technology, repair and maintenance servicing activities in the marine, defence and resource industries.

In February 2012 the Royal Australian Navy’s HMAS Toowoomba was successfully dry docked at the AMC’s Common User Facility’s floating dock. This was the first time an ANZAC Class frigate used the dock.

Ship repair and refit services contractor to the Department of Defence, UGL, made Toowoomba’s refurbishment work at the Common User Facility possible by installing an ANZAC Class cradle.

Long-time AMC Shipbuilding Precinct business Austal Ships was awarded a contract for the design, construction and through-life support of eight new patrol boats for the Australian Customs and Border Protection Service in August 2011. Austal expects to build the fleet of Cape Class Patrol Boats at the AMC and all eight vessels are due to be delivered between March 2013 and August 2015.

**Latitude 32 Industry Zone**

Planning for guiding future development of the Latitude 32 Industry Zone, WA’s most significant industrial and commercial development, progressed well with the draft Local Structure Plan and Design Guidelines for Planning Area 2 recently completed.

The Planning Area 2 estate covers more than 123ha and is the next area to be developed within the 1,400ha Latitude 32 Industry Zone which lies south of Perth in the Hope Valley-Wattleup area.

It builds on the existing District Structure Plan submitted to the WAPC, with final approval expected by late 2012.

At Latitude 32’s Flinders Precinct we continued to meet demand for quality industrial land as major energy infrastructure and power company ATCO Australia acquired a 7.25ha lot and anchor tenant Southern Steel built an 11,000sqm warehouse and adjoining 600sqm office and administration centre.
4 PARTNERSHIPS AND RELATIONSHIPS
By continuing to combine our resources and people with those from the private development industry, our collective capacity is enhanced.

**Karratha - Mulataga**

In November 2011 leading national development company Mirvac was named as the preferred proponent to develop the $1.5 billion Karratha City of the North project.

We are working with Mirvac to develop multiple city centre sites as well as more than 1,500 dwellings at Karratha’s first coastal suburb of Mulataga which will feature waterside recreation facilities and has the potential for a school site, retail and tourism areas across 168ha.

Following input from the community, a design concept for Mulataga was released in April 2012 during a comprehensive three day design forum in Karratha.

We continue to work alongside Mirvac to fast-track the initial stage of development and we expect plans for statutory approvals to be lodged in the second half of 2012 with initial siteworks to commence by the end of the year.

**Alkimos**

A proposed new coastal city 40km north of Perth, Alkimos is expected to provide homes for 50,000 people over the next 25 years.

We are working closely with our partner Lend Lease to deliver the initial 224ha stage of urban-zoned land at Alkimos.

**Springs Rivervale**

Located just five minutes from the Perth CBD on the banks of the Swan River, Springs Rivervale is a redevelopment project that will introduce new and diverse styles of inner city living and commercial opportunities.

Finbar Group Ltd has been selected as development partner to deliver the project’s cornerstone apartments and offices at a prominent site on the corner of Great Eastern Highway and the Graham Farmer Freeway.

Expected to yield up to 188 apartments and 6,000sqm of office space, Finbar is planning two residential apartment buildings of eight and 16 storeys and a six storey office building on 14ha of land.

We are currently working with Finbar on the design, with the aim of having the first buildings ready for occupation in 2014.

**Waranyjarri Estate Display Village**

With the launch of the Waranyjarri Estate Display Village at Broome North in April of this year, Kimberley home buyers now have access to the latest in housing designs and products with display homes specifically built for the Broome climate and lifestyle.

Eight builders participated in the initiative which was opened at a family fun day attended by 2,500 people.

Purchasers have the opportunity to visit the display homes and see first-hand innovative solutions to climate responsiveness and energy efficiency.

Homes were built by Brolga Developments, Colin Wilkinson Developments, Australian Eco Construction, Williams Homes, H&M Tracey, Niche Q, BGC Modular and Summit Homes.

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<table>
<thead>
<tr>
<th>House, unit and land sales in Karratha</th>
<th>Year ending March 2012†</th>
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<tbody>
<tr>
<td>Houses</td>
<td>222</td>
</tr>
<tr>
<td>Units</td>
<td>35</td>
</tr>
<tr>
<td>Land</td>
<td>143</td>
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†Source: REIWA – Market Update, March 2012.
To be able to deliver our projects, engagement with Local Government authorities in the State is crucial.

South Hedland
Under the Pilbara Cities program, the multi-million dollar revitalisation of the South Hedland town centre will see the town triple in size.

In conjunction with the Town of Port Hedland, LandCorp completed the first stage of the revitalisation project funded by $23.1million from Royalties for Regions.

It features a realigned main street, a new town square with amphitheatre, a shaded market walk, water play area and public art plus a number of mixed use sites providing a diversity of residential and commercial opportunities.

Work has now started on Stage 2, following allocation of $53.94million in Royalties for Regions funding.

†Source: ABS 2006 Census Data
††Source: ABS 2011 Census Data

Pilbara population makeup 2006†

- 84% LIVING WITHIN WA 5 years ago
- 11% LIVING INTERSTATE 5 years ago
- 5% LIVING OVERSEAS 5 years ago

Pilbara top 5 industries of employment 2006†

- 31.2% WORK IN MINING
- 13% WORK IN CONSTRUCTION
- 6.1% WORK IN RETAIL TRADE
- 5.8% WORK IN HEALTHCARE AND SOCIAL ASSISTANCE
- 5.8% WORK IN EDUCATION AND TRAINING

Pilbara dwelling types 2011††

- 76% LIVE IN SEPARATE HOUSES
- 6% LIVE IN OTHER DWELLINGS (Caravans, tents, houseboats)
- 6% LIVE IN FLATS, UNITS OR APARTMENTS
- 12% LIVE IN SEMI-DETACHED, ROW OR TERRACE HOUSES
Knutsford Precinct
Situated just minutes from Fremantle’s CBD, the Knutsford Precinct is transforming an aged industrial area into a high quality, well-designed medium density development.

In conjunction with private land holders and the City of Fremantle we are developing previously under-utilised land while ensuring our shared vision is adopted across all elements of the project, its design and implementation.

Knutsford Precinct will yield in excess of 1,000 dwellings over a five to ten year period and incorporates over 20ha of land.

1,000
Dwellings in Knutsford Precinct over a five to ten year period.

Perry Lakes
Perry Lakes is an example of the strong, collaborative approach delivering modern infill projects to meet the needs of Perth’s rapidly growing population.

The redevelopment plan for Perry Lakes allows for more than 600 dwellings to be built on 134 lots. It is envisaged more than 1,200 people will live in the Perry Lakes redevelopment once complete.

Redevelopment of the former 1962 Commonwealth Games site will deliver significant benefits to the Town of Cambridge which will receive payment for the resumption of the Perry Lakes stadium development area and the nearby A K Reserve.

Under the Perry Lakes Redevelopment Act 2005, a minimum of $50 million from the proceeds of the project will be returned to the Town of Cambridge for the benefit of all ratepayers.

1,200
People will live in the Perry Lakes redevelopment.

Dwellings 600
Lots 134
Working with the State Government

Our success very much depends on our ability to work closely with other Government agencies and departments which also have a pivotal role to play in land development in WA.

Improving affordability

A recent signing of a Memorandum of Understanding (MoU) with the Department of Housing (DoH) aims to improve affordability and design outcomes in our land development projects.

Aimed at cutting costs for key workers and other homebuyers, providers of affordable rental accommodation and social housing in strategically important areas in regional WA, the agreement relates to land purchased from LandCorp by the DoH.

The MoU relies upon DoH providing LandCorp with notification of its requirements at the early stages of a project’s design and development.

DoH and LandCorp will then work together to develop achievable, location specific and practical design guidelines.

The MoU represents a new era of cooperation between the two agencies as we work together to improve affordability in some of the State’s most expensive and challenging markets.

Pilbara framework

LandCorp worked with the WA Planning Commission’s Pilbara Regional Planning Committee to develop the Pilbara Planning and Infrastructure Framework. This will ensure development and change is achieved in a way that improves people’s lives and enhances the region’s unique character and environment.

The policy will guide Government on infrastructure priorities across the Pilbara and give the private sector more certainty, facilitating investment in the region.

It has put in place strategies to address economic growth, environmental and heritage issues, transport, infrastructure, water resources, tourism and the emerging impacts of climate change.

Australian Marine Complex

The Australian Marine Complex, a partnership with the Department of Commerce, continues to play an important role in WA’s economy. Opening in July 2003, the Henderson estate is now home to hundreds of businesses, has delivered over 400 major infrastructure projects at the Common User Facility and generated thousands of jobs, a contribution to the economy of over $900million.
Working with Industry

In 2011/12 we continued to make steps to ensure Aboriginal people are able to take a more active role in developing their communities. Across LandCorp, our procurement, business and project managers work to ensure the contractors we engage have plans in place to provide for Aboriginal training and job opportunities.

The outcomes of this approach are evident in most of our programs - none more so than in the Kimberley.

$323 million

LandCorp is project managing the $323 million State Government funded Ord-East Kimberley Expansion Project.

Ord-East Kimberley

Through Royalties for Regions, the State Government has committed $323 million to the Ord-East Kimberley Expansion Project (OEKEP). LandCorp’s role is as project manager for this massive undertaking.

In December 2011 Leighton Contractors was announced as the contractor for Phase 2 construction works. This contract involves construction and delivery of infrastructure including the irrigation channel extension; drainage channels and roads within the Goomig Farm Area; and includes measurable goals to maximise indigenous participation.

A key component of the project continues to be its Indigenous and Community Development Program (ICDP) which is dedicated to increasing jobs, training and business opportunities for the Miriuwung Gajerrong (MG) people.

The function of the Indigenous and Community Development Program has been transferred from Leighton Contractors to the Traditional Owners through the creation of MG Services. MG Services’ primary role is to enable and promote MG people’s participation in the construction work and identify, place and support MG people in other regional employment and business opportunities.

Leighton Contractors is achieving a rate of 20% Indigenous workers on site. MG Services has a strong focus on helping these workers with issues in and outside of work to allow a smooth transition into employment.

This is a huge departure from the way things have been done in the past and it’s one of the most important legacies to come out of this unprecedented investment in Kununurra.
CCF Deed Signing

A recent deed signing officially sealed an agreement between LandCorp and the Civil Contractors Federation (CCF) to provide employment for Aboriginal and Torres Strait Islander people within the civil construction industry.

Run by CCF’s training arm Civil Train, the Civil Start program will generate a larger group of Aboriginal people ready for employment in the civil construction industry.

With aims to train around 300 Aboriginal people across the State, the program will include work-readiness and pre-employment training as well as industry recognised civil construction training. Trainees are then made available to LandCorp as registered contractors and CCF members for ongoing employment or under a labour-hire arrangement.

Where possible, the training programs will be targeted to align with LandCorp projects and allow its civil contractors and landscapers to maximise Aboriginal employment opportunities.

Warambie Estate

At the end of 2011 the last of the 100 units at Warambie Estate were allocated to Karratha service workers.

Overseen by LandCorp and managed by National Lifestyle Villages (NLV), the award winning project was designed to rapidly deliver subsidised housing for workers not employed in the resource industry.

Funded by $30.4million from Royalties for Regions, LandCorp has worked in close partnership with NLV who pre-fabricated the units in Perth for speedy construction on site in Karratha.

Small local businesses in the retail, tourism and general service sectors now have more stability with the ability to house their employees at rents between $350 and $500 per week.
Building communities for the future

Our commitment is to build better communities in both metropolitan and regional Western Australia. We aim to help create places where people enjoy living and working.

As we tackle the sometimes huge and complex projects across our vast State, we keep the communities in which we work top of mind by providing opportunities to engage with us and influence our activities.

Broome North

Broome’s current and future growth and the pressure that places on housing has been a driving force behind our Broome North development. When fully developed, it will double the size of Broome and be home to around 13,000 people.

Given the importance of the long term needs of people who will live at Broome North, we continue to engage with and listen to the community through the planning processes.

Through meetings with the Yawuru traditional owners we have learned about the importance of country and earlier community visioning and planning workshops have contributed to our plans.

The much anticipated development drew its name, Waranyjarri Estate, meaning ‘the first’, from the local Yawuru language.

Positive sales results for all stages released at Waranyjarri confirm interest in the estate.
Local RDAP

Local RDAP is part of our Regional Development Assistance Program (RDAP). RDAP is a State-wide initiative supporting the revitalisation and growth of regional towns where there is limited private sector activity or significant land and accommodation stresses.

Without Local RDAP, many smaller towns would struggle to attract development as the private sector would find most remote residential and light industrial projects financially unviable.

By engaging with LandCorp through Local RDAP, local governments can identify potential land development projects and apply to us for assistance to get their developments moving.

A further bonus has been that in many cases regional businesses have been awarded civil works contracts adding even greater value to Local RDAP through the expansion of employment and economic opportunities in smaller towns.

Early in 2012, four civil works contracts were awarded to regional-based businesses. The developments are at Badgingarra, Lake Grace and two at Hyden. At Hyden, an Albany-based contractor prepared land for the development of ten residential lots as well as combining with the Shire of Kondinin’s works team to prepare five serviced industrial lots for the town.

Nine residential lots at Badgingarra were prepared by a Jurien Bay-based firm in mid-February 2012.

Affordability

An increasing number of Western Australians are experiencing housing stress where their mortgage or rent payments exceed 30 per cent of their gross household income.

As the cost of electricity, petrol and water is increasing, affordable housing and living presents a major challenge across Australia.

Our objective is to deliver dwellings that are appropriately priced for key workers and households on low-to-moderate incomes, including rental accommodation and low cost house and land packages.

We have achieved this by meeting the target to supply 15 per cent of our land and housing across the State for affordable housing outcomes and by selling 82.6 per cent of metropolitan residential lots below the metropolitan median price between July 2009 and December 2011.

