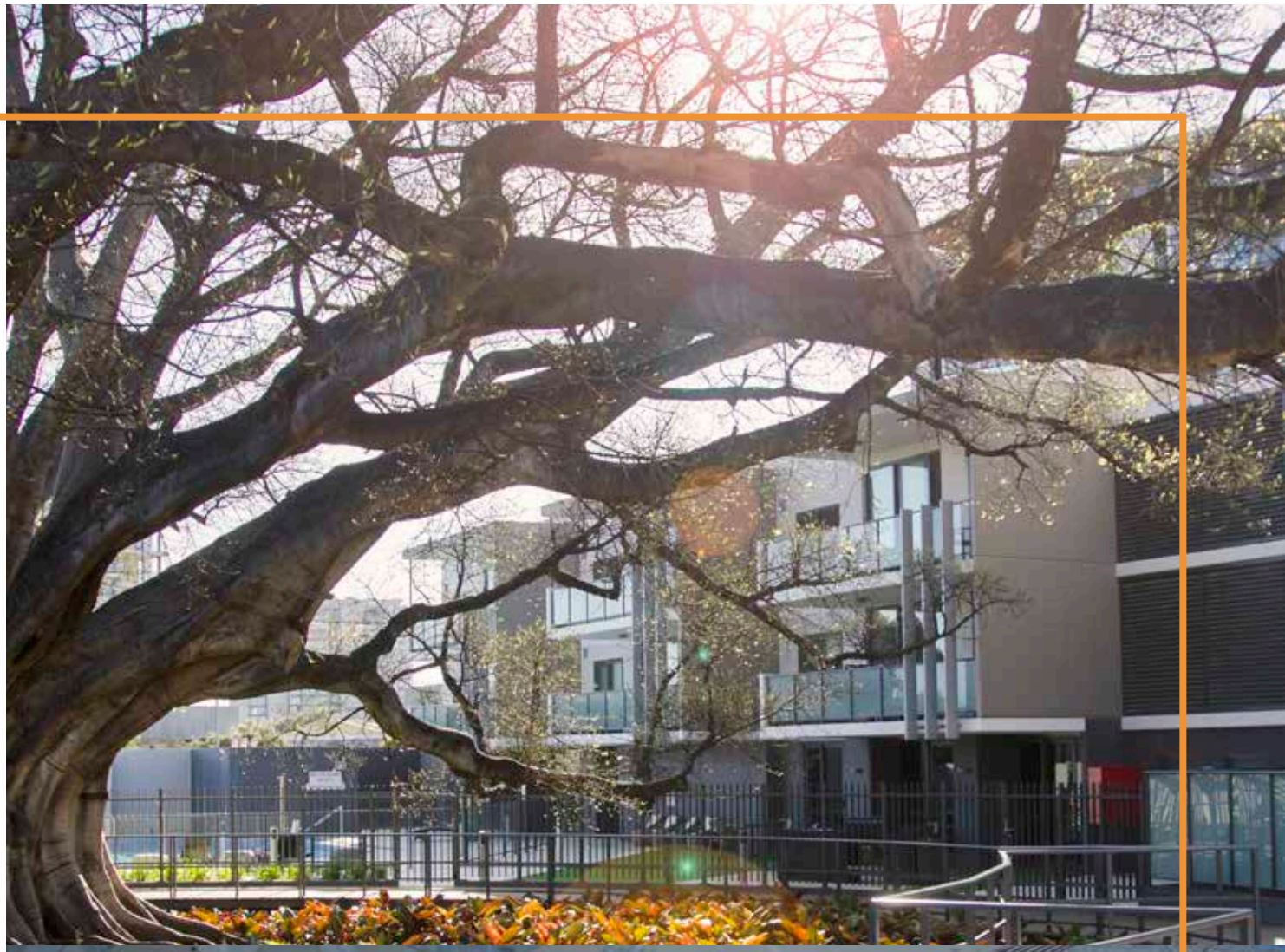
GOVERNMENT OF
WESTERN AUSTRALIA



Land for living, land for jobs

Annual Report 2016-17

Realising WA's Potential.

LANDCORP

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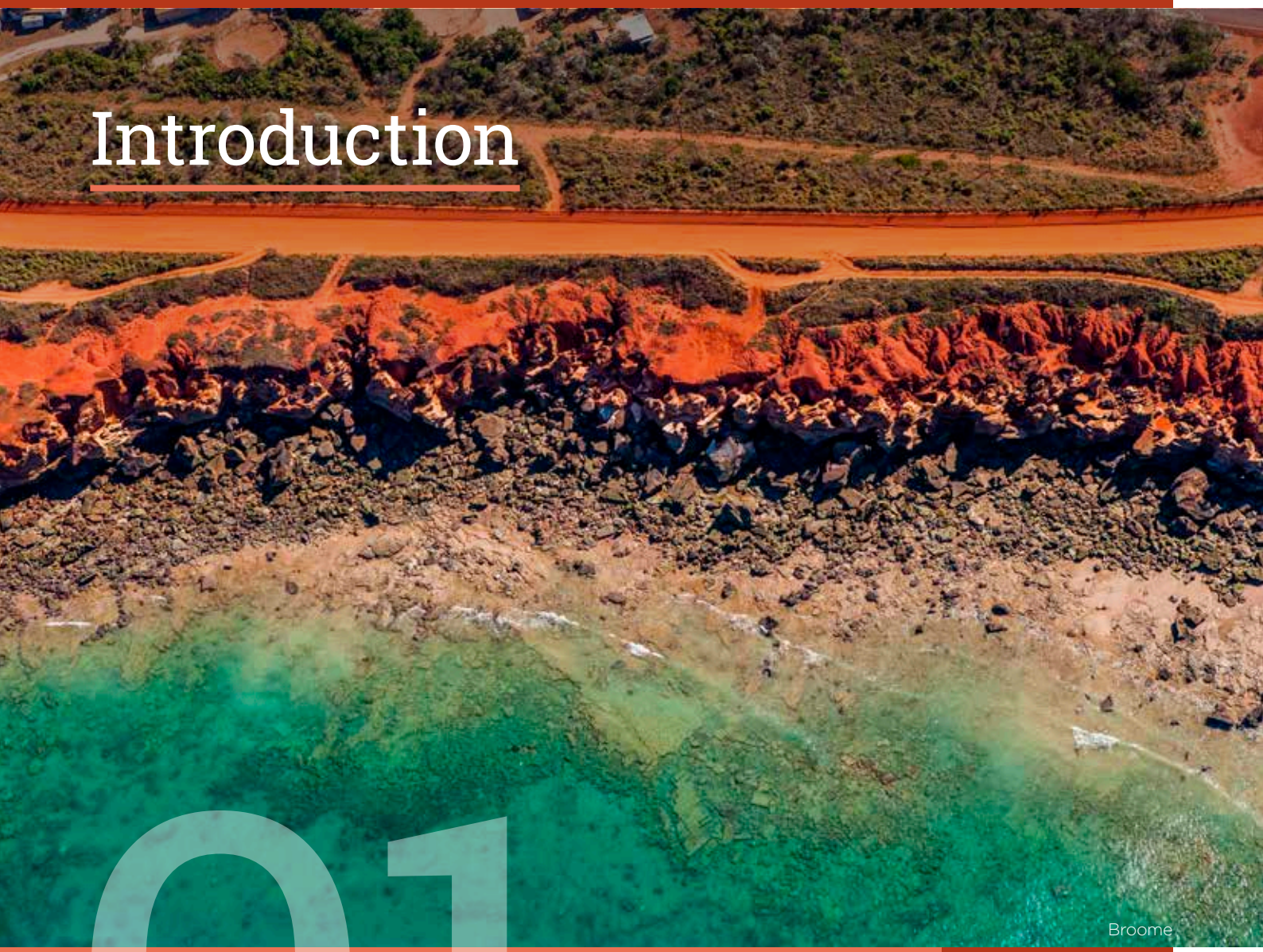
Introduction



Broome

01

LandCorp is a Government trading entity established under the *Western Australian Land Authority Act 1992.*

Perry Lakes

Who we are

LandCorp is responsible to the Minister for Lands, who also has responsibility for the Department of Planning and the Department of Transport.

We are the agency of the State authorised by Parliament to deliver Government policy objectives in regard to land development.

Our Act requires we provide or facilitate the delivery of land, infrastructure, facilities and services for the social, economic and environmental needs of the State. We work to realise the potential of land and infrastructure by developing land for housing, business and industry which builds social and economic prosperity for all Western Australians.

From the Chairman

Monty House

Western Australia continued to be affected by decreasing business investment and waning confidence throughout 2016-17. Tightening economic conditions, slowing population growth and a good supply of land and dwellings all combined to create an almost perfect storm which, I am confident to say, we weathered well.

One of the upsides of reaching a certain age is that it allows those of us who have experienced many of the inevitable property market peaks and troughs to maintain a healthy perspective. And while spending time in the eye of the property storm is not for the faint-hearted, we know market downswings are followed by an inevitable upswing.

This understanding and experience gives us space to focus firmly on the future. There is no denying market conditions have challenged the State's economic outlook, however the Board has worked closely with the LandCorp executive over the past 12 months to review expenditure and explore opportunities to interrogate and challenge our existing business model. In other words, to identify, plan and deliver on the State's complex and strategic land needs in the medium to longer term.

LandCorp underwent a functional realignment in response to tougher market conditions and to meet a new strategic agenda. We have positioned LandCorp for the future, refreshed the leadership team and simplified structure. Two general manager positions were amalgamated and a number of business unit manager roles were removed from the structure as a result. Three divisions now deliver an integrated development agenda namely Business Development and Marketing, Corporate Services and Operations aligned geographically.

A key platform of the LandCorp business model centres on product diversification – a potent tool when managing volatile markets. The value of a diverse portfolio cannot be understated. A remit to provide land for industrial, residential and mixed-use commercial development state-wide provides the agency with the level of resilience required to withstand fluctuating market conditions.


Broome North Community Garden

Over the past 12 months, while financial outcomes were below target, major planned project achievements, as aligned with the Statement of Corporate Intent, were met. Delivery targets in metropolitan Perth were achieved and purchaser satisfaction continued to improve, achieving a 93 per cent satisfaction rating, a figure I am proud to say has been on the increase now since 2012. Forecasts on industrial and regional releases were revised due to weak demand and existing stock levels. However economic climate and property markets continue to be closely monitored to ensure any changes can be responded to adequately and opportunities captured as they arise.

We all recognise the property market is changing. Activated neighbourhoods which provide the level of amenity communities require now, and into the future, are being reflected in the scale of projects LandCorp is undertaking. The healthcare, childcare and retirement living sectors are becoming more and more important as we deliver on large-scale urban regeneration and infill in and around metropolitan Perth and regional WA. Mixed-use development continues to be a driver in the complex process which is the long-term property market.

LandCorp's Government Asset Services program, which provides services to the Land Asset Management Unit within the Department of Lands, sold 10 properties and listed a further 28 to the market within the 2016-17 year. Notable assets being made ready for sale include the former Old Perth Girls School in Perth, the former Woodside Maternity Hospital in East Fremantle and Lot 600 at Claremont Oval.

At LandCorp we are very positive about the future. WA now has land availability across the State and improved levels of community amenity and affordability to take advantage of the next upswing.

We are seeing communities changing at a greater speed than ever so the degree of innovation we embed within the communities of the future is important to ensure we deliver great design and development outcomes for everyone.

Residential and business communities are at the heart of all we do so it was pleasing to see LandCorp recognised by the International Association for Public Participation (IAP2) as Organisation of the Year in both Australia and internationally for our community/stakeholder journey.

Equally impressive was winning an international award for our first Global Reporting Index Report (Sustainability Report) for the best first time report and being ranked 40 out of 100 by the Australia Financial Review's Top 50 Australia's most innovative companies in 2016-17.

It is the belief of the Board that LandCorp is well-positioned to change the way Western Australian communities are planned and developed. We are confident its 25-year history, experience and know-how will set new benchmarks for living and working in Western Australia.

