

# LandCorp annual report 2004



## Letter to the Minister

The Hon Alannah MacTiernan MLA  
Minister for Planning and Infrastructure  
Parliament House  
PERTH WA 6000

Dear Minister,

In accordance with section 66 of the Financial Administration and Audit Act 1985, the Board of the Western Australian Land Authority, trading as LandCorp, submits to you the Annual Report of the Authority for the financial year ended June 30, 2004.

The report has been prepared in accordance with the provisions of the Financial Administration and Audit Act 1985.

The report outlines activities of the Authority during its 11th year of operation. LandCorp has produced very satisfactory trading results and embraced the Government's sustainability agenda.



Neil D Hamilton  
CHAIRMAN

27 August 2004



Barbara Wiese  
DEPUTY CHAIR

27 August 2004

## Index

LandCorp's role and strategic directions .....	4
Enabling Act .....	5
Financial highlights .....	6
Chairman's report .....	8
Chief Executive's report .....	10
Operations report .....	12
Corporate report .....	16
Information statement .....	28
Electoral information .....	31
Corporate governance .....	32
Directors' report .....	38
Certification of performance indicators .....	41
Performance indicators audit report .....	42
Performance indicators .....	43
Certification of financial statements .....	48
Financial statements audit report .....	49
Statement of financial performance .....	50
Statement of financial position .....	51
Statement of cash flows .....	52
Notes to the financial statements .....	53

## LandCorp's Role

LandCorp's role is to ensure the State's future land needs are met with an adequate return to Government through:

- the development of industrial land;
- selective participation in urban development and renewal projects where unique opportunities or constraints exist;
- the disposal of surplus property assets as a key role for LandCorp; and
- provision of project management and expert services to Government.

Additionally, LandCorp will focus on:

- implementing alternative delivery models and working with the private sector and meeting Government's needs and expectations;
- reporting and benchmarking successes of industrial, urban projects and Government asset disposals and lifting returns to Government; and
- communicating with key stakeholders.

## Key Directions and Strategies

Four key directions and supporting strategies give effect to LandCorp's Corporate Plan:

1. Increase Market Leadership
2. Fulfil Shareholder Objectives
3. Lift Financial and Operational Performance
4. Increase Private Sector Linkages



## Enabling Act

The Western Australian Land Authority, trading as LandCorp, was established under the provisions of the Western Australian Land Authority Act 1992.

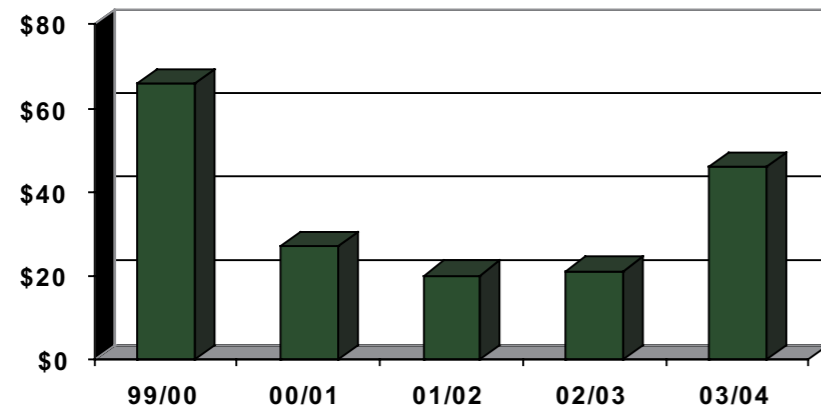
The passage of the Western Australian Land Authority Amendment Act 1998, through the Western Australian Parliament, altered LandCorp's statutory functions.

The functions of the Authority are:

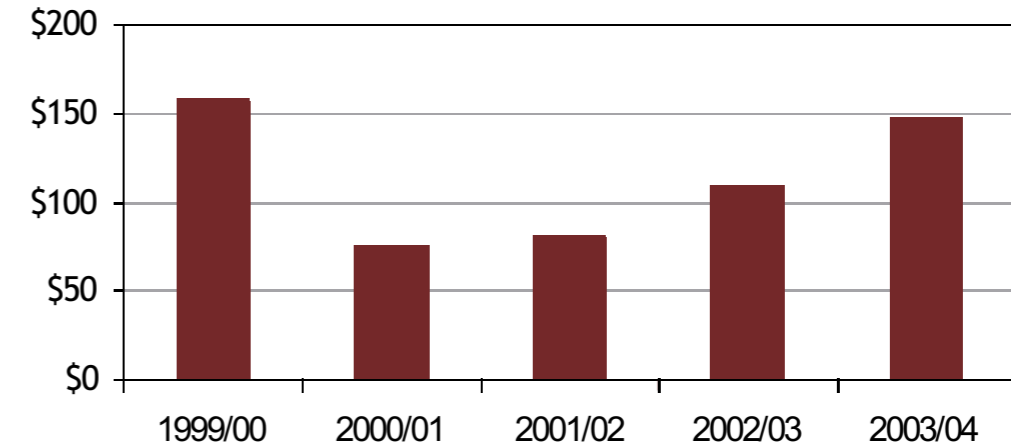
- (a) to be an agency through which the Government provides or promotes the provision of land for the social and economic needs of the State;
- (b) to be an agency through which the Crown and public authorities may dispose of land;
- (c) to be an agency through which local governments and regional local 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;
- (e) to identify other potential centres of population and centres of population in need of redevelopment, and use its powers to bring about the provision or improvement of infrastructure and facilities for the same; and
- (f) for the purposes of these functions to:
  - (i) acquire, hold, deal with and dispose of land; and
  - (ii) plan, undertake, provide for, promote and co-ordinate the development of land.

## Financial Highlights

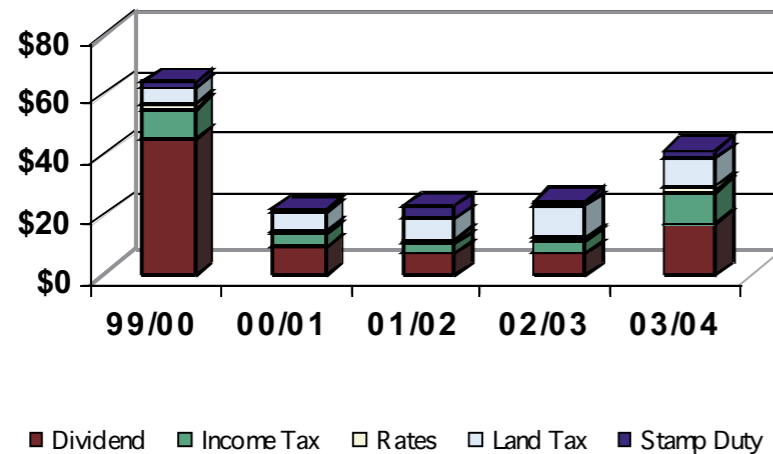
PROFIT BEFORE TAX (\$'M)



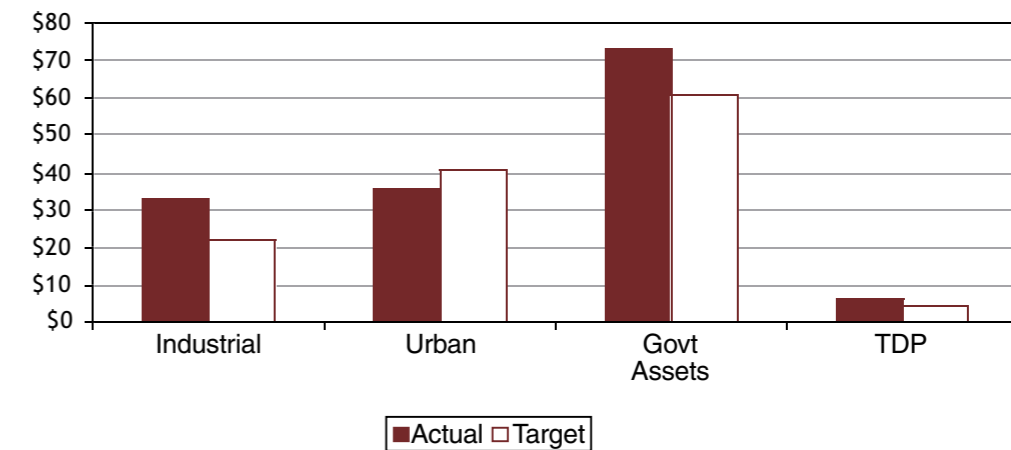
HISTORICAL SALES REVENUES (\$'M)



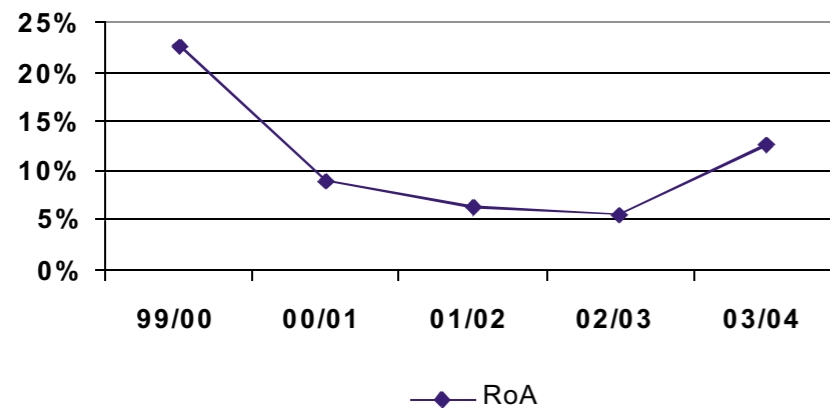
SHAREHOLDER PAYMENTS (\$'M)



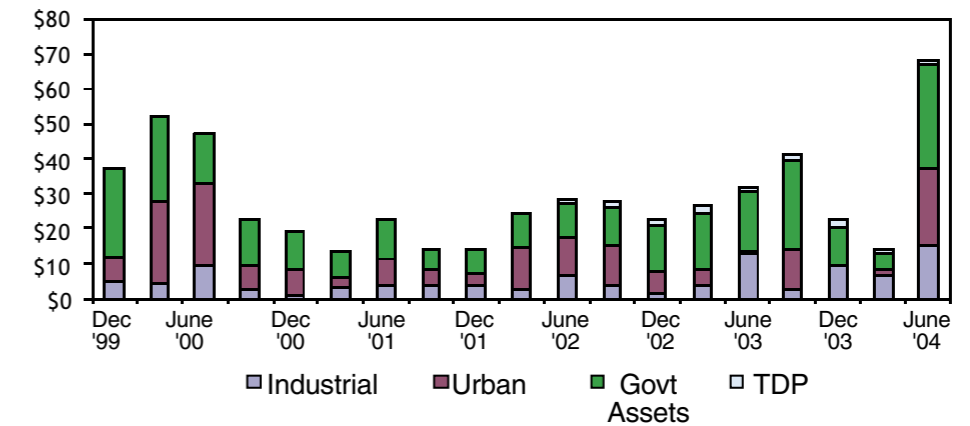
2003-2004 SALES REVENUE (\$'M)



RETURN ON ASSETS (%)



PROGRAM SALES TRENDS (BY QUARTER)



## Chairman's report



Neil D Hamilton  
CHAIRMAN

2003-04 has been a strong year for the property industry and LandCorp has capitalised on the market's strength.

LandCorp has also made good progress in its goals of continuing to deliver on the policy targets of the State Government while improving its own efficiency and maintaining its commercial approach.

The year was witness to a sharpening of the agency's focus.

In particular, the Board defined four guiding pillars that will support LandCorp's future:

- **Industry leadership**—delivering better development and greater benefits for the State, such as sustainable development initiatives and tourism developments.
- **Shareholder objectives**—implementing policy of the Government of the day, which includes sustainable, transit-oriented and regional developments.
- **Financial and operational performance**—benchmarking against the private sector to continuously improve its performance.
- **Private sector linkages**—continuing to work closely with the private sector and looking for new ways in which partnerships can be developed for mutual benefit.

Financially, LandCorp has exceeded most of its goals for the year.

It recorded a profit before tax equivalents of \$45.5 million from annual sales of \$148 million, exceeding the respective targets by 57% and 15%. It is a solid result based on outstanding performance in the industrial program (sales 49% above target) and above-budget project performances at Enterprise Park industrial estate, Wangara (\$12 million in sales), and Harvest Lakes residential estate, Atwell (\$26 million in sales).

The result, which capitalised on strong markets in a range of areas of operation, is reflected in a dividend to the Government of \$17.2 million and overall payments to the Government of \$42.5 million.

Other highlights of the year include the implementation of a Corporate Marketing Plan, implementation of transit-oriented development and competitive strategy initiatives, progress in government sustainability and housing affordability policies, government project commitments in Kalgoorlie and on the Burrup Peninsula being met, high levels of stakeholder and community satisfaction and completion of restructuring in readiness for amendment to our governing legislation.

The year ahead offers plenty of opportunities as well as some major challenges, against the backdrop of a softening residential property market.

Work will begin on a number of landmark new developments. Challenges for LandCorp will include cementing a number of new relationships with local authorities; securing new projects, particularly those with strong elements of industry leadership; and successfully implementing joint ventures.

The joint venture area will be a prime focus and goes directly to supporting the pillar of strengthening private sector linkages. LandCorp has been negotiating its first joint venture—to build a residential complex at Mandurah Ocean Marina—and the 2004-05 Business Plan calls for four built form joint ventures and two land development joint ventures to be secured.

These initiatives would be helped by the passage of amendments to LandCorp's governing legislation, which have now achieved broad political and industry support.

The 2003-04 financial year has been a satisfying one for the LandCorp board. I believe it was a year in which LandCorp clearly confirmed it is far more than just a developer of high-profile surplus Government urban land assets. It undertakes a range of roles all of which contribute to the State and it will continue to help deliver government policy and maximise return for Government. This can only benefit from seeking closer, mutually beneficial links with the private sector while enhancing already strong relationships with other stakeholders at all levels of government and, increasingly, the community.

I thank management and staff for their efforts throughout the year and my fellow Board members for their support and thoughtful input. Their rigour has ensured that LandCorp continues to operate at a professional level and their leadership has been instrumental in setting the direction ahead. I look forward to another year of delivering successful outcomes for the Government and the people of Western Australia.

## Chief Executive Officer's Report



Ross Holt  
CHIEF EXECUTIVE

LandCorp achieved the majority of its Business Plan goals for the 2003-04 year. It continued to work towards broadening the scope of its activities with several new projects emerging to fulfil the Government's commitment and initiatives.

The year included a number of significant achievements at both the corporate and operations levels.

The organisational restructure was completed and LandCorp is now well placed to go forward once legislative amendments are passed.

A Corporate Marketing Plan has been put in place, with results already apparent. As part of this, new corporate values were identified and a new corporate image unveiled.

The agency's work in a range of areas was recognised through several significant awards, including a Premier's Award for Economic Development, won jointly with Fremantle Ports for the return of a key area of industrial land in Kwinana to government ownership. This resulted in the State attracting a world-leading industry.

All of LandCorp's statutory requirements were met for the year.

Operationally, the industrial program land sales greatly exceeded targets, reflecting an improved market. Most other programs also exceeded target.

A highlight was the resumption of all properties in the William Street rail station precinct, known as Improvement Plan 32. Vacant possession was handed to the Western Australian Planning Commission on time in March 2004. Good progress has been made in settling outstanding claims from property owners and businesses and in commencing planning for the precinct's redevelopment.

The first remediation project carried out as part of the Contaminated Sites program was completed at Morangup.

Clean-up of the Kwinana site acquired with Fremantle Ports was also completed, to strict environmental guidelines and within budget. The clean-up provides the State with a heavy industrial site of strategic importance.

The Hope Valley Wattleup Redevelopment Project master plan was completed, progressed through public advertising and is now awaiting environmental approval before being adopted. This project will provide for the bulk of industrial land needs in Perth's South West corridor for the next 20 years.

Complex community and environmental outcomes were negotiated at Leighton and Bibra Lake, resulting in major progress on these significant projects.

A services corridor was completed in difficult terrain on the Burrup Peninsula. Construction teams worked with a LandCorp Aboriginal heritage adviser and representatives of three local indigenous groups to ensure heritage values were protected. More than 200 sites were eventually identified and artefacts, including rock art, were relocated under the supervision of tribal elders. The corridor allows key new industries to proceed.

Exmouth Marina Village construction was completed and a number of superlots successfully marketed to private sector developers, clearing the way for significant new development in this growing tourism centre.

Consultancy services to other Government agencies for land disposal exceeded targets of 800 hours per quarter. They realised \$17 million in sales.

One of the most important achievements for the year was the implementation of a framework to set and then measure objectives for a more sustainable LandCorp—through both business processes and projects.

The first report, which provides a clear path for introducing sustainable practices and measuring their effectiveness and progress on a regular basis, has been completed and was publicly released in July 2004.

LandCorp has continued to develop and expand its presence in the regions. This has been achieved through major projects such as the Exmouth and Mandurah marina projects and the multi-program engagement in Kalgoorlie-Boulder. It is now being strongly supported by the Townsite Development Program, which continued to trade developed stock throughout the State while increasingly bringing in new initiatives to meet local demand. Prime examples include the identification and development of much-needed residential land in Kununurra and the provision of a number of light industrial lots in response to local requests in Walpole.

Over the year, LandCorp, working closely with the Department of Housing and Works, reviewed its projects to determine where affordable housing could be incorporated. This resulted in housing diversity and affordability being addressed in a number of projects, including Hollywood, Kalgoorlie, Ocean Rise at Karrinyup and Noalimba at Bateman.

LandCorp also ended the year close to finalising its first built form joint venture and prepared the way for a significant increase in joint venturing in the new financial year.

The 2003-04 Business Plan also contained targets for identifying new value-add opportunities. This effort was generally successful with new project sites secured at the former Hollywood High School, Swanbourne High and Primary schools, Bateman Noalimba and South Beach. A number of other sites are also under negotiation, several of which have significant issues to be resolved.