To ensure we continue to embed affordability principles within our developments, an Affordability Working Group has been formed to act on opportunities to deliver affordable products.
Urban and Built form Design

The Pilbara Cities vision

The launch of the Pilbara Cities vision in November 2009 proposed a complete transformation of towns across the region and to establish communities that will attract people from Australia and overseas.

The transformation required is broad in scope and includes major restructuring and activation of town centres, increased densification, renewal of existing residential areas, and new residential, commercial and industrial releases.

In response, LandCorp has created the Pilbara Vernacular Handbook to better inform future Pilbara projects - a handbook which other State, local government and private organisations may also benefit from.

The handbook does not impose statutory assessment and does not create extensive administrative imposts. Rather, this document brings together a collection of considerations and strategies that can guide developers to improve built form in the region by:

- Responding to climate;
- Incorporating the natural landscape;
- Building on the Pilbara character and identity; and
- Mobilising for change and innovation.

Climate Responsive Design

LandCorp is committed to delivering high quality design and sustainability initiatives for communities. LandCorp seeks to balance resource efficiency, lifestyle opportunities, community amenity and natural environment.

We have developed a Design Guideline Template System which generates project specific design guidelines for each climate zone in Western Australia.

These guidelines provide information on development goals, local climate and appropriate design response, as well as specific criteria for building performance and landscape design.

Project design reviews are undertaken at key stages of a project’s lifecycle to integrate concept and project designs.

These processes, which include independent industry professionals, are tailored to improve design and sustainability outcomes and ensure projects achieve their objectives and vision.

For example, guidelines for Broome North integrate construction of homes with the local climate to reduce their environmental impact.
Enriching communities through sponsorship

Sponsorships provide us with a way of connecting to the people, places and businesses we work with.

There are Aboriginal sponsorships which support our Reconciliation Action Plan, particularly those linked to Indigenous employment and training.

At a business level we provide sponsorship support to a range of development industry events, conferences and awards.

At a local level we provide sponsorship support to the communities in which we operate.

KIMBERLEY ECONOMIC FORUM

We were gold sponsors of the Kimberley Economic Forum in Kununurra. Held over two days, the Forum explored topics relevant to the region such as resources, agriculture, tourism, business sustainability, housing and labour.

BRUNSWICK SHOW

Brunswick Show is one of Australia’s biggest one day shows attracting 15,000 people. Our support allowed the people of Bunbury the opportunity to be part of this South West favourite. By providing a free bus service from Bunbury to the showgrounds, more visitors were able to attend the show than would otherwise be possible.

UDIA NATIONAL CONGRESS

The peak representative body for the urban development industry, the Urban Development Institute of Australia, held its National Congress in Perth. We recognised the significance of this important conference by supporting the UDIA with a gold sponsorship.

ENABLING THE INDUSTRY CONFERENCE

Our sponsorship of the Civil Contractors Federation’s 2012 conference Enabling the Industry was an important commitment given our close involvement with the federation in the promotion of Aboriginal participation in the civil construction industry in WA.
Community Art Project at Cockburn Central

A colourful mural at The Siding, outside the Cockburn Central train station, is a joint initiative between LandCorp, the City of Cockburn and community art company, The Butcher Shop. Completed by four lead artists and assisted by members of the local community, the design was created using spray paint to add vibrancy to the emerging town centre.
6
CUSTOMERS AND MARKETING
Strategic communication outcomes

It is important for LandCorp to be aware of and understand community and industry sentiment on key land delivery issues in the areas in which we operate.

Flexible Design Guidelines

We took on board feedback from our private sector partners who called for more flexible Design Guidelines in our developments.

In recent metropolitan infill projects such as Mosman Park, Coogee, North Coogee, Girrawheen and Craigie, LandCorp has undertaken to work closely with the private sector to ensure quality built form outcomes without placing burdensome limitations on aspects of design.

Regional Display Villages

When we investigated the feasibility of Display Villages in the Pilbara and the Kimberley, residents told us they were looking for housing responsive to the climate of their town.

In developing the Pilbara Display Village at Baynton West in Karratha, LandCorp worked with potential builders to showcase designs suited to the Pilbara climate.

As a result, 17 builders displayed their innovative designs, construction methods and building materials in homes that incorporated the latest heating and cooling systems with designs that promoted natural ventilation.

Similarly, the eight homes at Waranyjarri Display Village were specially designed to respond to the Broome climate and lifestyle, taking into consideration aspects such as eaves for added shading, breezeways, window treatments and construction methods to withstand the wet season.

Kalgoorlie GreenView display village

A small display village in the GreenView Estate, Kalgoorlie was developed in conjunction with local builders to showcase a diversity in housing choice in the Wheatbelt.
Delivering Community 2030

Our award winning Community 2030 (C2030) project stimulates and captures the views and ideas of industry leaders, experts, the community and other key stakeholders about the future planning and development of regional and metropolitan communities in Western Australia.

A key driver of C2030’s community engagement is the interactive website, which is linked to social media platforms including Twitter, Facebook, LinkedIn, YouTube and Google-Plus and a futuristic portal that travels around WA to record people’s ideas on digital video.

Carnarvon in the Gascoyne was the venue for a C2030 regional forum in September 2011. More than 100 delegates participated and Regional Development and Lands Minister Brendon Grylls was a keynote speaker.

The C2030 portal travelled to the Carnarvon conference capturing the community’s ideas on video.

The national UDIA congress in March 2012 gave delegates attending the opportunity to step inside and record their ideas on video with many bringing their own national viewpoint to Western Australia. Videos recorded at the congress were uploaded to the C2030 website.

During the year C2030 was recognised with the WA Australian Marketing Institute Award for Marketing Excellence in the Social Marketing category.

In April 2012 we began a partnership with the ABC 720’s Drive program to feature one of the website hot topics every two weeks. The fortnightly topic is also promoted through the ABC’s Facebook and Twitter accounts.
Developing insights through market research

Our market research team has managed several important research projects which have given valuable insights to help us better understand our customers’ needs and attitudes towards our organisation, current projects and future developments.

COCKBURN COAST

Cockburn Coast is poised for substantial urban renewal and transformation. The regeneration of the area will create a new community of up to 10,000 people with a diverse mix of commercial, residential and recreational activities.

We conducted a research project to help develop an engaging brand, which works with the historical and living culture of the area while contributing to developing a holistic place-making strategy. It gave us insights into the aspirations and perceptions of key stakeholders, the community and our future customers.

ASHBURTON NORTH

Near Onslow in the Pilbara, we are working in collaboration with several government agencies on the development of the massive 8,000ha Ashburton North industrial estate.

To assist with planning the estate and to ensure the development caters to the needs of potential occupants, our research team developed an online survey to collect information about ideal lot sizes, designs and estate features.

THE AUSTRALIAN MARINE COMPLEX

The Australian Marine Complex at Henderson south of Perth is home to more than 150 businesses employing more than 2,000 workers.

We conducted a survey of AMC workers to identify their transport habits and investigate whether changes to public transport service might be required.

MURDOCH MIX

A digital survey was used to gauge interest and feedback from developers and potential tenants for the Murdoch Activity Centre which is set to become one of the busiest employment hubs outside Perth’s CBD. The information gathered has been used to inform further planning for the project.
Exciting new initiatives for the Industrial Program.

In November we hosted a networking event with a twist. With an innovative golf themed format, Perth and Eastern States based industrial and commercial builders were able to meet a range of Pilbara landowners. Discussions focused on ways to build business facilities with alternative designs, building materials and tailored methods of construction.

The event was a huge success with over 80 people in attendance and many new connections made.

As the engine room of WA’s economy, the Pilbara was the focus of a Customer Tour in August where attendees were given an overview of the opportunities in the region.

Representatives from the construction, development and finance industries visited key projects driving growth in the Pilbara to witness first-hand the scale of activity in the region.

Feedback from the participants was very positive, with requests to run a similar tour in 2012/13.
BUSINESS PERFORMANCE
Investing in our people

Our business performance is dependent on the investment we make in our people and the systems they have at their fingertips. Simply put, our success depends very much on the skill and enthusiasm of our team across the organisation.

Employee opinion survey 2011/12

LandCorp has been conducting an employee opinion and culture survey most years since 1998. Human Resources generally outsources the development and running of the survey to experts using recognised, valid instruments. LandCorp has enjoyed high participation rates by staff over the years - generally in excess of 80 per cent.

In 2011 we employed the Human Synergistic’s Organisational Culture Inventory and Organisational Effectiveness Inventory surveys (OCI-OEI). The most widely used and thoroughly researched tool for measuring organisational culture in the world, the OCI-OEI obtains feedback on culture, leadership and other business benchmarks to improve the working environment and promote employee engagement, satisfaction and retention.

The results were presented to all employees and action plans developed to address the areas for improvement.

Key findings

Some improvements in culture were evidenced since the OCI-OEI was last run in 2005 however there were still areas for improvement.

The key challenges emerging from the results were to:

- Build a more constructive and adaptive culture;
- Increase focus on identifying and satisfying the needs of customers;
- Develop more ‘line of sight’ throughout the business so employees feel their work is valued and understand how it contributes to business outcomes; and
- Build more people management and leadership capacity.

We believe this process returns major benefits to individuals and the business and the Executive takes responsibility for leading cultural shifts. Effecting change is a long-term process and requires trust, commitment and effort from all parties.

The time taken to communicate regularly with employees, a participative approach to goal-setting and the good working relationships and cooperation between different areas of the business continues to contribute to our success.

89% of employees would recommend LandCorp as a good place to work

48% of employees have worked with LandCorp for over 4 years

87% of employees feel satisfied in their role

80%

Participation rate of this year’s survey
Leadership development

A Leadership Development Program for senior managers was launched this year. The aim of the program is to ensure managers have the necessary competence, mindset and capabilities to perform effectively as leaders at their level in the organisation.

So far, the program has involved:
- Accrediting the Human Resources team in administering and debriefing the Predictive Index (PI) psychometric tool which measures work-related behaviours and motivating needs of individuals.
- Implementing PIs for most of the organisation; ultimately everyone in LandCorp will have their own PI. The PI results for program participants will assist them to become more self aware, guide their development needs, and give the organisation better knowledge to recruit, motivate and lead employees to achieve organisational goals. PIs will be used for other Human Resources processes in the future including performance management and succession planning.
- Workshops for program participants to understand the PI tool and how they can use it as a leader of a team.
- Workshops to develop leadership competencies at each level in LandCorp.
- Commencement of design of a customised leadership development program based on leadership competencies.
- Implementation of 360-degree feedback and individual coaching sessions.

A leadership review process will be implemented to capture the results of the program and measure its success.

Competitive compensation

An annual review process is conducted of renumeration for market-based employees to ensure compensation is appropriate to attract and retain staff.

Non-Monetary Benefits

LandCorp offers a range of non-monetary benefits such as:
- Flexible working arrangements including part-time work and working from home;
- Training and development opportunities;
- Social and Culture Club activities; and
- Wellness program.

Entry and exit interviews

Entry and exit interviews are conducted with employees to collect data on views within the first few months and at termination.

Equal employment opportunity and diversity

LandCorp employed a dedicated EEO Advisor this year to focus on raising employee awareness of the benefits of diversity and inclusivity. This has involved opening up job opportunities, particularly to Indigenous candidates and people with disabilities as well as developing support systems to retain these employees.

Staff retention

LandCorp measures the success of retention strategies through a variety of means including:
- Employee opinion surveys conducted on a regular basis and interview at entry and exit points;
- Analysis of turnover and retention information. Currently turnover is well within accepted parameters and will continue to be monitored; and
- Monitoring grievances.

Retaining LandCorp’s skills and knowledge has a positive impact on the organisation’s business performance in terms of knowledge sharing between employees; effective coaching, mentoring and development of our employees; sustaining client and government relationships; keeping current staff motivated and engaged; and reducing recruitment costs and costs associated with onboarding new employees.

Staff retention for the year

91.7%
Designing systems to optimise performance

Our Landinfo system was created in-house in 1995 to provide forecasting on financials, contract management and procurement, and to store information on projects as well as a number of other functions.

This system served us well for many years, but being text and numerically based, it was not very intuitive. It was difficult to update, especially as business logic was hard-coded into the software and was not universally used across the business.

In 2007 we conducted a gap analysis to examine how well Landinfo fitted our 21st century business needs. Findings indicated it met only 26 per cent of our needs and its storage capacity was too small to support contemporary reporting functions and future growth.

After establishing a business case, we undertook a six month review of its recommendations. We then spent a further five months mapping our current business processes to determine what was needed from a new system.

We developed a pilot and employed a full-time change manager to assist with the transition from Landinfo.

Gateway reviews were scheduled at significant points of the project, using an external audit team to review activities and ensure it was on target.

Selection of the CA Clarity project portfolio management system (PPM) resulted from stringent evaluation.

Clarity will provide us with greater capacity to manage our projects, including enhancing the ability to present data graphically, while also providing our people with configurable dashboards to present data as they need it.

Our IT team also implemented a number of new initiatives during the year including:

- Voice over Internet Protocol (VoIP) digital telephones which are cheaper and more efficient;
- Video Conferencing/Audio Visual Meeting Rooms – more efficient means of communication;
- Wi-Fi installed – providing wireless access to the network at LandCorp offices;
- iPads – providing a paperless solution for the Executive and Board; and
- Printer Swipe Cards – a more efficient and flexible means for printing.
Business Performance

LandCorp contributes to the State Government finances while delivering positive community outcomes through project delivery. We return significant funds to the taxpayers of WA. These contribute to other areas of key Government expenditure.

We measure our performance against the achievement of outcomes in our Statement of Corporate Intent. In 2011/12, we set targets and measured our performance across a range of strategic focus areas. A number of the targets and results are highlighted in the table below.