From the Chief Executive

Frank Marra

Land delivery is a balancing act. It is incumbent upon LandCorp to stay ahead of the property curve and anticipate the level of planning and delivery required to meet the changing property and infrastructure needs of our State. And while this is by no means a perfect science, we draw on as much market expertise as possible to ensure our approach is agile enough to quickly scale up or down, thereby increasing delivery capacity and optimising development opportunities as they arise.

This model helps us adapt and move our focus to accommodate market forces and demand.

For example, since peaking in 2012-13, the industrial property market has slowed significantly in metropolitan Perth however our work in establishing the commercial and industrial precincts of the future has continued through strategic acquisitions to pave the way for further economic and employment growth and ensuring appropriate levels of supply for the future.

This can be seen with the strategic acquisition of the 87 hectare Cockburn Cement site which will complement the neighbouring Australian Marine Complex and activate another stage of Latitude 32 Industry Zone within the Western Trade Coast precinct.

In neighbouring Kwinana, we signed a lease agreement with Tianqi Lithium Australia to establish a lithium processing plan creating 500 jobs during construction and 115 when operational.

Further south in the Peel region, we received Government approval of the Transform Peel Business Case for the first stage of the Peel Business Park at Nambeelup, including funding to deliver the infrastructure. This project is destined to become a strategically located industrial estate designed to be an innovative and sustainable industry zone which will focus on building opportunity through industry and become a place of productivity, where business, industry, training, research and development come together, invigorating the Peel region.

Kemerton, one of Western Australia's 12 state-wide designated Strategic Industrial Areas designed to provide land for the processing of WA's natural resources, received Structure Plan and Scheme Amendment approval.

In the Pilbara, the much awaited commercial multi-storey HQ Building and Apartments at The Quarter, Karratha welcomed their first tenants and the first lots at the 412 hectare Broome Road Industrial Park, designed to service the growing town of Broome and the West Kimberley region, were released.

While work continues in and around the State's key regional centres, sustained development over the past 10 years has gone a long way to

establish good resilience and address the future requirements for residential, industrial and commercial land. We continue to work with local communities to plan for the inevitable uplift in demand.

Similarly, our efforts in and around metropolitan Perth will not only provide for diversity and choice in housing, but also the necessary amenity and infrastructure needed to support future generations.

This level of diversity is evidenced by the multi-residential lot releases at Parkside Walk Jolimont, Claremont on the Park, Shoreline, part of the Cockburn Coast redevelopment and Montario Quarter at the site of the former hospital at Shenton Park and Cockburn Central West, the next phase of the Cockburn Central Activity Centre.

Communities being developed in partnership with the private sector continued to meet expectations as demonstrated by the number of residential lots released and sold at Allara in Eglinton, being developed with the Satterley Group and Alkimos Beach with Lendlease. Agreements have now been signed to move to the next stage of Alkimos - the development of the first of the two precincts which constitute Alkimos Central – precincts which will effectively bookend the town centre and drive the catchment for the train network to be extended with Metronet. This stage of Alkimos Vista represents the transformation of 43 hectares of the 150 hectare community and will deliver 1,500 homes. During this period we also launched the Gateway Commercial Precinct at Alkimos Beach, adding much needed amenity to the North West Metropolitan corridor residents.

Delivery of each of these complex and long term projects is protected by way of some pretty robust design guidelines because the role good design plays in ensuring they stand the test of time cannot be underestimated. Precinct scale development like Montario Quarter and at Murdoch Health and Knowledge Precinct have the potential to change the way we think about design and diversity in making our community's more liveable, adaptable in use, cost effective to operate and suitable for a wider variety of occupants.

Good design needn't cost more. For example, at Shoreline, the first stage of the redevelopment of the former Robb Jetty industrial site now known as Cockburn Coast, medium density apartments will be delivered via the private and public sectors with prices anticipated to start from as little as $300,000.

The overall quality of these apartments will make a positive contribution to the location as well as offering an innovative, affordable housing solution to complement the traditional housing model and provide flexibility for purchasers.

2016-17 also saw us flex our green credential muscles with awards for environmental excellence for WGV at White Gum Valley. Alkimos Beach received the Urban Development Institute of Australia's (UDIA) EnviroDevelopment Chairman's award, Parkside Walk at Jolimont the UDIA accreditation for multi-residential (5-leaves), while Allara in Eglinton achieved certification under all six of the EnviroDevelopment criteria and features a range of initiatives which will serve the community for years to come.

On the back of the many award wins and innovation initiatives, 2016-17 was a big year for new projects.

We secured funding for the Port Hedland Hospital demolition, Bunbury Waterfront Stage 2 and were requested to prepare a business case for the redevelopment of Ocean Reef Marina on behalf of Government


The Springs, Rivervale


Mandurah Ocean Marina

On the back of many award wins and innovation initiatives, 2016-17 was a big year for new projects.

and in the City of Joondalup, a $1 billion project which will provide tourist accommodation and a range of retail, commercial and hospitality outlets as well as up to 600 boat pens.

Projects like these have a three-pronged effect in that they generate jobs, stimulate economic growth and meet the needs of future generations of Western Australians.

And 2016-17 gave us pause to reflect a little when, after 20-plus years we traded out of Minim Cove, Enterprise Park and Mandurah Ocean Marina, all long term developments which were a training ground for many of our development managers and set the scene for innovation and collaboration before these became buzz words.

Minim Cove began life as a highly contaminated fertiliser manufacturing plant. More than $64 million profit was generated through the life of the combined Minim Cove and Buckland Hill project and subsequently returned to Government for reinvestment.

Mandurah Ocean Marina, a multi-award winning project which opened in 2001 as Australia's first fully integrated marina, seamlessly combining maritime, residential, commercial, tourism and recreational uses. It is now home to more than 70 businesses, over 50 commercial fishing vessels and has capacity for up to 600 recreational boats. Private investment in the marina has exceeded $550m and according to Curtin University research, the direct and indirect impact of the marina on the region over a 20-year period will surpass $900m.

None of our 2016-17 achievements would have been possible with the support of our Board of Directors, my Executive and the broader LandCorp teams whose dedication and commitment never waivers.

In closing 2016-17, I am reminded of a saying which I believe captures our land and infrastructure development culture. "Don't expect success, prepare for it". I am confident, as is the LandCorp board of directors and my executive team that the projects we are planning today will deliver the sustainable residential and business communities of the future.

Shoreline, Cockburn Coast. Artist impression for illustrative purposes only.

What we do

02

The Goods Shed at Claremont on the Park

Vision

To realise the potential of land and property across Western Australia by delivering excellence in new and revitalised residential and economic centres.

For the past 25 years LandCorp has helped shape Western Australia by building great places to live, work and play.

As the Western Australian Government's land development agency, we play a critical role in planning for the growth and development of our suburbs and towns, our cities and our State.

From industrial investments, which drive job creation and support the development of new industries, to residential investments, which create exciting places for new generations of Western Australians to call home, we are realising the potential of our great State.

We operate across Western Australia and adopt an integrated and commercial land delivery approach which enables us to provide a return to Government for reinvestment.

We work in partnerships to deliver innovative and sustainable developments.

Cockburn Central West

Strategy

Strategic direction

We have a unique ability to work at scale and undertake precinct developments which help shape our cities and towns. By investing in transport-oriented and strategic infill residential developments, we are able to optimise the use of existing infrastructure to benefit all.

With projects spanning metropolitan, regional, industrial, tourism and commercial sectors, we work to deliver positive social, environmental and economic outcomes. We do this by working across four key result areas: integrated project outcomes, our relationships and partnerships, organisational and commercial sustainability, and market leadership and innovation.

Performance highlights

Cockburn Central West.
Artist impression for illustrative purposes only.

03

Operational footprint

Our diverse portfolio of projects see us operating across the length and breadth of Western Australia. The following projects, featured in this year's report, provide an insight into the range and scope of our work.

○ **Residential** ★ **Head Office**

● **Industrial** ■ **Regional Office**

N

Kimberley

- ● Ord-East Kimberley Expansion Project
- ○ Januburu Six Seasons
- ○ Broome North Waranyjarri Estate
- ● Broome Road Industrial
- ○ Kununurra, Lakeside Park
- ● Weaber Plain Light Industrial
- ○ Halls Creek

Broome

Gascoyne

- ○ Carnarvon NorthWater
- ● Carnarvon Cornish Street Light Industrial
- ○ Exmouth Nimitz Estate
- ○ Exmouth Marina Village
- ○ Denham

Port Hedland

Karratha

Pilbara

- ● Gap Ridge Industrial Estate
- ● Gap Ridge Homemaker Centre
- ● Hedland Junction
- ● Wedgefield Industrial Estate
- ● Newman LIA
- ● Ashburton North SIA
- ● Newman Gateway Commercial Centre
- ○ Karratha City Centre
- ○ Baynton West
- ○ Madigan at Baynton West
- ○ Newman Town Centre
- ○ Newman Horizons
- ○ Port Hedland Hospital site
- ○ South Hedland Town Centre

Perth and Peel

- ○ Karnup
- ○ Parkside Walk, Jolimont
- ○ WGV at White Gum Valley
- ○ Montario Quarter, Shenton Park
- ○ Allara, Eglinton
- ○ Cockburn Central West
- ○ Cockburn Central
- ○ Alkimos Beach
- ○ Claremont on the Park
- ○ Rockingham City Centre
- ● Western Trade Coast, including:
  - ● Australian Marine Complex
  - ● Latitude 32-Industry Zone
  - ● Latitude 32-Flinders Precinct
  - ● Rockingham Industry Zone
- ● Forrestdale Business Park - Crossroads Industrial
- ○ Shoreline, North Coogee
- ● Cockburn Commercial Park
- ○ Knutsford Precinct
- ○ Mangles Bay Marina Based Tourism Precinct
- ● Meridian Park, Neerabup
- ○ Mandurah Junction
- ○ Mandurah Ocean Marina
- ● Peel Business Park, Nambeelup
- ● Pinjarra Industrial Estate
- ○ Forrestfield Airport Link
- ○ Bassendean Activity Centre
- ○ Murdoch Health and Knowledge Precinct
- ○ Ocean Reef Marina
- ○ Kensington Knowledge Precinct
- ○ Kwinana Education Precinct
- ○ Ascot, Fauntleroy Avenue

Mid West

- ○ Geraldton, Batavia Coast Marina
- ● Oakajee Strategic Industrial Area
- ○ ● Morawa
- ● Narngulu Industrial Estate

Various RDAP projects, including:

- ○ Green Head
- ○ Leeman
- ○ Kalbarri

Goldfields-Esperance

- ○ GreenView at Karlkurla
- ○ Karlkurla Rise
- ● Anzac Drive Industrial Estate

Wheatbelt

- ● Avon Industrial Park

Various RDAP projects, including:

- ○ Cervantes
- ○ ● Dalwallinu
- ○ ● Darkan
- ○ Dowerin
- ○ Hyden
- ○ Moora
- ○ ● Narrogin

PERTH

Bunbury

Great Southern

- ○ Albany Waterfront
- ○ Albany Middleton Beach
- ○ Emu Point
- ○ Katanning
- ○ Denmark
- ● Denmark East LIA
- ○ Mount Barker
- ● Mirambeena Industrial Estate
- ● Yerriminup Industrial Area

Various RDAP projects, including:

- ○ Gnowangerup
- ○ Kojonup
- ○ Woodanilling

South West

- ● Shotts SIA
- ○ ● Buckingham Way
- ○ Bunbury Koombana North
- ○ Bunbury Waterfront
- ● Kemerton SIA
- ● McLarty site (South West and Peel)

Performance highlights

Delivered land for

887

dwelling units in Perth metropolitan with another 153 lots/426 dwelling unit equivalents available

950

lots available across

85

regional locations

Market leadership and Innovation KPI's were all achieved (GRI accreditation, new projects using assessment tools and number of demonstration projects).