The agency has also been heavily involved in the Government's Dialogue with the City initiative and the preparation of its "Network City" report. For LandCorp, the key impacts are likely to relate to the emphasis given to its transit-oriented development program and other infill activities. It will also guide the future Alkimos/Eglinton project, which, while it is consistent with a reasonable level of fringe growth, will need to address the issue of sustainability at a deep level.

The residential land market showed signs of softening in the second half of the year. This is in line with the experience in the broader industry. It can be attributed in part to interest rate uncertainty, an upcoming Federal election and media coverage of the property downturn in other states.

This will place extra pressure on meeting 2004-05 targets and LandCorp will need to monitor sales and developed lot stock levels to ensure it responds to the market.

The 2003-04 year was one in which LandCorp set several major challenges for itself. These encompassed corporate goals, social and environmental goals and its financial performance.

Its success in meeting those challenges is due in no small part to the efforts of its staff and managers. I have greatly appreciated the support of the management team and the leadership of the Board. The challenges next year are no less high but the hard work and the changes put in place during 2003-04 leave LandCorp well placed to tackle them.

## Operations Report

### State Government Strategic Planning Framework

Goal 2 – To develop a strong economy that delivers more jobs and more opportunities and creates conditions for investment and growth.

#### INDUSTRIAL

LandCorp is responsible for ensuring a ready supply of suitable industrial land to support the State's economic growth.

Total sales for the Industrial Program for the year were \$33 million, 49 per cent ahead of budget. Among the main contributors was Enterprise Park at Wangara. It continued its strong performance, supported by businesses with links to the Wanneroo area. Marketing has identified that this estate could also prove attractive to businesses seeking to expand out of older areas such as Osborne Park and capitalise on increasing land values in those areas.

Access Park at Forrestfield provided a needed alternative source of land for companies associated with the transport sector and the first stage is now largely under contract.

The Australian Marine Complex fabrication precinct was another major contributor, with better-than-expected sales.

These results were partly offset by lower-than-expected returns from Australian Marine Complex support industry and shipbuilding precincts due to environmental constraints.

The Complex's Common User Facility, meanwhile, had a successful year, attracting work totalling \$14 million, well above plan for its first year.

The Masterplan for the Hope Valley Wattleup Redevelopment Project (HVWRP) was progressed and is now awaiting only a sign-off from environmental authorities.

Likewise, a four-year consultative program with the community and environmental authority was completed for the 84-hectare Bibra Lake industrial site. It resulted in a 22-hectare vegetation buffer area being agreed. The buffer will be incorporated into the adjacent Beelii Regional Park. Development of this estate is expected to begin in September 2004 and planning is focused on making it a showcase of sustainable industrial land development. The estate will also provide crucial industrial land in Perth's South West Corridor to meet immediate needs ahead of development of the HVWRP land.

Strong sales have also been recorded at a series of auctions at Orrong general industrial estate in Welshpool, although settlement of much of this falls outside the 2003-04 year.

The clean-up of the Kwinana land, acquired with Fremantle Ports from BHP-Billiton at the end of 2002, was completed during the year within budget.



Common User Facility, Australian Marine Complex

Further development of the East Rockingham Industrial Estate, however, has been suspended due to environmental constraints. To date, 143 hectares have been developed. But the remaining 1007ha is now subject to a formal environmental review to satisfy the Commonwealth Environmental Protection and Biodiversity Act 1999. This is expected to prevent development for three years.

In regional areas, the \$16 million service corridor on Burrup Peninsula was completed on time and on budget, and planning began for 37.5 hectares of land on the western approaches to Kalgoorlie that will fill a market need for transport-related land and support the city's development as a service centre and potential transport hub for the region and for interstate transport companies. Kemerton industrial estate was chosen as the site for a 260-megawatt gas-powered power station and construction began on a laminated veneer lumber plant by Wesbeam on LandCorp landholdings at Neerabup to the north of Perth. Wesbeam expects to produce 100,000 cubic metres of LVL, structural timbers and plywood and veneers from plantation pine. It will provide 140 full-time jobs, replace native hardwoods in the building industry, bring new technology and skills to Western Australia and clear the Gngangara pines, which in turn will reduce water draw-down on the Gngangara water mound.

#### URBAN

### State Government Strategic Planning Framework

Goal 1 – To enhance the quality of life and well-being of all people in WA.

This program includes urban infill, urban renewal, transit-oriented development, major regional centres and infrastructure and the land needs of country towns through the Townsite Development Program.

Total sales for this program were \$35.6 million, 14 per cent short of budget. This was due largely to sales revenue from Exmouth Marina Village being deferred to 2004-05 (although the three main superlots are all under contract) and slower-than-expected sales at the Karlkurla Grove residential estate in Kalgoorlie's North West Sector.

These were offset by unexpectedly quick sales at the final stage of Joondalup's City North precinct, which sold out within weeks and record prices at the first two auctions of Mandurah Ocean Marina's South Harbour precinct.

The completion of construction of South Harbour—the second and final stage of Mandurah Ocean Marina—and the success of the North Harbour in generating jobs and investment to date (about 100 jobs among businesses operating in the area and \$60 million in private construction) were major milestones for LandCorp during the year.



Burrup Peninsula service corridor



Dolphin Quay, Mandurah Ocean Marina

Others included the successful progress of community consultation at Leighton resulting in broad agreement on a structure plan for the four-hectare residential/commercial component. Again, this is not reflected in the program's financial result for the year but it demonstrates LandCorp's ability to work with highly engaged stakeholders to achieve mutually beneficial outcomes, which can be expected to generate value later.

Planning of Rockingham Waterfront Village, the revitalisation of the regional centre's traditional town centre precinct, progressed satisfactorily and development is scheduled to start in the first half of 2004-05. The project will provide a tourism focal point and quality public amenity for a fast-growing population centre.

In addition, LandCorp will help staff a new Rockingham Development Office, with the Department for Planning and Infrastructure and the City of Rockingham. This office, to open in September 2004, will evaluate a range of projects identified by the Premier's Rockingham Planning and Development Taskforce.

The Townsite Development Program generated \$6 million in sales during 2003-04, exceeding budget by 47 per cent.

Main contributors to this total were Bremer Bay townsite, Exmouth townsite, Harvey townsite, Hopetoun residential, Kununurra and Leeman.

A highlight was the fast-tracking—in conjunction with the Department for Planning and Infrastructure and the Shire of Wyndham-East Kimberley—of a residential subdivision in Kununurra, with work commencing in May 2004.



Rockingham Waterfront Village

The development will meet urgent needs for house sites in the town due to the expansion of mining and tourism in the region it serves. The subdivision also includes a dual water supply system. This system will result in water for toilets and gardens being supplied from a non-potable source through a separate pipe network. If successful, it could ultimately lead to a 60 per cent cut in the use of the town's drinking water.

The Townsite Development Program supplied more than 170 lots during the year and at year's end held 730 lots in 113 towns in stock to meet future needs.

## GOVERNMENT ASSETS

### State Government Strategic Planning Framework

**Goal 5 – To govern for all in an open and efficient manner that also ensures a sustainable future.**

LandCorp provides a full range of property disposal and management services to other State Government agencies. This ranges from consultancy services and facilities management to the acquisition, development and marketing of surplus land assets.

Government Assets program sales for the year totalled \$73.5 million, 20 per cent over budget. This is consistent with LandCorp's role of adding value and maximising the returns to the State from Government-owned assets.

The biggest contributor was Harvest Lakes—LandCorp's flagship sustainable development and GreenSmart estate, which won a WA Environment Award during the year for Government Leading by Example and was named GreenSmart Development of the Year by the Housing Industry Association in WA.

Demand at this estate required LandCorp to develop a registrations of interest process to limit camping on-site by buyers. A total of 238 lots worth \$25.7 million were sold during the reporting period.

Strong sales were also achieved at Minim Cove estate in Mosman Park, which was named the State's best subdivision under 250 lots by the Urban Development Institute of Australia, Zamia Gardens precinct at St John's Wood Mt Claremont and Ocean Rise Karrinyup.

In the case of the latter two, the sales marked the completion of those two estates. Mt Claremont has been developed over more than a decade and involved the release of more than 400 lots in the past 10 years. Ocean Rise has been a successful infill estate developed on the site of the former Scarborough Senior High School, yielding 126 residential lots and two group housing sites for affordable housing for the aged. The sales also resulted in a \$5 million interim "super profit" payment to the Department of Education and Training, adding to the \$10.5 million LandCorp originally paid Education for the site.

The State's most extensive community consultation was undertaken over redevelopment of 4ha of the Public Transport Authority's disused Leighton marshalling yards. This resulted in the adoption of a structure plan with broad community and stakeholder agreement. The process was completed within a six-month timeframe set by the Government.

The biggest addition to LandCorp's facilities management responsibilities during the year was the new 4.5km Burrup services corridor, for which LandCorp holds the head lease. The agency is responsible for leasing the corridor to new industry setting up on the Burrup Peninsula, which will use it for the transfer of inputs and outputs between their plants and the Port of Dampier.

In the contaminated sites program, clean-ups of an orphan site at Morangup near Toodyay and the 207-hectare former BHP-Billiton site at Kwinana were completed during the year and further testing of a former gasworks site at Albany was undertaken.



Harvest Lakes, Atwell



LandCorp's Mike Moloney and Fremantle Ports' Kerry Sanderson accept the 2003 Premier's Award for Economic Development



## Corporate Report

### State Government Strategic Planning Framework

### Goal 5 – To govern for all in an open and efficient manner that also ensures a sustainable future.

Preparation for implementation of Next Step was largely completed during the year.

Next Step is about getting LandCorp's processes, systems and culture right in order to maximise the opportunities expected to come from proposed changes to LandCorp's governing legislation.

Next Step initiatives included the forming of panels in the legal, project management and environmental consultancy disciplines. The Board revamped its committee system to provide for full Board sign-off on new major capital investments (new projects) and greater delegation of authority was provided for more transactions. A full review of corporate governance – the third such review in LandCorp's history – was commenced as part of efforts to ensure highest standards in this area are maintained.

The renewed focus on Business Development and Marketing began to have a major impact. Its business development activities resulted in several major new land acquisitions during the year. LandCorp business development staff were also involved in a range of other Government activities, including a number of planning and advisory bodies.

On the Marketing side, a new corporate marketing plan was developed and implemented, aimed at raising the agency's profile among both stakeholders and customers. The success of this program was reflected in the greater recognition of LandCorp's operational successes. Major awards were won by Mandurah Ocean Marina (Australian Marina of the Year and Civil Contractors Federation Awards for Construction and Environmental Excellence), Harvest Lakes (Housing Industry Association GreenSmart Development of the Year and WA Environmental Awards' Government Leading by Example Award; highly commended in Premier's Awards), Minim Cove (Urban Development Institute of Australia WA Division Development of the Year) and BHP Billiton land acquisition (Premier's Award for Economic Development).

LandCorp has sought to support the State Government in a number of its policy areas. As indicated throughout this report, its operations and processes supported all goals in the Government's Strategic Planning Framework.

LandCorp undertook an appraisal of the sustainability of both its project activities and corporate processes and put in place initiatives to make them more sustainable. It also began to develop the metrics to record the effects of these initiatives and introduced the first of an annual reporting regime, the first of its kind in Western Australia's land development sector.

Provision of land for development as affordable housing by the Department of Housing and Works occurred at Noalimba, Hollywood and Kalgoorlie. LandCorp is also involved with a Government Affordable Housing Committee aimed at developing comprehensive policy to address housing needs into the future.

LandCorp contributed to lower greenhouse gas emissions through reduction of electricity consumption. This was achieved by encouraging employees to switch off electronic equipment after use, the installation of timers and changes to office lighting.

It has also been involved in the development of the Government's Dialogue with the City program. This was strongly supported by LandCorp staff, about a quarter of whom volunteered their services to help run the initial public forum.

The impact of converting to International Financial Reporting Standards was assessed during the year and full implementation is planned for 2004-05. To ensure effective corporate governance arrangements are maintained, a new internal auditor was appointed.

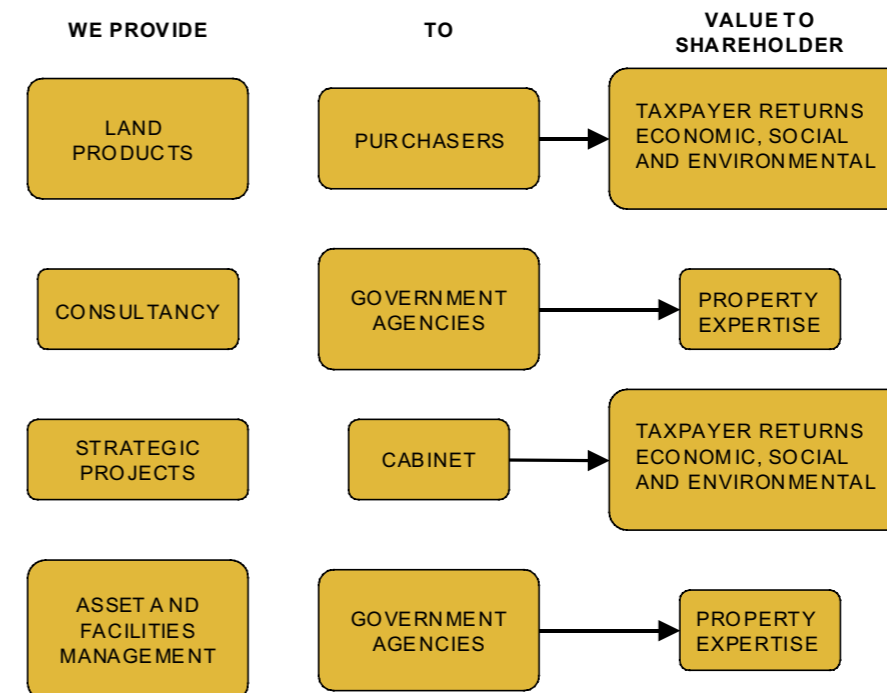
LandCorp significantly upgraded its remote access to its information systems by rolling out Webmail and the Citrix Secure Gateway, which allow staff to work more flexibly. Secure systems are now available from any Internet-linked computer. Productivity was boosted by workflow improvements allowing remittance advices to be automatically emailed to creditors.

A people plan aimed at assessing and meeting future staffing needs was developed during the year.

As with other years, May and June were the busiest months in conveyancing. These months accounted for \$50 million in settlements – about a third of the 2003-04 total – and a further \$50 million in acquisitions. A total of 700 settlements were processed in the second half of the financial year.

Progress was made in implementing the business model (shown below) adopted the previous year. Full implementation, however, depends on the passage of the legislative changes.

### BUSINESS MODEL



## CUSTOMER SERVICE

There is a Board and executive-led focus on providing a high level of customer service to all LandCorp stakeholders and customers.

A customer Complaints Handling Policy and the associated Complaints Handling Procedures were in place for the year. The policy conforms to the Australian Standard – Complaints Handling (AS 4269-1995).

All complaints received by telephone are required to be responded to within one working day.

All written complaints are required to receive an initial response within three working days and, where possible, be fully resolved within 10 working days.

Action taken to resolve the complaint and the outcome is recorded in the central complaint register.

The centralised complaints register ensures appropriate tracking of complaints' progress and ensures action taken to resolve the complaint is recorded in a central database accessible to all staff.

Two complaints were registered during the year. Both were resolved within the time spans required in the policy.



## STAFF

One of LandCorp's areas of expertise is in assembling the skill base necessary to achieve the goals set for it by the State Government on behalf of the people of Western Australia.

To maintain this ability, a number of initiatives have been put in place.

A people plan was drawn up, based on discussions with managers and assessment of LandCorp's human resources-related statistics as well as consideration of industry best practice. The plan also takes into account feedback from staff via exit interviews and the Employee Opinion Survey. It

provides a forecast of people-related needs for the next 12 months and sets out strategies to address them. This was in line with a change in resourcing model from contractors to in-house staff to retain intellectual property and rationalise cost.

A comprehensive orientation process for new staff, monthly staff meetings, a regularly updated Intranet and provision of appropriate training, both in-house and external, has been maintained.

LandCorp spent about 2 per cent of its payroll on staff training and development. More than 600 training courses, seminars and conferences were attended by 88 staff, equating to approximately three days' training per staff member. Courses included personal and professional development, industry conferences, computer training and technical skills.

A special focus was placed on project management training. This took the form of external training to the standards set by the Australian Institute of Project Management and in-house via case studies and knowledge sharing. This and improved orientation training helped staff get up to speed and begin contributing more quickly.

A graduate program, started the previous year, was reviewed and found to be successful in meeting succession planning needs and countering the ageing workforce phenomenon.

Performance management continued to be a focus, with training provided for both managers and their staff to maximise effectiveness of the program.

The physical health of the staff has also been a focus of activities during the year. Full physicals and influenza vaccinations were offered to all staff, with 67 per cent participating.

All staff are responsible for standards compliance, with a monitoring and advisory role being performed by the Human Resources area.

Human resource management and practices, like other facets of LandCorp's business, are audited for their effectiveness on an ongoing basis. Changes are made where needed to improve performance.

In addition to the health program, LandCorp provides a number of other benefits to staff:

- Counselling – LandCorp provides a confidential counselling service for staff members and their families at no cost;
- Special family leave – up to five days of accrued sick leave can be taken to care for a family member;
- Professional development – LandCorp supports training and development and encourages employees to attend relevant short courses at its expense. LandCorp will also assist in relevant tertiary studies by providing payment of 50 per cent of fees and time off for study;
- Social Club – LandCorp supports the Social Club to provide subsidised functions and other entertainment benefits;
- First aid – LandCorp provides training to ensure First Aid officers are available on-site; and
- Superannuation – LandCorp offers its staff the option of directing their Superannuation Guarantee Fund contributions into either the State Government plan or an alternative private fund.

## CORPORATE COMMUNICATIONS

The Corporate Communications unit supports LandCorp's programs and business divisions with strategic communications advice as well as a broad range of services to help develop stakeholder, community and staff awareness of LandCorp's operations and achievements.

The unit plays an important role both internally and externally in ensuring the release of information about LandCorp's programs and plans is an integral part of the organisation's operation.