During 2011/12 LandCorp delivered on targeted Government Priority project milestones, as well as met or surpassed key performance indicator targets, including releases across our three delivery programs. We have achieved a record $381 million in sales (99 per cent of our 2011/12 sales target), while all other financial indicators have met or surpassed targets. The 2011/12 financial year has been a very difficult one for the property industry, and it took significant efforts to achieve our highest ever sales result, falling just short of the business plan target.

LandCorp progressed several projects as part of the Pilbara Cities initiative, including the Karratha Town Centre and Mulataga projects. The Industry and Infrastructure program was a solid performer during 2011/12, in terms of delivery and sales, across metropolitan and regional WA. Planning on several strategic industrial areas progressed and structure plans were approved for Collie Shotts and Oakajee. The Metropolitan Program progressed development on a range of Activity Centres, including The Springs and Claremont North East Precinct. The ‘Civil Start’ initiative is also underway, aimed at improving Indigenous employment, while work has continued on ensuring that we have the best consultants and contractors.

We delivered land for 1,660 dwelling unit equivalents in regional WA, including 80 lots as part of the Local Regional Development Assistance Program. In Perth, land for 1,600 dwelling unit equivalents was released, while the Industry and Infrastructure Program released 90 general industrial lots, more than double the target. In meeting our 2011/12 targets, LandCorp demonstrated flexibility, innovation and creative thinking in prioritising projects, while continuing to successfully respond to new challenges set by the Minister. Speed to market has been demonstrated across all three operational programs by bringing projects forward to meet demand.

<table>
<thead>
<tr>
<th>LANDCORP STRATEGY</th>
<th>KEY PERFORMANCE INDICATORS - TARGETS AND MEASURES</th>
<th>RESULTS AS AT 30 JUNE 2012†</th>
</tr>
</thead>
<tbody>
<tr>
<td>GOVERNMENT PRIORITIES</td>
<td>Number of priority projects where milestone targets were achieved</td>
<td>14</td>
</tr>
<tr>
<td>COMMUNITY DEVELOPMENT</td>
<td>Metropolitan: Total dwelling unit equivalents created (based on land released)</td>
<td>1,168</td>
</tr>
<tr>
<td></td>
<td>Regional: Total dwelling unit equivalents created (based on land released)</td>
<td>1,119</td>
</tr>
<tr>
<td></td>
<td>Regional: Total Regional Development Assistance Program dwelling unit equivalents created / Local Regional Development Assistance Program lots created</td>
<td>500/60</td>
</tr>
<tr>
<td></td>
<td>Industrial: Number of general industrial lots released</td>
<td>35</td>
</tr>
<tr>
<td>STRATEGIC LAND DELIVERY PARTNERSHIPS AND RELATIONSHIPS</td>
<td>Net debt ($m)</td>
<td>$121m</td>
</tr>
<tr>
<td></td>
<td>Profit ($m)</td>
<td>$72m</td>
</tr>
<tr>
<td></td>
<td>Staff retention (%)</td>
<td>&gt;80%</td>
</tr>
<tr>
<td></td>
<td>Sales achieved: (lots settled sales value $m)</td>
<td>$385m</td>
</tr>
<tr>
<td></td>
<td>EBIT Margin</td>
<td>28.70%</td>
</tr>
<tr>
<td></td>
<td>Return on Assets</td>
<td>9.20%</td>
</tr>
<tr>
<td></td>
<td>Payments to Government</td>
<td>$106m</td>
</tr>
</tbody>
</table>

†Preliminary results, subject to a number of year end and tax effect adjustments and final audit.
8
GOVERNANCE
The Board of Directors of LandCorp presents its report for the financial year ended 30 June 2012.

The Western Australian Land Authority Act 1992 (the Act) prescribes the Board is to comprise between five and seven Directors at any one time, with the Minister for Lands being responsible for Board appointments.

Current Directors:

<table>
<thead>
<tr>
<th>Director</th>
<th>Date first Appointed</th>
<th>Resigned / Term Expiry</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monty House (Chairperson)</td>
<td>6 April 2009</td>
<td>30 June 2015</td>
</tr>
<tr>
<td>David Rowe (Deputy Chairperson)</td>
<td>6 April 2009</td>
<td>30 June 2013</td>
</tr>
<tr>
<td>Caroline de Mori</td>
<td>6 April 2009</td>
<td>30 June 2014</td>
</tr>
<tr>
<td>Simon Read</td>
<td>27 April 2010</td>
<td>30 June 2013</td>
</tr>
<tr>
<td>George McCullagh</td>
<td>28 September 2010</td>
<td>30 June 2015</td>
</tr>
<tr>
<td>Peter Cooke</td>
<td>14 February 2011</td>
<td>30 June 2014</td>
</tr>
<tr>
<td>Jenny Smithson</td>
<td>1 July 2011</td>
<td>30 June 2015</td>
</tr>
</tbody>
</table>

Persons who held the office of Director during the course of the year were as follows.

Current Directors:

Monty House was initially appointed Chairperson on 6 April 2009 for a term ending 30 June 2012 and reappointed during the period for a three year term expiring 30 June 2015. Monty has enjoyed a distinguished 37 year public career commencing as a Shire Councillor and Shire President at Gnowangerup. As a former Member of Parliament representing the Stirling electorate, Monty also served as Minister for Primary Industry and Fisheries as well as Deputy Leader of the National Party. Monty is the owner/manager of an extensive grain and sheep farming business in WA. He is currently a Director of Allied Gold PLC, External Affairs Director of Latent Petroleum, immediate past Chair of Landgate, a Member of the Australian Institute of Company Directors and a serving Justice of the Peace.

David Rowe was initially appointed as a Director on 6 April 2009 and reappointed for a three year term expiring 30 June 2013. David was appointed as Deputy Chairperson on 1 July 2011. David is Chairperson of the Planning and Development Committee and member of the Governance and Remuneration Committee. With wide-ranging experience in the provision of strategic and operational advice to government and non-government corporations within Australia and overseas, David works predominantly in the property development, mining and transport industries. He has also worked in a number of Executive positions across public and private residential property development and building companies in Perth and Melbourne. He is also Chairman of the Fremantle Hospital Medical Research Foundation, a Graduate of the Australian Institute of Company Directors and a serving Justice of the Peace.
Caroline de Mori was initially appointed on 6 April 2009 and reappointed for a three year term expiring 30 June 2014. Caroline is a member of the Planning and Development Committee and Governance and Remuneration Committee. She has experience in corporate communications involving large and complex land, mining and resources development throughout Western Australia. Caroline also has experience in regional issues, including those facing Indigenous communities and was a founder and Director of two communications consultancies and a member of a Federal Government consumer advisory committee. She is currently Executive Chair of EON Foundation Inc and Non-Executive Director of IndiEnergy Ltd. Caroline is a Graduate of the Australian Institute of Company Directors.

Simon Read was appointed on 27 April 2010 for a three year term expiring 30 June 2013. Simon is Chairperson of the Audit and Risk Management Committee and Major Transactions Committee and has honed a hands-on skill set over 25 years of working with Australia’s leading corporate reconstruction specialists. He has specialised in corporate reconstruction, turnaround and business improvement. Simon also currently consults to business owners, boards and financiers. Simon has worked across many industries with significant experience in forestry, mining, engineering, finance and property. Simon is a Graduate of the Australian Institute of Company Directors and a Chartered Accountant.

George McCullagh was initially appointed on 28 September 2010 for a term ending 30 June 2015. George is Chairperson of the Governance and Remuneration Committee and a member of the Audit and Risk Management and the Major Transactions Committees. He was previously a Partner with an international consulting firm. Across the past decade, George has worked as a consultant in independent practice, providing commercial and advisory services to a range of planning, resources, infrastructure and redevelopment agencies in WA. He currently serves as an independent member of the Audit Committee for the Department of Mines and Petroleum. George is a Member of the Australian Institute of Company Directors.

Peter Cooke was appointed on 14 February 2011 for a term expiring 30 June 2012 and reappointed during the period for a two year term expiring 30 June 2014. Peter is a member of the Planning and Development Committee and Audit and Risk Management Committee. He has a varied and extensive background in agriculture, agribusiness, marketing, strategic planning and communications. For the past 15 years he has been the principal of Agknowledge, a small agribusiness firm specialising in providing strategic business development to a range of companies, government departments and enterprises across Australia. Peter was Chief Executive Officer of the Kondinin Group from 1988-1997. He spent six years as a Board member of the Rural Adjustment and Finance Corporation of WA (RAFCOR), was the Chair of the WA FarmBis program 1998-2008. In 2012 Peter was appointed a member of the Advisory Board of the International Institute of Agri-food Security. Currently he is Deputy Chair of Landgate and a Fellow of the Australian Institute of Company Directors. Peter also chairs the National Selection Panel for Australia’s Equestrian Olympic team.

Jenny Smithson was initially appointed on 1 July 2011 for a one year term ending on 30 June 2012 and re-appointed during the period for a three year term expiring 30 June 2015. Jenny is a member of the Planning and Development and the Major Transactions Committees. She is a qualified Town Planner and has extensive experience in town planning, local government and development matters. Jenny is a Senior Principal of Cardno, an international engineering based consulting firm. Jenny is a former Director of Cardno (WA) and BSD Consultants Pty Ltd. Jenny has expertise in project managing major multi-disciplinary projects on behalf of public and private sector clients with specific expertise in land development and approvals negotiation. She works between the Sydney, Canberra and Perth offices of Cardno and is Cardno’s National Discipline Leader in Planning and Urban Design. Jenny is a part time Commissioner of the NSW Land and Environment Court and has held former positions as a Sessional Member of the State Administrative Tribunal, Commissioner for the City of Cockburn and Shire of Albany, WA President of PIA and UDIA (WA) Councillor.
Meetings:
Details of attendance by Directors at Board meetings and Board Committee meetings are set out below:

<table>
<thead>
<tr>
<th>Director</th>
<th>Board Held</th>
<th>Board Attended</th>
<th>Special Board Held</th>
<th>Special Board Attended</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monty House</td>
<td>11</td>
<td>9</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>David Rowe</td>
<td>11</td>
<td>10</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>Peter Cooke</td>
<td>11</td>
<td>10</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>Caroline de Mori</td>
<td>11</td>
<td>10</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>George McCullagh</td>
<td>11</td>
<td>10</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>Simon Read</td>
<td>11</td>
<td>9</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>Jenny Smithson</td>
<td>11</td>
<td>11</td>
<td>8</td>
<td>7</td>
</tr>
</tbody>
</table>

Notes: (1) ‘Held’ indicates the number of meetings held during the period of each director’s tenure
(2) ‘Attended’ indicates the number of meetings attended by each director

<table>
<thead>
<tr>
<th>Director</th>
<th>Audit &amp; Risk Management Committee Held</th>
<th>Audit &amp; Risk Management Committee Attended</th>
</tr>
</thead>
<tbody>
<tr>
<td>Simon Read (Chair)</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Peter Cooke</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>George McCullagh</td>
<td>4</td>
<td>4</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Director</th>
<th>Governance &amp; Remuneration Committee Held</th>
<th>Governance &amp; Remuneration Committee Attended</th>
</tr>
</thead>
<tbody>
<tr>
<td>George McCullagh (Chair)</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>David Rowe</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>Caroline de Mori</td>
<td>3</td>
<td>3</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Director</th>
<th>Planning &amp; Development Committee Held</th>
<th>Planning &amp; Development Committee Attended</th>
</tr>
</thead>
<tbody>
<tr>
<td>David Rowe (Chair)</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>Peter Cooke</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>Caroline de Mori</td>
<td>6</td>
<td>5</td>
</tr>
<tr>
<td>Jenny Smithson</td>
<td>6</td>
<td>6</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Director</th>
<th>Major Transactions Committee Held</th>
<th>Major Transactions Committee Attended</th>
</tr>
</thead>
<tbody>
<tr>
<td>Simon Read (Chair)</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>George McCullagh</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Jenny Smithson</td>
<td>2</td>
<td>2</td>
</tr>
</tbody>
</table>
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 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, including those 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.

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 Government have agreed to set the hurdle rate of return as LandCorp’s Weighted Average Cost of Capital (WACC).

<table>
<thead>
<tr>
<th>Operating Results</th>
<th>2011/12 ($M)</th>
<th>2010/11 ($M)</th>
<th>2009/10 ($M)</th>
<th>2008/09 ($M)</th>
<th>2007/08 ($M)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit Before Income Tax Equivalents</td>
<td>134.544</td>
<td>149.779</td>
<td>95.578</td>
<td>43.434</td>
<td>134.708</td>
</tr>
<tr>
<td>Income Tax Equivalents Expense</td>
<td>40.369</td>
<td>44.726</td>
<td>27.412</td>
<td>12.987</td>
<td>39.417</td>
</tr>
<tr>
<td>Net Profit</td>
<td>94.175</td>
<td>105.053</td>
<td>68.166</td>
<td>30.447</td>
<td>95.291</td>
</tr>
</tbody>
</table>

Projects that make up the Regional Development Assistance Program are treated as one project for governance purposes.

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 responsible Minister 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 five (5) years are summarised below:

<table>
<thead>
<tr>
<th>Dividends Paid</th>
<th>2011/12 ($M)</th>
<th>2010/11 ($M)</th>
<th>2009/10 ($M)</th>
<th>2008/09 ($M)</th>
<th>2007/08 ($M)</th>
</tr>
</thead>
</table>
Events subsequent to Balance Date

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

Likely developments and future results

LandCorp will continue to work with Government, its stakeholders and customers to deliver the functions set out in the Western Australian Land Authority Act 1992.