60%

of single residential metropolitan lots sold at prices affordable for low to moderate income earners

More than

65%

of procurement budget spent on local suppliers

Returned

$104.5m

to Government in taxes and dividends which helps to support a range of Government services and programs across the State

88% dwelling unit equivalents created in urban infill developments

Contributed more than

25%

of the Government's Perth and Peel annual infill targets

7

active partnering projects

Performance highlights (continued)

Purchaser satisfaction continued to improve – currently sitting at

93%

Sold 24 properties on behalf of Government grossing

$25.81m

Provided

16ha

of general industrial land to support economic and employment growth, in addition to

136ha

of land currently available

26

industrial and commercial lots (15.76 hectares) sold which will result in:

27

businesses

311

jobs

$140.35m

in economic output

More than

$360k

spent on Aboriginal enterprise procurement and sponsorship

6 projects with an active industry accreditation

4,400

visitors engaged online

The continuous improvement in Occupational Safety and Health culture, policies and procedures has culminated in LandCorp receiving a highly-regarded Platinum Worksafe Accreditation in June 2017.

The Vive

Occupational Health and Safety

Platinum Certificates are only awarded to organisations which achieve the highest standards in safety and health management.

LandCorp is one of only four Government organisations to receive a Platinum Worksafe Accreditation in the past four years.

Each year HBF announces a leaderboard to recognise the healthiest organisations within their benchmarked database. These organisations are working hard to improve the health of their workforce and offer employees access to a range of workplace health initiatives. The Corporate Wellness Index is derived using the de-identified information collected during the 2016 wellness assessments that were offered to LandCorp employees. In 2016 we were rated in the top 10 of the State's healthiest organisations

We are proud to support a healthy and safe workplace for our employees.

Industry recognition

During the 2016-17 year we were recognised for our industry leading efforts in a broad range of fields.

Post-purchaser research returned positive results and many of our products continue to be acknowledged for their innovation and engagement.

The IAP2 awards named us as Organisation of the Year in Australia and Internationally for community and stakeholder engagement. This award recognised a commitment to genuine, transparent and ongoing engagement in the communities in which are projects are delivered.

At Parkside Walk Jolimont we are delivering Western Australia's first development to receive the Urban Development Institute's certification as a Multi-Unit Residential EnviroDevelopment estate. This is recognition for a commitment to delivering outcomes which achieve water, energy, waste, ecosystems and community benefits and deliver a more sustainable future for our residents.

With project partner Satterley Property Group we also achieved certification under all six of the EnviroDevelopment criteria at Allara in Eglinton. This sustainable community in our northern suburbs offers an incredible range of features which will deliver sustainable outcomes for the community for years to come.

WGG, our demonstration community at White Gum Valley achieved industry recognition from a number of its initiatives. The Australian Urban Design of Australia (UDIA) awards acknowledged WGV for its Urban Design Policy and the Urban Design Institute of Australia recognised the project for its Environmental Excellence.

Similarly, Alkimos Beach, being developed in partnership with Lendlease, won UJDIA's Chairman's Choice EnviroDevelopment award.

In regional Western Australia, Baynton West residential development in Karratha and Koombana North, the City of Bunbury waterfront revitalisation project, were both recognised at the Australian Institute of Landscape Architecture awards for their landscape planning and civic space design.

WGV: Urban Design, Policies, Programs and Concepts – Small Scale (2016 Australian Urban Design Awards)

The Playground Coolbellup: Urban Renewal (UDIA Award)

Top 50 Australia's Most Innovative Companies: Australian Financial Review (ranked 40/1000).

Alkimos Beach: EnviroDevelopment Chairman's Choice (UDIA Award)

WGV at White Gum Valley: Environmental Excellence (UDIA Judges Award)

Gen Y apartments at White Gum Valley

Land for living

04

Metropolitan | Commitment

Our commitment in WA's population centre of Perth is to deliver urban regeneration and revitalisation where opportunities for development are otherwise constrained. New and revitalised spaces are created next to existing infrastructure to enrich metropolitan communities and help the State achieve infill targets.

Performance highlights

Urban regeneration continues to be a major focus and the established suburbs of Perth are undergoing strategic transformation through some of our flagship projects.


Claremont on the Park


Parkside Walk, Jolimont


Montario Quarter, Shenton Park

Claremont on the Park

Claremont on the Park is closer than ever to reaching its planned 750 new homes for 2,000 future residents. Lot 508 was the fifth parcel of land to be released and TRG Properties will develop the 7,418sqm lot into 170 new apartments. Only three apartments remain in Georgiou's award-winning Pocket development and purchasers are already starting to enjoy the benefits of the revitalised spaces opposite the Claremont Train Station. Claremont Football Club has also moved into state of the art new clubrooms, which were opened in June 2017.

Parkside Walk

In Jolimont, civil and landscaping work is under way to create Parkside Walk. Stirling Capital has taken up contracts on all three of the released lots which make up the Central Precinct of the development. The 6,274sqm development area includes enough space for up to 143 new apartments. Other single lot residential blocks will be available for sale during the coming year.

Montario Quarter

And just nearby, site works have begun on the much anticipated Montario Quarter, the former Shenton Park Rehabilitation Hospital site. The urban village will make use of remnant and rehabilitated bushland, landscaped gardens and historic buildings to create a new premium residential and commercial precinct. A mix of residential housing types are incorporated into the master plan, which maintains more than a quarter of the total land as public open space.

Artist impressions for illustrative purposes only.


Cockburn Central West


Shoreline, Cockburn Coast


WGV at White Gum Valley

Cockburn Central West

In the southern corridor, Cockburn Central West is taking shape with the official opening of the Cockburn Aquatic and Recreation Centre (ARC). The facility is one of the best of its kind in Australia and is the new home of the Fremantle Football Club which will enjoy state-of-the-art training and administration facilities. Development near the Cockburn ARC will include apartments, townhouses, shops, businesses and cafés.

An anticipated

2,000

people will be able to access nearby amenities and use the Cockburn Central Train Station for commuting to the CBD.

Step Up at Shoreline

Urban renewal in this area will be further enhanced by the delivery of the Step Up project at Shoreline on the Cockburn coast. LandCorp's design competition to generate new ideas around sustainable, affordable construction attracted 49 entries, with seven short listed designers and builders showcased at a special event in June.

The winning entry, from Fremantle-based David Barr Architects, is a four-storey, modular design apartment building, featuring innovative approaches to construction and sustainability and a strong focus on flexibility and liveability. The 1/2/3/4/5 Cohousing project will be Australia's first apartment complex to achieve an average 9-star National House Energy Rating Scheme (NatHERS) rating.

The prefabricated 'passive haus' construction system allows for a fast build and includes the latest in water, energy and waste efficiency features. Residents will be able to enjoy living in a Zero Energy building – with an onsite PV system generating more energy than they can consume.

WGV at White Gum Valley

WGV at White Gum Valley features the results of another of our design competitions supporting innovation. The Gen Y Demonstration Housing Project presents a new way of living for the next generation of home owners. On completion, the three, single bedroom apartments contained within a compact two-storey footprint on a 250sqm block, were opened to the public and industry partners to share the sustainable innovations.

Lots at the multi-award-winning WGV development have experienced strong sales and the new sustainable community is rapidly taking shape.


Murdoch Health and Knowledge Precinct


Ocean Reef Marina

Murdoch Health and Knowledge Precinct

The southern corridor is also home to the Murdoch Health and Knowledge Precinct, which is strategically located within walking distance of the Fiona Stanley Hospital, St John of God Hospital, Murdoch University, South Metropolitan TAFE and the Murdoch train and bus station. The precinct will host Western Australia's first medi-hotel, and integrate with the surrounding hospitals and educational facilities.

The precinct will ultimately be home for up to

2,400

residents in

1,200

new dwellings and include

50,000

square metres of health, retail and commercial space.

Ocean Reef Marina

Located within the City of Joondalup, Ocean Reef Marina is being planned to integrate facilities for commercial, retail, residential and tourism sectors.

Comprising approximately 80 hectares of coastland and sea-bed, the development opportunity has been identified as a world-class destination in which to demonstrate high levels of environmental, economic and social sustainability.

Flagged for potential marina development in the 1970s, a number of community engagement activities have since been undertaken through the City of Joondalup which resulted in a draft plan to guide future land assembly and development.

A Metropolitan Region Scheme Amendment and Public Environmental Review of the marine impacts for the redevelopment is underway.

It is proposed the marina precinct will feature public open spaces, boardwalks, tourist accommodation and retail, commercial and food and beverage outlets to stimulate tourism and job opportunities. The project has the potential to deliver 600 boat pens, to help address a shortage of boating infrastructure.

The development will provide a range of accommodation options and deliver about 1,000 residences, bringing a greater diversity of housing choices and density not previously seen in the area.

Regional | Commitment

Our commitment in WA's regions is to grow and revitalise cities and towns through the supply of suitable residential land and infrastructure.
We help strengthen communities by creating vibrant places for people to live and socialise while also investing in new spaces for economic activity.
Our projects help keep regional communities strong and thriving through the strategic development of great places for business and people.

Performance highlights

Our projects can be found right across the State, from the Kimberley region to the Great Southern. We work in partnership with regional development commissions, communities and other stakeholders to make Western Australia's regional towns and cities great places to live and work.

Waranyjarri Estate, Broome North

Waranyjarri Estate

At Waranyjarri Estate in Broome North, we are building a community that will double the size of the existing Broome township.
The master plan promotes climate-responsive design, using shade, breezeways and water-wise plantings, and new residents are already enjoying the amenity of being able to walk or cycle to Cable Beach and access the town's newest primary school. Nearby commercial and light industrial development will ultimately provide job opportunities close to home for the 13,000 residents of the development.


Mandurah Junction


Coastal town of Denham


Middleton Beach, Albany

Mandurah Junction

In the State's Peel region and one hour south of Perth, a new connected community is on its way to the area adjacent to the Mandurah Train Station with the release of lots in the new Mandurah Junction. The development will feature an innovative mix of residential housing types, green public open spaces and a lively mix of restaurants and cafés.

9,000

square metres of developments at this iconic Middleton Beach beachfront site

Coast to coast

Last year, Tourism Research Australia highlighted an increase in the number of West Australians holidaying in WA (up 16.6 per cent to 7.8 million). We responded by presenting our portfolio of affordable coastal estates to his growing market.

From the Kimberley in the north, to the stunning Coral Coast and along the State's scenic South, diverse destinations offer families choice to rekindle the beach-house holiday tradition.

Private industry has also responded to increased demand for coastal properties by offering creative and cost effective solutions such as modular homes and DIY kit homes, as well as popular brick and tile designs.

Middleton Beach

Middleton Beach Albany is set to receive the attention it deserves as we prepare to consider expressions of interest to develop four sites, including a hotel, within a 13,171 sqm parcel of land at this iconic beachfront site. As part of the revitalisation, Albany residents and visitors will be able to enjoy a vibrant, mixed-use area and active foreshore with enhanced amenities.


Koombana North, Bunbury Waterfront

Bunbury Waterfront

In the next stage of the Bunbury Waterfront, lots are now available at the northern entry to the CBD to this growing regional city. It is anticipated a mix of apartment, short stay, retail and office accommodation will complete the Koombana North development.

Artist impression for illustrative purposes only.

Land for jobs

05

Economic and employment | Commitment

Our commitment is to drive economic growth through the planning, design and delivery of land which supports Western Australian jobs. By creating land for jobs, we promote trade and employment opportunities.

Performance highlights

We continue to plan, design and deliver strategically located industrial land developments for commercial use, recognising that the fundamentals of the WA economy remain strong and there is significant opportunity for businesses to relocate or upgrade their commercial presence as business conditions improve.

Our industrial estates across the State accommodate 2,700 businesses and directly employ 67,000 Western Australians. Current and future estates are expected to provide space for an additional 2,000 businesses and 42,000 workers, with an estimated annual economic impact of $14.4 billion.