Corporate Communications provides the following services:

- Communications and public relations strategies
- Media liaison
- Ministerial media liaison
- Community consultation support
- Issues management
- Corporate publication development and production
- Speech and presentation development
- Internet and intranet content management
- Event coordination
- Communications contractor liaison
- Media training

Corporate Communications has supported an unprecedented number of community consultations and stakeholder briefings linked to the Government's position on maximum stakeholder and community involvement in the decision making on major projects.



Planning and Infrastructure Minister opens pedestrian bridge at Mandurah Ocean Marina in February 2004

During the year, it contributed to the development of a corporate marketing plan, providing a new integrated focus for marketing and corporate communications. It also supported the introduction of a new corporate identity and branding and produced a variety of new public materials, including a capabilities brochure and a corporate video.

It facilitated more than 20 stakeholder events and briefings throughout the State, including Ministerial events which helped position LandCorp as a leader in sustainable land development in Western Australia.

## INFORMATION SYSTEMS

LandCorp's information systems achieved several significant milestones during the year.

Server consolidation resulted in faster response times, more efficient maintenance and warranty regimes, generation of less heat and less space requirements.

The service level agreement on access to the system was again exceeded.

A major redesign of the corporate website was undertaken and, in concert with this, the Geographic Information System was integrated with the website providing more seamless access for customers to project land details.

LandCorp continued to support remote offices at Armadale and Wattleup. The Armadale Redevelopment Authority office was also improved to provide full office software functionality – improving response times – while retaining remote access to LandCorp databases.

Work also began on delivering systems for new offices at Rockingham and Fremantle, due to open in the second half of calendar 2004.

Attention continued to be applied to the filtering of Internet traffic for unsolicited email and blocking access to websites which were identified as having strong potential to attract significant non-work related data. Security was maintained to prevent inappropriate traffic leaving LandCorp.

Access to LandCorp's corporate information systems for staff via the Internet was made available following trialling in the previous reporting period.

## PUBLIC SECTOR STANDARDS

LandCorp has adopted policies, guidelines and processes to support public sector standards in human resource management. Policies are available to staff through LandCorp's Intranet.

New employees are introduced to LandCorp's policies at orientation and all staff are responsible for compliance with public sector standards and ethical codes as explained at orientation. The Chief Executive Officer has this compliance requirement specifically reflected in his performance agreement.

A monitoring and advisory role is played by the Human Resources section.

Compliance with the standards is included in the internal audit program. One claim of a breach was received during the year but was withdrawn following a full explanation of LandCorp's policies and procedures.

## ENVIRONMENTAL MANAGEMENT

### State Government Strategic Planning Framework

**Goal 3 – To ensure that Western Australia has an environment, in which resources are managed, developed and used sustainably, biodiversity is preserved and habitats protected.**

LandCorp's internal environmental management team sought to tighten LandCorp's environmental approach ahead of amendments to the Environmental Protection Act, which will have an effect on LandCorp in a number of areas, including land clearing.

A particular focus was also placed on ensuring environmental due diligence formed part of every project business case.

LandCorp continued to work with the Department of Environment on protocols for dealing with orphan contaminated sites ahead of legislation governing that area.

No environmental breaches were committed during the year and full regulatory compliance was maintained. LandCorp also assembled a panel of environmental consultants to provide ready access for project managers to consultants with a demonstrated ability to meet LandCorp's environmental criteria.

Advances were made in environmental management at every level of the organisation this year through the development and implementation of a sustainability framework and an annual reporting regime aimed at measuring LandCorp's progress in improving the sustainability of both its processes and its projects.



Water testing at Harvest Lakes

The first such report, released in July 2004, shows LandCorp is in the early stages of this effort. Nevertheless, important and worthwhile progress has been made in shaping the outcomes in many projects.

LandCorp's redevelopment of surplus Government sites, successful site remediation and infill developments are positive contributions to land-use efficiency in the State.

A commitment to the principles of the Liveable Neighbourhoods Program, as a guide to residential development, will create more compact and diverse urban projects at Noalimba at Bateman and Rockingham Waterfront Village, as well as at future sites.

Transport planning has now become integral to LandCorp's development ethos. Working with other agencies and local government, project planning is under way on transit-oriented developments at Leighton, Claremont, Maddington and Cockburn Central.

Maintaining biodiversity and restoring natural ecosystems remains a central challenge to the development industry. LandCorp has made advances by identifying, protecting and restoring significant ecological assets, such as those at Harvest Lakes and Noalimba developments.

Improving energy and materials efficiency is an area where a start has been made but more can be done. Subdivision design is focused on optimising solar access and the uptake of solar hot water systems is being encouraged at Harvest Lakes, Noalimba and Enterprise Park. Harvest Lakes and Noalimba have also incorporated materials re-use, recycling and conservation initiatives.

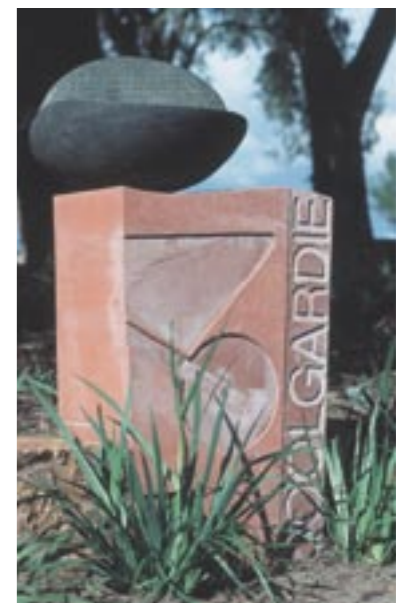
Harvest Lakes and Noalimba are notable for their achievements in water conservation, with the Water Corporation's Waterwise home and garden criteria mandatory. Enterprise Park and Orrong industrial estates also promote water efficiency and Waterwise landscaping.

LandCorp is contributing to improving the supply of social housing. A diversity of housing is being created at sites such as Noalimba at Bateman. It is also planned for developments at Swanbourne, Rockingham and Clarkson, through the selection of lot sizes and development zoning.

The identification and protection of sites of Aboriginal and historical cultural heritage is ensured through project processes. The celebration of Aboriginal and migrant history at the Noalimba at Bateman development is a very good example.

LandCorp's community development methods include surveying the community to obtain feedback on the project, arranging community events and promoting arts and cultural initiatives. Their successful implementation at Harvest Lakes and other developments is promising.

A total weight of 2750 kilograms of paper was sent to waste paper recyclers during 2003-04 in accordance with LandCorp's Waste Paper Recycling Policy.



Public art at Noalimba

### ENERGY SMART GOVERNMENT PROGRAM

Energy Smart Government Program	2001-02 Baseline Data	2002-03 Actuals	2003-04 Actuals	2003-04 Variation from 2001-02 Baseline Data
Energy Consumption (MJ)	1,202,834.91	1,109,605.70	1,121,907	-7.7%
Energy Cost (\$)	\$53,512.04	\$49,502.90	\$49,494	-7.5%
Greenhouse Gas Emissions (tonnes of CO <sup>2</sup> )	307.44	283.62	286.76	-6.7%
Performance Indicators by End Use Category				
Office – Tenant Services				
• MJ/sqm	545.48	503.20	508.80	-6.7%
• MJ/FTE	17,485.61	14,074.15	13,198.90	-24.5%

## DISABILITY SERVICES

LandCorp has in place a Disability Services Plan that addresses the needs of people with disabilities in gaining access to and receiving service or information from LandCorp. LandCorp continues to investigate and address issues for these clients.

Community consultation is always performed using a variety of mediums, including newsletters, public displays, workshops, information offices (Leighton), websites and information phone lines, to ensure the widest audience is reached. LandCorp has also, on occasion, offered translation services and uses professional facilitators at workshops which are generally held in public venues with appropriate facilities.

## EQUAL OPPORTUNITY

LandCorp is an equal employment opportunity (EEO) employer and complies with the relevant EEO legislation.

All human resources procedures, including recruitment, selection and training are based on equal opportunity principles. Training is provided to all new starters on EEO matters and an Acceptable Workplace Conduct document is provided to promote awareness of and compliance with EEO principles.

There were no reports of these principles being breached by LandCorp or its staff during the reporting period.

## OCCUPATIONAL HEALTH AND SAFETY

LandCorp maintains a confidential employee assistance program, which provides access to independent, professional counselling for staff and their families. The service was accessed by nine employees or their families during the year.

Basic first aid equipment is held on site and the names of staff members who have been trained as First Aid Officers are displayed around the office. First aid kits were also provided in all LandCorp vehicles for the first time during the year.

All new starters attend a briefing on occupational health and safety. Twenty-one ergonomic assessments were performed for staff throughout the year. Most of these were to do with individual set up design.

## WORKERS COMPENSATION

There were no new compensation claims made against LandCorp during the year and there were no outstanding claims.

## FREEDOM OF INFORMATION

LandCorp dealt with six FOI applications this financial year. The agency's Information Statement, which outlines publications that are publicly available, follows this section of the annual report.

## GOVERNMENT PURCHASING CHARTER

LandCorp complies with the Government Purchasing Charter while operating within a partial exemption from the State Supply Commission for the purchase of goods and services of a general nature and a full exemption allowed for purchases relating to LandCorp's core function of land development and sale.

## ETHICS AND CONDUCT

LandCorp complies with the Public Sector Code of Ethics and has adopted the public sector's ethical principles into its own Code of Conduct.

The Code of Conduct applies to all people employed by LandCorp – the Board, management and employees. New employees are made aware of the Code at the time of orientation.

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

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

## CONFLICT OF INTEREST

While conflicts of interest at the administrative level are rare within the administration of LandCorp, the Board has a Conflict of Interest policy to clarify, in the event of a conflict, how the matter is managed. This policy accords with the highest ethical standards set by the Public Sector Standards Commission. There were three staff entries recorded in the Register of Interests and four Board member entries recorded.

## PUBLIC INTEREST DISCLOSURE

LandCorp's Manager Business Services, Janelle Shinnars, was appointed Public Interest Disclosure Officer on 1 July 2003 and is responsible for ensuring confidentiality for people who make a public interest disclosure and the outcome of that assessment.

The Officer is aware of her obligations under the Public Interest Disclosure Act 2003. Any administrative investigations at LandCorp will be conducted in accordance with the Ombudsman's Guidelines for Conducting Administrative Investigations.

## LEGISLATION

In accordance with the Western Australian Land Authority Act, LandCorp performs its functions in compliance with all existing legislation.

As a Western Australian statutory authority, LandCorp is subject to the Financial Administration and Audit Act 1985, which governed the administration, audit and control of its finances.

The Parliamentary Commissioner also has the power to investigate the activities of this organisation.

## STAFF SURVEY

An Employee Opinion Survey (EOS) was undertaken for LandCorp for the sixth consecutive year. The findings focus on staff motivation and morale, adequacy of skills and training, and information and technology systems.

The survey was conducted during December 2003 and attracted a response from 78 per cent of staff.

The 2003 EOS showed that LandCorp is functioning above industry benchmarks in the majority of results.

## REGIONAL DEVELOPMENT POLICY

### State Government Strategic Planning Framework

#### Goal 4 – To ensure that regional Western Australia is strong and vibrant.

More than 40 per cent of LandCorp's projects are located outside the Perth metropolitan area.

LandCorp's Townsite Development Program (TDP), which seeks to satisfy the residential, commercial and light industrial land needs of regional towns, is active in more than 100 townsites. Land sales totalled 170 lots during the year, with significant new projects including Bremer Bay (light industrial/commercial); Cervantes (light industrial); Denham (residential stage 1); Green Head (residential); Hopetoun (MaryAnn Waters Residential Estate); Kununurra (residential); Merredin (light industrial) and Walpole (light industrial).

The Urban and Industrial programs are also active in regional areas. Significant projects include: Mandurah Ocean Marina; Exmouth Marina Village; Carnarvon NorthWater; Kalgoorlie Northwest Sector; Kemerton Industrial Park; Oakajee Industrial Estate; Karratha Burrup Peninsula; and Kalgoorlie Anzac Drive Industrial Park.

LandCorp undertook extensive consultation with all key stakeholders on regional projects. Towns in which workshops were held in 2003-04 involving local authority representatives and the community included Carnarvon, Denham, Hyden, Walpole, Broome, Kununurra, Exmouth, Karratha, Ravensthorpe, Hopetoun and Kalgoorlie.

LandCorp is also represented on numerous regional steering committees and Regional Development Commission taskforces. These include Nickol Bay Accommodation Taskforce, Pilbara Land Requirements Taskforce, South West Industrial Land Supply Task Force, Warren Blackwood Industrial Sites Steering Committee, Broome Planning Steering Committee Taskforce, Gin Gin Coastal Planning Steering Committee and others.

LandCorp continued its presence at Local Government Week, with staff available to discuss issues with and provide information to local government representatives from throughout the state.



Kununurra



Mandurah Ocean Marina

## Information Statement

### DETAILS OF LEGISLATION ADMINISTERED

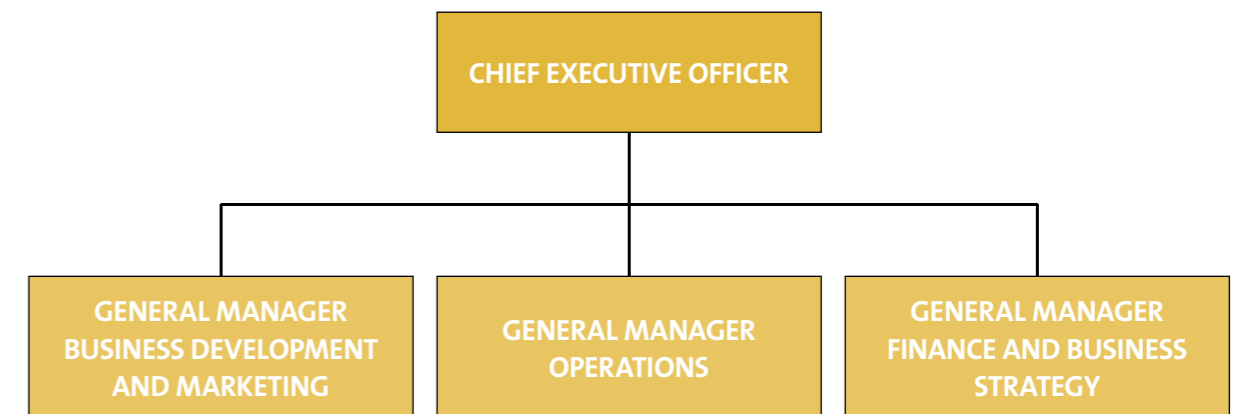
LandCorp administers the Western Australian Land Authority Act 1992 (as amended) and the repealed Industrial Lands Development Authority Act 1966 and the Joondalup Centre Act 1976, to the extent that the repealed Acts are continued for the administration of pre-existing contractual arrangements and obligations.

LandCorp is subject to the Financial Administration and Audit Act 1985, which governs the administration, audit and control of its finances.

The Parliamentary Commissioner also has jurisdiction to investigate complaints relating to LandCorp's operations. In the performance of its functions LandCorp was subject to and required to comply with legislation including:

- Aboriginal Heritage Act 1972
- Occupational, Safety and Health Act 1984
- Dividing Fences Act 1961
- Parliamentary Commission Act 1971
- Electoral Act 1907
- Public Sector Management Act 1994
- Energy Corporations (Powers) Act 1979
- Land Acquisition and Public Works Act 1902
- Environmental Protection Act 1986
- Real Estate and Business Agents Act 1978
- Equal Opportunity Act 1984
- Residential Tenancies Act 1987
- Financial Administration and Audit Act 1985
- Salaries and Allowances Act 1975
- Freedom of Information Act 1992
- Sale of Land Act 1970
- Government Employees' Superannuation Act 1987
- Settlement Agents Act 1981
- Harbours and Jetties Act 1928
- Stamp Act 1921
- Heritage of Western Australia Act 1990
- State Supply Commission Act 1991
- Industrial Relations Act 1979
- Strata Titles Act 1985
- Land Administration Act 1998
- Town Planning and Development Act
- Land Tax Assessment Act 1976
- Transfer of Land Act 1893
- Main Roads Act 1930
- Water Agencies (Powers) Act 1984
- Marine and Harbours Act 1981
- Wildlife Conservation Act 1950
- Metropolitan Region Town Planning Scheme Act 1959
- Workers' Compensation and Rehabilitation Act 1981
- Mining Act 1978
- Hope Valley Wattleup Redevelopment Act 2000

### STRUCTURE OF AGENCY



### DECISION-MAKING FUNCTIONS

LandCorp administers the Western Australian Land Authority Act 1992 (as amended) which gives LandCorp power, for the purpose of performing its functions, to:

- acquire, hold, manage and dispose of land
- plan, undertake, provide for, promote and coordinate the development of land
- subdivide, amalgamate, improve, develop, alter and extract minerals from land

### THE FUNCTIONS OF LANDCORP ARE:

- to be an agency through which the government provides, or promotes the provision of land for the social and economic needs of the State
- to be an agency through which the Crown and public authorities may dispose of land
- to be an agency through which local governments and regional local governments may dispose of land
- to complete the development of the Joondalup Centre
- to identify potential centres of population, and centres of population in need of redevelopment, and use its powers to bring about the provision, or improvement, of infrastructure and facilities

### PUBLIC PARTICIPATION

There are three committees administered by LandCorp that involve public representation although extensive public consultation is undertaken on all significant projects.

The Hope Valley Wattleup Community Reference Group includes community representatives that were selected through advertisements and appointed by the Minister for Planning and Infrastructure. This Group is responsible for giving advice on preparation of the master plan for the project area. There are also two Community Management Committees – one for Wattleup and one for Hope Valley. Community representatives were appointed by the Minister in a similar way to the Reference Group and advise on townsite management issues during the transition phase of the project.

## DOCUMENTS HELD

Information is available from LandCorp via its freely available publications or by contacting relevant Project Managers at LandCorp's main office. Where possible, LandCorp makes information available on an informal basis, at no cost.

Documents available to the public at no cost:

- Project sales brochures
- Project newsletters
- Corporate newsletters
- Annual reports
- Media statements

Many documents are available to be downloaded from the LandCorp website <http://www.landcorp.com.au>

Project sales information is available from LandCorp's selling agents as shown in all advertisements, brochures and newsletters.