LandCorp’s expected future trading results, as set out in its 2012/13 Statement of Corporate Intent:

<table>
<thead>
<tr>
<th>($M)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Revenue (excl. GST)</td>
<td>429</td>
</tr>
<tr>
<td>Sundry Revenue</td>
<td>71</td>
</tr>
<tr>
<td>Cost of Land Sold</td>
<td>(419)</td>
</tr>
<tr>
<td>Operating Costs</td>
<td>(46)</td>
</tr>
<tr>
<td>Profit before Interest and CSO</td>
<td>35</td>
</tr>
<tr>
<td>CSO Revenue (Net)</td>
<td>42</td>
</tr>
<tr>
<td>Net Interest Expense</td>
<td>(9)</td>
</tr>
<tr>
<td>Income Tax Expense</td>
<td>(23)</td>
</tr>
<tr>
<td>Profit after Income Tax</td>
<td>45</td>
</tr>
</tbody>
</table>

Payments to Government (through the Consolidated Fund) are expected to total around $96million from 2012/13 operations. This includes tax equivalents, stamp duty on land acquisitions and expected dividends.

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.

Current 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>Monty House</td>
<td>81,588</td>
<td>7,342</td>
<td>0</td>
<td>88,930</td>
</tr>
<tr>
<td>David Rowe</td>
<td>60,798</td>
<td>5,471</td>
<td>0</td>
<td>66,269</td>
</tr>
<tr>
<td>Caroline de Mori</td>
<td>40,794</td>
<td>3,671</td>
<td>0</td>
<td>44,465</td>
</tr>
<tr>
<td>Simon Read</td>
<td>40,794</td>
<td>3,671</td>
<td>0</td>
<td>44,465</td>
</tr>
<tr>
<td>George McCullagh</td>
<td>40,794</td>
<td>3,671</td>
<td>0</td>
<td>44,465</td>
</tr>
<tr>
<td>Peter Cooke</td>
<td>40,794</td>
<td>3,671</td>
<td>0</td>
<td>44,465</td>
</tr>
<tr>
<td>Jenny Smithson</td>
<td>40,009</td>
<td>3,600</td>
<td>0</td>
<td>43,609</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>345,571</td>
<td>31,097</td>
<td>0</td>
<td>376,668</td>
</tr>
</tbody>
</table>

Directors’ Benefits

No Directors of LandCorp have received benefits or have become 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 a 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.
Executive Emoluments
The Board, with the approval of the Minister, 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 accordance with LandCorp policy. LandCorp engages independent remuneration consultants to report and recommend competitive emolument packages 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>Senior Executive</th>
<th>Base Salary $</th>
<th>Superannuation $</th>
<th>Other Benefits $</th>
<th>Total $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ross Holt</td>
<td>486,110</td>
<td>58,333</td>
<td>51,297</td>
<td>595,740</td>
</tr>
<tr>
<td>Mike Moloney</td>
<td>321,725</td>
<td>28,955</td>
<td>39,652</td>
<td>390,132</td>
</tr>
<tr>
<td>Frank Marra</td>
<td>302,563</td>
<td>36,307</td>
<td>39,448</td>
<td>378,318</td>
</tr>
<tr>
<td>Kerry Fijac</td>
<td>262,340</td>
<td>31,480</td>
<td>34,111</td>
<td>327,931</td>
</tr>
<tr>
<td>Luke Willcock</td>
<td>261,056</td>
<td>23,495</td>
<td>26,390</td>
<td>310,941</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,633,794</strong></td>
<td><strong>178,570</strong></td>
<td><strong>190,698</strong></td>
<td><strong>2,003,062</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; and

Rounding 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.

Monty House  
Chairperson

David Rowe  
Deputy Chairperson

27 August 2012
Corporate Governance has been at the very core of the LandCorp Board since the establishment of the organisation in 1992.

The current Board of Directors is committed to the highest standards of corporate governance, and to that end, this section of the Annual Report summarises how 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 ensures, at a minimum, it achieves the standards set out in the Western Australian Land Authority Act 1992 and the Statutory Corporations (Liability of Directors) Act 1996.

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

The Minister for Regional Development; Lands 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) 1994, it has elected to adopt standards reflecting the general principles of the public sector and reports to the Public Sector Commissioner and other centralised bodies as appropriate.

LandCorp adopts financial reporting provisions equivalent to those of the Corporations Act 2001 (Commonwealth). The Western Australian Auditor General conducts annual audits of LandCorp.

Although there were no changes to LandCorp’s enabling legislation over 2011/12, there was a change in LandCorp’s corporate governance environment. A new Board Committee was established, being the Major Transactions Committee. The Major Transactions Committee was formed to consider major transactions above the CEO delegation level and to approve, or refer for Board / Minister to approve those items considered to be contentious in nature.

Section 48 of the Act requires the Minister to carry out a review of the operation and effectiveness of the Act within six months after every fifth anniversary of the commencement of the Western Australian Land Authority Act Amendment 2004. In the course of this review the Minister must have regard to:

(a) The effectiveness of the operations of the Authority;

(b) The need for the continuation of the functions of the WALA; and

(c) Such other matters as appear to the Minister to be relevant to the operation and effectiveness of this Act.

The Minister commenced the review process during the 2010/11 period. The final report was presented to Government in September 2011 and laid before each House of Parliament in early 2012. The review concluded that the WALA is an effective and important vehicle for Government in providing land for the social and economic needs of the State and, accordingly, recommended the Act should continue. The Statutory Review of the Act made several recommendations intended to enhance the efficiency and/or transparency of the Authority’s activities which have been implemented.
1. Lay solid foundations for management and oversight

LandCorp’s Board of Directors recognises its accountability to the Government and Minister for Regional Development; Lands. This requires the Board to deliver the objectives and functions set out in the Western Australian Land Authority Act 1992.

The Board is accountable to the Government 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 including financial targets;
- Providing strategic direction and approving significant strategic corporate objectives;
- Maintaining communication with the Minister and Government;
- Maintaining working relationships with Management;
- Evaluating Board performance;
- Evaluating performance of the Chief Executive Officer;
- Planning for Board and Management Succession;
- Recommending Director remuneration to the Minister;
- Monitoring financial and corporate performance;
- Considering and approving half-yearly and annual reports;
- Assessing LandCorp’s social, economic and environmental performance;
- Reviewing, ratifying and monitoring appropriate systems of risk management and legal compliance;
- Satisfying itself that appropriate internal control mechanisms are in place and are being implemented;
- Determining the scope of authority (and any limits on authority) which is delegated to the Chief Executive Officer or any other officer;
- Monitoring appropriate resources are available to senior management; and
- Maintaining an emphasis on audit activities.

The Board has worked throughout the year to ensure the organisation’s vision, future directions and strategies are well understood and given effect going forward.

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

- Audit and Risk Management Committee;
- Governance and Remuneration Committee;
- Planning and Development Committee; and
- Major Transactions Committee (established in March 2012).

Day to day oversight and management of operations are the responsibility of the Chief Executive Officer who reports to the Board on issues including:

- Corporate strategies;
- Human resources;
- 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 responsibilities of the Chief Executive Officer and management arrangements during 2011/12. However, succession planning and a structural review of the senior leadership team was undertaken during the first half of 2012 with recruitment commencing for the new Chief Operating Officer and General Manager Regional South. These changes will take effect during the early part of 2012/13.

There was also an increase in the number of staff based in regional areas with new positions in Kununurra, Port Hedland and Bunbury.

The performance evaluation of the Chief Executive Officer 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.
2. Structure the Board to Add Value

The Board comprises independent Directors appointed by the Minister in accordance with relevant provisions of the Western Australian Land Authority Act 1992.

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 and Deputy Chairperson are appointed by the Minister for Lands.

In accordance with Schedule 1A, Clause 1 of the Western Australian Land Authority Act 1992, Directors may be appointed for a term of up to three years. There are also provisions in the Act which enable the Minister to reappoint Directors for a further term on the Board. The Chief Executive Officer is not permitted to be appointed as a Director.

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

In addition, it is considered 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.

LandCorp maintains a Directors’ Manual, which comprises a series of sections and statements setting in practical terms how their duties and responsibilities are to be fulfilled. This Manual contains:

- Roles and responsibilities of Directors;
- Key features of the business;
- Summaries of operations, policies and key directions;
- Project Summaries; and
- LandCorp’s governing and other statutes.

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

- 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 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 process.

The Chairperson sets the agenda for each meeting in consultation with the Chief Executive Officer. 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 Chief Executive Officer and other members of the senior management group attend parts of the Board meetings by invitation.

The Board completed a number of project site inspections and regional meetings with key stakeholders during the reporting period. These meetings covered the key issues and complexities relating to projects in areas throughout Western Australia specifically including towns across the Pilbara, Kimberley, Mid-West, Wheatbelt, Gascoyne and South West regions, as well as across the Metropolitan area.

The Chairperson is responsible for monitoring the contribution of individual Directors and counselling them on any areas which may result in improved Board performance.
3. **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 (Code) 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. The LandCorp Code provides guidance on a set of principles that reflects its approach to business and applies to anyone working for, or on behalf of, LandCorp including Board, Executive, staff and contractors. The Code is part of the onboarding process, available to staff at all times via the intranet and document management systems and supported by training and awareness-raising sessions.

The Board has 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 Commissioner.

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 Conflicts 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 partially participate in discussion of the agenda item; 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 Chief Executive Officer who in turn determines the management action required. Thirteen staff/consultant entries and eighteen Board entries were recorded in the Register during the 2011/12 financial year.

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 and 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.

Training to support the Public Sector Commission’s Accountable and Ethical Decision Making framework was introduced in 2010 and will be provided to all staff and Board members over time. To date, 128 staff have completed this training with a further 50 scheduled to be trained by December 2012.
4. Safeguard integrity in financial reporting

LandCorp’s Chief Executive Officer and General Manager Finance and Strategy, complete a questionnaire for the Board’s Audit and Risk Management Committee annually in writing which demonstrates 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 2011/12 LandCorp’s risk management framework was reviewed by the Committee to ensure 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. There were no significant changes to the Manual in 2011/12.

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.
5. 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 prescribing 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 by 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 Western Australian Land Authority Act 1992.

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 Regional Development, Lands, 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.

6. 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 Western Australian Land Authority Act 1992 and Statutory Corporations (Liability of Directors) Act 1996.

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

The Western Australian Land Authority Act 1992 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 five transactions in 2011/12.

7. 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 might require the greatest level of attention.

LandCorp’s risk register and framework is updated twice per year. In November/December 2011 and June/July 2012 the Audit and Risk Management Committee and the Board completed an assessment of strategic risks.
8. 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 principles and framework;
- Develop and review the policy relating to remuneration to the Board, Chief Executive Officer, management and other Authority staff;
- Provide quality assurance on the integrity and probity of remuneration policies and practices;
- Ensure appropriate succession planning is undertaken for the Board and Executive;
- Assist with the nomination of Directors and with induction programs for new Directors;
- Assist with the review of the performance of the Board, the Committees and the CEO; and
- Ensure policies are developed to assist LandCorp to achieve its business direction outcomes.

Significant work of the committee during the reporting period included:

- A complete review of LandCorp’s Remuneration Policy and Performance Linked Reward policy resulting in a decision to discontinue the Performance Linked Reward from 1 July 2012;
- Assessing and allocating the Performance Linked Reward pool for the 2010/11 period;
- Agreed the remuneration benchmark to apply to market-based staff;
- Reviewed the Code of Conduct;
- Reviewed the Ministerial Direction Procedures;
- Developed a new Management of Board Conflict in Procurement policy;
- Reviewed the Board and Committee Charters; and
- Reviewed the performance of the Board Committees.

In accordance with the Western Australian Land Authority Act 1992, disclosures relating to Director, Chief Executive Officer and senior managers’ remuneration are included in a separate component of the Directors’ Report.
Freedom of Information
The provisions of the Freedom of Information (FOI) Act 1992 apply to LandCorp and eight 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 http://www.landcorp.com.au

Record Keeping Compliance
In accordance with section 19 of the State Records Act 2000 LandCorp has rewritten its Recordkeeping Plan which was approved by the State Records Office. The approval was subject to a number of actions being implemented by the end of 2012. Progress to 30 June 2012 includes:
• Identifying vital records;
• Culling the legal database into active and non-active records; scanning active records; sentencing and archiving non-current records;
• Digitisation program approved;
• Approval to dispose of records in accordance with the General Destruction Authority received and implemented;
• Disaster Recovery Plan completed; and
• Archiving project commenced focusing on Administration, Finance and Human Resource records.

Human Resource Management Standards
LandCorp has developed its own standards for Human Resource Management which underpins all human resource-related activities. The standards have regard to the principles set out in the Public Sector Management Act 1994.
LandCorp has a Code of Conduct (Code) which was based on the public sector’s ethical principles. The LandCorp Code provides guidance on a set of principles that reflects its approach to business and applies to anyone working for, or on behalf of, LandCorp including Board, Executive, staff and contractors. The Code is part of the onboarding process, available to staff at all times via the intranet and document management system and supported by training and awareness-raising sessions.
In support of the Code, training in Accountable and Ethical Decision Making continued.
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 and in line with current compliance of accountable and ethical decision making requirements.
Reportable expenditure

The Electoral Act 1907 (section 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:

<table>
<thead>
<tr>
<th>Service</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advertising</td>
<td>$1,531,797</td>
</tr>
<tr>
<td>THE BRAND AGENCY</td>
<td></td>
</tr>
<tr>
<td>Media Advertising</td>
<td>$1,251,522</td>
</tr>
<tr>
<td>MITCHELL AND PARTNERS AUSTRALIA PTY LTD</td>
<td></td>
</tr>
<tr>
<td>Market Research</td>
<td>$169,889</td>
</tr>
<tr>
<td>CULTUREPLAY</td>
<td></td>
</tr>
<tr>
<td>JONES LANG LASALLE</td>
<td></td>
</tr>
<tr>
<td>PAINTED DOG RESEARCH</td>
<td></td>
</tr>
<tr>
<td>RESEARCH SOLUTIONS</td>
<td></td>
</tr>
<tr>
<td>TAYLOR NELSON SOFRES AUSTRALIA PTY LTD</td>
<td></td>
</tr>
<tr>
<td>WEST COAST FIELD</td>
<td></td>
</tr>
<tr>
<td>Direct mail</td>
<td>$0</td>
</tr>
<tr>
<td>Polling</td>
<td>$0</td>
</tr>
<tr>
<td>Total Expenditure</td>
<td>$2,953,208</td>
</tr>
</tbody>
</table>

LandCorp’s Commitment to Occupational Safety and Health and Injury Management

LandCorp is committed to achieving the highest standards in occupational safety and health (called OSH) with the aim of sustaining a safe and healthy working environment throughout its business operations.