26

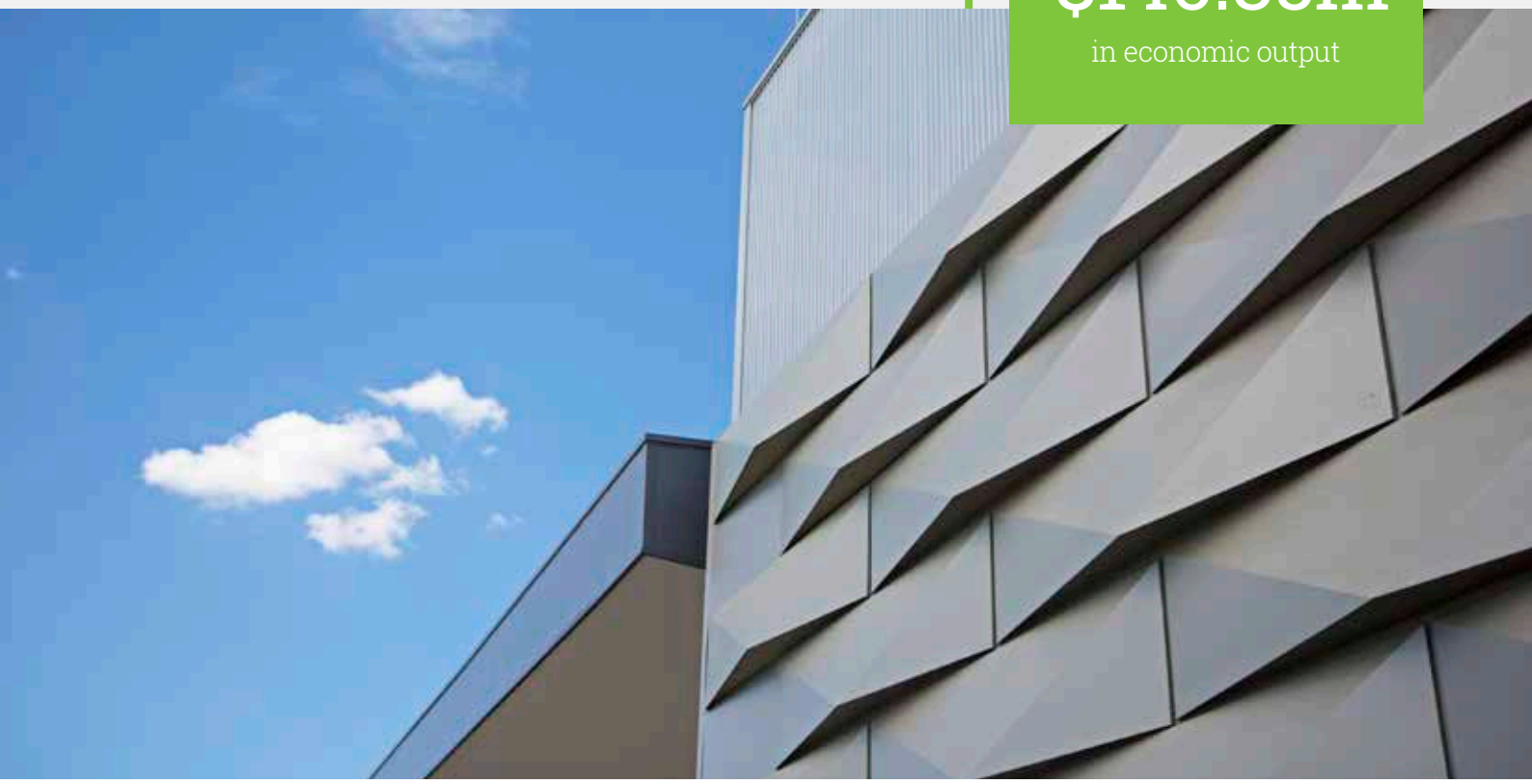
Industrial and commercial lots sold in 2016-17 which will result in

311

jobs and

$140.35m

in economic output




Australian Marine Complex


Broome Road Industrial Park


Asburton Port area.
PHOTO: Courtesy of Chevron

Australian Marine Complex

Key projects where our strategic vision is continuing to provide dividends include the Australian Marine Complex (AMC) at Henderson. The AMC is a world-class centre of excellence for manufacturing, fabrication, assembly, service and repair for the marine, defence and resource industries.

Broome Road Industrial Park

The Kimberley continues to attract new businesses and residents eager to capitalise on its unique lifestyle.

The 412 hectare Broome Road Industrial Park is ideally located near major transport infrastructure and caters for a wide range of industries operating in the town and servicing the wider Kimberley region.

Two eye-catching and culturally inspiring sculptures by local Indigenous artists Martha Lee and Maxine Charlie have been created to mark the entry of the working estate. The pieces represent the unique flora and fauna synonymous with the region.

Ashburton North Strategic Industrial Area

The Ashburton North Project in the Pilbara region is an established gas processing precinct available for further investment. It is designed for Liquefied Natural Gas (LNG) and domestic gas processing as well as related downstream processing industries.

The Ashburton North Project comprises a Port area (Ashburton North Port) and associated 8,000ha Strategic Industrial Area (SIA) which has the potential to accommodate up to two LNG processing facilities, at least two domestic gas processing facilities and multiple downstream processing industries. The Ashburton North SIA also includes sites for worker accommodation and general industry.

The Department of Jobs, Tourism, Science and Innovation is the lead agency for the Ashburton North SIA and LandCorp is the estate manager.

Currently located in the Ashburton North SIA are:

- Chevron Australia Pty Ltd - Wheatstone LNG Project
- BHP Billiton - Macedon Domestic Gas Project

Once constructed, the port will be administered by the Pilbara Port Authority. LandCorp will administer the SIA, general industrial areas and service corridors.


Peel Business Park, Nambeelup


Latitude 32 Industry Zone


The Quadrangle, Joondalup

Peel Business Park

In the ever-expanding Peel region we are also developing new space for business with the Peel Business Park, 10km east of Mandurah in the Shire of Murray.

Strategically located close to major transport links to the city and the South West, the 1,000 hectare Park is an ideal location for agrifood and agriprocessing operators as well as ancillary light, general transport and logistic industries.

Latitude 32 Industry Zone

In the metropolitan area, industrial and commercial development planning is progressing in the south-western and northern corridors, where local businesses are enjoying the benefits of well-designed commercial facilities in strategic locations which allow ready access to their markets. The Latitude 32 Industry Zone will be a key component of the Western Trade Coast, which links to the Rockingham Industry Zone, Kwinana Industrial Area, the Australian Marine Complex (AMC) and the future Outer Harbour. We are one of 160 landowners in the zone and are coordinating the master planning for the area.

The Quadrangle

25 kilometres North of the CBD, at The Quadrangle Joondalup, more than 70 per cent of new retail showroom space is now sold. With more than 34 hectares of space for large scale retailers as well as offices or service industry tenants, the location has excellent exposure to Mitchell Freeway, Joondalup Drive and Hodges Drive.

More than

70%

of new retail showroom space is now sold at the Quadrangle in Joondalup.


Meridian Park, Neerabup

Meridian Park

The Mitchell Freeway extension to Hester Avenue is now open, which reduces the journey time to a number of our estates in the North West Corridor, including Meridian Park which is connected by Neerabup Avenue through Clarkson. This welcome extension provides considerable benefit for residents and workers within this corridor by significantly reducing travel times and providing more direct access to Meridian Park and neighbouring centres of employment.

Corporate governance

06

Reconciliation Action Plan (RAP) Community Gardens, Blackmore Park, Girrawheen

Corporate Governance Report | Commitment

Corporate governance has been at the very core of the LandCorp Board's deliberations since the establishment of the organisation in 1992.

The current Board of directors is committed to the highest standards of corporate governance and uses a range of benchmarks to guide its practices, including the *Public Sector Management Act 1994* and the Principles of Good Corporate Governance as determined by the Australian Stock Exchange (ASX) (to the extent they can be applied to the organisation).

Corporate governance is the system and processes adopted to direct and manage business and affairs.

A comprehensive system of governance practices, developed over many years, ensures, at a minimum, standards set out in the *Western Australian Land Authority Act 1992* and the *Statutory Corporations (Liability of Directors) Act 1996* are achieved.

The Minister for Lands has portfolio responsibility for LandCorp.

The legislation sets the foundation for the corporate governance framework and structure to be given effect by the Board of directors, and defines reporting requirements.

The Western Australian Auditor General conducts annual audits of LandCorp.

The Board of directors and staff are focused on, and committed to, good corporate governance.

Performance | Board of Directors

The Board has worked throughout the year to ensure the organisation's vision, future directions and strategies are well understood and achieved.

The Board's role

The Board of directors recognises accountability to the Government and Minister for Lands.

This requires the Board to deliver the objectives and functions set out in the *Western Australian Land Authority Act 1992*.

The Board is accountable to the Government for LandCorp's performance.

The Board's responsibilities

- Setting out corporate directions and annually submitting the Statement of Corporate Intent and five year Strategic Development Plan, including financial targets, to the Minister
- Providing strategic direction and approving significant strategic corporate objectives
- Maintaining communication with the Minister and Government
- Maintaining working relationships with management
- Evaluating Board performance
- Evaluating performance of the Chief Executive
- Planning for Board and management succession
- Recommending director remuneration to the Minister
- Monitoring financial and corporate performance
- Considering and approving half-yearly and annual reports
- Assessing social, economic and environmental performance
- Reviewing, ratifying and monitoring appropriate systems of risk management and legal compliance
- Satisfying itself that appropriate internal control mechanisms are in place and are being implemented
- Determining the scope of authority (and any limits on authority) which is delegated to the Chief Executive or any other officer
- Monitoring appropriate resources are available to senior management
- Maintaining an emphasis on audit activities

Board Composition

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

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

The Chairman and Deputy Chairman are appointed by the Minister for Lands.

In accordance with Schedule 1A, Clause 1 of the *Western Australian Land Authority Act 1992*, directors may be appointed for a term of up to three years. There are also provisions in the Act which enable the Minister to reappoint directors for a further term on the Board.

The Chief Executive is not permitted to be appointed as a director.

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

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

The induction process includes briefings with the Chief Executive Officer and senior management, provision of information on key corporate and Board policies and strategic plans and relevant project site visits. All directors are expected to undertake professional development to maintain skills required to discharge their duties. This may include industry seminars and approved education courses.

The Board and the Chief Executive

The Board is responsible for the appointment and employment contract of the Chief Executive subject to obtaining the Minister's approval.

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

- Corporate strategies
- Human resources
- Annual budgeting
- Managing day to day operations
- Risk management
- Operations and major project challenges and milestones
- Strategic marketing and communications

Board Committees

The Board has three committees to focus on specific areas.

Audit and Risk Management

Committee

Governance and Remuneration

Committee

Planning, Development and Communications

Committee

Each committee reviews its terms of reference and membership annually, with any proposed changes submitted to the Board for approval. Minutes of all committee meetings are provided to the next Board meeting. A director may attend committee meetings even if he or she is not a member of the committee.

Audit and Risk Management Committee

This Committee provides advice to the Board, which assists the Board to fulfill its responsibilities relating to LandCorp's financial reporting, risk management and compliance with internal systems and control mechanisms.

The Committee has direct access to external auditors, internal auditors and senior management.

The Committee meets regularly, meeting external auditors at least twice a year and internal auditors more frequently. External auditors are appointed in accordance with Schedule 3A Clause 14 of the Act.

The Committee comprises a minimum of two and a maximum of three Board directors (not including the Board Chairman) appointed by the Board.

The Committee has a Charter setting out the responsibilities and key activities covering:

Financial Reporting

- Oversee financial reporting process on behalf of the Board and report the results of its activities to the Board.
- Assist the Board in ensuring the accounting policies and principles used are appropriate and the financial reports are properly prepared.
- Review significant accounting, taxation and reporting issues, including recent professional and regulatory pronouncements, and understand their impact on the financial statements.