LandCorp staff maintain a number of hardcopy collections of records and electronic databases for use by staff:

- Project files
- Administration files
- Human resource management files
- Library

Current files are held on site or with project managers while non-current files are archived to an offsite commercial storage facility.

The Library collection is also maintained for use by staff. It consists of books, journals and reports produced by or for LandCorp in relation to its projects. The collection is maintained onsite with non-current documents archived in a similar manner to files. Access to the Library collection is on a similar basis to that for files.

Electronic databases contain project information. They are networked to staff and are maintained by LandCorp's Information Systems unit.

## FREEDOM OF INFORMATION

It is the aim of LandCorp to make information available promptly and at the least possible cost and, whenever possible, documents will be provided outside the FOI process (see previous section).

If information is not routinely available, the Freedom of Information Act 1992 provides the right to apply for documents held by LandCorp and to enable the public to ensure that personal information in documents is accurate, complete, up to date and not misleading.

Access applications have to:

- be in writing
- give enough information so that the documents requested can be identified
- give an Australian address to which notices can be sent
- be lodged at LandCorp with any application fee payable

Applications and enquiries should be addressed to:

Ms Janelle Shinnars

Freedom of Information Coordinator

LandCorp

Locked Bag 5

Perth Business Centre WA 6849

Telephone: (08) 9482 7499; Fax: (08) 9481 0861

## LandCorp Annual Report 2003-2004 Electoral Information

<b>Advertising</b>	<b>\$3,728,153</b>
ADCORP	
AUSTRALIAN ASSOCIATED PRESS PTY LTD	
AVON COMMUNITY DEVELOPMENT FOUNDATION (INC.)	
CHEYENNE MARTIN – WRITER AND EDITOR	
CITY OF COCKBURN	
COMPAC MARKETING	
DRUITT FIRST NATIONAL	
EDGE – TOURISM & MARKETING	
JMG MARKETING (AUST) PTY LTD	
KB PROMOTIONS WA PTY LTD	
MARKETFORCE AUSTRALIA PTY LTD	
MEDIA DECISIONS	
NORTH WEST METROPOLITAN CRICKET ASSOCIATION	
PAST MIDNIGHT DESIGNS	
PHOENIX COMMUNICATIONS	
PROFESSIONAL PUBLIC RELATIONS	
REDLINE MARKETING STUDIO PTY LTD	
SHEARMANS	
VICTORY SIGNS	

<b>Market Research</b>	<b>\$112,088</b>
CURTIN UNIVERSITY OF TECHNOLOGY	
MARKET EQUITY PTY LTD	
RESEARCH SOLUTIONS	
ROUSILLON HOLDINGS PTY LTD	

<b>Media Advertising</b>	<b>0</b>
<b>Direct Mail</b>	<b>0</b>
<b>Polling</b>	<b>0</b>
<b>TOTAL EXPENDITURE</b>	<b>\$3,840,240</b>



## Corporate Governance

### THE BOARD

The Board is the Authority's governing body. It is charged with the responsibility of ensuring LandCorp performs its functions in accordance with the provisions of the Western Australian Land Authority Act and other laws governing the conduct of corporate entities.

The Board has a number of specific statutory responsibilities, set out in the Western Australian Land Authority Act, including:

- submission of Statement of Corporate Intent and Strategic Development Plan;
- dividend recommendation and payment; and
- provision of a Half-Yearly Report.

The provisions of the Financial Administration and Audit Act (1985) also governed LandCorp's approach to financial administration, audit and management of its finances.

The Board complied with all the statutory requirements set out in the above-mentioned Acts.

In addition to statutory responsibilities, the Board undertook strategic planning for LandCorp focused on:

1. business direction;
2. corporate standards;
3. policies and decision frameworks; and
4. advice to the Minister, Government and other agencies.

Operationally, the Board also assisted LandCorp's management team with:

1. setting program and project strategies;
2. analysing client needs;
3. establishing minimum standards and best practice initiatives; and
4. oversight of delegation and decision making processes.

### COMMITTEES

The Board continued to use five sub-committees until 31 December 2003.

At its February 2004 meeting, the Board approved adopting a two Committee structure to make LandCorp consistent with the Australian Stock Exchange Corporate Governance Council Principles. The new structure added value while also providing accountability and controls systems commensurate with the associated risks. The Board also approved amendments to the delegation arrangement to reflect the new committee structure. The new committee structure and amendments to the delegation arrangements were endorsed by the Minister for Planning and Infrastructure.

### The Committees in place until 31 December 2003:

#### AUDIT

The Committee focused on governance activities, internal and external audit investigations and reports, corporate compliance and risk management.

#### LAND (IN PLACE UNTIL FEBRUARY 2004)

The Committee focused on business development programs, strategic asset review and disposal programs, new project business cases and land acquisitions and disposals with a consideration in excess of \$1 million.

#### WORKS AND SERVICES

The Committee considered a number of major civil and construction works contract submissions with a contract consideration in excess of \$1 million.

#### BUDGET

The Committee considered the draft financial projections and estimates contained in the statutory planning documents prior to them being submitted to the Minister for approval. LandCorp maintained its discipline of reviewing performance against budget, with a presentation provided to the Board each quarter.

#### REMUNERATION

The Committee's terms of reference include consideration of directors' fees and management and employee remuneration. The Committee considered a number of issues relating to the Next Step program and impending legislative amendments.

### The Committees established effective 17 February 2004:

#### AUDIT AND RISK MANAGEMENT

The Committee's term of reference was to assess and report on financial reporting, internal control structures, risk management systems, compliance framework and internal and external audit functions.

### GOVERNANCE AND REMUNERATION

The Committee's term of reference was to develop and review LandCorp's corporate governance framework and policies, quality assurance relating to the integrity and probity of LandCorp's remuneration policies and practices, succession planning and nominations and review performance of the Board, its Committees and the Chief Executive Officer.

### BOARD DIRECTORS

The Western Australian Land Authority Act specifies that the Board comprises a minimum of five and a maximum of seven directors. The members are required to have relevant experience in at least one of the following professional disciplines:

- town planning;
- housing;
- industry;
- commerce;
- finance;
- engineering; and
- land development.

### Directors whose terms ended and were not re-appointed during the reporting period:



**Syd Corser AO, OBE**, was appointed to the Board on 1 January 2002 for a term ending on 31 December 2003. Co-founder of leading Perth homebuilder Pacesetter Homes, Syd Corser is well known for his contributions to Western Australia,

particularly in the areas of housing and yachting. The 1992 WA Citizen of the Year in the category of sport has also received an OBE for his services to housing and an Order of Australia for his contribution to the Ngala Family Resource Centre and helping to establish Australia's first urological research centre. He served for five years as a member of the State Housing Commission in the nineties. In 2003, Syd Corser was awarded the Centenary of Federation Medal for services to sailing and the community in Western Australia.

**Directors who resigned during the reporting period:**



**Carolyn Tan** was appointed to the Board on 1 January 2002 for a term ending on 31 December 2002. On 4 November 2002, the Minister approved a further two-year term commencing 1 January 2003 and ending 31 December 2004. Carolyn Tan resigned from the Board on 31 December 2003. Carolyn Tan is a solicitor and a partner in Perth law firm Dwyer Durack. Her areas of practice include commercial and property litigation and native title and Aboriginal heritage law.

**New Directors appointed during the reporting period:**



**Fiona Roche** was appointed to the Board on 1 January 2004 for a term ending on 31 December 2006. Fiona Roche is the Managing Director of Estates Development Company Pty Ltd and Adelaide Development Company Pty Ltd with extensive experience in land development and planning. Fiona Roche has held several board positions in the finance sector and served on several government advisory bodies in the areas of planning and economic development.

**CURRENT DIRECTORS**



**Neil Hamilton** was appointed as Chairman of the Board on 1 July 2002 for a term expiring on 30 June 2005. He is also the Chairman of Western Power Corporation, Integrated Group Ltd, Sons of Gwalia Ltd, Iress Market Technology Ltd and a director of Insurance Australia Group Ltd.



**Barbara Wiese** was appointed as Deputy Chair to the Board on 1 January 2002 for a term ending on 31 December 2004. Barbara Wiese was the first female minister in the South Australian Parliament, holding a number of portfolios between 1985 and 1993. She is now a Perth-based communications consultant who has worked with Australian and international clients in industries such as manufacturing, tourism and property development, food processing, health and education. She was also a member of the community reference group reviewing Perth's freight network.



**Ross Bowe** was appointed to the Board on 1 January 2002 for a term ending on 31 December 2004. A former Under Treasurer in Western Australia, he is currently a financial consultant. Ross Bowe has been involved in a wide range of high-level reviews, including a review of the Northern Territory Police Force, the City of Perth restructuring and a variety of studies relating to the forestry, financial management and competitive aspects of the operations at the WA Department of Conservation and Land Management. He is also Chairman of the Metropolitan Cemeteries Board and Racing and Wagering Western Australia.



**John Carlson** was appointed to the Board on 1 January 2002 for a term ending on 31 December 2002. On 4 November 2002, the Minister approved a further two-year term commencing 1 January 2003 and ending 31 December 2004. John Carlson has extensive experience in the areas of strategic planning, corporate communications, project management and marketing. He has served on a number of boards – private and public – as both a director and chairman. He is Managing Director of integrated marketing group LINC.



**John Martin** was first appointed to the Board in 2000. He was reappointed from 1 January 2002 for a term ending on 31 December 2003. John Martin, in accordance with Schedule 1 section 1(2) of the WALA Act, remains on the Board as an active Director. He is a Life Fellow of the Australian Property Institute and the Principal of Australian Property Consultants. John Martin is a licensed valuer and property consultant with more than 20 years' experience in the Western Australian property industry. John Martin is also a director of the Subiaco Football Club.

**BOARD POLICIES**

Policies set the parameters for a number of processes, which in turn support the Board's governance structures. These policies assist the Board with its decision-making process.

**CONFLICT OF INTEREST**

New Directors declare any financial or pecuniary interest at their first meeting. The Authority also has a standing protocol whereby a Board member would disclose an interest in any item on the agenda.

Disclosures are recorded in the minutes (and a copy of the disclosure placed in LandCorp's Conflict of Interest Register).

When a conflict declaration is made, the Board may either allow the Director to make a statement to the Board then leave the meeting room, or the Board may request the Director to leave the room.

A conflict of interest process also applies to LandCorp staff and contractors who are required to make conflict disclosures to the Chief Executive Officer, who in turn determines the course of required management action.

**ACCESS TO INDEPENDENT ADVICE**

With the approval of the Chairman, a Board Director may seek independent legal advice on matters presented to the Board or a Board Committee. The Board or committee chairman is responsible for authorising LandCorp officers to pay the costs of obtaining the legal advice.

**REMUNERATION**

Director remuneration is determined by the Minister for Planning and Infrastructure after consulting with the Minister responsible for administration of the Public Sector Management Act.

The remuneration arrangements as at 30 June were as follows:

Office	Amount
Chairman	\$45,500
Deputy	\$20,000
Member	\$13,000

## DIRECTORS INSURANCE

LandCorp has in place Directors' Insurance which conforms to the provisions of the Western Australian Land Authority Act and the Statutory Corporations (Liability of Directors) Act. The Board Directors are required to contribute (1%) to the annual policy premium to obtain coverage, with the balance of the premium paid by LandCorp.

## DIRECTOR BENEFIT OR RELATED TRANSACTIONS

No Director (or firm where a Director held a substantial interest) received or became entitled to a benefit other than the remuneration mentioned previously in this report.

## COMMUNICATIONS

The Board maintains a Communications Protocol, which aims to ensure information received by and provided to Board Directors, outside the formal meetings process, is brought into the Board's formal discussion and consideration processes.

## MINISTERIAL ADVICE AND APPROVALS

The Western Australian Land Authority Act prescribes a number of matters requiring an approval of the responsible Minister, and with respect to the Strategic Development Plan and Statement of Corporate Intent, concurrence of the Treasurer. Section 17 of the Act requires LandCorp to obtain the Minister's approval for any contract or arrangement where the consideration exceeds \$1 million. Ministerial approvals are tabled in the Western Australian Parliament in accordance with the Act. Some 47 approvals were tabled in Parliament during the reporting period. The Board also provides advice to the Minister on various aspects of LandCorp's operations.

## MINISTERIAL DIRECTIONS

The Board maintained the policy with respect to responding to a Ministerial Direction, to comply with the provisions of the Statutory Corporations (Liability of Directors) Act. No Ministerial directions were received by LandCorp during the reporting period.

## CODE OF CONDUCT

The Board aimed to maintain leadership in setting high ethical standards, through practical strategies such as LandCorp's Code of Conduct, which applied to Board Directors and staff. No breaches of the Code of Conduct were reported during the reporting period.

## SITE INSPECTIONS

The Board completed a number of project site inspections in the metropolitan area and the Pilbara. The site inspections were an opportunity for Board Directors to experience and observe how the field operations of LandCorp were conducted and progressing.

## STAKEHOLDER INTERACTION

The Board formed an integral part of LandCorp's communication with key industry bodies, local Government and other stakeholders. The Board uses these meetings as an information gathering exercise, to gain a firm appreciation of the perspectives of industry associations and groups which is then used in deliberative processes at the Board formal meetings.

## Board Statistics

### MEETING ATTENDANCE FOR THE PERIOD 1 JULY 2003 TO 30 JUNE 2004

Board		
	Meetings held	Meetings attended
Neil Hamilton	15	15
Barbara Wiese	15	12
John Martin	15	14
Carolyn Tan	9	6
Syd Corser	9	8
Ross Bowe	15	11
John Carlson	15	14
Fiona Roche (appointed 01/01/04)	6	6

Land Committee		
	Held	Attended
Neil Hamilton	14	13
Barbara Wiese	14	14
John Martin	14	14

Audit Committee		
	Held	Attended
Carolyn Tan	4	4
Ross Bowe	4	3

Works Committee		
	Held	Attended
Barbara Wiese	3	3
Syd Corser	3	3

Budget Committee		
	Held	Attended
Ross Bowe	1	1
John Carlson	1	1

Remuneration Committee		
	Held	Attended
Carolyn Tan	1	1
John Carlson	1	1

### MEETING ATTENDANCE FOR THE PERIOD 1 JANUARY 2004 TO 30 JUNE 2004

Audit and Risk Management		
	Meeting held	Meetings attended
Barbara Wiese	2	1
Ross Bowe	2	2
Fiona Roche (appointed 01/01/04)	2	2

Remuneration Committee		
	Meetings held	Meetings attended
Neil Hamilton	2	2
John Martin	2	2
John Carlson	2	2

## Directors Report

### DIRECTORS

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

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

Director	Year Appointed
John Martin .....	2000
Neil Hamilton .....	2002
Barbara Wiese .....	2002
Ross Bowe .....	2002
John Carlson .....	2002
Carolyn Tan (resigned 31/12/03) .....	2002
Syd Corser (term ended 31/12/03) .....	2002
Fiona Roche (appointed 1/01/04) .....	2004

Director details are provided in the Corporate Governance section.

### CORPORATE STATUS OF THE AUTHORITY

LandCorp operates in accordance with the provisions of the Western Australian Land Authority Act statutory objects and functions.

LandCorp is an independent body corporate created by statute, an Agent of the Crown and required to perform its functions within the State of Western Australia.

### SIGNIFICANT CHANGES IN AFFAIRS

There were no amendments made by the Western Australian Parliament during the financial year to the objects, functions or powers of the Western Australian Land Authority Act. The state of affairs of LandCorp was not affected by any significant changes during the year.

### OPERATIONS

The operations of LandCorp during the year have been included in the Chief Executive Officer's report and subsequent sections. LandCorp conducted its operations in accordance with commercial principles, specified in section 19 of the Western Australian Land Authority Act, requiring:

- performing functions in a cost-efficient manner;
- endeavouring to surpass long-term financial targets specified in its Strategic Development Plan; and
- ensuring no project has an expected rate of return below a minimum hurdle rate specified in its Strategic Development Plan.

### OPERATING RESULTS

Operating Results	2003-04 (\$M)	2002-03 (\$M)	2001-02 (\$M)
Profit before Income Tax Equivalents	45	21	20
Income Tax Equivalents Expense / (Benefit)	10	4	4
Net Profit	35	17	16

### PRINCIPAL ACTIVITIES

The principal program areas of LandCorp during the course of the financial year were:

- Industrial;
- Urban (including Townsite Development Program); and
- Government Assets.

### MINISTERIAL DIRECTIONS

The Western Australian Land Authority Act enables the Minister for Planning and Infrastructure to give directions to the Board of Directors of LandCorp. No Ministerial Directions were received by LandCorp from the Minister for Planning and Infrastructure during the financial year.

## Western Australian Land Authority

### DIVIDENDS

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

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

The Treasurer determines the date the dividend is to be paid by LandCorp. The dividend payments for its most recent past are summarised below:

Dividends Appropriated	2003-04 (\$M)	2002-03 (\$M)	2001-02 (\$M)
Interim Dividends	0.632	0.8	-
Provision for Final Dividend	16.552	6.0	7.0
Total Dividend Appropriation	17.184	6.8	7.0

### EVENTS SUBSEQUENT TO BALANCE DATE

There were no material events, transactions or charges that have occurred during the reporting period not otherwise disclosed in the report of the financial statements.

### FUTURE TRADING RESULTS AND FORWARD YEAR FINANCIALS

The report to the Minister incorporates the Authority's expected future trading results, as set out in its 2004-05 Statement of Corporate Intent.

2004-05 Estimates	(\$M)
Sales Revenue	181
Trading Result	57
Other Revenue	36
Total Revenue	217
Less Operating Expenses	16
Profit before Income Tax Equivalents	58
Net Profit	46

Neil Hamilton  
CHAIRMAN

Barbara Wiese  
DEPUTY CHAIRMAN

### CERTIFICATION OF PERFORMANCE INDICATORS

#### FOR THE YEAR ENDED 30 JUNE 2004

The accompanying performance indicators of the Western Australian Land Authority are based on proper records, are relevant and appropriate for assisting users to assess the Authority's performance and fairly represent the indicated performance for the year ended 30 June 2004.