In achieving this LandCorp will:

• Use the Safe & Well at Work System as the foundation for the management of occupational safety and health;

• Seek continuous improvement in all business activities and safety management performance;

• Involve employees and contractors in the development and improvement of occupational safety and health policies, procedures and work instructions, wherever appropriate;

• Provide employees and contractors with the necessary information, instruction and training to increase their knowledge and skills;

• Enable employees to undertake their work safely and hold them accountable for their area of responsibility;

• Ensure hazards are identified, assessed and controlled effectively;

• Comply with all applicable laws, regulations, and licenses and refer to guidance in codes of practice where relevant;

• Expect all people at the workplace, including employees, contractors, and visitors to abide by our policies and procedures that have been created in the interest of occupational safety and health; and

• Communicate openly with employees about occupational safety and health.
Occupational Safety and Health Consultation

LandCorp has an orientation process which encompasses Occupational Safety and Health matters. All employees are provided with an overview of LandCorp’s policy and procedures which outline LandCorp’s above commitment.

LandCorp encourages employees to discuss Occupational Safety and Health 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.

Occupational Safety and Health Management Systems

LandCorp ensures its occupational safety and health management system is monitored and audited on a cyclical basis which is currently every three years. LandCorp engaged the services of Bureau Veritas to undertake an audit in May 2011. The LandCorp Project Procedures Manual also has comprehensive Occupational Safety and Health processes for use by all Project Managers who must comply with company policy and implement this for all site-based and external projects.

2011/2012 Performance

<table>
<thead>
<tr>
<th>Performance Metric</th>
<th>2011/2012 Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of fatalities</td>
<td>Nil</td>
</tr>
<tr>
<td>Lost time injury/diseases (LTI/D) incidence rate</td>
<td>Nil</td>
</tr>
<tr>
<td>Lost time injury severity rate</td>
<td>Nil</td>
</tr>
<tr>
<td>Percentage of injured workers returned to work within 28 weeks</td>
<td>NA</td>
</tr>
<tr>
<td>Percentage of managers trained in occupational safety, health and injury management responsibilities</td>
<td>See note below</td>
</tr>
</tbody>
</table>

Note: All employees are provided with basic Occupational Safety and Health training as a component of their employment orientation. Project Managers are also provided with more in-depth training to enable them to fulfil their roles at LandCorp. The LandCorp Project Procedures Manual is an essential guide to Occupational Safety and Health implementation and processes for all site based projects. All project-related personnel are required to hold a Construction Induction Card (White Card) which provides these employees with safety awareness for attendance on construction sites. Although this is compulsory in WA for all workers in the building and construction industry, LandCorp policy qualifies people, sometimes beyond the requirements of their roles. Approximately 72% of LandCorp employees have their White Card, 100% of which is held by project-related staff.

- All LandCorp and contractor injuries are reported to the Board monthly.
- All serious injuries are reported to the Chief Executive Officer and General Managers immediately.
DIRECTORS’ DECLARATION
for the year ended 30 June 2012
Directors’ declaration

for the year ended 30 June 2012

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 the Western Australian Land Authority Act 1992.

On behalf of the Directors

M. House
Director

D. Rowe
Director

27 August 2012
INDEPENDENT AUDITOR’S REPORT

To the Parliament of Western Australia

WESTERN AUSTRALIAN LAND AUTHORITY

I have audited the financial report of the Western Australian Land Authority. The financial report comprises the Statement of Financial Position as at 30 June 2012, the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, Notes comprising a summary of significant accounting policies and other explanatory information, and the Directors’ Declaration.

Directors’ Responsibility for the Financial Report
The directors of the Western Australian Land Authority are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Western Australian Land Authority Act 1992, and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility
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. The audit was conducted in accordance with Australian Auditing Standards. Those Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority’s preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority’s internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence
In conducting this audit, I have complied with the independence requirements of the Auditor General Act 2006 and Australian Auditing Standards, and other relevant ethical requirements.

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 2012 and of its performance for the year ended on that date; and

(b) complying with Australian Accounting Standards and the Corporations Regulations 2001.
Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor’s report relates to the financial report of the Western Australian Land Authority for the year ended 30 June 2012 included on the Authority’s website. The Authority’s management are responsible for the integrity of the Authority’s website. I have not been engaged to report on the integrity of the Authority’s website. The auditor’s report refers only to the financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.

COLIN MURPHY
AUDITOR GENERAL
31 August 2012
10
FINANCIAL STATEMENTS
## Statement of comprehensive income

for the year ended 30 June 2012

<table>
<thead>
<tr>
<th>Note</th>
<th>2012 $'000</th>
<th>2011 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Continuing operations</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating revenue</td>
<td>2(a)</td>
<td>568,741</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>2(b)</td>
<td>(348,542)</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other revenue</td>
<td>2(a)</td>
<td>4,825</td>
</tr>
<tr>
<td>Estate holding expenses</td>
<td></td>
<td>(32,246)</td>
</tr>
<tr>
<td>Employee benefit expenses</td>
<td></td>
<td>(26,574)</td>
</tr>
<tr>
<td>Consultant expenses</td>
<td></td>
<td>(2,741)</td>
</tr>
<tr>
<td>Advertising, public relations and sponsorship</td>
<td></td>
<td>(6,782)</td>
</tr>
<tr>
<td>Other expenses</td>
<td>2(b)</td>
<td>(17,424)</td>
</tr>
<tr>
<td><strong>Results from operating activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Finance income</td>
<td>2(a)</td>
<td>3,213</td>
</tr>
<tr>
<td>Finance costs</td>
<td></td>
<td>(7,824)</td>
</tr>
<tr>
<td><strong>Net finance income/(costs)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(4,611)</td>
<td>3,534</td>
</tr>
<tr>
<td><strong>Profit before income tax</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income tax expense</td>
<td>3</td>
<td>(40,400)</td>
</tr>
<tr>
<td><strong>Profit for the period</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>94,246</td>
<td>105,053</td>
</tr>
<tr>
<td><strong>Other comprehensive income</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Defined benefit plan actuarial losses</td>
<td></td>
<td>(102)</td>
</tr>
<tr>
<td>Income tax on other comprehensive income</td>
<td>3</td>
<td>31</td>
</tr>
<tr>
<td><strong>Other comprehensive costs for the period, net of income tax</strong></td>
<td></td>
<td>(71)</td>
</tr>
<tr>
<td><strong>Total comprehensive income for the period</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>94,175</td>
<td>105,047</td>
</tr>
</tbody>
</table>

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

for the year ended 30 June 2012

<table>
<thead>
<tr>
<th>Note</th>
<th>2012 $’000</th>
<th>2011 $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>9,994</td>
<td>18,413</td>
</tr>
<tr>
<td>Receivables</td>
<td>96,666</td>
<td>31,681</td>
</tr>
<tr>
<td>Inventories</td>
<td>480,274</td>
<td>510,365</td>
</tr>
<tr>
<td>Other financial assets</td>
<td>3,006</td>
<td>-</td>
</tr>
<tr>
<td>Other assets</td>
<td>64,407</td>
<td>15,881</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>654,347</td>
<td>576,340</td>
</tr>
<tr>
<td>NON-CURRENT ASSETS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receivables</td>
<td>23,036</td>
<td>24,628</td>
</tr>
<tr>
<td>Inventories</td>
<td>274,622</td>
<td>262,649</td>
</tr>
<tr>
<td>Investments in joint ventures</td>
<td>11,293</td>
<td>16,591</td>
</tr>
<tr>
<td>Property, plant &amp; equipment</td>
<td>307,019</td>
<td>292,989</td>
</tr>
<tr>
<td>Intangibles</td>
<td>65</td>
<td>257</td>
</tr>
<tr>
<td>Deferred tax assets</td>
<td>17,146</td>
<td>38,176</td>
</tr>
<tr>
<td>Other assets</td>
<td>20,830</td>
<td>33,320</td>
</tr>
<tr>
<td><strong>Total non-current assets</strong></td>
<td>654,011</td>
<td>668,610</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td>1,308,358</td>
<td>1,244,950</td>
</tr>
<tr>
<td>CURRENT LIABILITIES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payables</td>
<td>68,769</td>
<td>46,096</td>
</tr>
<tr>
<td>Loans and borrowings</td>
<td>130,478</td>
<td>95,000</td>
</tr>
<tr>
<td>Current tax liabilities</td>
<td>2,569</td>
<td>28,042</td>
</tr>
<tr>
<td>Provisions</td>
<td>52,933</td>
<td>65,857</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>11,941</td>
<td>23,014</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>266,690</td>
<td>258,009</td>
</tr>
<tr>
<td>NON-CURRENT LIABILITIES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payables</td>
<td>6,345</td>
<td>6,345</td>
</tr>
<tr>
<td>Provisions</td>
<td>38,185</td>
<td>34,871</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>29,471</td>
<td>29,316</td>
</tr>
<tr>
<td><strong>Total non-current liabilities</strong></td>
<td>74,001</td>
<td>70,532</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES</strong></td>
<td>340,691</td>
<td>328,541</td>
</tr>
<tr>
<td><strong>NET ASSETS</strong></td>
<td>967,667</td>
<td>916,409</td>
</tr>
<tr>
<td>EQUITY</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributed equity</td>
<td>384,162</td>
<td>395,983</td>
</tr>
<tr>
<td>Retained profits</td>
<td>583,505</td>
<td>520,426</td>
</tr>
<tr>
<td><strong>TOTAL EQUITY</strong></td>
<td>967,667</td>
<td>916,409</td>
</tr>
</tbody>
</table>

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

for the year ended 30 June 2012

<table>
<thead>
<tr>
<th></th>
<th>$'000</th>
<th>$'000</th>
<th>$'000</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Equity</td>
<td>Retained</td>
<td>Total</td>
</tr>
<tr>
<td><strong>Balance at 1 July 2010</strong></td>
<td>393,845</td>
<td>446,475</td>
<td>840,320</td>
</tr>
<tr>
<td><strong>Total comprehensive income for the period</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit or loss</td>
<td>-</td>
<td>105,053</td>
<td>105,053</td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td>-</td>
<td>(6)</td>
<td>(6)</td>
</tr>
<tr>
<td><strong>Total other comprehensive income</strong></td>
<td>-</td>
<td>(6)</td>
<td>(6)</td>
</tr>
<tr>
<td>Total comprehensive income for the period</td>
<td>-</td>
<td>105,047</td>
<td>105,047</td>
</tr>
<tr>
<td><strong>Transactions with owners recorded directly in equity</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividends (note 25)</td>
<td>-</td>
<td>(31,096)</td>
<td>(31,096)</td>
</tr>
<tr>
<td>Contributions of equity (note 15)</td>
<td>2,138</td>
<td>-</td>
<td>2,138</td>
</tr>
<tr>
<td><strong>Balance at 30 June 2011</strong></td>
<td>395,983</td>
<td>520,426</td>
<td>916,409</td>
</tr>
<tr>
<td>Balance at 1 July 2011</td>
<td>395,983</td>
<td>520,426</td>
<td>916,409</td>
</tr>
<tr>
<td><strong>Total comprehensive income for the period</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit or loss</td>
<td>-</td>
<td>94,246</td>
<td>94,246</td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td>-</td>
<td>(71)</td>
<td>(71)</td>
</tr>
<tr>
<td><strong>Total other comprehensive income</strong></td>
<td>-</td>
<td>(71)</td>
<td>(71)</td>
</tr>
<tr>
<td>Total comprehensive income for the period</td>
<td>-</td>
<td>94,175</td>
<td>94,175</td>
</tr>
<tr>
<td><strong>Transactions with owners recorded directly in equity</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividends (note 25)</td>
<td>-</td>
<td>(31,096)</td>
<td>(31,096)</td>
</tr>
<tr>
<td>Distributions to owners (note 15)</td>
<td>(11,881)</td>
<td>-</td>
<td>(11,881)</td>
</tr>
<tr>
<td>Contributions of equity (note 15)</td>
<td>60</td>
<td>-</td>
<td>60</td>
</tr>
<tr>
<td><strong>Balance at 30 June 2012</strong></td>
<td>384,162</td>
<td>583,505</td>
<td>967,667</td>
</tr>
</tbody>
</table>

The Statement of Changes in Equity should be read in conjunction with the accompanying notes.
Statement of cash flows
for the year ended 30 June 2012

<table>
<thead>
<tr>
<th>Note</th>
<th>2012 $'000</th>
<th>2011 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CASH FLOWS FROM OPERATING ACTIVITIES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receipts from customers</td>
<td>454,774</td>
<td>420,849</td>
</tr>
<tr>
<td>Community service obligation (CSO) contributions received</td>
<td>111,756</td>
<td>91,163</td>
</tr>
<tr>
<td>Payments to suppliers and employees</td>
<td>(501,630)</td>
<td>(479,456)</td>
</tr>
<tr>
<td>Interest received</td>
<td>1,385</td>
<td>2,152</td>
</tr>
<tr>
<td>Interest paid</td>
<td>(7,605)</td>
<td>(4,898)</td>
</tr>
<tr>
<td>Income tax paid</td>
<td>(44,834)</td>
<td>(37,902)</td>
</tr>
<tr>
<td><strong>Net cash from/ (used in) operating activities</strong></td>
<td><strong>13,846</strong></td>
<td><strong>(8,092)</strong></td>
</tr>
<tr>
<td>CASH FLOWS FROM INVESTING ACTIVITIES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payments for investments</td>
<td>(140,869)</td>
<td>-</td>
</tr>
<tr>
<td>Proceeds on sale of investments</td>
<td>137,863</td>
<td>9,000</td>
</tr>
<tr>
<td>Payments for property, plant and equipment</td>
<td>(23,702)</td>
<td>(11,349)</td>
</tr>
<tr>
<td>Proceeds from sale of property, plant and equipment</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net cash used in investing activities</strong></td>
<td><strong>(26,707)</strong></td>
<td><strong>(2,349)</strong></td>
</tr>
<tr>
<td>CASH FLOWS FROM FINANCING ACTIVITIES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proceeds from equity contribution</td>
<td>60</td>
<td>2,138</td>
</tr>
<tr>
<td>Proceeds from borrowings</td>
<td>108,947</td>
<td>99,906</td>
</tr>
<tr>
<td>Repayment of borrowings</td>
<td>(73,469)</td>
<td>(42,906)</td>
</tr>
<tr>
<td>Payment of dividend</td>
<td>(31,096)</td>
<td>(31,096)</td>
</tr>
<tr>
<td><strong>Net cash from financing activities</strong></td>
<td><strong>4,442</strong></td>
<td><strong>28,042</strong></td>
</tr>
<tr>
<td>Net increase/(decrease) in cash and cash equivalents</td>
<td>(8,419)</td>
<td>17,602</td>
</tr>
<tr>
<td>Cash and cash equivalents at 1 July</td>
<td>18,413</td>
<td>811</td>
</tr>
<tr>
<td>Cash and cash equivalents at 30 June</td>
<td>9,994</td>
<td>18,413</td>
</tr>
</tbody>
</table>

The Statement of Cash Flows 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 6 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 27 August 2012.