External Audit

- Consider the external auditors' proposed audit scope and approach and ensure no unjustified restrictions or limitations have been placed on the scope.
- Ensure that significant findings and recommendations made by the external auditors are received and discussed on a timely basis.
- Ensure that management responds to recommendations by the external auditors and agreed action items are addressed promptly.

Internal Audit

- Make recommendations to the Board regarding the appointment of internal auditors.
- Approve the charter for the internal audit function.
- Approve both short-term and long-term internal audit plans.
- Review the activities of the internal audit function and ensure no unjustified restrictions or limitations are made.
- Review the effectiveness of the internal audit function.
- Review the performance of the internal auditors.
- Ensure that significant findings and recommendations made by the internal auditors are received by the Audit and Risk Management Committee and discussed on a timely basis.
- Ensure that management responds to recommendations made by the internal auditors and agreed action items are addressed promptly.

Risk management (including internal controls)

Discuss with management, the internal auditor and the external auditor, the adequacy and effectiveness of

- Internal control systems
- Policies and procedures to assess, monitor, and manage business risk
- Legal and ethical compliance programs

Assess the internal processes for determining and managing key risk areas, particularly

- Compliance with laws, regulations, standards and best practice guidelines
- Important judgements and accounting estimates
- Fraud and theft
- Relevant business risks other than those dealt with by other specific Board committees

Make recommendations to the Board for improvements (if any) in relation to the internal financial management and the financial controls.

Review management policies and reports for the oversight and management of material business risks.

Address the effectiveness of the internal controls, risk management and performance management systems with management and the external audit providers.

Evaluate the process for assessing and continuously improving internal controls, particularly those related to areas of significant risk.

Members of the Committee generally do not represent themselves as experts in the fields of accounting, auditing or financial risk management. As such, it is not the responsibility of the Committee directly to conduct accounting, auditing or financial risk management reviews.

Management is responsible for:

- The preparation, presentation and integrity of LandCorp's financial information and other information provided to the Committee
- Implementing, managing and maintaining appropriate enterprise-wide accounting, financial reporting and financial risk management systems and internal controls that are designed to ensure compliance with applicable standards, laws and regulations
- Maintaining sufficient knowledge, skills and expertise within LandCorp's finance function

The external auditor is responsible for planning and carrying out each audit and review in accordance with applicable auditing standards.

Governance and Remuneration Committee

The Board has established this Committee to assist in ensuring that appropriate and effective policies, plans and practices are in place in relation to:

- Corporate governance
- Board, Committee and Chief Executive Officer performance management
- Board and Executive succession and remuneration
- Human Resources standards oversight

The Committee comprises a minimum of two and a maximum of three Board directors appointed by the Board. The Committee has a charter setting out its responsibilities and key activities covering:

- Develop and review corporate governance principles and framework
- Develop and review policy relating to remuneration of the Board, Chief Executive, management and other staff
- Provide quality assurance on the integrity and probity of remuneration policies and practices
- Ensure appropriate succession planning is undertaken for the Board and Executive
- Assist with the nomination of directors and with induction programs for new directors
- Assist with the review of the performance of the Board, the Committees and the Chief Executive
- Review LandCorp's Code of Conduct and associated policies
- Ensure policies are developed to assist with achieving business direction outcomes

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

Planning, Development and Communications Committee

The Board has established this Committee to be the decision making body for the Western Australian Land Authority's statutory planning responsibilities. It also assists in monitoring and providing advice on market leadership and innovation initiatives, and strategic engagement and communication policies and activities, which underpin effective relationships with key stakeholders.

The Committee comprises a minimum of two and a maximum of three Board directors appointed by the Board.

Responsibilities and key activities

Redevelopment Acts

Make decisions in accordance with, and provide advice to the Board with regard to, the Authority's statutory planning responsibilities as defined in the:

- *Hope Valley-Wattleup Redevelopment Act 2000*
- *Perry Lakes Redevelopment Act 2005*

Perform duties and execute powers delegated to the Committee and staff by the Instrument of Delegation for the Planning, Development and Communications Committee which was adopted by the Board on 19 December 2006.

Administer the Authority's redevelopment act roles and responsibilities, including

- Preparation of project concept plans, Master plans and structure plans and variations
- Redevelopment plan development, reviews and amendments
- Providing statutory advice on planning, development applications, subdivision applications and master plan standards to other approval bodies, including matters referred to the State Administrative Tribunal
- Preparation of planning and development policies
- Administration of Officer delegations
- Preparation and administration of development contribution plans
- Consideration of landowner agreements
- Review of development guidelines

Improvement plan and schemes

Provide strategic advice to the Board on the use of improvement plans and improvement schemes as an appropriate statutory planning delivery mechanism for redevelopment areas.

Receive quarterly reporting on any active Improvement Scheme or Improvement Plan.

Administer duties and execute powers as delegated.

Leadership and innovation

Monitor and advise on the Authority's corporate direction in achieving market leadership and innovation in land development in line with Government and Board expectations and the social and economic needs of the State.

Annually monitor and advise on LandCorp's Innovation pipeline.

Strategic stakeholder engagement and communications

Support the Board's involvement in the development and ongoing management of key stakeholder relationships in order to:

- Promote an awareness and understanding about LandCorp
- Manage shareholder and stakeholder issues and opportunities

Oversee alignment of communication policies and processes against Government and Board expectations.

Monitor the performance of key stakeholder engagement and communication initiatives.

Review key research activity with key findings/results to be referred to the Board.

Monitor and advise on the strategic direction of LandCorp's sponsorship program on an annual basis.

Board Meetings

Board meetings are held at such times and places as the Board determines.

The Chairman sets the agenda for each meeting in consultation with the Chief Executive. Any director may request to have a matter added to the agenda.

Directors are provided comprehensive papers on matters to be considered by the Board.

Members of the Office of the Chief Executive and other members of the senior management group attend parts of the Board meetings by invitation.

Board Access to Information and Professional Advice

Directors have access to information via Executive.

The directors, Board and the committees may, in carrying out their duties, seek external legal and expert advice at LandCorp's expense. This advice may be sought after consultation with the Chairman.

Performance Evaluation

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

Each committee reviews its performance annually against its chartered roles which is then reported to the Governance and Remuneration Committee.

The performance evaluation of the Chief Executive is undertaken by the Board though the Chairman. A performance agreement and targets are set and reviews are undertaken a minimum of twice annually.

The performance evaluation of Executive is undertaken by the Chief Executive. A performance agreement and targets are set and reviews are undertaken a minimum of twice annually.

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

Conflicts of Interest

A Conflict of Interest policy is in place detailing how such matters are to be managed. This policy accords with standards set by the Western Australian Public Sector Commissioner.

New directors appointed to the Board are required to declare financial and pecuniary interests at their first meeting. A standing protocol dictates where a director would disclose an interest in any item on the Board meeting agenda. Disclosures are recorded in the meeting minutes, with a copy placed into a Declarations of Interest Register.

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

Where a director makes a declaration of a conflict, the Board may either allow the director to partially participate in discussion of the agenda item; make a statement to the Board, prior to leaving the meeting room; or the Board may request the director leave the meeting immediately.

The Conflict of Interest Policy also applies to staff and contractors who, when conflicted, are required to make a formal disclosure to the Chief Executive who determines the management action required. These interests are also recorded in the Declarations of Interest Register.

Ethical Standards

The Board is required to establish minimum standards to apply to employees, management and the Board of directors with regard to merit, equity and probity, which is reflected in a Code of Conduct developed in consultation with the Commissioner of Public Sector Standards.

The Code of Conduct is part of the onboarding process, available to staff at all times via the intranet and document management system and supported by training and awareness-raising sessions.

LandCorp adopts a risk-based, precautionary and proactive approach to our operations, with zero tolerance to fraud and corruption. LandCorp manages risk related to corruption across all operations at a corporate level.

This involves a system of procedures that include: Code of Ethics and Code of Conduct; fraud audits and training (including accountable and ethical decision making training); directors and officers liability insurance risk assessments; corporate risk register, and a series of policies.

A series of policies and protocols are maintained to strengthen and affirm the approach to corporate governance. These address the key areas of:

- Values and ethics
- Trade practices
- Procurement and tendering
- Gifts
- Occupational health and safety
- Equal employment opportunity
- Continuous disclosure of conflicts of interest
- Personal duties and responsibilities

The Governance and Remuneration Committee reviews the Code of Conduct in November 2015 as part of a regular review process.

The Code of Conduct provides guidance on a set of principles that reflects its approach to business and applies to anyone working for, or on behalf of, LandCorp including Board, Executive, staff and internal contractors and consultants.

Shareholder

The Minister for Lands has portfolio responsibility for LandCorp.

Ministerial Reporting

LandCorp's governing legislation sets out reports which are to be provided to the Minister. The governing legislation and regulations prescribes the matters to be addressed in the Strategic Development Plan and Statement of Corporate Intent. These documents provide the Minister with details on activities, key objectives, strategies and operational targets. Both documents are submitted annually for approval by the Minister, with the consent of the Treasurer. The Statement of Corporate Intent is tabled in the Parliament annually by the Minister.

All documents were submitted to the Minister within the timeframes prescribed in the *Western Australian Land Authority Act 1992*.

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

Information provided includes, but is not limited to, annual reports, half year reports, and budget submissions as well as responses to specific requests from Parliament, Members of Parliament, agencies and the public.

Ministerial Direction

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

The Board has maintained a policy with respect to responding to Ministerial direction.

This policy enables the Board to comply with the *Western Australian Land Authority Act 1992* and *Statutory Corporations (Liability of Directors) Act 1996*.

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

Ministerial Approvals

The *Western Australian Land Authority Act 1992* requires LandCorp obtain the Minister's approval for transactions in which the consideration is equal to or exceeds five percent of the value of total reported assets as set out in the most recent annual report. There have been two transactions approved by the Minister in 2016-17.

Ministerial Review

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

(a) the effectiveness of the operations of the Authority

(b) the need for the continuation of the functions of the WALA

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

The Minister commenced the last review process in May 2015.

The final report on the review was prepared in November 2015 and presented to Government in April 2016. It was laid before each House of Parliament on 10 May 2016 and is available on the Parliamentary Website (under Tabled Papers).

The next Review is due mid-2020.

Corporate Compliance Disclosures

Freedom of Information

The provisions of the *Freedom of Information (FOI) Act 1992* apply to LandCorp and statistics relating to applications received for this reporting period are shown below. We work with applicants to facilitate full disclosure of documents where appropriate.

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

FOI Statistic 2016-17

Access applications received:	3
Applications transferred to another agency	0
Applications processed:	3
Access in full	1
Edited Access	2
Documents not found/do not exist	0
Access refused	0
Access deferred	0
Access given (s.28)	0
Applications carried over from previous years	1
External reviews received	2

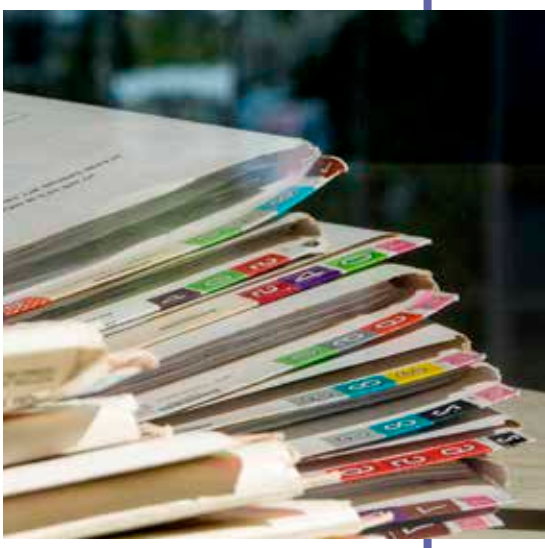
Note: as at 30 June 2017 two applications are in external review

Record keeping compliance

In accordance with Section 61 of the *State Records Act 2000* and the State Records Commission Standards (Standard 2 - Principle 6), LandCorp has an approved Recordkeeping Plan. In accordance with s.28 (5) of the Act, an updated Plan was submitted to the State Records Commission for approval in June 2017. The Plan describes how records are created, maintained, managed and disposed of in accordance with LandCorp's standards and principles.