Neil Hamilton  
CHAIRMAN



Barbara Wiese  
DEPUTY CHAIR

27 August 2004



## Western Australian Land Authority (LandCorp)

### INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

### WESTERN AUSTRALIAN LAND AUTHORITY PERFORMANCE INDICATORS FOR THE YEAR ENDED JUNE 30, 2004

#### Audit Opinion

In my opinion, the key effectiveness and efficiency performance indicators of the Western Australian Land Authority are relevant and appropriate to help users assess the Authority's performance and fairly represent the indicated performance for the year ended June 30, 2004.

#### Scope

##### *The Board's Role*

The Board is responsible for developing and maintaining proper records and systems for preparing performance indicators.

The performance indicators consist of key indicators of effectiveness and efficiency.

##### *Summary of my Role*

As required by the Financial Administration and Audit Act 1985, I have independently audited the performance indicators to express an opinion on them. This was done by looking at a sample of the evidence.

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

D D R PEARSON  
AUDITOR GENERAL  
August 27, 2004

### PERFORMANCE INDICATORS FOR THE YEAR ENDED 30 JUNE 2004

#### LandCorp's Role

The Board confirmed LandCorp's role is to ensure the State's future land needs are met with an adequate return to Government through:

- The development of industrial land;
- Selective participation in urban development and renewal projects where unique opportunities or constraints exist;
- The disposal of surplus property assets as a key role for LandCorp; and
- Provision of project management and expert services to Government.

#### ADDITIONALLY, LANDCORP WILL FOCUS ON:

- Implementing alternative delivery models and working with the private sector and meeting Government's needs and expectations;
- Reporting and Benchmarking success of industrial, urban projects and Government asset disposals and lifting returns to Government; and Communicating with key stakeholders.

#### BUSINESS DIRECTION AND STRATEGIES

Four key directions (and supporting strategies) respond to roles and priorities identified above:

1. Increase market leadership;
2. Fulfil shareholder objectives;
3. Increase financial and operating performance; and
4. Increase private sector linkages.

### KEY CORPORATE OBJECTIVES

The corporate objectives for LandCorp as expressed at Section 3 and Section 16 of the Western Australian Land Authority Act 1992 have been interpreted as undertaking the following:

1. Sufficient industrial land to ensure economic development is not constrained;
2. Satisfied communities through integrated major urban developments;
3. Maximised returns to the State from surplus Government land assets; and
4. Provide sufficient townsite land to ensure that town development potential is not constrained.

### KEY PERFORMANCE INDICATORS (KPI)

Effectiveness and efficiency key performance indicators have been developed for each of the business programs.

#### 1. INDUSTRIAL

Effectiveness indicators are based on market research of key industry participants and an assessment of LandCorp's land stocks to meet demand.

The market research was conducted as a combination of telephone and one-on-one interview surveys of key stakeholders in the market segments of General, Heavy and Special Industrial. Those surveyed were asked to provide feedback on unmet demand and the suitability of industrial land purchased from LandCorp.

A total of 70 industrial land stakeholders were surveyed in the research.

The largest resource employed by LandCorp in achieving its objectives is capital employed, as is required by the nature of a land development operation. The efficiency measure of rate of return on assets employed (excluding cash and other liquid assets) assess how well this resource is utilised.

Industrial KPI	1999-00 Actuals	2000-01 Actuals	2001-02 Actuals	2002-03 Actuals	2003-04 Target	2003-04 Actual	Long Term Goal
<b>Effectiveness</b>							
1. % of industrial stakeholders who believe there have been instances of unmet industrial land demand	32%	25%	25%	30%	<25%	7%	<20%
Made up of:							
General Industrial unmet demand %	32%	19%	21%	17%		5%	
Heavy/Special Industrial unmet demand %	0%	15%	17%	13%		2%	
2. Average level of suitability of the Authority's industrial land (by land purchasers)	76%	76%	63%	81%	>80%	75%	surpass 03-04 target
3. Number of years of Perth metropolitan general industrial land supply held by the Authority	6.6 yrs (Ready#)	9 yrs (Ready#)	9.6 yrs (Ready#)	9.6 yrs (Ready#)	≥10 yrs	5.4 yrs (Ready#)	> 10 yrs (Ready#)
<b>Efficiency</b>							
• Rate of Return on Assets	8%	6%	3%	-2%	3%	10%	Exceed WACC*

# = "Ready" means land is zoned for industrial use and no 'fatal flaw' constraints exist on the land

\* = Weighted Average Cost of Capital (WACC)

Suitability of industrial land – Scores from industrial buyers showed a decrease from 2002-03 to 2003-04. Positive ratings were received on location and road access, while areas where performance could be improved included rail access, appropriate zoning and buffering. External forces such as business sentiment were also a factor and domestic demand positively impacted on business sentiment and investment decisions.

The number of years of supply held by LandCorp fell significantly in 2003-04, due to increasing environmental approval complexity constraining land previously available for development. LandCorp continues to work on removing or managing the impact of the constraints.

The rate of return on assets for the Industrial Business Area has increased due to a number of key projects moving beyond their initiation phase and recording strong demand in line with strong State economic growth. In addition, the accounting treatment of CSO grants in 2000-01 improved the rate of return in that year, had a detrimental flow on effect on the 2001-02 and 2002-03 rate of return and had a minor positive impact on the 2003-04 rate of return.

## 2. MAJOR URBAN

Effectiveness indicators are based on market research of local communities from Joondalup, Cockburn, Mandurah, Kalgoorlie and Exmouth where LandCorp had active projects in 2003/04.

A sample of residents (398) and business (304) from each local community were asked to rate their satisfaction with the concept development and progress to date of LandCorp's projects. In addition, key community stakeholders (12) were also surveyed.

While survey results were reduced on previous years, the satisfaction level remained high overall.

The efficiency indicator is rate of return on assets employed. Refer to the Industrial Business Program for a discussion of this indicator.

Major Urban KPI	1999-00 Actuals	2000-01 Actuals	2001-02 Actuals	2002-03 Actuals	2003-04 Target	2003-04 Actuals	Long Term Goal
<b>Effectiveness</b>							
1. Average satisfaction by local communities of overall concept of development	82%	79%	80%	78%	> 80%	74%	surpass 03-04 target
2. Average satisfaction by local communities of improvements to date	79%	79%	77%	81%	> 80%	75%	surpass 03-04 target
<b>Efficiency</b>							
• Rate of Return	68%	11%	18%	9%	32%	7%	Exceed WACC*

\* = Weighted Average Cost of Capital (WACC)

The rate of return on assets for the Major Urban Business Area decreased due to key projects being completed and the next generation of Major Urban projects being in the initiation phase. The new projects are expected to quickly move into the development and marketing phases and generate sales in future years.

## 3. GOVERNMENT ASSET DISPOSAL

Effectiveness indicators measure the value added by LandCorp on projects acquired through the Government Asset Disposal program (equity involvement). This measures how well LandCorp is maximising the return on these assets.

Market research was also obtained from Government agencies where LandCorp provides asset disposal services to measure their satisfaction with the service provided. Nine agencies participated in the market research.

Changes in satisfaction levels are in part influenced by one or two movements in a small sample. Nevertheless the shift in satisfaction levels signals LandCorp has to focus on the service it provides to other agencies with respect to the disposal of surplus Government assets.

The efficiency indicator is rate of return on assets employed. Refer to the Industrial Business Program for a discussion of this indicator.

Government Asset Disposal KPI	1999-00 Actuals	2000-01 Actuals	2001-02 Actuals	2002-03 Actuals	2003-04 Target	2003-04 Actuals	Long Term Goal
<b>Effectiveness</b>							
1. Value added by the Authority (disclosed Business Area gross profit)							not applicable
• Equity projects	\$20.8M	\$8.4M	\$15.0M	\$20.8M	\$11.5M	\$25.6M	
2. Agency satisfaction with the Authority's asset disposal service (includes non-equity projects):							
• % Satisfied	90%	90%	100%	78%	> 100%	56%	surpass
• Neutral	5%	10%	0%	11%	0%	22%	03-04 target
• % Dissatisfied	5%	0%	0%	11%	0%	22%	
<b>Efficiency</b>							
• Rate of Return	28%	15%	26%	32%	13%	32%	Exceed WACC*

\* = Based on Weighted Average Cost of Capital (WACC)

#### 4. TOWNSITE DEVELOPMENT PROGRAM

This was LandCorp's second full year of managing the Townsite Development Program, which was previously delivered by the former Department of Land Administration.

Effectiveness indicators were obtained through market research of local governments who represent their local communities.

To manage the program, LandCorp interacts with a significant number of local government authorities in relation to their townsite development needs. While there is a substantial number of prospective projects, there were some 15 active projects in the program. These projects were where there was an identified and agreed need and location for product and LandCorp was progressing steps necessary to supply that need.

The broad market research covered many Western Australian local government authorities, while the key performance indicators were measured on the 15 active townsites.

Townsite Development KPI	1999-00 Actuals	2000-01 Actuals	2001-02 Actuals	2002-03 Actuals	2003-04 Target	2003-04 Actuals	Long Term Goal
<b>Effectiveness</b>							
1. % satisfaction of local communities with active projects	-	-	-	50%	80%	45%^	surpass 03-04 actual

^ = changes to the definition of active townsites and the format of many of the broad research questions limit the general comparability of the 2003-04 result with the previous year.

#### EXPLANATORY NOTES

The following table represents the sample sizes achieved for each KPI where appropriate, and the margin of error associated with that sample size.

Stakeholder Group	Population Size	Sample Size	Sampling Precision @ 95% CI
<b>Industrial Land:</b>			
Industrial Stakeholders	121	70	± 7.7
Industrial Buyers	57	30	± 12.6
Potential Industrial Buyers	148	45	± 12.2
<b>Major Urban:</b>			
Urban Residents	91,153	398	± 5.0
Urban Business	8,292	304	± 5.5
Urban Stakeholders	17	12	± 16.5
<b>Townsites:</b>			
Local Government Authorities (active projects)	24	20	± 9.4
<b>Government Asset Disposal</b>			
Clients	10	9	± 11.5

While a target of + or - 5% accuracy is desirable, it was not able to be achieved for the specialist markets with small numbers of participants.





# Western Australian Land Authority

## CERTIFICATION OF FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2004

The accompanying financial statements of the Western Australian Land Authority have been prepared in compliance with the provisions of the Financial Administration and Audit Act 1985 from proper accounts and records to present fairly the financial transactions for the year ended 30 June 2004 and the financial position as at 30 June 2004.

At the date of signing we are not aware of any circumstances which would render any particulars included in the financial statements misleading or inaccurate.

Neil Hamilton  
CHAIRMAN

Barbara Wiese  
DEPUTY CHAIR

Frank Marra  
GENERAL MANAGER  
FINANCE & BUSINESS STRATEGY  
(PRINCIPAL ACCOUNTING OFFICER)

27 August 2004



## AUDITOR GENERAL

### INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

### WESTERN AUSTRALIAN LAND AUTHORITY FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2004

#### Audit Opinion

In my opinion,

- (i) the controls exercised by the Western Australian Land Authority provide reasonable assurance that the receipt, expenditure and investment of moneys, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions; and
- (ii) the financial statements are based on proper accounts and present fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia and the Treasurer's Instructions, the financial position of the Authority at June 30, 2004 and its financial performance and cash flows for the year ended on that date.

#### Scope

##### *The Board's Role*

The Board is responsible for keeping proper accounts and maintaining adequate systems of internal control, preparing the financial statements, and complying with the Financial Administration and Audit Act 1985 (the Act) and other relevant written law.

The financial statements consist of the Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows and the Notes to the Financial Statements.

##### *Summary of my Role*

As required by the Act, I have independently audited the accounts and financial statements to express an opinion on the controls and financial statements. This was done by looking at a sample of the evidence.

An audit does not guarantee that every amount and disclosure in the financial statements is error free. The term "reasonable assurance" recognises that an audit does not examine all evidence and every transaction. However, my audit procedures should identify errors or omissions significant enough to adversely affect the decisions of users of the financial statements.

D D R PEARSON  
AUDITOR GENERAL  
August 27, 2004

Western Australian Land Authority

## Statement of Financial Performance

for the financial year ended 30 June 2004

	Note	2004 \$'000	2003 \$'000
<b>REVENUE</b>			
<b>Revenue from ordinary activities</b>			
Sales revenue		148,160	109,173
Grants to fund Community Service Obligation projects		41,356	30,615
		189,516	139,788
Less cost of land sold		138,340	111,792
Trading result		51,176	27,996
Property revenue	3	9,356	9,931
Interest revenue		3,803	2,977
Gross proceeds on disposal of non-current assets	4	9	4
Other revenue from ordinary activities		3,161	1,010
Total revenues from ordinary activities		67,505	41,918
<b>EXPENSES</b>			
<b>Expenses from ordinary activities</b>			
Property management expenses		5,762	5,801
Employee expenses		6,000	5,485
Consultants and land study expense		3,710	3,732
Advertising, public relations and sponsorship		910	752
Accommodation expense	5	770	647
Administration expense		2,718	2,778
Borrowing cost expense – interest		3	1
Depreciation and amortisation expense		2,162	955
Book value of disposal of non-current assets		43	834
Other expenses from ordinary activities	6	211	216
Total expenses from ordinary activities		22,289	21,201
Profit from ordinary activities before subsidies from Government		45,216	20,717
Resources received free of charge		271	223
Profit from ordinary activities before income tax equivalents		45,487	20,940
Income tax equivalent expense	7	10,558	4,245
NET PROFIT		34,929	16,695
Net increase in asset revaluation reserve	19(b)	-	1,100
Total revenues, expenses and valuation adjustment recognised directly in equity		-	1,100
Total changes in equity other than those resulting from transactions with WA State Government as owner		34,929	17,795

The Statement of Financial Performance should be read in conjunction with the accompanying notes.

Western Australian Land Authority

## Statement of Financial Position

as at 30 June 2004

	Note	2004 \$'000	2003 \$'000
<b>CURRENT ASSETS</b>			
Cash assets		1,596	1,085
Receivables	8	9,314	6,459
Other financial assets	9	56,700	70,011
Inventories	10	161,217	150,937
Other	12	33,365	10,045
Total Current Assets		262,192	238,537
<b>NON-CURRENT ASSETS</b>			
Receivables	8	2,984	7,700
Other financial assets	9	950	950
Inventories	10	99,705	94,227
Property, plant and equipment	11	83,164	31,816
Deferred tax assets	13	707	701
Other	12	2,087	2,287
Total Non-Current Assets		189,597	137,681
TOTAL ASSETS		451,789	376,218
<b>CURRENT LIABILITIES</b>			
Payables	14	29,552	25,739
Interest - bearing liabilities	15	-	4
Current tax liabilities	17	9,902	2,276
Provisions	16	22,514	6,649
Other	18	1,784	1,811
Total Current Liabilities		63,752	36,479
<b>NON-CURRENT LIABILITIES</b>			
Payables	14	-	15,360
Provisions	16	13,781	9,094
Deferred tax liability	17	5,679	6,069
Other	18	3,875	4,596
Total Non-Current Liabilities		23,335	35,119
TOTAL LIABILITIES		87,087	71,598
NET ASSETS		364,702	304,620
<b>EQUITY</b>			
Contributed equity		221,038	178,702
Capital profits reserve		-	-
Asset revaluation reserve		4,763	4,763
Retained profits		138,901	121,155
TOTAL EQUITY	19	364,702	304,620

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

Western Australian Land Authority

## Statement of Cash Flows

for the financial year ended 30 June 2004

	Note	2004 \$'000	2003 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		159,037	126,265
Payments to suppliers and employees		(120,440)	(87,467)
Payments for purchase of land		(76,879)	(26,687)
Interest received		3,866	2,741
Borrowing costs paid		(3)	(1)
GST receipts on sales		11,988	7,365
GST receipts from tax authority		11,315	913
GST payments on purchases		(11,416)	(6,551)
GST payments to tax authority		(10,457)	(2,101)
<b>Net cash (used in) / provided by operating activities</b>	<b>20</b>	<b>(32,989)</b>	<b>14,477</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for property, plant and equipment		(16,212)	(1,898)
Proceeds from the sale of non-current assets		9	4
Payments for investments		(486,318)	(276,380)
Proceeds from redemption of investments		499,629	234,967
<b>Net cash used in investing activities</b>		<b>(2,892)</b>	<b>(43,307)</b>
<b>CASH FLOWS FROM/TO STATE GOVERNMENT</b>			
Capital contribution		5,000	5,000
Community Service Obligation grants		41,356	30,615
Dividend paid		(6,632)	(7,780)
(Payment) / refund of income tax equivalents		(3,328)	2,272
<b>Net cash paid by State Government</b>		<b>36,396</b>	<b>30,107</b>
Net increase in cash held		515	1,277
Cash at the beginning of the financial year		1,081	(196)
<b>Cash at the end of the financial year</b>	<b>21</b>	<b>1,596</b>	<b>1,081</b>

The Statement of Cash Flows should be read in conjunction with the accompanying notes.

## Western Australian Land Authority

### NOTES TO THE FINANCIAL STATEMENTS

#### FOR THE YEAR ENDED 30 JUNE 2004

#### 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.

#### a) GENERAL

The financial statements constitute a general purpose financial report which has been prepared in accordance with Australian Accounting Standards, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board, and Urgent Issues Group (UIG) Consensus Views as applied by the Treasurer's Instructions. Several of these are modified by the Treasurer's Instructions to vary application, disclosure, format and wording. The Financial Administration and Audit Act and the Treasurer's Instructions are legislative provisions governing the preparation of financial statements and take precedence over Australian Accounting Standards, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board and UIG Consensus Views. The modifications are intended to fulfil the requirements of general application to the public sector together with the need for greater disclosure and also to satisfy accountability requirements.

If any such modification has a material or significant financial effect upon the reported results, details of that modification and where practicable, the resulting financial effect, are disclosed in individual notes to these financial statements.

The statements have been prepared on the accrual basis of accounting using the historical cost convention, with the exception of certain items of Property, Plant and Equipment which subsequent to initial recognition, have been measured on the fair value basis.