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) adopted by the Australian Accounting Standards Board (AASB) except for AASB 8 Operating Segments, 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. 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 in conformity with IFRS 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 4 Receivables
• 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 2012, but have not been applied in preparing this financial report.

• AASB 9 Financial Instruments
• AASB 11 Joint Arrangements
• AASB 12 Disclosure of Interests in Other Entities
• AASB 13 Fair Value Measurement
• AASB 119 Employee Benefits

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 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 asset.

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 are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

The carrying amount of the replaced part is derecognised. The costs of day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation
Depreciation is based on the cost of an asset less its residual value. 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 unless another method provides a
better estimate of useful life:

a. Buildings
  25 - 40 years
b. Furniture & Office Equipment
  4 - 10 years
c. Computer Equipment
  3 years
d. Leasehold Improvements
  3 years
e. Plant & Equipment
  10 years
f. 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 four years,
which is reviewed annually.

h) 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 2.5%pa which
was based on the Commonwealth
Government bond rate at 30 June
2012. (2011: 4.8% 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
2012 in respect of the year ended 30
June 2012. 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 and annual 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 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 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
are 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.

i) 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 as a
contribution by the owner at the time
of or prior to the transfer.

j) 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. 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.

k) 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.

1) 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. 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 Accounting Standard AASB 112 “Income Taxes”.

(i) Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or subsequently enacted at the reporting date, and any adjustment to tax payable in respect of previous years. 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.

In determining the amount of current and deferred tax LandCorp takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. LandCorp believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes LandCorp to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

m) 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.

n) 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.

q) 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.

p) 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 l(t) and note l(m) for accounting treatment.

q) 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.

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.

r) 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
This provision represents estimated cash outflows to meet future development obligations in respect of land which has been sold or developed ready for sale have been provided for. These amounts are recorded against Work in Progress for each project.

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.

s) 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.

t) 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 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.

u) 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;
• 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.

Unearned revenue comprises prepaid rental income and partnering agreement participation fees received but not yet earned. Unearned revenue is released to income as and when the services for which it was paid are delivered.

v) Community Service Obligation (CSO) project funding

LandCorp receives CSO funding for certain projects from the Department of Treasury 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 Statement of Comprehensive Income when received by LandCorp.

w) 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.

x) 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.

y) Rounding

All amounts in the financial report have been rounded to the nearest thousand dollars unless otherwise indicated.
Notes to the Financial Statements

For the financial year ended 30 June 2012

<table>
<thead>
<tr>
<th>Note 2 Profit before income tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit before income tax includes the following items of revenue and expense</td>
</tr>
</tbody>
</table>

a) Revenue

Operating revenue
- Land sales: 380,581, 336,240
- Grants to fund Community service obligation (CSO) projects: 83,762, 61,949

Property management revenue
- Rent revenue: 67,508, 46,816
- Expenses recovery: 6,572, 6,578
- Other: -19, -19

Grants to fund Community service obligation (CSO) projects - holding costs: 27,995, 29,214

Royalties: 464, 59

Project management revenue: 1,859, 1,358

Total operating revenue: 568,741, 482,233

Other revenue
- Joint venture share of profits: 975, (268)
- Equity share income: 162, 102
- Other: 3,688, 2,525

Total other revenue: 4,825, 2,259

Non-operating revenue
- Interest revenue: 3,213, 8,511

Total non-operating revenue: 3,213, 8,511

Total other revenue: 8,038, 10,770

b) Expenses from ordinary activities

Operating costs
- Cost of sales: (260,319), (175,364)
- CSO project expenditure: (56,643), (51,827)
- Property management expenses: (31,580), (22,722)

Total operating costs: (348,542), (249,913)

Other expenses from operating activities
- Administration expenses: (4,707), (4,026)
- Accommodation expenses: (1,850), (2,885)
- Land study expenses: (154), (3,175)
- Loss on disposal of property, plant and equipment: (160), (545)
- Depreciation and amortisation: (10,480), (8,947)
- Other expenses: (73), (51)

Total other expenses from ordinary activities: (17,424), (19,629)
**Note 2 Profit before income tax (cont'd)**

**c) Prior year comparatives**

Prior year comparatives in the Statement of Comprehensive Income have changed as a result of Grants to fund Community Service Obligations and property management revenues and expenses being reclassified from other revenue to operating revenue. This has been done to better represent LandCorp’s income streams and provide better clarity to users. The nature and amount of each reclassification is shown below:

<table>
<thead>
<tr>
<th>Prior year classification</th>
<th>Reclassification</th>
<th>Reclassified</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2011</strong></td>
<td><strong>$'000</strong></td>
<td><strong>2011</strong></td>
</tr>
<tr>
<td>Revenue- land sales</td>
<td>336,240 ($336,240)</td>
<td>482,233 ($482,233)</td>
</tr>
<tr>
<td>Cost of land sold</td>
<td>(175,365)</td>
<td>(249,913)</td>
</tr>
<tr>
<td>Operating revenue</td>
<td>-</td>
<td>(249,913)</td>
</tr>
<tr>
<td>Operating expenses</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td>160,875 ($71,445)</td>
<td>232,320</td>
</tr>
<tr>
<td>Other revenue</td>
<td>148,252 ($143,993)</td>
<td>2,259</td>
</tr>
<tr>
<td>Estate holding expenses</td>
<td>(32,837)</td>
<td>(32,837)</td>
</tr>
<tr>
<td>Employee benefit expenses</td>
<td>(23,416)</td>
<td>(23,416)</td>
</tr>
<tr>
<td>Consultant expenses</td>
<td>(5,363)</td>
<td>(5,363)</td>
</tr>
<tr>
<td>Advertising, public relations and sponsorship</td>
<td>(7,089)</td>
<td>(7,089)</td>
</tr>
<tr>
<td>Other expenses</td>
<td>(94,177)</td>
<td>(19,629)</td>
</tr>
<tr>
<td><strong>Results from operating activities</strong></td>
<td>146,245</td>
<td>146,245</td>
</tr>
<tr>
<td>Finance income</td>
<td>8,511</td>
<td>8,511</td>
</tr>
<tr>
<td>Finance costs</td>
<td>(4,977)</td>
<td>(4,977)</td>
</tr>
<tr>
<td><strong>Net finance income/(costs)</strong></td>
<td>3,534</td>
<td>3,534</td>
</tr>
<tr>
<td><strong>Profit before income tax</strong></td>
<td>149,779</td>
<td>149,779</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>(44,726)</td>
<td>(44,726)</td>
</tr>
<tr>
<td><strong>Profit for the period</strong></td>
<td>105,053</td>
<td>105,053</td>
</tr>
<tr>
<td><strong>Other comprehensive income</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Defined benefit plan actuarial gains (losses)</td>
<td>(8)</td>
<td>(8)</td>
</tr>
<tr>
<td>Income tax on other comprehensive income</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td><strong>Other comprehensive costs for the period, net of income tax</strong></td>
<td>(6)</td>
<td>(6)</td>
</tr>
<tr>
<td><strong>Total comprehensive income for the period</strong></td>
<td>105,047</td>
<td>105,047</td>
</tr>
</tbody>
</table>
Note 3 Income tax expense

Current tax expense
Current period
27,569  46,791

Deferred tax expense
Origination and reversal of temporary differences
12,800  (2,067)
Change in unrecognised temporary differences
-  -

Income tax expense from continuing operations
40,369  44,724
Total income tax expense
40,369  44,724

Income tax recognised in other comprehensive income
Before tax
Defined benefit plan actuarial losses
(102)  (8)
Tax benefit
Defined benefit plan actuarial gains
31  2

Net of tax
Defined benefit plan actuarial losses
(71)  (6)

Numerical reconciliation between tax expense and pre-tax accounting profit
Total comprehensive income for the period
94,175  105,047
Total income tax expense
40,369  44,724
Profit excluding income tax
134,544  149,771

Income tax using LandCorp’s domestic rate of 30% (2011: 30%)
40,363  44,931
Non-deductible expenses
3  2
Tax incentives
3  (209)
Total income tax expense
40,369  44,724

Note 4 Receivables

Current
Trade receivables
87,166  27,634
Less allowance for doubtful debts
(117)  (50)
87,049  27,584
GST receivable
9,617  4,097
Total current receivables
96,666  31,681

Non-current
Trade receivables
23,036  24,628
**Note 5 Inventories**

**Current - land under development and developed land**
- at cost: 2012 461,827, 2011 496,928
- at net realisable value: 2012 18,447, 2011 13,437

**Non-current - undeveloped land**
- at cost: 2012 263,351, 2011 251,378
- Total non-current inventories: 2012 274,622, 2011 262,649

**Land held for sale comprises**
- Cost of acquisition: 2012 356,973, 2011 354,549
- Development costs: 2012 397,923, 2011 418,465
- Total inventories: 2012 754,896, 2011 773,014

The most recent valuations of undeveloped land held for sale, which have not been recognised in the financial statements, were valuations at 1 January 2012 as provided by The Western Australian Land Information Authority (Valuation Services). The valuations of developed land held for sale, which have not been recognised in the financial statements, have been determined taking into account advice from independent valuers and real estate agents in accordance with LandCorp’s list price and valuation policies and under relevant delegated authorities. List prices are generally reviewed at least twice a year (depending on the type of land) except during static market conditions whereby prices may be reviewed less frequently under the instruction of a relevant delegated authority.

Market value of developed land and undeveloped land held at 30 June 2012 amounted to $2,206,269,000 (2011: $2,470,659,000).

At 30 June 2012 the write-down of inventories to net realisable value amounted to $1,906,000 (2011: $2,315,000). There were no reversal of write-downs. The write-downs are included in cost of sales.

**Note 6 Other financial assets**

**Current**
- Commercial bills (note 21(a)): 2012 3,006, 2011 -
### Note 7 Property, plant and equipment

**Non-current**

<table>
<thead>
<tr>
<th></th>
<th>Capital Works in Progress $’000</th>
<th>Freehold land $’000</th>
<th>Buildings $’000</th>
<th>Infrastructure $’000</th>
<th>Equipment $’000</th>
<th>Total $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cost or deemed cost</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Additions</td>
<td>3,250</td>
<td>-</td>
<td>-</td>
<td>2,200</td>
<td>32,406</td>
<td>37,856</td>
</tr>
<tr>
<td>Cost revisions</td>
<td>-</td>
<td>143</td>
<td>-</td>
<td>9</td>
<td>5,145</td>
<td>5,297</td>
</tr>
<tr>
<td>Reclassification</td>
<td>(31,979)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(31,979)</td>
</tr>
<tr>
<td>Disposals</td>
<td>-</td>
<td>-</td>
<td>(975)</td>
<td>-</td>
<td>(356)</td>
<td>(1,331)</td>
</tr>
<tr>
<td>Balance at 30 June 2011</td>
<td>3,582</td>
<td>66,981</td>
<td>27,813</td>
<td>25,821</td>
<td>197,784</td>
<td>321,981</td>
</tr>
<tr>
<td>Additions</td>
<td>7,776</td>
<td>7,291</td>
<td>8,634</td>
<td>23,701</td>
<td>7,277</td>
<td>34,901</td>
</tr>
<tr>
<td>Cost revisions</td>
<td>679</td>
<td>-</td>
<td>707</td>
<td>6,341</td>
<td>(6,404)</td>
<td>(2,777)</td>
</tr>
<tr>
<td>Reclassification</td>
<td>(6,404)</td>
<td>-</td>
<td>(6,404)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Disposals</td>
<td>(569)</td>
<td>(198)</td>
<td>(748)</td>
<td></td>
<td>(1,515)</td>
<td></td>
</tr>
<tr>
<td>Balance at 30 June 2012</td>
<td>4,954</td>
<td>74,382</td>
<td>27,615</td>
<td>26,528</td>
<td>212,011</td>
<td>345,490</td>
</tr>
</tbody>
</table>