Regular reviews of recordkeeping practices and systems are conducted and any opportunities for improvement addressed.

The LandCorp onboarding process for all staff and contractors includes an on-line Recordkeeping training and awareness package, including information on employees' roles and responsibilities and how they comply with the approved Recordkeeping Plan. Completion of the course is monitored and documented and there is an opportunity to provide feedback on course content.



One Mile Jetty, Carnarvon

Public Interest Disclosure

The *Public Interest Disclosures Act 2003* facilitates the disclosure of public interest information and provides protection for those who make disclosures and those who are the subject of disclosures.

LandCorp has two officers who can assist with enquiries and implement internal procedures developed to ensure compliance with obligations under the Act.

No disclosures were received this year.

Environmental Regulation and Management

Day-to-day operations are subject to regulation under both Commonwealth and State environmental legislation applicable to any Australian commercial entity. These include:

- *Wildlife Conservation Act (WA) 1950*
- *Waterways Conservation Act (WA) 1976*
- *Environmental Protection Act (WA) 1986*
- *Environment Protection and Biodiversity Conservation Act (Commonwealth) 1999*
- *Contaminated Sites Act (WA) 2003*

Reportable Expenditure

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

Advertising The Brand Agency	$1,290,816
Media Advertising Carat Australia Media Services Pty Ltd Adcorp Australia Limited	$907,481
Market Research Ipsos Australia Painted Dog Research Research Solutions	$74,957
Direct Mail	$0
Polling	$0
Total Expenditure	**$2,273,254**

Risk Management

LandCorp has developed a Risk Management Framework which outlines the methodology, approach and responsibility for the effective management and oversight of risk within our business. The Framework is aligned to ISO 31000:2009 Risk Management Principles and Guidelines, the international standard for risk management and provides a consistent approach to the recognition, measurement and evaluation of risks across our business. It also supports Executive Management and the Board in meeting their corporate governance responsibilities.

The primary focus of LandCorp's risk management governance structure and internal control systems is to identify, assess and mitigate material business risks with the aim of enhancing value to our shareholder and protecting assets.

Risk management assessments at LandCorp are carried out at three levels: strategic, operational and project. LandCorp's risk assessment system cascades from the strategic plan through to operational and project plans and is integrated into key performance indicators and individual performance plans.

Political, economic, stakeholder and regulatory legislative factors are considered when assessing strategic risks, while corporate objectives and organisational structures are considered for operational and corporate risk analysis. Strategic risks are considered 'high level' and are associated with achieving corporate objectives and threats to the long-term sustainability of the business. Operational risks impact LandCorp as a whole and are associated with threats to our overall business plan and business functions.

All projects have a lifecycle from initiation through to planning, contracting, design, construction and sales and require risk identification and management to ensure successful completion. Our Corporate Risk Register contains all of LandCorp's strategic and operational risks, while project risks are contained within Clarity our project management system. Project risks are reviewed and if common themes arise, these are escalated to the Operational Risk Register.

Another key ingredient in having a positive and proactive risk culture is having a well-defined organisational risk appetite which in turn drives behaviours and outcomes.

As a general rule, LandCorp has a 'low' risk appetite, with exception in areas of safety and health, fraud, corruption, misconduct and willful breaches of confidentiality, where risk appetite is "zero". Only in specific areas is 'moderate' risk tolerated, and this is subject to a full understanding of the potential benefits and risks, the required authorisation being obtained and effective controls being fully in place. There is no appetite for 'high' risks anywhere within LandCorp. This approach was reviewed and agreed in 2017.

LandCorp's Board has delegated the responsibility for oversight of risk management to the Audit and Risk Management Committee. The role of the Committee is to assist the Board in its oversight responsibilities related to financial management and reporting, external audit, internal audit and risk management of LandCorp. The Committee monitors enterprise risk management activity incorporating its impact on mitigating material risks to the business through oversight of the Corporate Risk Register (tabled four times a year to the Committee and bi-annually to the Board) and the Risk Management Framework (tabled as required to the Committee).

Occupational Safety and Health

Our commitment is underpinned by safety obligations within the *Occupational Safety and Health Act 1984 (WA).*

Over the last four years, a much improved safety culture has been created at LandCorp through greater consultation and communication on occupational, safety and health (OSH) matters, as well as substantially improved systems and processes.

The introduction of compulsory online inductions for all staff and compulsory OSH workshops for new employees, along with our online safety compliance software MYOSH, culminated with LandCorp being awarded a Silver Worksafe accreditation in late 2014 and Gold Worksafe accreditation in mid-2015. We applied for Platinum Worksafe accreditation in 2016, which is the highest level an organisation can achieve.

We always insist on strong safety systems and compliance from our Contractors.

In 2017, LandCorp can confidently engage with Contractors knowing that it upheld the same commitment to safety and health that is expected of Contractors.

Occupational Safety and Health Orientation

An orientation process which encompasses OSH matters is in place. Employees must all undertake compulsory OSH training and pass an assessment at completion. Contractors are provided with an overview of policy and procedures, which outline our commitment to the safety, health and wellbeing of all personnel. In 2016-17, 100 per cent of staff had completed the online occupational safety and health online induction with assessment

Occupational Safety and Health Committee

We encourage employees to discuss OSH issues with the OSH Manager for consideration and remediation if required. The Occupational Safety and Health Committee meets quarterly to discuss health and safety issues. It consists of representatives from all divisions as well as managers and a general manager.

Ten per cent of our total workforce is represented on the formal joint management-worker Health and Safety Committee. The Committee meet quarterly and are made up of staff from all divisions and levels. Committee members commit to a 12 month minimum tenure before nominating a new member. The Committee meetings provide a planned forum for proactive discussion on health and safety matters across the organisation providing a systematic way for dealing with any issues.

Statement of compliance to injury management

A commitment is in place to provide injury management support to all workers who sustain a work related injury or illness with a focus on safe and early return to meaningful work and in accordance with the *Worker's Compensation and Injury Management Act 1981.*

Occupational Safety and Health Management Systems

An occupational safety and health management system is monitored and audited on a cyclical basis. Internal audits reviewed the system process in December 2012 and again in May 2014. Practices and systems were reviewed in July 2014, June 2015 and June 2017 by WorkSafe auditors.

Procedures manual contains comprehensive occupational safety and health processes for use by all operational staff who must comply with company policy and ensure our staff and contractors implement health and safety management practices for all site-based and external projects.

Incidents are reported to management within 24 hours and escalated in accordance with risk categories. Safety reports are reviewed by Executive monthly and the operational division managers group weekly. The Board receives immediate notification of all category five (major and catastrophic) incidents.

We operate within the guidance of AS/NZS 4801:2001 Occupational Health and Safety Management Systems and received a Platinum Worksafe Accreditation in June 2017. The WorkSafe accreditation is administered by the Department of Commerce, WorkSafe Division and is specifically for organisations under the jurisdiction of Western Australian Safety and Health legislation. Platinum Certificates are only awarded to organisations that achieve the highest standards in safety and health management.

OSH Performance

The following table outlines our performance against key OSH measures.

Key Measures	2012–13	2013–14	2014–15	2015–16	**2016–17 Target**	**2016–17 Actual**
Number of fatalities	0	0	0	0	**0**	**0**
Lost time injury and/or disease incidence rate	0	0	0	0	**0**	**0**
Lost time injury and/or disease severity rate	0	0	0	0	**0**	**0**
Percentage of injured workers returned to work: (i) within 13 weeks (ii) within 26 weeks	0% 0%	0% 0%	0% 0%	0% 0%	**0%** **0%**	**0%** **0%**
Percentage of project-related personnel that hold a Construction Induction Card (White Card)	100%	100%	100%	100%	**100%**	**100%**
Percentage of LandCorp's total workforce represented on the formal joint management-worker health and safety committee Minor first-aid injuries have not been included	7.5%	8.5%	9%	9%	**9.75%**	**9%**

Occupational Safety and Health Training

The following table outlines our performance against key OSH training measures.

Key Measures	2012–13	2013–14	2014–15	2015–16	**2016–17 Target**	**2016–17 Actual**
Percentage of staff who have completed online occupational safety and health online induction with assessment	N/A	100%	100%	100%	**100%**	**100%**
Percentage of managers trained in occupational safety, health and injury management responsibilities	50%	100%	100%	100%	**100%**	**100%**

In order to articulate LandCorp's safety management processes, a specific Safety and Health Management Plan (SHMP) has been developed in 2017.

The SHMP has been written in accordance with the new International Standard for Occupational Health and Safety (ISO) 45001.

ISO 45001 will become the internationally accepted standard for all companies irrespective of size. By aligning LandCorp's practices to this standard it demonstrates our commitment for health and safety to employees, stakeholders, shareholders, regulators and the public.

Diversity and Equity

Diversity and equal employment opportunity (EEO) are promoted in the workplace. To achieve this, policies are in place to create awareness and eliminate discrimination and harassment, particularly on grounds covered by EEO legislation.

An EEO management plan includes strategies to promote equality of opportunity for all employees and prospective employees. This includes targets for various diversity groups, including Aboriginal Australians, people with disabilities and women in management. These targets are monitored and reported to the Board.

The following table summarises targets and respective outcomes as at 30 June 2017.

	Target 2016-17	Actual at 30 June 2017
Women in management*	32.5%	40%
Aboriginal Australians	3%	2.8%
People with disabilities	3%	3.9%

*Women in management is the percentage of females in the senior leadership group

Directors' Report

The LandCorp Board of Directors presents its report for the financial year ended 30 June 2017.

Directors

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

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

Director	Date First Appointed	Appointment Term
Monty House (Chairman)	6 April 2009	30 June 2017
George McCullagh (Deputy Chairman)	28 September 2010 (22 June 2015)	30 June 2018
Simon Read	27 April 2010	30 June 2018
Peter Cooke	8 April 2009*	30 June 2017
Peter Gibbons	1 January 2013	30 June 2017
Sue Middleton	1 July 2015	30 June 2017
Kylee Schoonens	1 September 2016	30 June 2019

* First appointed 8 April 2009 to 9 June 2010. Reappointed 14 February 2011.

Current Directors

The qualifications, experience and particular responsibilities of each Director are set out below.

Monty House

Appointed Chairman on 6 April 2009. Monty has enjoyed a distinguished 40 year career of public service, commencing as a Shire Councillor and Shire President at Gnowangerup. As a former Member of Parliament representing the Stirling electorate, Monty also served as Minister for Primary Industry and Fisheries as well as Deputy Leader of the National Party. Monty is the owner/manager of an extensive grain and sheep farming business in WA. Monty has been Chairman, and a Board member, of a number of private and publicly listed companies both in Australia and overseas. He is a Member of the Australian Institute of Company Directors and a serving Justice of the Peace.

George McCullagh

Appointed on 28 September 2010. George was appointed Deputy Chairman on 22 June 2015. George is Chairman of the Governance and Remuneration Committee and a member of the Planning, Development and Communications Committee. He was previously a Partner with an international consulting firm.

Across the past decade, George has worked as a consultant in independent practice, providing commercial and advisory services to a range of planning, resources, infrastructure and redevelopment organisations in Western Australia. George is a Member of the Australian Institute of Company Directors.

Simon Read

Appointed on 27 April 2010. Simon is Chairman of the Audit and Risk Management Committee and has honed a hands-on skill set over 25 years of working with Australia's leading corporate recovery specialists. He has specialised in corporate reconstruction, turnaround and business improvement.

Simon currently runs a consulting business specialising in the complex area of the *Personal Property Securities Act.* Simon has worked across many industries with significant experience in forestry, mining, engineering, finance and property. Simon is a Graduate of the Australian Institute of Company Directors and a Chartered Accountant.