#### b) FOREIGN CURRENCY TRANSLATION

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 net profit or loss in the period in which they arise except that:

- (i) exchange differences which relate to assets under construction for future productive use are included in the cost of those assets; and
- (ii) exchange differences on transactions entered into in order to hedge the purchase or sale of specific goods and services are deferred in the Statement of Financial Position and included in the measurement of the purchase or sale.

#### c) DERIVATIVE FINANCIAL INSTRUMENTS

LandCorp enters into derivative financial instruments to manage its exposure to foreign exchange rate risk, being forward foreign exchange contracts. Further details of derivative financial instruments are disclosed in Note 31 to the financial statements.

#### *Foreign Exchange Contracts*

Exchange differences on forward foreign exchange contracts to hedge the purchase or sale of specific goods and services are deferred and included in the measurement of the purchase or sale.

In the event of early termination of a foreign currency hedge of an anticipated purchase or sale of goods and services, the deferred gains and losses that arose on the foreign exchange contract prior to its termination are:

- deferred and included in the measurement of the purchase or sale when it takes place, where the anticipated transaction is still expected to occur; or
- recognised in the net profit or loss at the date of termination, if the anticipated transaction is no longer expected to occur.

Note 1 Summary of Significant Accounting Policies (continued):

**d) REVALUATION OF LAND, BUILDINGS AND PLANT AND EQUIPMENT**

LandCorp has a policy of valuing land (other than land held for sale), buildings and plant and equipment at fair value. Revaluations are made in accordance with a regular policy whereby independent valuations are obtained every two years and carrying amounts adjusted accordingly.

Revaluation increments are credited directly to the asset revaluation reserve, except that, to the extent that an increment reverses a revaluation decrement in respect of that class of asset previously recognised as an expense in net profit or loss, the increment is recognised immediately as revenue in net profit or loss.

Revaluation decrements are recognised immediately as expenses in net profit or loss, except that, to the extent that a credit balance exists in the asset revaluation reserve in respect of the same class of assets, they are debited to the asset revaluation reserve.

Revaluation increments and decrements are offset against one another within a class of non-current assets, but not otherwise.

Unless indicated, no provision has been made for any taxes on capital gains which could arise in the event of a sale of certain revalued non-current assets as it is not expected that any such liability will crystallise.

**e) DEPRECIATION OF NON-CURRENT ASSETS**

All non-current assets having a limited useful life are systematically depreciated over their useful lives in a manner which reflects the consumption of their future economic benefits.

Depreciation is provided for on the straight line basis using rates which are reviewed annually. The following estimated useful lives are used in the calculation of depreciation for each class of depreciable asset:

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

**f) LEASES**

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. LandCorp is not party to any finance lease arrangements.

LandCorp has entered into a number of operating lease arrangements as lessee for office premises and motor vehicles where the lessors effectively retain all of the risks and benefits incidental to ownership of the items held under the operating leases.

Equal instalments of payments are charged to the Statement of Financial Performance over the lease term as this is representative of the pattern of benefits to be derived from the leased property.

LandCorp also has in place a number of operating leases as lessor of industrial, grazing and residential property.

**g) JOINT VENTURE OPERATIONS**

Interests in the assets and liabilities of joint venture operations are included under the relevant Statement of Financial Position headings.

Interest in the revenues and expenses of joint venture operations are brought to account by including LandCorp's share of expenses under the respective Statement of Financial Performance headings.

**h) LAND HELD FOR SALE (INVENTORY)**

- (i) *Valuation*  
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.
- (ii) *Recognition of Revenue*  
Revenue from land sales is recognised from the earlier of the date of possession or date of transfer of title.
- (iii) *Classification*  
Amounts are disclosed as current where it is anticipated that land will be developed ready for sale within 12 months after reporting date.

**i) INVESTMENTS**

Investments are brought to account at the lower of cost or recoverable amount.

Interest revenue is recognised on an accrual basis.

Note 1 Summary of Significant Accounting Policies (continued):

**j) EMPLOYEE BENEFITS**

- (i) *Annual and Long Service Leave*  
A liability for annual and long service leave is recognised and is recorded at amounts expected to be paid when the liabilities are settled. Annual leave is measured at the amount due but unpaid at reporting date. Long service leave liability is calculated for all employees with more than 50% eligible service even though a legal liability to pay long service leave has not arisen.

An actuarial assessment of long service leave was carried out in July 2003 and it was determined that the actuarial assessment of the liability was not materially different from the liability reported. This method of measurement of the liability is consistent with the requirements of Australian Accounting Standard AASB 1028 "Employee Benefits".

- (ii) *Superannuation*  
Staff may contribute to the Pension Scheme, a defined benefits pension scheme now closed to new members or to the Gold State Superannuation Scheme, a defined benefit lump sum scheme, now also closed to new members. All staff who do not contribute to either of these schemes become members of either the West State Superannuation Scheme or the Colonial Select Superannuation Plan, accumulation funds complying with the Commonwealth Government's Superannuation Guarantee (Administration) Act 1992.

The liability for superannuation charges incurred under the Pension Scheme, together with the pre-transfer service liability for employees who transferred to the Gold State Superannuation Scheme, are provided for at reporting date.

The liability for charges under the Gold State Superannuation Scheme, West State Superannuation Scheme and the Colonial Select Superannuation Plan are extinguished by the payment of employer contributions to the schemes.

The note disclosure required by paragraph 6.10 of AASB 1028 (being the employer's share of the difference between employees' accrued superannuation benefits and the attributable net market value of plan assets) has not been provided. State scheme deficiencies are recognised by the State in its whole of government reporting. The Government Employees Superannuation Board's records are not structured to provide the information for LandCorp. Accordingly, deriving the information for LandCorp is impractical under current arrangements, and thus any benefits thereof would be exceeded by the cost of obtaining the information.

**k) 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 Western Australian Department of Treasury and Finance. The calculation of the liability in respect of income tax is governed by NTER guidelines agreed by the State Government. The NTER is administered by the Australian Taxation Office.

As a consequence of participation in the NTER, LandCorp is required to comply with Accounting Standard AAS 3 "Accounting for Income Tax (Tax-Effect Accounting)".

Tax-effect accounting principles are adopted whereby income tax expense is calculated on pre-tax accounting profits after adjustment for permanent differences. The tax-effect of timing differences, which occur when items are included or allowed for income tax purposes in a period different to that for accounting, is shown at current taxation rates in the deferred tax assets and deferred tax liabilities, as applicable.

Future income tax benefits in relation to timing differences are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future tax benefits in relation to tax losses are not brought to account unless the benefit can be regarded as being virtually certain of realisation.

**l) REVENUE RECOGNITION**

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

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. Use of those resources is recognised as an expense.

**m) FINANCIAL INSTRUMENTS INCLUDED IN LIABILITIES**

Interest bearing liabilities are recognised as the amount equal to the net proceeds received. Borrowing cost expense is recognised as an expense on an accrual basis using the effective yield to maturity.

**n) FINANCIAL INSTRUMENTS INCLUDED IN ASSETS**

Trade debtors are initially recorded at the amount receivable. Provision for doubtful debts is recognised to the extent that recovery of the outstanding receivable balance is considered less than likely. Any provision established is based on a review of all outstanding amounts at reporting date. A specific provision is maintained for identified doubtful debts, and a general provision is maintained in respect of receivables which are doubtful of recovery but which have not been specifically identified.

**o) COMMUNITY SERVICE OBLIGATION (CSO) PROJECT FUNDING**

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

**p) GOODS AND SERVICES TAX**

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

- (i) 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
- (ii) 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.

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.

**q) RECEIVABLES**

Accounts receivable are recognised at the amounts due less any allowance for doubtful debts, as they are generally due for settlement no more than 30 days from the date of recognition.

**r) 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.

**s) COMPARATIVE FIGURES**

Comparative figures are, where appropriate, reclassified so as to be comparable with the figures presented in the current financial year.

**t) PROVISION FOR FUTURE DEVELOPMENT OBLIGATIONS**

Amounts have been set aside to meet future development obligations in respect of land which has been sold.

**u) RECOVERABLE AMOUNT OF NON-CURRENT ASSETS (EXCLUDING INVENTORY)**

Non-current assets (excluding inventory) are written down to recoverable amount where the carrying value of any non-current assets exceeds recoverable amount. In determining the recoverable amount of non-current assets, the expected net cash flows have not been discounted.

**v) CASH**

For the purposes of the statement of cash flows, cash includes deposits at call with financial institutions and other highly liquid investments with short periods to maturity which are readily convertible to cash on hand and are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts.

**w) ACQUISITION OF ASSETS**

Assets acquired are recorded at the cost of acquisition, being the purchase consideration determined as at the date of acquisition plus costs incidental to the acquisition.

In the event that settlement of all or part of the cash consideration given in the acquisition of an asset is deferred, the fair value of the purchase consideration is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Assets acquired at no cost or for nominal consideration are initially recognised at their fair values or cost at the date of acquisition.

**x) PROVISIONS**

Provisions are recognised when LandCorp has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

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 probable that recovery will be received and the amount of the receivable can be measured reliably.

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. Where a provision is measured using the cashflows estimated to settle the present obligation, its carrying amount is the present value of those cashflows.

**y) DIVIDENDS**

In accordance with the LandCorp's agreed financial policies with Government, a dividend of \$17.2 million was provided for as a result of 2003-04 profits.

**z) CONTRIBUTED EQUITY**

Under UIG 38 'Contributions by Owners Made to Wholly-Owned Public Sector Entities' transfers in the nature of equity contributions must be designated by the Government (owners) as contributions by owners (at the time of, or prior to transfer) before such transfers can be recognised as equity contributions in the financial statements. Capital contributions (appropriations) have been designated as contributions by owners and have been credited directly to Contributed Equity in the Statement of Financial Position.

**NOTE 2 SEGMENT INFORMATION:**
**2004**
**Primary Reporting – Business Segments**

Segment information has been disclosed by business area. The key business areas are Industrial, Major Urban, Government Asset Disposal and Townsites. These areas undertake Industrial, Urban, Government Asset and regional townsite land development respectively.

	Industrial \$'000	Major Urban \$'000	GAD \$'000	Townsites \$'000	Unalloc. \$'000	Total \$'000
<b>Revenue</b>						
Land sales	32,993	35,594	73,552	6,021	-	148,160
Grants to fund CSO projects	33,034	6,439	1,733	-	150	41,356
Property revenue	9,355	1	-	-	-	9,356
Interest revenue	-	-	3	-	3,800	3,803
Proceeds on disposal of non-current assets	1	6	1	-	1	9
Sundry revenue	1,490	433	1,022	216	-	3,161
Subsidies from Government	87	51	97	36	-	271
<b>Total revenue from ordinary activities</b>	<b>76,960</b>	<b>42,524</b>	<b>76,408</b>	<b>6,273</b>	<b>3,951</b>	<b>206,116</b>
<b>Expenditure</b>						
Cost of land sold	51,303	33,601	49,221	4,215	-	138,340
Interest expense	-	-	-	-	3	3
Depreciation and amortisation expense	1,514	74	145	54	375	2,162
Property management expenses	5,762	-	-	-	-	5,762
Employee expenses	1,031	492	1,062	701	2,715	6,000
Supplies and services	699	469	717	628	2,107	4,620
Accommodation expenses	105	55	107	40	463	770
Other expenses from ordinary activities	197	111	186	94	2,384	2,972
<b>Total expenses from ordinary activities</b>	<b>60,610</b>	<b>34,802</b>	<b>51,438</b>	<b>5,732</b>	<b>8,047</b>	<b>160,629</b>
<b>Profit before income tax</b>	<b>16,350</b>	<b>7,722</b>	<b>24,970</b>	<b>541</b>	<b>(4,096)</b>	<b>45,487</b>
Income tax expense	-	-	-	-	10,558	10,558
<b>Net Profit</b>	<b>16,350</b>	<b>7,722</b>	<b>24,970</b>	<b>541</b>	<b>(14,654)</b>	<b>34,929</b>
<b>Segment Assets</b>	<b>220,415</b>	<b>57,392</b>	<b>101,233</b>	<b>11,567</b>	<b>61,182</b>	<b>451,789</b>
<b>Segment Liabilities</b>	<b>30,054</b>	<b>8,959</b>	<b>10,839</b>	<b>1,514</b>	<b>35,721</b>	<b>87,087</b>
Acquisition of property, plant and equipment, intangibles and other non-current segment assets	54,000	58	113	42	300	54,513
Non-cash expenses other than depreciation and amortisation	82	66	92	34	(14)	260

**Secondary Reporting – Geographical Segment**

During the year LandCorp operated in one geographical segment, that being Western Australia.

**Note 2 Segment Information (continued):**
**2003**
**Primary Reporting – Business Segments**

Segment information has been disclosed by business area. The key business areas are Industrial, Major Urban, Government Asset Disposal and Townsites. These areas undertake Industrial, Urban, Government Asset and regional townsite land development respectively.

	Industrial \$'000	Major Urban \$'000	GAD \$'000	Townsites \$'000	Unalloc. \$'000	Total \$'000
<b>Revenue</b>						
Land sales	21,300	23,264	57,385	7,224	-	109,173
Grants to fund CSO projects	13,962	10,839	5,100	714	-	30,615
Property revenue	9,931	-	-	-	-	9,931
Interest revenue	-	-	-	-	2,977	2,977
Proceeds on disposal of non-current assets	-	-	-	-	4	4
Sundry revenue	90	-	-	-	920	1,010
Subsidies from Government	-	-	-	-	223	223
<b>Total revenue from ordinary activities</b>	<b>45,283</b>	<b>34,103</b>	<b>62,485</b>	<b>7,938</b>	<b>4,124</b>	<b>153,933</b>
<b>Expenditure</b>						
Cost of land sold	40,314	29,004	37,358	5,116	-	111,792
Interest expense	-	-	-	-	1	1
Depreciation and amortisation expense	204	-	-	-	751	955
Property management expenses	5,801	-	-	-	-	5,801
Employee expenses	1,479	498	609	190	2,709	5,485
Supplies and services	1,389	307	376	162	2,250	4,484
Accommodation expenses	113	50	39	-	445	647
Other expenses from ordinary activities	153	68	84	20	3,503	3,828
<b>Total expenses from ordinary activities</b>	<b>49,453</b>	<b>29,927</b>	<b>38,466</b>	<b>5,488</b>	<b>9,659</b>	<b>132,993</b>
<b>Profit before income tax</b>	<b>(4,170)</b>	<b>4,176</b>	<b>24,019</b>	<b>2,450</b>	<b>(5,535)</b>	<b>20,940</b>
Income tax expense	-	-	-	-	4,245	4,245
<b>Net Profit</b>	<b>(4,170)</b>	<b>4,176</b>	<b>24,019</b>	<b>2,450</b>	<b>(9,780)</b>	<b>16,695</b>
<b>Segment Assets</b>	<b>188,786</b>	<b>41,653</b>	<b>59,689</b>	<b>9,155</b>	<b>76,019</b>	<b>376,218</b>
<b>Segment Liabilities</b>	<b>26,656</b>	<b>2,821</b>	<b>672</b>	<b>487</b>	<b>40,961</b>	<b>71,598</b>
Acquisition of property, plant and equipment, intangibles and other non-current segment assets	838	-	-	-	1,794	2,632
Non-cash expenses other than depreciation and amortisation	-	-	-	-	223	223

**Secondary Reporting – Geographical Segment**

During the year LandCorp operated in one geographical segment, that being Western Australia.

	2004 \$'000	2003 \$'000
<b>NOTE 3 PROPERTY REVENUE:</b>		
Property Revenue:		
Rent	6,680	6,654
Royalties	1,685	1,538
Variable outgoing recoveries and other	991	1,739
	<u>9,356</u>	<u>9,931</u>

**NOTE 4 NET PROFIT/(LOSS) ON DISPOSAL OF NON-CURRENT ASSETS:**

Profit on Disposal of Non-Current Assets		
Property, plant and equipment (book value)	2	3
Gross proceeds on disposal	3	4
	<u>1</u>	<u>1</u>
Loss on Disposal of Non-Current Assets		
Property, plant and equipment (book value)	41	833
Gross proceeds on disposal	6	-
	<u>(35)</u>	<u>(833)</u>

**NOTE 5 ACCOMMODATION EXPENSES:**

Lease rentals	696	570
Electricity	50	44
Cleaning	19	17
Repairs and maintenance	1	16
Security	4	-
	<u>770</u>	<u>647</u>

**NOTE 6 OTHER EXPENSES:**

Board member allowances	124	131
Audit fees	87	85
	<u>211</u>	<u>216</u>
Audit Fees		
The total fees paid or due and payable to the Auditor General for the financial year is as follows:		
Fees for audit	87	85
Fees for other services	-	-
	<u>87</u>	<u>85</u>

**NOTE 7 INCOME TAX EQUIVALENT:**

The difference between income tax equivalent expense recognised in the financial statements and the prima facie income tax expense on accounting pre-tax profit is reconciled as follows:

	2004 \$'000	2003 \$'000
Profit from ordinary activities before income tax equivalents	45,487	20,940
Prima facie tax thereon at 30% (2003:30%)	13,646	6,282
Tax effect of permanent differences:		
Profit on land sold not assessable	(3,132)	(2,064)
Depreciation of buildings not deductible	292	24
Building allowance	(305)	(13)
Entertainment	2	2
	<u>10,503</u>	<u>4,231</u>
Under provision of tax in previous years	55	14
Income tax equivalent expense attributable to profit from ordinary activities	<u>10,558</u>	<u>4,245</u>
Income tax equivalent expense comprises movements in:		
Provision for tax equivalent expense	10,955	3,649
Future income tax benefit	(7)	232
Provision for deferred tax equivalent	(390)	364
Total income tax equivalent expense	<u>10,558</u>	<u>4,245</u>

**NOTE 8 RECEIVABLES:**

<b>Current</b>		
Trade debtors	9,374	6,519
Less provision for doubtful debts	60	60
Trade debtors, net	<u>9,314</u>	<u>6,459</u>
Total current receivables, net	<u>9,314</u>	<u>6,459</u>
<b>Non-current</b>		
Trade debtors	2,221	6,500
Non-trade debtors (a)	763	1,200
Total non-current receivables	<u>2,984</u>	<u>7,700</u>

(a) Collateral is not normally obtained.