### Accumulated depreciation

<table>
<thead>
<tr>
<th></th>
<th>Capital Works in Progress $’000</th>
<th>Freehold land $’000</th>
<th>Buildings $’000</th>
<th>Infrastructure $’000</th>
<th>Equipment $’000</th>
<th>Total $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at 30 June 2010</td>
<td>(7,081)</td>
<td>(5,335)</td>
<td>(8,979)</td>
<td>(21,395)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Disposals</td>
<td>438</td>
<td>-</td>
<td>547</td>
<td></td>
<td>985</td>
<td></td>
</tr>
<tr>
<td>Reclassification</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation expense</td>
<td>(1,019)</td>
<td>(1,048)</td>
<td>(6,515)</td>
<td></td>
<td>(8,582)</td>
<td></td>
</tr>
<tr>
<td>Balance at 30 June 2011</td>
<td>(7,662)</td>
<td>(6,383)</td>
<td>(14,947)</td>
<td></td>
<td>(28,992)</td>
<td></td>
</tr>
<tr>
<td>Disposals</td>
<td>8</td>
<td>764</td>
<td></td>
<td></td>
<td>845</td>
<td></td>
</tr>
<tr>
<td>Reclassification</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation expense</td>
<td>(999)</td>
<td>(1,176)</td>
<td>(8,149)</td>
<td></td>
<td>(10,324)</td>
<td></td>
</tr>
<tr>
<td>Balance at 30 June 2012</td>
<td>(8,560)</td>
<td>(7,559)</td>
<td>(22,332)</td>
<td></td>
<td>(38,471)</td>
<td></td>
</tr>
</tbody>
</table>

### Carrying amounts

<table>
<thead>
<tr>
<th></th>
<th>Capital Works in Progress $’000</th>
<th>Freehold land $’000</th>
<th>Buildings $’000</th>
<th>Infrastructure $’000</th>
<th>Equipment $’000</th>
<th>Total $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>at 30 June 2011</td>
<td>3,582</td>
<td>66,981</td>
<td>20,151</td>
<td>19,438</td>
<td>182,837</td>
<td>292,989</td>
</tr>
<tr>
<td>at 30 June 2012</td>
<td>4,954</td>
<td>74,382</td>
<td>19,035</td>
<td>18,969</td>
<td>189,679</td>
<td>307,019</td>
</tr>
</tbody>
</table>

LandCorp obtained valuations from Valuation Services to support the carrying value of freehold land included in property, plant and equipment based on their estimated market value at 1 January 2012. Market value of freehold land at 30 June 2012 was $351,323,000 (2011: $364,127,000).
Note 8 Intangible assets

Non-current

<table>
<thead>
<tr>
<th></th>
<th>Computer software</th>
<th>$'000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cost</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance at 30 June 2010</td>
<td>1,306</td>
<td></td>
</tr>
<tr>
<td>Additions</td>
<td>134</td>
<td></td>
</tr>
<tr>
<td>Disposals</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td><strong>Balance at 30 June 2011</strong></td>
<td>1,440</td>
<td></td>
</tr>
<tr>
<td>Additions</td>
<td>33</td>
<td></td>
</tr>
<tr>
<td>Cost revisions</td>
<td>(69)</td>
<td></td>
</tr>
<tr>
<td>Disposals</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td><strong>Balance at 30 June 2012</strong></td>
<td>1,404</td>
<td></td>
</tr>
<tr>
<td><strong>Accumulated amortisation</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance at 30 June 2010</td>
<td>(818)</td>
<td></td>
</tr>
<tr>
<td>Disposals</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Depreciation expense</td>
<td>(365)</td>
<td></td>
</tr>
<tr>
<td><strong>Balance at 30 June 2011</strong></td>
<td>(1,183)</td>
<td></td>
</tr>
<tr>
<td>Disposals</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Depreciation expense</td>
<td>(156)</td>
<td></td>
</tr>
<tr>
<td><strong>Balance at 30 June 2012</strong></td>
<td>(1,339)</td>
<td></td>
</tr>
</tbody>
</table>

**Carrying amounts**

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>at 30 June 2011</td>
<td>257</td>
<td>38,176</td>
</tr>
<tr>
<td>at 30 June 2012</td>
<td>65</td>
<td></td>
</tr>
</tbody>
</table>

Note 9 Deferred tax assets and liabilities

Non-current

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deferred tax asset</td>
<td>17,146</td>
<td>38,176</td>
</tr>
</tbody>
</table>

Unrecognised deferred tax assets

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

Deductible temporary differences

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>10,823</td>
<td>10,823</td>
</tr>
</tbody>
</table>

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 9 Deferred tax assets and liabilities (cont’d)

Recognised deferred tax assets and liabilities and movement in temporary differences during the year

Deferred tax assets and liabilities are attributable to the following:

<table>
<thead>
<tr>
<th>Temporary differences</th>
<th>Opening balance $’000</th>
<th>Recognised in profit or loss $’000</th>
<th>Under (over) provision in prior year $’000</th>
<th>Recognised directly in equity $’000</th>
<th>Closing balance $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inventories</td>
<td>27,312</td>
<td>(2,086)</td>
<td>(7,990)</td>
<td>25,226</td>
<td>25,226</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>5,192</td>
<td>188</td>
<td>2,610</td>
<td>5,192</td>
<td>5,192</td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>40</td>
<td>3</td>
<td>43</td>
<td>43</td>
<td>43</td>
</tr>
<tr>
<td>Provision for superannuation</td>
<td>222</td>
<td>41</td>
<td>263</td>
<td>263</td>
<td>263</td>
</tr>
<tr>
<td>Provision for annual leave</td>
<td>496</td>
<td>70</td>
<td>566</td>
<td>566</td>
<td>566</td>
</tr>
<tr>
<td>Provision for long service leave</td>
<td>1,073</td>
<td>156</td>
<td>1,229</td>
<td>1,229</td>
<td>1,229</td>
</tr>
<tr>
<td>Provision for doubtful debts</td>
<td>15</td>
<td>20</td>
<td>35</td>
<td>35</td>
<td>35</td>
</tr>
<tr>
<td>Non-current receivable - long term debtors</td>
<td>71</td>
<td>(34)</td>
<td>37</td>
<td>37</td>
<td>37</td>
</tr>
<tr>
<td>Joint venture income recognition</td>
<td>3,417</td>
<td>(1,040)</td>
<td>2,737</td>
<td>2,737</td>
<td>2,737</td>
</tr>
<tr>
<td>Licence fee income recognition</td>
<td>3,300</td>
<td>(1,980)</td>
<td>1,320</td>
<td>1,320</td>
<td>1,320</td>
</tr>
<tr>
<td>Provision for future development obligation</td>
<td>7,752</td>
<td>235</td>
<td>7,987</td>
<td>7,987</td>
<td>7,987</td>
</tr>
<tr>
<td>Accrued interest income</td>
<td>12</td>
<td>12</td>
<td>24</td>
<td>24</td>
<td>24</td>
</tr>
<tr>
<td>Income received in advance</td>
<td>(8,711)</td>
<td>(7,917)</td>
<td>(17,227)</td>
<td>(17,227)</td>
<td>(17,227)</td>
</tr>
<tr>
<td>Joint venture development costs</td>
<td>(2,015)</td>
<td>(468)</td>
<td>(2,483)</td>
<td>(2,483)</td>
<td>(2,483)</td>
</tr>
<tr>
<td></td>
<td>38,176</td>
<td>(12,800)</td>
<td>17,147</td>
<td>17,147</td>
<td>17,147</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Temporary differences</th>
<th>Opening balance $’000</th>
<th>Recognised in profit or loss $’000</th>
<th>Under (over) provision in prior year $’000</th>
<th>Recognised directly in equity $’000</th>
<th>Closing balance $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inventories</td>
<td>29,977</td>
<td>(2,142)</td>
<td>(523)</td>
<td>27,312</td>
<td>27,312</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>(2,443)</td>
<td>8,394</td>
<td>5,192</td>
<td>5,192</td>
<td>5,192</td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>38</td>
<td>12</td>
<td>40</td>
<td>40</td>
<td>40</td>
</tr>
<tr>
<td>Provision for superannuation</td>
<td>209</td>
<td>13</td>
<td>222</td>
<td>222</td>
<td>222</td>
</tr>
<tr>
<td>Provision for annual leave</td>
<td>443</td>
<td>53</td>
<td>496</td>
<td>496</td>
<td>496</td>
</tr>
<tr>
<td>Provision for long service leave</td>
<td>891</td>
<td>182</td>
<td>1,073</td>
<td>1,073</td>
<td>1,073</td>
</tr>
<tr>
<td>Provision for doubtful debts</td>
<td>23</td>
<td>(8)</td>
<td>15</td>
<td>15</td>
<td>15</td>
</tr>
<tr>
<td>Non-current receivable - long term debtors</td>
<td>103</td>
<td>(32)</td>
<td>71</td>
<td>71</td>
<td>71</td>
</tr>
<tr>
<td>Joint venture income recognition</td>
<td>4,200</td>
<td>(783)</td>
<td>3,417</td>
<td>3,417</td>
<td>3,417</td>
</tr>
<tr>
<td>Licence fee income recognition</td>
<td>5,280</td>
<td>(1,980)</td>
<td>3,300</td>
<td>3,300</td>
<td>3,300</td>
</tr>
<tr>
<td>Provision for future development obligation</td>
<td>6,730</td>
<td>1,022</td>
<td>7,987</td>
<td>7,987</td>
<td>7,987</td>
</tr>
<tr>
<td>Accrued interest income</td>
<td>(165)</td>
<td>177</td>
<td>12</td>
<td>12</td>
<td>12</td>
</tr>
<tr>
<td>Income received in advance</td>
<td>(6,010)</td>
<td>(2,701)</td>
<td>(8,711)</td>
<td>(8,711)</td>
<td>(8,711)</td>
</tr>
<tr>
<td>Joint venture development costs</td>
<td>(1,885)</td>
<td>(130)</td>
<td>(2,015)</td>
<td>(2,015)</td>
<td>(2,015)</td>
</tr>
<tr>
<td></td>
<td>37,391</td>
<td>2,067</td>
<td>1,282</td>
<td>38,176</td>
<td>38,176</td>
</tr>
</tbody>
</table>

Movement in unrecognised deferred tax assets and liabilities during the year

<table>
<thead>
<tr>
<th>Temporary differences</th>
<th>Balance 1 July 10 $’000</th>
<th>Recognised $’000</th>
<th>Balance 30 June 11 $’000</th>
<th>Recognised $’000</th>
<th>Balance 30 June 12 $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deductible temporary differences</td>
<td>10,823</td>
<td>10,823</td>
<td>10,823</td>
<td>10,823</td>
<td></td>
</tr>
</tbody>
</table>
**Note 10 Other assets**

<table>
<thead>
<tr>
<th>Description</th>
<th>2012 $'000</th>
<th>2011 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deposit bonds</td>
<td>924</td>
<td>710</td>
</tr>
<tr>
<td>Deposits for land acquisitions</td>
<td>37,005</td>
<td>14,081</td>
</tr>
<tr>
<td>Prepayments</td>
<td>26,478</td>
<td>1,090</td>
</tr>
<tr>
<td><strong>Total current other assets</strong></td>
<td>64,407</td>
<td>15,881</td>
</tr>
<tr>
<td><strong>Non-current</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deposits for land acquisitions</td>
<td>20,830</td>
<td>33,320</td>
</tr>
</tbody>
</table>

**Note 11 Payables**

<table>
<thead>
<tr>
<th>Description</th>
<th>2012 $'000</th>
<th>2011 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade payables</td>
<td>22,986</td>
<td>4,022</td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>33,231</td>
<td>34,123</td>
</tr>
<tr>
<td>GST payable</td>
<td>12,552</td>
<td>7,951</td>
</tr>
<tr>
<td><strong>Total current payables</strong></td>
<td>68,769</td>
<td>46,096</td>
</tr>
<tr>
<td><strong>Non-current</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>6,345</td>
<td>6,345</td>
</tr>
</tbody>
</table>

**Note 12 Tax liabilities**

<table>
<thead>
<tr>
<th>Description</th>
<th>2012 $'000</th>
<th>2011 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income tax payable</td>
<td>2,569</td>
<td>28,042</td>
</tr>
<tr>
<td><strong>Total current provisions</strong></td>
<td>2,569</td>
<td>28,042</td>
</tr>
</tbody>
</table>

**Note 13 Provisions**

<table>
<thead>
<tr>
<th>Description</th>
<th>2012 $'000</th>
<th>2011 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee benefits (note 18(a))</td>
<td>4,269</td>
<td>3,565</td>
</tr>
<tr>
<td>Future development obligations (note 17)</td>
<td>48,664</td>
<td>62,292</td>
</tr>
<tr>
<td><strong>Total current provisions</strong></td>
<td>52,933</td>
<td>65,857</td>
</tr>
<tr>
<td><strong>Non-current</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee benefits (note 18(a))</td>
<td>1,709</td>
<td>1,661</td>
</tr>
<tr>
<td>Defined benefit superannuation plan (note 18(b))</td>
<td>886</td>
<td>747</td>
</tr>
<tr>
<td>Future development obligations (note 17)</td>
<td>35,590</td>
<td>32,463</td>
</tr>
<tr>
<td><strong>Total non-current provisions</strong></td>
<td>38,185</td>
<td>34,871</td>
</tr>
</tbody>
</table>
Note 14 Other liabilities

Current
Deposits (i) 4,896 9,417
Unearned revenue 7,045 13,597
Total current other liabilities 11,941 23,014

Non-current
Unearned revenue 9,471 9,316
Other 20,000 20,000
29,471 29,316

(i) Deposits include deposits received on sale of land.

Note 15 Equity

Contributed Equity
Opening balance:
Capital contributed on formation 113,957 113,957
Capital contributed by State Government 282,026 279,888
395,983 393,845

Distributions to owners (i)
Capital contributed by State Government during the year (ii)
60 2,138
Total contributed equity 384,162 395,983

(i) Distributions to owners consists of Albany Waterfront boat harbour infrastructure transferred to the State of Western Australia (Department of Transport) in March 2012.