Peter Gibbons

Appointed on 1 January 2013. Peter is a member of the Audit and Risk Management Committee and Governance and Remuneration Committee. Peter has extensive experience in property investment banking, property development and property financing and funds management. Peter is has strong knowledge and understanding of the issues and challenges of regional development in Western Australia. He has previously held a number of senior Board positions including the Board of the Silver Chain Group and Commissioner of the West Australian Football Commission. Peter is also a non-executive director of not-for-profit aged care and retirement group Bethanie, and chairs its Property Development Committee. Peter is also highly involved in developing new technologies for the property sector, and is Managing Director of Openn, a digital real estate negotiation platform.

Peter Cooke

Initially appointed in April 2009. Peter is Chairman of the Planning, Development and Communications Committee and a member of the Governance and Remuneration Committee. He has a varied and extensive background in agriculture, agribusiness, marketing, strategic planning and communications. For the past 20 years he has been the principal of Agknowledge, a small agribusiness firm specialising in providing strategic business development to a range of companies, Government departments and enterprises across Australia. In 2016 Peter chaired a panel to review the Department of Agriculture and Food titled 'Future Directions'. Peter is currently an Independent Director of the Western Rock Lobster Council, he was a Director of Landgate (2007-12), and Chief Executive Officer of the Kondinin Group (1988-1997). Peter is a Fellow of the Australian Institute of Company Directors, and currently an Independent Chair for four Family Businesses. Until the London Olympics Peter chaired the National Selection Panel for Australia's Equestrian Olympic team.

Sue Middleton

Appointed on 1 July 2015. Sue is a member of the Audit and Risk Management Committee. Sue helps to manage a diverse agribusiness operation and has wide ranging and deep change management experience across business, commodity groups and sectors and regional and local rural communities. Sue was formerly the Chairman for the Western Australian Regional Development Trust and was the Rural Industries Research and Development Corporation's Rural Woman of the Year 2010. Sue has held extensive Board and Leadership roles across all levels of industry and Government, including Regional Women's Advisory Council, the National Rural Advisory Council and a Commissioner on the Agricultural Produce Commission for Western Australia.

Kylee Schoonens

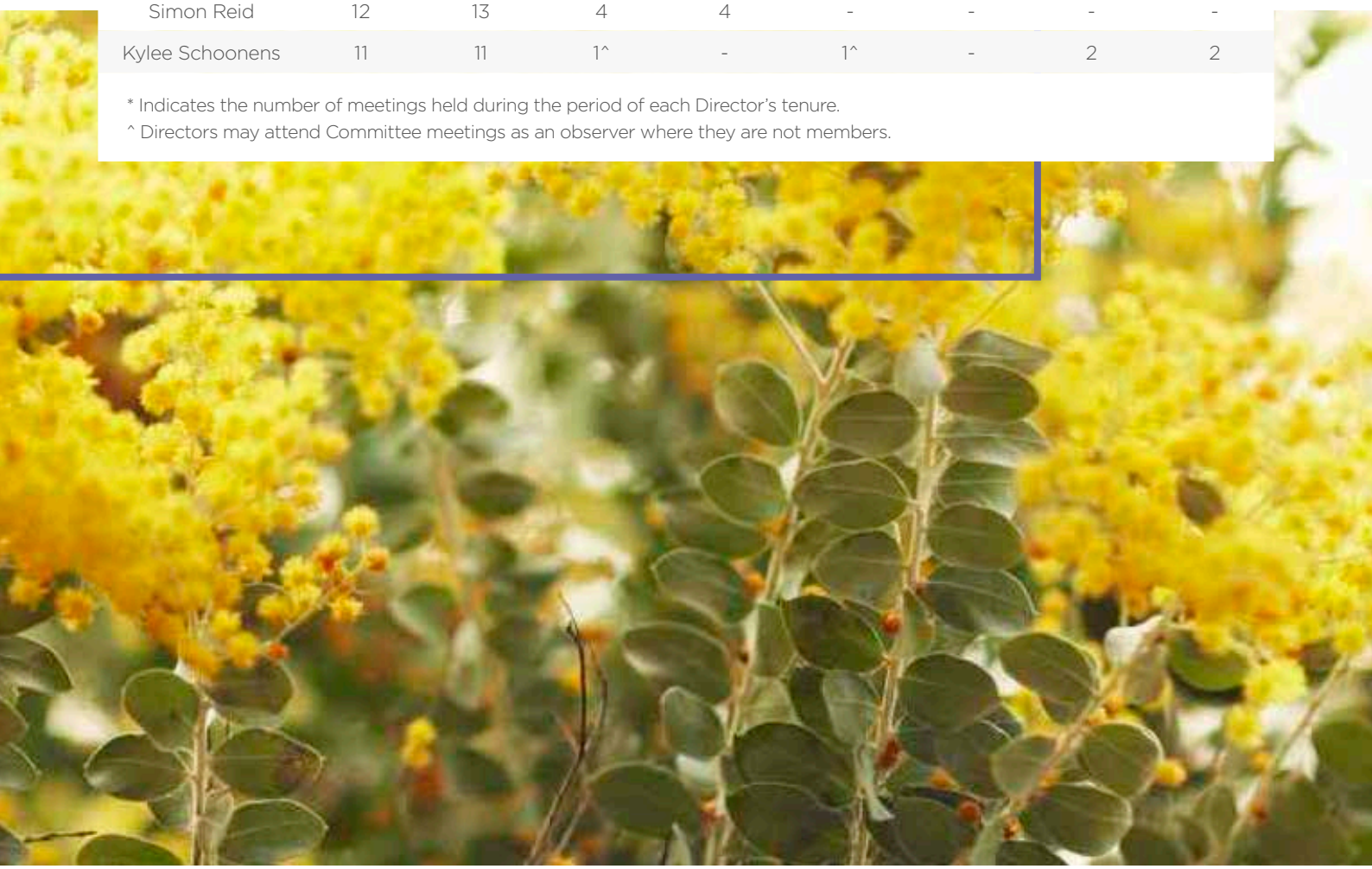
Appointed from 1 September 2016. Kylee is a member of the Planning, Development and Communications Committee. As an experienced Architect, Kylee has led the design and delivery of many aged care, multi-residential, retirement and community projects across Western Australia. She was the recipient of the 2015 Australian Institute of Architects WA Emerging Architect Award and the 2014 40under40 Award for her work within the architectural profession. Kylee is also a Non-Executive Director for Bethanie, WA's largest not-for-profit aged care provider and a council member for a number of industry boards and committees including the Property Council of Australia (WA Division) Divisional Council and the Australian Institute of Architects Chapter Council. Kylee is a Graduate of the Australian Institute of Company Directors.

Directors' Meetings

Details of attendance by Directors at Board meetings and Board Committee meetings are set out below.

Director	Board		Audit and Risk Management Committee		Governance and Remuneration Committee		Planning, Development and Communications Committee	
	Meetings Attended	Eligible to Attend*	Meetings Attended	Eligible to Attend*	Meetings Attended	Eligible to Attend*	Meetings Attended	Eligible to Attend*
Monty House (Chairman)	13	13	4^	-	2^	-	3^	-
George McCullagh (Deputy Chairman)	12	13	4^	-	2	2	3	3
Peter Cooke	12	13	1^	-	2	2	3	3
Peter Gibbons	12	13	3	4	2	2	-	-
Sue Middleton	12	13	4	4	-	-	-	-
Simon Reid	12	13	4	4	-	-	-	-
Kylee Schoonens	11	11	1^	-	1^	-	2	2

* Indicates the number of meetings held during the period of each Director's tenure.
^ Directors may attend Committee meetings as an observer where they are not members.



Principal Activities

The Western Australian Land Authority, trading as LandCorp, is a Government trading enterprise established under the provisions of the *Western Australian Land Authority Act 1992.*

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

The functions of LandCorp are:

(a) To be an agency which provides, or promotes, the provision of land for the social and economic needs of the State

(b) To be an agency through which the Crown and public authorities may dispose of land

(c) To be an agency through which local governments and regional local governments may dispose of land in accordance with the *Local Government Act 1995*

(d) To complete the development of the Joondalup Centre, in accordance with the plan referred to in Section 18 on the land described in Schedule 2

(e) To identify other potential centres of population, including those in need of urban renewal, and use its powers to bring about the provision or improvement of land, infrastructure, facilities or services for the same

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

Financial Highlights

In line with our commercial principles specified in Section 19 of the *Western Australian Land Authority Act 1992,* development work was undertaken against the following Framework:

- Performing functions in a cost-efficient manner
- Endeavouring to surpass long-term financial targets specified in its Strategic Development Plan
- Ensuring no new project had an expected rate of return below a minimum hurdle rate specified in the Strategic Development Plan. LandCorp and Government have agreed to set the hurdle rate of return as LandCorp's Weighted Average Cost of Capital.

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

Operating Results	2016-17 ($M)	2015-16 ($M)	2014-15 ($M)	2013-14 ($M)	2012-13 ($M)
Profit Before Income Tax Equivalents	22.915	46.789	57.562	54.413	68.974
Income Tax Equivalents Expense	5.002	14.073	17.271	16.320	20.695
Net Profit	17.913	32.716	40.291	38.093	48.279

Returns to the State

As specified in section 32 of the *Western Australian Land Authority Act 1992,* LandCorp pays rates and taxes. The following table outlines payments to Government in the last five years in respect of rates, taxes and dividends.

The *Western Australian Land Authority Act 1992* specifies how the dividend is to be determined by the Board and Minister. The Board of Directors is required to make a dividend recommendation to the responsible Minister as soon as practicable after the end of each financial year. The Minister is required to consult with the Treasurer and either accept the recommendation or otherwise determine the dividend payable by LandCorp.

The Treasurer determines the date the dividend is to be paid by LandCorp.

Operating results	2016-17 ($M)	2015-16 ($M)	2014-15 ($M)	2013-14 ($M)	2012-13 ($M)
Dividends Paid	43.219	31.653	32.442	31.946	94.070
Land Tax	47.357	54.257	49.863	46.682	41.461
Income Tax Expense	5.002	14.073	17.272	16.320	20.695
Local Government Rate Equivalents	8.147	7.412	6.805	7.967	5.869
Stamp Duty	0.785	5.891	4.088	2.915	3.885
Total Returns to Government	**104.510**	**113.286**	**110.469**	**105.830**	**165.980**

Events subsequent to balance date

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

Likely developments and future results

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

LandCorp's expected future trading results, as set out in its 2017-18 Statement of Corporate Intent is outlined in the following table:

	($M)
Sales Revenue (GST exclusive)	**245.7**
Sundry Revenue	85.3
Cost of Land Sold	(156.0)
Estate Costs	(49.9)
Operating Costs	(88.6)
Profit before Interest and Tax	**36.5**
Net Interest Expense	(5.5)
Income Tax Expense	(9.3)
Profit after Income Tax	**21.7**

Payments to Government (through the Consolidated Fund) are expected to total around $104.5 million from 2016-17 operations. This includes tax equivalents, stamp duty on land acquisitions and expected dividends.

Remuneration report

Remuneration arrangements for key personnel refers to non-executive directors of the Board and Executives responsible for planning, directing and controlling operations.

Policy for determining the nature and amount of emoluments for key personnel is designed to attract, retain and engage appropriately qualified and experienced directors and executives. A Board committee, the Governance and Remuneration Committee, assists the Board by ensuring that appropriate and effective policies, plans and practices are in place in relation to remuneration arrangements and meets regularly to consider relevant matters.

Emoluments

Directors' emoluments

The remuneration of directors is determined following independent advice from remuneration consultants and the Public Sector Commission and is approved by the Minister.

Remuneration is in the form of salary and superannuation contributions. Other than these, no other post-employment benefits are paid to directors.

In accordance with Section 13(c) of Schedule 3A of the *Western Australian Land Authority Act 1992,* the following table shows the nature and amount of each element for each director.