	2004 \$'000	2003 \$'000
<b>NOTE 9 OTHER FINANCIAL ASSETS:</b>		
<b>Current</b>		
Cash Deposit Account	-	1
Commercial Bills	54,000	67,310
Term Deposits (a)	2,700	2,700
	<u>56,700</u>	<u>70,011</u>

(a) Term Deposits

The term deposits are being held as security for a number of bank guarantees. These guarantees amount to \$1,057,708 at 30 June 2004 (2003: \$823,000).

**Non-current**

Bentley Technology Park at cost (b)	950	950
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(b) Bentley Technology Park

LandCorp shares an equitable interest in the Bentley Technology Park with the Department of Industry and Resources (DoIR). Of this balance, \$771,335 attracts an annual interest charge of 5.72% (2003: 4.9%) payable by DoIR. This rate is determined annually in November using the Western Australian Treasury Corporation one year borrowing rate. The cost of this asset will be recovered through subsequent sales of the units at the Park.

**NOTE 10 INVENTORIES:**

Land held for sale - current (at cost)	161,103	150,773
- current (at net realisable value)	114	164
	<u>161,217</u>	<u>150,937</u>
Land held for sale - non-current (at cost)	97,617	92,139
- non-current (at net realisable value)	2,088	2,088
	<u>99,705</u>	<u>94,227</u>
Total inventory	<u>260,922</u>	<u>245,164</u>

Land held for sale comprises:

Cost of acquisition	166,832	163,533
Development costs	94,090	81,631
	<u>260,922</u>	<u>245,164</u>

The most recent valuations of land held for sale, which have not been recognised in the financial statements, were internal valuations at 31 March 2004. Market value of land at 30 June 2004 amounted to \$788,035,162. The internal valuations have been determined taking into account advice from independent valuers, real estate agents and both internal and external property advisors.

	2004 \$'000	2003 \$'000
<b>NOTE 11 PROPERTY, PLANT AND EQUIPMENT:</b>		
<b>Land:</b>		
<i>At fair value</i>		
Opening Balance	26,659	24,930
Additions	10,681	731
Disposals	-	-
Increase resulting from revaluation (a)	-	998
Closing Balance	<u>37,340</u>	<u>26,659</u>

**Buildings:**

<i>At fair value</i>		
Opening Balance	1,834	2,046
Additions	-	-
Disposals	(25)	(200)
Decrease resulting from revaluation (a)	-	(12)
Closing Balance	<u>1,809</u>	<u>1,834</u>
<i>Accumulated Depreciation</i>		
Opening Balance	97	92
Depreciation for year	78	84
Disposals	(6)	(10)
Decrease resulting from revaluation (a)	-	(69)
Closing Balance	<u>169</u>	<u>97</u>
Net book value	<u>1,640</u>	<u>1,737</u>

**Buildings:**

<i>At cost</i>		
Opening Balance	-	-
Additions	19,140	-
Disposals	-	-
Closing Balance	<u>19,140</u>	<u>-</u>
<i>Accumulated Depreciation</i>		
Opening Balance	-	-
Depreciation for year	774	-
Disposals	-	-
Closing Balance	<u>774</u>	<u>-</u>
Net book value	<u>18,366</u>	<u>-</u>



	2004 \$'000	2003 \$'000
<b>Note 11 Property, Plant and Equipment (continued):</b>		
<b>Furniture and office equipment:</b>		
<i>At cost</i>		
Opening balance	195	200
Additions	30	7
Disposals	(9)	(12)
Closing balance	<u>216</u>	<u>195</u>
<i>Accumulated Depreciation</i>		
Opening balance	76	64
Depreciation for the year	25	16
Disposals	(6)	(4)
Closing balance	<u>95</u>	<u>76</u>
Net book value	<u>121</u>	<u>119</u>
<b>Computer equipment:</b>		
<i>At cost</i>		
Opening balance	2,189	1,761
Additions	306	464
Disposals	(143)	(36)
Closing balance	<u>2,352</u>	<u>2,189</u>
<i>Accumulated Depreciation</i>		
Opening balance	1,254	898
Depreciation for the year	463	390
Disposals	(122)	(34)
Closing balance	<u>1,595</u>	<u>1,254</u>
Net book value	<u>757</u>	<u>935</u>
<b>Computer software:</b>		
<i>At cost</i>		
Opening balance	723	401
Additions (including transfer from Capital works in progress)	237	322
Disposals	-	-
Closing balance	<u>960</u>	<u>723</u>
<i>Accumulated Depreciation</i>		
Opening balance	112	3
Depreciation for the year	190	109
Disposals	-	-
Closing balance	<u>302</u>	<u>112</u>
Net book value	<u>658</u>	<u>611</u>

	2004 \$'000	2003 \$'000
<b>Note 11 Property, Plant and Equipment (continued):</b>		
<b>Leasehold improvements:</b>		
<i>At cost</i>		
Opening balance	920	903
Additions	150	17
Disposals	-	-
Closing balance	<u>1,070</u>	<u>920</u>
<i>Accumulated amortisation</i>		
Opening balance	835	599
Amortisation for the year	104	236
Disposals	-	-
Closing balance	<u>939</u>	<u>835</u>
Net book value	<u>131</u>	<u>85</u>
<b>Plant and equipment:</b>		
<i>At fair value</i>		
Opening balance	526	1,226
Additions	-	107
Disposals	-	(794)
Decrease resulting from revaluation (a)	-	(13)
Closing balance	<u>526</u>	<u>526</u>
<i>Accumulated Depreciation</i>		
Opening balance	29	125
Depreciation for year	45	120
Disposals	-	(158)
Decrease resulting from revaluation (a)	-	(58)
Closing balance	<u>74</u>	<u>29</u>
Net book value	<u>452</u>	<u>497</u>
<b>Plant and equipment:</b>		
<i>At cost</i>		
Opening balance	-	-
Additions	7,644	-
Disposals	-	-
Closing balance	<u>7,644</u>	<u>-</u>
<i>Accumulated Depreciation</i>		
Opening balance	-	-
Depreciation for year	359	-
Disposals	-	-
Closing balance	<u>359</u>	<u>-</u>
Net book value	<u>7,285</u>	<u>-</u>

	2004 \$'000	2003 \$'000
<b>Note 11 Property, Plant and Equipment (continued):</b>		
<b>Infrastructure</b>		
<i>At cost</i>		
Opening balance	-	-
Additions	16,527	-
Disposals	-	-
Closing Balance	16,527	-
<i>Accumulated Depreciation</i>		
Depreciation for year	124	-
Disposals	-	-
Closing Balance	124	-
Net Book Value	16,403	-
<b>Capital works in progress</b>		
<i>At cost</i>		
Opening balance	1,173	189
Additions	11	1,173
Transfer to property, plant and equipment additions	(1,173)	(189)
Net book value	11	1,173
<b>Total property, plant and equipment, net</b>	<b>83,164</b>	<b>31,816</b>

(a) The valuations of freehold land, buildings and plant and equipment were based on their estimated market value as at 30 April 2003. The valuations were performed independently by R.D. Richmond FAPI AI ARBA and Patrick Matthews AAPI and dated 5 June 2003 and 14 July 2003 respectively.

#### NOTE 12 OTHER ASSETS:

	2004	2003
<b>Current</b>		
Deposits (i)	31,973	8,624
Accrued income	881	974
Prepayments	64	37
Deferred foreign exchange receivable	447	410
	33,365	10,045
(i) Deposits include deposit bonds and deposits paid for land acquisitions.		
<b>Non-Current</b>		
Deferred foreign exchange receivable	2,087	2,287

#### NOTE 13 TAX ASSETS:

	2004	2003
<b>Non-Current</b>		
Future income tax benefit	707	701

#### NOTE 14 PAYABLES:

	2004	2003
<b>Current</b>		
Trade payables	24,405	7,675
Accrued expenses	5,147	18,064
	29,552	25,739
<b>Non-current</b>		
Trade payables	-	15,360

	2004 \$'000	2003 \$'000
<b>NOTE 15 INTEREST BEARING LIABILITIES:</b>		
<b>Current</b>		
Bank Overdraft (i)	-	4
	-	4

(i) Provided on an unsecured basis.

#### NOTE 16 PROVISIONS:

	2004	2003
<b>Current</b>		
Dividends (i)	16,552	6,000
Employee benefits (note 24)	833	649
Other	5,129	-
	22,514	6,649
(i) Movements in Provision for Dividends		
Opening balance	6,000	6,952
Dividend provided	17,184	6,828
	23,184	13,780
Dividends paid	(6,632)	(7,780)
Closing balance	16,552	6,000
<b>Non-current</b>		
Employee benefits (note 24)	869	1,107
Future development obligations (i)	12,912	7,987
	13,781	9,094
(i) Movements in future development obligations		
Opening balance	7,987	4,305
Reversal of previous year provision	(7,987)	(4,305)
Current year provision	12,912	7,987
Closing balance	12,912	7,987

#### NOTE 17 TAX LIABILITIES:

	2004	2003
<b>Current</b>		
Income Tax Payable	9,902	2,276
<b>Non-current</b>		
Provision for deferred income tax	5,679	6,069

#### NOTE 18 OTHER LIABILITIES:

	2004	2003
<b>Current</b>		
Deposits (i)	682	454
Unearned revenue	655	961
Unrealised gain on foreign exchange contract	447	396
	1,784	1,811
(i) Deposits include deposits received on sale of land.		
<b>Non-current</b>		
Unearned revenue	1,788	2,385
Unrealised gain on foreign exchange contract	2,087	2,211
	3,875	4,596

	2004 \$'000	2003 \$'000
<b>NOTE 19 EQUITY:</b>		
<b>Contributed Equity (a)</b>		
Opening balance		
Capital contribution on formation	113,957	113,957
Capital contribution by State Government	64,745	59,745
	178,702	173,702
Capital contribution by State Government during the year	42,336	5,000
	221,038	178,702
<b>Asset revaluation reserve (b)</b>		
Opening balance	4,763	3,662
Net revaluation increment:		
Land	-	998
Buildings	-	58
Plant and equipment	-	45
	4,763	4,763
<b>Retained profits</b>		
Opening balance	121,155	111,062
Net profit	34,929	16,695
Transfer from capital profits reserve	-	226
Dividends provided or paid	17,184	(6,828)
	138,901	121,155
<b>Capital profits reserve (c)</b>		
Opening balance	-	226
Transfer to retained profits	-	(226)
	-	-

(a) LandCorp acquired the assets and liabilities of the former Joondalup Development Corporation and the Industrial Lands Development Authority as at 1 July 1992. As a result, accumulated profits and the other reserves of such entities have been treated as an equity injection on formation. The equity injection by the State Treasury was given as permanent capital so that LandCorp could acquire the assets and liabilities of the LandCorp division of the Western Australian Development Corporation as at 1 September 1992.

Further equity injections were received during 2001-02, 2002-03 and 2003-04 predominantly to acquire land from the Department for Planning and Infrastructure pursuant to the Machinery of Government reforms.

The assets of the Australian Marine Complex – Common User Facility were transferred at a fair value of \$37,336,689 from Government to LandCorp by way of an equity injection on 1 July 2003.

(b) The asset revaluation reserve is used to record the increments and decrements on the revaluation of non-current assets, as described in accounting policy note 1 (d).

(c) The capital profits reserve relates to profits realised on the sale of non-current assets which had previously been re-valued. These amounts have now been transferred to retained profits.

	2004 \$'000	2003 \$'000
<b>NOTE 20 RECONCILIATION OF PROFIT FROM ORDINARY ACTIVITIES AFTER INCOME TAX EQUIVALENT TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>		
Profit from ordinary activities after income tax	34,929	16,695
Depreciation	2,162	955
Net profit on disposal of non-current assets	(1)	(3)
Net loss on disposal of non-current assets	35	833
CSO Grants Received	(41,356)	(30,615)
Income tax equivalent	10,558	4,245
<b>Changes in assets and liabilities:</b>		
Decrease/(increase) in receivables	(1,360)	5,306
Decrease/(increase) in other current assets	71	(10,046)
Increase/(decrease) in payables	(2,313)	6,595
Decrease/(increase) in inventories	(37,090)	17,226
Increase/(decrease) in provisions	(54)	3,313
Net GST Receipts/(payables)	858	559
Change in GST Receivables/payables	572	(586)
Net cash provided by/(used in) operating activities	(32,989)	14,477
<b>NOTE 21 RECONCILIATION OF CASH:</b>		
For the purposes of the statement of cash flows cash includes cash on hand and in banks, net of outstanding bank overdrafts. Cash 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 assets	1,596	1,085
Bank Overdraft	-	(4)
	1,596	1,081

**NOTE 22 FINANCING ARRANGEMENTS:**

LandCorp has an overdraft facility with a \$2,000,000 limit of which \$2,000,000 was not drawn at 30 June 2004. (2003: \$2,000,000 undrawn).

LandCorp also has two lending facilities with the Western Australian Treasury Corporation (WATC) totalling \$175,000,000 (2003: \$175,000,000). Under the terms of these facilities, the WATC will make all reasonable endeavours to meet the borrowing requirements of LandCorp. These facilities have no expiry date and were not drawn upon at 30 June 2004 (2003: Nil).

2004  
\$'000

2003  
\$'000

**NOTE 23 REMUNERATION OF ACCOUNTABLE AUTHORITY AND SENIOR OFFICERS:**

The total fees, salaries, superannuation and other benefits received or due and receivable for the financial year by members of the Accountable Authority, from LandCorp or any related body.

135

143

The total of fees, salaries, superannuation and other benefits received or due and receivable for the financial year by Senior Officers (includes the CEO and General Managers) other than members of the Accountable Authority, from LandCorp or any related body.

564

784

The number of members of the Accountable Authority whose total of fees, salaries, superannuation and any other benefits received or due and receivable for the financial year, falls within the following bands:

	2004	2003
Nil - \$10,000	3	-
\$10,001 - \$20,000	3	5
\$20,001 - \$30,000	1	1
\$40,001 - \$50,000	1	1
	<u>8</u>	<u>7</u>

The number of Senior Officers other than members of the Accountable Authority, whose total of fees, salaries, superannuation and other benefits received or due and receivable for the financial year, falls within the following bands:

	2004	2003
\$100,001 - \$110,000	-	1
\$110,001 - \$120,000	-	2
\$120,001 - \$130,000	3	1
\$140,001 - \$150,000	-	1
\$170,001 - \$180,000	-	1
\$180,001 - \$190,000	1	-
	<u>4</u>	<u>6</u>

**NOTE 24 EMPLOYEE BENEFITS:**

The aggregate employee entitlement liability recognised and included in the financial statements is as follows:

	2004 \$'000	2003 \$'000
Provision for employee benefits:		
Current (note 16)	833	649
Non-current (note 16)	869	1,107
Accrued salaries and on costs	173	117
	<u>1,875</u>	<u>1,873</u>
Number of employees at end of financial year	<u>82</u>	<u>79</u>

2004  
\$'000

2003  
\$'000

**NOTE 25 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:

Within one year	657	647
Later than one year but not later than five years	102	653
Later than five years	-	-
	<u>759</u>	<u>1,300</u>

The office premises lease expires in the 2005-06 reporting period but LandCorp has an option for two 1 year extensions. The motor vehicles are leased under the Western Australian State Government vehicle leasing scheme and are leased for periods up to 3 years subject to kilometres travelled. There are no leases which provide an option for LandCorp to purchase the leased asset at the expiry of the lease period. These commitments are exclusive of GST.

LandCorp also acts as lessor for a number of industrial, grazing and residential properties under non-cancellable operating leases. Revenues are recognised on a basis representative of the pattern of service rendered through the provision of the leased asset. Future lease revenues which have not been provided for in the accounts are as follows:

Within one year	1,397	816
Later than one year but not later than five years	2,808	865
Later than five years	4,350	1,888
	<u>8,555</u>	<u>3,569</u>

**NOTE 26 JOINT VENTURE OPERATIONS:**

LandCorp has a material interest in the following joint venture operations:

	% Interest	
	2004	2003
Alkimos Joint Venture	50	50
Thornlie Joint Venture	50	50
College Grove Joint Venture	#	#

# LandCorp shares in 50% of the net sale proceeds after deducting from gross sale proceeds, project expenditure, project management fees and land costs as per the Joint Venture Agreement. Project expenditure, project management fees and land costs represent inventories until sale proceeds are realised.

2004  
\$'000

2003  
\$'000

The Alkimos, Thornlie and College Grove Joint Ventures are involved in residential land development. LandCorp's interests in assets in the above joint ventures are included in the statement of financial position under the following classifications:

**(i) Alkimos Joint Venture**

Cash assets	11	12
Receivables - current	2	-
Inventory - non current	89	39
	<u>102</u>	<u>51</u>

**(ii) College Grove Joint Venture**

Cash assets	1,588	518
Receivables - current	14	9
Inventories - current	1,089	2,163
Inventories - non current	1,702	1,702
	<u>4,393</u>	<u>4,392</u>

LandCorp's share of joint venture capital expenditure commitments and contingent liabilities at 30 June 2004 was \$168,000 (2003: \$241,000) and \$Nil (2003: \$nil) respectively.

#### NOTE 27 COMMITMENTS:

Capital commitments, relating predominantly to the development of land, at 30 June 2004 amounted to \$27,985,000 (2003: \$35,663,000) and are all due within 12 months.

At 30 June 2004 LandCorp holds CSO project funds amounting to \$15,984,000 (2003: \$20,412,000) that have not yet been used for the purpose for which they were received.

#### NOTE 28 LAND SALES CONTRACTS:

Unsettled sales contracts at 30 June 2004 amounting to \$50,313,000 (2003: \$25,807,000) have not been included in revenue in the current year. This treatment is in accordance with the Accounting Policy explained in note 1(h).