(ii) Capital contributed by State Government during the year
Royalties for Regions Funding - Pilbara Cities Strategic Infrastructure 60 2,138
Total capital contributed by State Government during the year 60 2,138
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  

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$'000</td>
<td>$'000</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>9,994</td>
<td>18,413</td>
</tr>
</tbody>
</table>

(b) Reconciliation of cash flows from operating activities
Profit for the period  

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$'000</td>
<td>$'000</td>
</tr>
<tr>
<td>Sales of non-current assets loss</td>
<td>160</td>
<td>545</td>
</tr>
<tr>
<td>Distributions to owners</td>
<td>(11,821)</td>
<td>-</td>
</tr>
<tr>
<td>Depreciation and amortisation of non-current assets</td>
<td>10,480</td>
<td>8,947</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>40,369</td>
<td>44,724</td>
</tr>
<tr>
<td>Total adjustments</td>
<td>133,363</td>
<td>159,263</td>
</tr>
</tbody>
</table>

Assets (increase)/ decrease

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$'000</td>
<td>$'000</td>
</tr>
<tr>
<td>Receivables</td>
<td>(63,393)</td>
<td>(6,172)</td>
</tr>
<tr>
<td>Inventories</td>
<td>18,118</td>
<td>(125,790)</td>
</tr>
<tr>
<td>Investments in joint ventures</td>
<td>5,298</td>
<td>(255)</td>
</tr>
<tr>
<td>Other assets</td>
<td>(36,851)</td>
<td>17,676</td>
</tr>
<tr>
<td>Liabilities increase/ (decrease)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payables</td>
<td>22,673</td>
<td>18,574</td>
</tr>
<tr>
<td>Provisions</td>
<td>(9,610)</td>
<td>42,066</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>(10,918)</td>
<td>(75,552)</td>
</tr>
<tr>
<td>Net cash generated from operating activities</td>
<td>58,680</td>
<td>29,810</td>
</tr>
<tr>
<td>Net income tax paid</td>
<td>(44,834)</td>
<td>(37,902)</td>
</tr>
<tr>
<td>Net cash from operating activities</td>
<td>13,846</td>
<td>(8,092)</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount used/ unused</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amount unused</td>
<td>2,000</td>
<td>2,000</td>
</tr>
<tr>
<td>Total financing facilities</td>
<td>2,000</td>
<td>2,000</td>
</tr>
</tbody>
</table>

Secured loan facilities with Western Australian Treasury Corporation (WATC)

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount used</td>
<td>130,478</td>
<td>95,000</td>
</tr>
<tr>
<td>Amount unused</td>
<td>-</td>
<td>80,000</td>
</tr>
<tr>
<td>Total secured loan facilities</td>
<td>130,478</td>
<td>175,000</td>
</tr>
</tbody>
</table>

Through the State Budget, Government has approved LandCorp’s borrowing projections based on cash flow estimates and the limits are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Borrowing limit</td>
<td>130,478</td>
<td>95,040</td>
</tr>
<tr>
<td>“Intra-year” peak borrowings</td>
<td>250,000</td>
<td>138,000</td>
</tr>
</tbody>
</table>
### Note 17 Provisions

<table>
<thead>
<tr>
<th></th>
<th>Future Development $’000</th>
<th>Total $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balance at 30 June 2010</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Additional provisions recognised</td>
<td>53,518</td>
<td>53,518</td>
</tr>
<tr>
<td>Reductions from payments</td>
<td>(53,518)</td>
<td>(53,518)</td>
</tr>
<tr>
<td><strong>Balance at 30 June 2011</strong></td>
<td>94,755</td>
<td>94,755</td>
</tr>
<tr>
<td>Additional provisions recognised</td>
<td>84,254</td>
<td>84,254</td>
</tr>
<tr>
<td>Reductions from payments</td>
<td>(94,755)</td>
<td>(94,755)</td>
</tr>
<tr>
<td><strong>Balance at 30 June 2012</strong></td>
<td>84,254</td>
<td>84,254</td>
</tr>
</tbody>
</table>

Current at 30 June 2011 (note 13) 62,292 62,292
Non-current at 30 June 2011 (note 13) 32,463 32,463

Current at 30 June 2012 (note 13) 48,664 48,664
Non-current at 30 June 2012 (note 13) 35,590 35,590

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>2012 $’000</th>
<th>2011 $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current provision for employee benefits [note 13]</td>
<td>4,269</td>
<td>3,565</td>
</tr>
<tr>
<td>Non-current provision for employee benefits [note 13]</td>
<td>1,709</td>
<td>1,661</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>5,978</td>
<td>5,226</td>
</tr>
</tbody>
</table>

(b) Defined benefit superannuation plan

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

<table>
<thead>
<tr>
<th></th>
<th>2012 %</th>
<th>2011 %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discount rate</td>
<td>2.84</td>
<td>5.28</td>
</tr>
<tr>
<td>Expected salary increase rate</td>
<td>5.50</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>2012 $’000</th>
<th>2011 $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening defined benefit obligation</td>
<td>747</td>
<td>702</td>
</tr>
<tr>
<td>Interest cost</td>
<td>37</td>
<td>37</td>
</tr>
<tr>
<td>Actuarial loss (gain)</td>
<td>102</td>
<td>8</td>
</tr>
<tr>
<td>Employer contributions for benefits paid</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Closing defined benefit obligation</td>
<td>886</td>
<td>747</td>
</tr>
</tbody>
</table>
Note 19 Commitments

(a) Capital commitments expenditure
Development of land 134,882 18,477
Community service obligation (project funding received in advance) 53,339 28,149
Share of joint venture capital commitments 20 145
188,241 46,771

(b) Operating lease commitments
Operating lease commitments are disclosed in note 26(a)

Note 20 Joint ventures

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>College Grove Joint Venture*</td>
<td>67%</td>
<td>65%</td>
</tr>
<tr>
<td>Swanbourne Joint Venture</td>
<td>50%</td>
<td>50%</td>
</tr>
</tbody>
</table>

* 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 College Grove Joint Venture (classified as a jointly controlled operation) is involved in residential land development. LandCorp’s interests in assets in this joint venture are included in the balance sheet under the following classifications:

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash assets</td>
<td>2,143</td>
<td>9</td>
</tr>
<tr>
<td>Current receivables</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Current inventories</td>
<td>3,168</td>
<td>3,803</td>
</tr>
<tr>
<td>Current other assets</td>
<td>16</td>
<td>-</td>
</tr>
<tr>
<td>Non-current inventories</td>
<td>-</td>
<td>1,864</td>
</tr>
<tr>
<td>Current liabilities</td>
<td>(205)</td>
<td>-</td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>(18)</td>
<td>(15)</td>
</tr>
<tr>
<td>Investment in joint ventures</td>
<td>(1,380)</td>
<td>(483)</td>
</tr>
<tr>
<td>Net assets</td>
<td>3,724</td>
<td>5,178</td>
</tr>
</tbody>
</table>

As of 31 March 2012 the Alkimos Joint Venture partnership was extinguished and LandCorp has assumed Alkimos Development Pty Ltd’s share. The Alkimos Joint Venture bank account was closed in July 2012.

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></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment in joint ventures</td>
<td>12,673</td>
<td>16,591</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 and Risk Management 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 and Risk Management 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 and Risk Management 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>Carrying amount</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Held-to-maturity investments</td>
<td>3,006</td>
<td>-</td>
</tr>
<tr>
<td>Loans and receivables</td>
<td>119,702</td>
<td>56,309</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>9,994</td>
<td>18,413</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>132,702</strong></td>
<td><strong>74,722</strong></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. Approximately 26% (2011: 40%) 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.
Note 21 Financial risk management (cont’d)

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% (2011: less than 10%) 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>2012 $'000</th>
<th>2011 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td>110,202</td>
<td>52,262</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>2012 $'000</th>
<th>2011 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government debtors</td>
<td>13,414</td>
<td>21,055</td>
</tr>
<tr>
<td>Non-Government debtors</td>
<td>96,788</td>
<td>31,207</td>
</tr>
</tbody>
</table>

Impairment losses

LandCorp’s receivables past due amount to $1,144,000 (2011: $1,973,000). The aging of LandCorp’s trade receivables at the reporting date was:

<table>
<thead>
<tr>
<th>Trade receivable</th>
<th>2012 $'000</th>
<th>2011 $'000</th>
<th>Gross impairment</th>
<th>2012 $'000</th>
<th>2011 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not past due</td>
<td>109,058</td>
<td>50,289</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Past due 1-30 days</td>
<td>751</td>
<td>825</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Past due 31-60 days</td>
<td>76</td>
<td>206</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Past due 61-90 days</td>
<td>15</td>
<td>207</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Past due 91-180 days</td>
<td>25</td>
<td>589</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Past due more than 181 days</td>
<td>277</td>
<td>146</td>
<td>117</td>
<td>50</td>
<td>50</td>
</tr>
<tr>
<td></td>
<td>110,202</td>
<td>52,262</td>
<td></td>
<td>117</td>
<td>50</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></th>
<th>2012 $'000</th>
<th>2011 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at 1 July</td>
<td>50</td>
<td>76</td>
</tr>
<tr>
<td>Movement</td>
<td>67</td>
<td>(26)</td>
</tr>
<tr>
<td>Balance 30 June</td>
<td>117</td>
<td>50</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.
Note 21 Financial instruments (cont’d)
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 2012 LandCorp does not have any collective impairments on its trade receivables or its held-to-maturity investments (2011: 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.

- $250 million (2011: $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 plus or minus 100 basis points.

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>2012</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>75,114</td>
<td>(75,114)</td>
<td>(72,482)</td>
<td>(1,498)</td>
<td>(1,134)</td>
</tr>
<tr>
<td>WATC loan</td>
<td>130,478</td>
<td>(130,478)</td>
<td>(130,478)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>205,592</td>
<td>(205,592)</td>
<td>(202,960)</td>
<td>(1,498)</td>
<td>(1,134)</td>
</tr>
<tr>
<td>2011</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>52,441</td>
<td>(52,441)</td>
<td>(45,362)</td>
<td>(528)</td>
<td>(6,551)</td>
</tr>
<tr>
<td>WATC loan</td>
<td>95,000</td>
<td>(95,000)</td>
<td>(95,000)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>147,441</td>
<td>(147,441)</td>
<td>(140,362)</td>
<td>(528)</td>
<td>(6,551)</td>
</tr>
</tbody>
</table>
Note 21 Financial risk management (cont’d)
(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 currently has no derivative arrangements.

Currency risk

LandCorp’s exposure to currency risk is immaterial.

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></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Variable rate instruments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial assets</td>
<td>13,000</td>
<td>18,413</td>
</tr>
</tbody>
</table>

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 2011.

<table>
<thead>
<tr>
<th></th>
<th>2012 100bp increase</th>
<th>2012 100bp decrease</th>
</tr>
</thead>
<tbody>
<tr>
<td>Variable rate instruments</td>
<td>130</td>
<td>(130)</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 2012 Carrying amount</th>
<th>30 June 2012 Fair value</th>
<th>30 June 2011 Carrying amount</th>
<th>30 June 2011 Fair value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other financial assets</td>
<td>3,006</td>
<td>3,006</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Loans and receivables</td>
<td>119,702</td>
<td>119,702</td>
<td>56,309</td>
<td>56,309</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>9,994</td>
<td>9,994</td>
<td>18,413</td>
<td>18,413</td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>(75,114)</td>
<td>(75,114)</td>
<td>(52,441)</td>
<td>(52,441)</td>
</tr>
<tr>
<td>WATC loan</td>
<td>(130,478)</td>
<td>(130,478)</td>
<td>(95,000)</td>
<td>(95,000)</td>
</tr>
<tr>
<td></td>
<td>(72,890)</td>
<td>(72,890)</td>
<td>(72,719)</td>
<td>(72,719)</td>
</tr>
</tbody>
</table>
Note 21 Financial instruments (cont’d)
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 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.

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Note 22 Land sales contracts</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unsettled sales contracts (i)</td>
<td>106,066</td>
<td>130,268</td>
</tr>
</tbody>
</table>

(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).

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Note 23 Remuneration of auditors</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Audit of the financial report</td>
<td>143</td>
<td>134</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Note 24 Contingent liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The Directors are of the opinion that LandCorp has no contingent liabilities.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Note 25 Dividends</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recognised amounts</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Normal dividend</td>
<td>17,250</td>
<td>17,250</td>
</tr>
</tbody>
</table>
| Special dividends:
  - AMC Common User Facility | 13,290 | 13,290 |
  - Marketing expenditure | 556 | 556 |
| Total | 31,096 | 31,096 |

In the August 2011 Board meeting, the Board approved to recommend to the Minister a final dividend for 2010/11 of $31,096,000. Total dividends paid in 2012: $31,096,000 (2011: $31,096,000) in respect of LandCorp’s 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>No later than 1 year</th>
<th>Later than 1 year and not later than 5 years</th>
<th>Later than 5 years</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2,141</td>
<td>6,770</td>
<td>12,034</td>
</tr>
<tr>
<td></td>
<td>2,460</td>
<td>8,125</td>
<td>17,566</td>
</tr>
<tr>
<td>Total</td>
<td>20,945</td>
<td>28,151</td>
<td></td>
</tr>
</tbody>
</table>

(b) Operating lease receivables
LandCorp holds certain land and buildings for strategic purposes only. Such holdings are rentable properties and are treated as operating lease receivables. Total future lease receivables are as follows:

<table>
<thead>
<tr>
<th></th>
<th>No later than 1 year</th>
<th>Later than 1 year and not later than 5 years</th>
<th>Later than 5 years</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>39,183</td>
<td>138,300</td>
<td>113,175</td>
</tr>
<tr>
<td></td>
<td>29,764</td>
<td>118,601</td>
<td>97,635</td>
</tr>
<tr>
<td>Total</td>
<td>290,658</td>
<td>246,000</td>
<td></td>
</tr>
</tbody>
</table>

Leases are negotiated in terms between 2 to 5 years with the exception of certain contracts that last up to 32 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.