#### NOTE 29 EXPLANATORY STATEMENT:

##### a) Comparison of actual results with preceding year

- (i) Sales revenue increased by \$39.0 million, with the increase mainly attributable to Government Asset Disposal and Industrial sales.
- (ii) Other revenue from ordinary activities increased by \$2.2 million due to increased project management and contract default fees.
- (iii) Grants to fund CSO projects increased \$10.8 million due to increased support for the Australian Marine Complex Common User Facility, Australian Marine Complex Technology Precinct, Hope Valley/Wattleup, Kalgoorlie North West Sector, Kemerton and Karratha Burrup Service Corridor projects.
- (iv) Property revenue decreased by \$0.6 million predominantly from the loss of major leases in the Kwinana Industrial Estate and less outgoings able to be recouped.
- (v) Interest revenue increased by \$0.9 million due to an increased level of surplus funds available for investment.
- (vi) Depreciation increased by \$1.2 million due to depreciation on assets acquired at the Australian Marine Complex Common User Facility and Karratha Burrup Service Corridor during the year.

##### b) Comparison of estimates and actual results

- (i) Sales revenue was \$19.0 million above target due to Government Asset Disposal, Industrial and Townsite Development business areas achieving sales above target.
- (ii) Grants to fund CSO projects were \$9.2 million above target as funding for the Australian Marine Complex Common User Facility, Australian Marine Complex Technology Precinct, Kalgoorlie North West Sector, Kemerton and Karratha Burrup Service Corridor projects was not originally anticipated.
- (iii) Property revenue was \$1.0 million more than the estimate due to greater than anticipated royalty income and recoupment of variable outgoings.
- (iv) Interest revenue was \$3.7 million above target due to higher than expected funds available for investment.
- (v) Property management expenses were in line with target.
- (vi) Depreciation was \$1.6 million above target due to depreciation on assets acquired at the Australian Marine Complex Common User Facility.

#### NOTE 30 WRITE OFFS AND LOSSES:

There were no bad debts written off during the year (2003: nil).

Losses of public property during the year through theft, vandalism and other circumstances amounted to \$145,739 (2003: \$22,000). In respect of these losses, amounts recovered through insurance claims totalled \$120,315 (2003: \$4,000).

#### NOTE 31 FINANCIAL INSTRUMENTS:

##### a) Forward Foreign Exchange Contracts

During the 2002 financial year LandCorp entered into a rental income contract denominated in United States dollars. LandCorp has hedged the GST exclusive foreign currency exchange risk from these receipts with the Western Australian Treasury Corporation by entering into arrangements whereby LandCorp has committed to forward sell 100% of its US dollars in exchange for Australian dollars at the exchange rate prevailing at the time of entering the contract. The only foreign exchange risks remaining are if LandCorp were unable to meet its forward US dollar sale commitments, and as a result of Goods & Services Taxation consequences of the contract in relation to timing of invoices and receipt of funds. It is unlikely LandCorp would not be able to meet its forward US dollar sale commitments.

As at 30 June 2004, 68 payments of US\$66,667 (total of US\$4,533,334) have been hedged at a rate of A\$/US\$0.4974. The outstanding contracts have been summarised on an annual basis in the following table. The hedge contracts have been designed to mature in line with the monthly rent expected from the rental income contract.

	Forward Sale of US\$		
	12 Monthly amounts of US\$'000	Total Per Annum Amount US\$'000	Rate A\$/US\$
2005	67	800	0.4974
2006	67	800	0.4974
2007	67	800	0.4974
2008	67	800	0.4974
2009	67	800	0.4974
2010	67	533	0.4974

As this contract is hedging anticipated future receipts any unrealised gains and losses on the contracts, together with the cost of the contracts, are deferred and will be recognised in the measurement of the underlying transaction provided the underlying transaction is still expected to occur as originally designated. Included in the amounts deferred are any gains or losses on hedging contracts terminated prior to maturity where the related hedged transaction is still expected to occur as designated.

Based on the spot rate at reporting date, the amount of unrealised gain under the forward foreign exchange contract relating to anticipated future transactions is \$2.53 million. (Note 18)

##### b) Interest Rate Risk Exposures

LandCorp is exposed to interest rate risk through primary financial assets and liabilities. The following table summarises interest rate risk for LandCorp, together with effective interest rates as at balance date.

2004	Variable interest rate (a) \$'000	Fixed interest rate maturing in:			Non-Interest bearing \$'000	Total \$'000	Average interest rate	
		1 year or less \$'000	Over 1 to 5 years \$'000	More than 5 years \$'000			Variable	Fixed
<b>Financial Assets</b>								
Cash and cash deposits	1,597	-	-	-	7	1,604	4.73%	-
Trade debtors	-	-	-	-	11,535	11,535	-	-
Commercial bills	-	54,000	-	-	-	54,000	-	5.38%
Term deposits	-	2,700	-	-	-	2,700	-	5.45%
Non-trade debtors	-	-	763	-	238	1,001	-	9.15%
Other non-current financial assets	-	-	771	-	179	950	-	4.64%
	<b>1,597</b>	<b>56,700</b>	<b>1,534</b>	<b>-</b>	<b>11,959</b>	<b>71,790</b>		
<b>Financial Liabilities</b>								
Bank overdraft	-	-	-	-	-	-	7.85%	-
Trade payables	-	-	-	-	24,405	24,405	-	-
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>24,405</b>	<b>24,405</b>		

**Note 31 Financial Instruments (continued):**

	Variable interest rate (a) \$'000	Fixed interest rate maturing in:			Non-Interest bearing \$'000	Total \$'000	Average interest rate	
		1 year or less \$'000	Over 1 to 5 years \$'000	More than 5 years \$'000			Variable	Fixed
<b>2003</b>								
<b>Financial Assets</b>								
Cash and cash deposits	1,085	-	-	-	-	1,085	4.23%	-
Trade debtors	-	-	-	-	12,959	12,959	-	-
Commercial bills	-	67,311	-	-	-	67,311	-	4.64%
Term deposits	-	2,700	-	-	-	2,700	-	4.63%
Non-trade debtors	-	200	763	-	237	1,200	-	9.63%
Other non-current financial assets	-	-	771	-	179	950	-	4.90%
	<b>1,085</b>	<b>70,211</b>	<b>1,534</b>	<b>-</b>	<b>13,375</b>	<b>86,205</b>		
<b>Financial Liabilities</b>								
Bank overdraft	4	-	-	-	-	4	8.35%	-
Trade payables	-	-	-	-	23,035	23,035	-	-
	<b>4</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>23,035</b>	<b>23,039</b>		

(a) Variable interest rates represent the most recently determined rate applicable to the instrument at reporting date.

**c) Net Fair Value Of Financial Assets And Liabilities**

The carrying amounts and net fair values of financial assets and financial liabilities held at reporting date are given below. Short term instruments where carrying amounts approximate net fair values, are omitted. The net fair value of a financial asset or a financial liability is the amount at which the asset could be exchanged or liability settled in a current transaction between willing parties after allowing for transaction costs.

	2004		2003	
	Carrying amount \$'000	Net fair value \$'000	Carrying amount \$'000	Net fair value \$'000
<b>Financial assets:</b>				
Non-trade amounts owing	1,001	1,001	1,200	1,200

**d) Credit Risk**

LandCorp does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

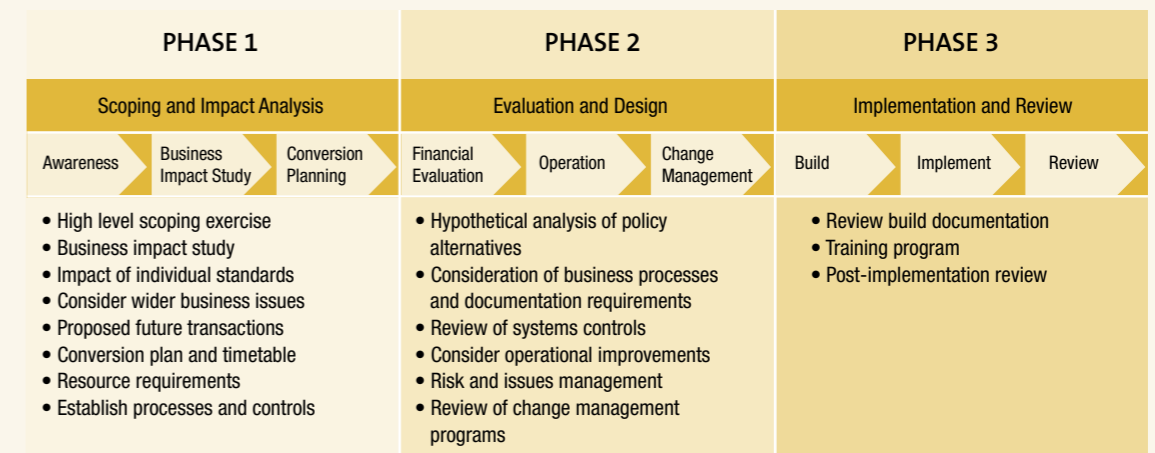
**NOTE 32 CONTINGENT LIABILITIES:**

LandCorp is currently involved in litigation with a number of parties. LandCorp is of the opinion, based on legal advice and their knowledge of these claims, that the probability of a future sacrifice of economic benefits is remote.

**NOTE 33 INTERNATIONAL FINANCIAL REPORTING STANDARDS:**

In accordance with the Financial Reporting Council's strategic directive, LandCorp will be required to prepare financial statements that comply with Australian equivalents to International Financial Reporting Standards ("A-IFRS") for annual reporting periods beginning on or after 1 January 2005. Accordingly, LandCorp's first half-year report prepared under A-IFRS will be for the half-year reporting period ended 31 December 2005, and its first annual financial report prepared under A-IFRS will be for the year ended 30 June 2006.

In 2003, LandCorp established a Project Team to manage the transition to A-IFRS. LandCorp plans to manage the transition to A-IFRS in 3 phases, as diagrammatically presented below with the key activities to be conducted as part of each stage. Risk management and change management will be managed throughout the life of the project.



During the reporting period, the Project Team conducted a high-level scoping exercise as part of its awareness training to obtain an idea of the effect and effort involved in adopting A-IFRS. Part of the scoping exercise involved identifying key areas of impact that will arise on adoption of A-IFRS including financial impact, effort required, and options available to LandCorp on first-time adoption of A-IFRS. Now that LandCorp has this information, it intends to conduct a business impact study to determine the approximate impact and best options for future reporting periods, and to begin a process to redesign and build systems and processes in order to capture information necessary to allow the preparation of financial statements which are fully compliant with A-IFRS.

The Project Team believes LandCorp will be able to achieve its plan for A-IFRS implementation such that financial statements which are fully compliant with A-IFRS will be able to be prepared.

LandCorp expect that key accounting policy differences of the Standards which have been identified as having a high commercial impact should be discussed where the Standard is expected to be generally applicable, and which may include:

- AASB1 "First-time adoption of A-IFRS"
- AASB 112 "Income Taxes"
- AASB 116 "Property, Plant and Equipment"
- AASB 121 "The Effects of Changes in Foreign Exchange Rates"
- AASB 131 "Interests in Joint Ventures"
- AASB 136 "Impairment of Assets"
- AASB 139 "Financial Instruments: Recognition and Measurement"
- AASB 140 "Investment Property"

LandCorp has identified the following as being the significant areas of differences affecting adoption of A-IFRS. This does not represent an exhaustive list of the differences that will arise, and further analysis may change LandCorp's assessment of the importance or otherwise of the various differences.

**Note 33 International Financial Reporting Standards (continued):**

**First-time adoption of A-IFRS**

On first-time adoption of A-IFRS, LandCorp will be required to restate its comparative balance sheet such that the comparative balances presented comply with the requirements specified in the A-IFRS. That is, the balances that will be presented in the financial report for the year ended 30 June 2005 may not be the balances that will be presented as comparative numbers in the financial report for the following year, as a result of the requirement to retrospectively apply the A-IFRS. In addition, certain assets and liabilities may not qualify for recognition under A-IFRS, and will need to be derecognised. As any adjustments on first-time adoption are to be made against opening retained earnings, the amount of retained earnings at 30 June 2004 presented in the 2005 financial report and the 2006 financial report available to be paid out as dividends may differ significantly.

Various voluntary and mandatory exemptions are available to LandCorp on first-time adoption, which will not be available on an ongoing basis. The exemptions provide relief from retrospectively accounting for certain balances, instruments and transactions in accordance with A-IFRS, and includes relief from having to restate the identification of a 'deemed cost' for property, plant and equipment.

The impact on LandCorp of the changes in accounting policies on first-time adoption of A-IFRS will be affected by the choices made. LandCorp is evaluating the effect of the options available on first-time adoption in order to determine the best possible outcome.

**Income tax**

LandCorp currently recognises deferred taxes by accounting for the differences between accounting profits and taxable income, which give rise to 'permanent' and 'timing' differences. Under A-IFRS, deferred taxes are measured by reference to the 'temporary differences' determined as the difference between the carrying amount and the tax base of assets and liabilities recognised in the balance sheet.

Because A-IFRS has a wider scope than LandCorp's current accounting policies, it is likely that the amount of deferred taxes recognised in the balance sheet will increase. In particular, significant increases in deferred tax liabilities are anticipated in relation to deferred taxes associated with fair value adjustments and intangibles arising in relation to pre-transition business combinations, revaluations of land and buildings and investments in associates.

Adjustments to the recognised amounts of deferred taxes will also result as a consequence of adjustments to the carrying amounts of assets and liabilities resulting from the adoption of other A-IFRS. The likely impact of these changes on deferred tax balances has not currently been determined.

**Property, plant and equipment**

On transition to A-IFRS, LandCorp has several options in the determination of the cost of each tangible asset, and can also elect to use the cost or fair value basis for the measurement of each class of property, plant and equipment after transition. At the date of this report, LandCorp has not decided which options and measurement basis will be adopted and the likely impacts therefore cannot be determined.

LandCorp measures its land and buildings at fair value. Under current Australian GAAP, revaluation increments and decrements within a class of assets must be set-off, however, A-IFRS requires revaluations to be tracked on an individual asset-by-asset basis. This change in accounting policy may result in the recognition of impairment losses in the profit and loss even though the class of assets has increased in value.

**Note 33 International Financial Reporting Standards (continued):**

**Depreciation**

Under current Australian GAAP, LandCorp's property, plant and equipment is depreciated to the extent of its depreciable amount, determined as the difference between carrying amount and residual value. The residual amount used in the determination of recoverable amount is estimated at the date of acquisition and is not subsequently increased for changes in prices, except where the asset had been re-valued. Under A-IFRS, the residual amount is reviewed at each balance date and revised to the current net amount expected from the disposal of the asset if it were already at the age and condition expected at the end of its useful life. Accordingly, changes to the residual value may introduce additional volatility in the profit or loss.

**Proceeds from sale of assets**

The current definition of revenue requires proceeds on sale of non-current assets to be included as revenue – this has the effect of 'grossing up' the statement of financial performance. Under A-IFRS, only the net gain or loss from the sale will be recognised in profit or loss. Consequently, there will be no net impact on the income statement.

**Hedge accounting**

The current accounting policy for hedging is described in note 1(c). Under A-IFRS, hedges are designated as fair value hedges, cash flow hedges or hedges of a net investment in a foreign entity, and the accounting differs depending on the designation. Where a hedge is designated as a fair value hedge, changes in the fair value of the hedged item to the extent of the risk hedged are recognised in profit or loss. Changes in the fair value of hedging instruments classified as cash flow hedges or hedges of a net investment in a foreign entity are recognised in equity to the extent they are effective hedges, and are recycled to the income statement when the hedged transaction affects the profit or loss. Any movement in fair value of the hedged instrument that is not effective is recognised immediately in profit and loss.

The designation, documentation and effectiveness requirements under A-IFRS may result in some hedges no longer qualifying for hedge accounting. It is not possible to determine the impact of the change in hedging requirements until a full analysis of the impact of the standard (including no longer accounting for hedging instruments under hedge accounting) has been conducted.

**Investments in joint ventures**

Under A-IFRS, LandCorp may account for venture capital investments at fair value through profit or loss rather than using joint venture accounting. The effect of this change in policy may be to increase the volatility of the income statement. No decision has been made as to the treatment of such investments as yet.

**Impairment of assets**

Non-current assets are written down to recoverable amount when the asset's carrying amount exceeds recoverable amount.

Under A-IFRS, both current and non-current assets, including property, plant and equipment previously excluded as they were measured on the fair value basis, are tested for impairment. It is not practicable to determine the impact of the change in accounting policy for future financial reports, as any impairment or reversal thereof will be affected by future conditions.

**Note 33 International Financial Reporting Standards (continued):**

**Financial assets and financial liabilities**

Under current Australian GAAP, financial assets and financial liabilities are recognised at cost, at fair value, or at net market value. On adoption of A-IFRS, LandCorp will be required to classify these financial instruments into various specified categories. The classification of the instrument will affect the instrument's subsequent measurement – at amortised cost using the effective interest rate method, fair value with movements recognised through equity or fair value recognised through the profit and loss. LandCorp is evaluating the different options available, but has not made any determination at reporting date of the accounting to be adopted, and consequently, the impact of the change on the financial statements cannot yet be quantified.

**Investment properties**

LandCorp treats some of its properties as investment properties and accounts for them on the fair value basis. Under A-IFRS, LandCorp will be able to continue to value its investment properties at fair value, however, all revaluation movements will be recognised through profit or loss rather than through the asset revaluation reserve. Accordingly, on initial adoption of A-IFRS, opening retained earnings will be adjusted to reverse any amounts in the asset revaluation reserve relating to movements in the fair value of the investment properties, and it will be necessary for the profit and loss to reflect both a revaluation increment as income and revaluation decrement as an expense in future financial years.

LandCorp has the option of changing its accounting policy to value investment properties at cost (less accumulated depreciation) going forward, but has not yet determined whether it will elect to adopt this alternative accounting policy.

**Correction of errors**

An error made in a prior reporting period is presently corrected in the reporting period in which the error is discovered by recognising the effect of the error in the current financial statements. In future financial periods, any material prior period errors are to be accounted for retrospectively, i.e. by adjusting the opening balance of retained earnings of the comparative period. Accordingly, the identification of a material prior period error will no longer give rise to volatility in the current period income statement.





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