Directors' remuneration covers fees for attendance at Board and committee meetings. Directors are not remunerated separately for Board and committee attendance. Superannuation, at the required amount (9.5%), is paid on fees as is required under the *Superannuation Guarantee Administration Act 1992.*

Director	Fees $
Monty House	110,157
George McCullagh	72,518
Peter Cooke	53,129
Peter Gibbons	53,129
Sue Middleton	53,129
Simon Read	53,129
Kylee Schoonens*	44,138

*Part year only – appointed 1 September 2016

Directors' Benefits

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

Executive Emoluments

The Chief Executive and Executives are paid a salary and receive superannuation contributions in line with Government entitlements. Where eligible, the private use component of a vehicle is provided. Decisions are made within the context of organisational and individual performance as well as what is consistent with equivalent bodies, industry benchmarks, existing Government policy and the industrial relations system.

A total fixed remuneration (TFR) approach is applied with flexible remuneration packaging arrangements, in line with industry best practice. This means that, although the components of the TFR or package may vary between remuneration reviews, the total amount remains constant.

Superannuation paid is according to legislation and availability of other benefits (e.g. vehicles) is subject to organisational policy and eligibility requirements.

The remuneration of all staff is reviewed annually. The Board is responsible for the remuneration of the Chief Executive which is also reviewed annually (in line with Minister-approved contract of employment). The Chief Executive, in line with the policy set by the Governance and Remuneration Committee and the Board, sets executive remuneration based on annual salary survey data and advice from independent remuneration consultants as well as a range of other factors including performance and the public sector context.

Employees in management roles, including executives, are employed on individual, market-based contracts.

No short or long-term incentives, loans, grant options, rights or shares to key management personnel are provided.

The performance of the Chief Executive and the Executives is monitored against agreed criteria.

In accordance with Section 13(c) of Schedule 3A of the *Western Australian Land Authority Act 1992,* the details of emoluments provided to the five named officers receiving the highest emoluments are provided for the financial year by element of remuneration:

Salary element

Executives	Salary Paid $
Frank Marra	501,849
Dean Mudford	374,169
Kerry Fijac	329,184
Fiona Barclay	326,547
John Hackett	323,786

Superannuation element

Executives are paid superannuation in accordance with the *Superannuation Guarantee Administration Act 1992.* Currently the prescribed level is 9.5% of salary. Two Executives (Frank Marra and Kerry Fijac) are members of the Gold State Fund and receive 12% of their salary in contributions.
Gold State Super was a defined benefit super scheme open to WA public sector employees until 1995. It is now closed to new members.

Other benefits (motor vehicle) element

Other benefits cover the private use component of a vehicle, for those eligible. The value of the car to the remuneration package is based on private use component of the lease and operating costs plus Fringe Benefits Tax (FBT). All LandCorp vehicles attract a contribution from the employee to reduce FBT.

Executives	Vehicle benefit $
Frank Marra	9,966
Dean Mudford	8,539
Kerry Fijac	7,537
Fiona Barclay*	4,936
John Hackett	7,072

*Part year only

Indemnification and insurance of directors and officers

During the reporting period, directors' and officers' liability insurance was maintained to ensure directors and officers are adequately covered. The policy indemnifies directors and officers from loss which he/she becomes legally obligated to pay on account of any claim first made against him/her during the policy period for an insured act committed before or during the policy period.

The Authority has entered into deeds of indemnity with each director and officer to indemnify the director and officer in relation to certain liabilities incurred whilst a director or officer of the Authority.

At the date of this report no claims have been made against the directors' and officers' insurance policy.

Rounding of amounts

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

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

Monty House
Chairman

Simon Read
Director

28 August 2017

Financial statements

07

Directors' declaration

for the year ended 30 June 2017

The Directors declare that:

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

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

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

On behalf of the Directors

Monty House
Chairman

Simon Read
Director

28 August 2017

Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Parliament of Western Australia

WESTERN AUSTRALIAN LAND AUTHORITY

Opinion

I have audited the financial report of Western Australian Land Authority (the Authority), which comprises the Statement of Financial Position as at 30 June 2017, the Statement of Profit and Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

(a) giving a true and fair view of the Authority's financial position as at 30 June 2017 and of its performance for the year then ended; and

(b) complying with Australian Accounting Standards and the Authority's Regulations 2001.

Basis for Opinion

I conducted my audit in accordance with the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. I am independent of the Western Australian Land Authority in accordance with the Auditor General Act 2006 and the relevant ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report. I have also fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibility of the Directors for the Financial Report

The directors of the Authority are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and schedule 3A of the Western Australian Land Authority Act 1992. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Western Australian Government has made policy or funding decisions affecting the continued existence of the Authority.

Auditor's Responsibility for the Audit of the Financial Report

The objectives of my audit are to obtain reasonable assurance about whether the financial report as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

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As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Matters Relating to the Electronic Publication of the Audited Financial Report
This auditor's report relates to the financial report of Western Australian Land Authority for the year ended 30 June 2017 included on the Authority's website. The Authority's management is responsible for the integrity of the Authority's website. This audit does not provide assurance on the integrity of the Authority's website. The auditor's report refers only to the financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial report. If users of the financial report are concerned with the inherent risks arising from publication on website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.

COLIN MURPHY
AUDITOR GENERAL
FOR WESTERN AUSTRALIA
Perth, Western Australia
31 August 2017

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Statement of profit or loss and other comprehensive income

for the year ended 30 June 2017

	Note	2017 $'000	2016 $'000
Continuing Operations			
Operating revenue	2(a)	290,152	451,473
Operating expenses	2(b)	(196,633)	(314,646)
Gross Profit		93,519	136,827
Other revenue	2(a)	33,912	28,365
Estate holding expenses		(45,166)	(53,889)
Employee benefit expenses		(25,787)	(27,805)
Consultant expenses		(3,305)	(3,532)
Advertising, public relations and sponsorship		(4,806)	(8,304)
Other expenses	2(b)	(19,903)	(20,713)
Results from operating activities		28,464	50,949
Finance income	2(a)	946	1,195
Finance costs		(6,495)	(5,355)
Net finance costs		(5,549)	(4,160)
Profit before income tax		22,915	46,789
Income tax expense	3	(5,002)	(14,073)
Profit for the year		17,913	32,716
Total comprehensive income for the year		17,913	32,716

The Statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Statement of financial position

as at 30 June 2017

	Note	2017 $'000	2016 $'000
CURRENT ASSETS			
Cash and cash equivalents	16(a),19	25,545	21,707
Receivables	4,19	23,541	46,443
Inventories	5	410,055	401,231
Other assets	9	22,130	7,459
Total current assets		481,271	476,840
NON-CURRENT ASSETS			
Receivables	4,19	27,926	17,371
Inventories	5	369,383	378,915
Property, plant and equipment	6	289,718	306,589
Intangibles	7	6	714
Deferred tax assets	8	27,992	24,165
Other assets	9	19,006	30,488
Total non-current assets		734,031	758,242
TOTAL ASSETS		1,215,302	1,235,082
CURRENT LIABILITIES			
Payables	10,19	32,442	61,585
Loans and borrowings	14	35,250	28,750
Current tax liabilities	11	2,897	5,872
Provisions	12	6,673	4,929
Other liabilities	13	6,450	16,613
Total current liabilities		83,712	117,749
NON-CURRENT LIABILITIES			
Provisions	12	2,642	1,894
Loans and Borrowings	14	149,750	121,250
Other liabilities	13	42,880	32,565
Total non-current liabilities		195,272	155,709
TOTAL LIABILITIES		278,984	273,458
NET ASSETS		936,318	961,624
EQUITY			
Contributed equity	15	408,823	408,823
Retained earnings		527,495	552,801
TOTAL EQUITY		936,318	961,624

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

Statement of changes in equity

for the year ended 30 June 2017

	$'000	$'000	$'000
	Contributed Equity	Retained Earnings	Total
Balance at 1 July 2015	395,542	551,738	947,280
Total comprehensive income for the year			
Profit for the year	-	32,716	32,716
Other comprehensive income	-	-	-
Defined benefit plan actuarial gains (losses) net of tax	-	-	-
Total other comprehensive income	-	-	-
Total comprehensive income for the year	-	32,716	32,716
Transactions with owners recorded directly in equity			
Dividends (note 24)	-	(31,653)	(31,653)
Contributions of equity (note 15)	13,281	-	13,281
Balance at 30 June 2016	408,823	552,801	961,624
Balance at 1 July 2016	408,823	552,801	961,624
Total comprehensive income for the year			
Profit for the year	-	17,913	17,913
Other comprehensive income	-	-	-
Defined benefit plan actuarial gains (losses) net of tax	-	-	-
Total other comprehensive income	-	-	-
Total comprehensive income for the year	-	17,913	17,913
Transactions with owners recorded directly in equity			
Dividends (note 24)	-	(43,219)	(43,219)
Contributions of equity (note 15)	-	-	-
Balance at 30 June 2017	408,823	527,495	936,318

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

Statement of cash flows

for the year ended 30 June 2017

	Note	2017 $'000	2016 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		246,006	383,859
Operating subsidies received		75,729	117,324
Payments to suppliers and employees		(311,341)	(475,556)
Interest received		946	1,195
Income tax paid		(12,013)	(16,105)
Net cash (used by)/from operating activities	16(b)	(673)	10,717
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for investments		-	(229,500)
Proceeds on sale of investments		-	258,527
Payments for property, plant and equipment		(947)	(24,120)
Proceeds from sale of property, plant and equipment		20,000	-
Net cash from investing activities		19,053	4,907
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from equity contribution		-	14,601
Proceeds from borrowings		76,250	187,963
Repayment of borrowings		(41,250)	(163,485)
Payment of dividends		(43,219)	(31,653)
Finance interest paid		(6,323)	(5,355)
Net cash (used in)/from financing activities		(14,542)	2,071
Net increase in cash and cash equivalents		3,838	17,695
Cash and cash equivalents at 1 July		21,707	4,012
Cash and cash equivalents at 30 June	16(a)	25,545	21,707

The Statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the financial statements

for the year ended 30 June 2017

Western Australian Land Authority (LandCorp) is the Western Australian Government's land and property development agency with its office and principal place of business as follows:

Level 6
40 The Esplanade
PERTH, WA 6000

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

Note 1 Summary of significant accounting policies

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

The financial statements were authorised for issue by the Directors on 28 August 2017.

a) Basis of preparation

The financial statements constitute a general purpose financial report which has been prepared in accordance with the Western Australian Land Authority Act 1992, Australian Accounting Standards (AASBs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) except for AASB 8 Operating Segments, and AASB 120 Accounting for Government Grants and Disclosure of Government Assistance.

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

In estimating the fair value of an asset or a liability, LandCorp takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of AASB 117, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in AASB 2 or value in use in AASB 136.

All assets and Liabilities for which fair value is measured or disclosed in the financial statements are categorised within their fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

b) Functional and presentation currency

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

All values are rounded to the nearest thousand dollars ($'000).

c) Use of estimates and judgements

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

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

- Note 4 Receivables, with reference to Note 19 Financial Instruments
- Note 5 Inventories
- Note 8 Deferred tax assets and liabilities
- Note 12 Provisions, with reference to Note 17 Employee Benefits
- Note 18 Commitments, with reference to Note 25 Leasing arrangements
- Note 21 Related Party Disclosures

Note 1 Summary of significant accounting policies (continued)

d) Application of new and revised Accounting Standards

i) Standards and Interpretations affecting amounts reported in the current period (and/or prior periods)

In the current year, LandCorp has adopted all new and revised accounting standards issued by the Australian Accounting Standards Board (AASB) that are mandatorily effective for an accounting period that begins on or after 1 July 2016 and therefore relevant for the current year end.

These Standards and Interpretations did not have a material impact on the financial statements or performance of LandCorp.

AASB 1057	*Application of Australian Accounting Standards* This Standard lists the application paragraphs for each other Standard (and Interpretation), grouped where they are the same. There is no financial impact.
AASB 2014-3	*Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations [AASB 1 & 11]* LandCorp has no Joint operations and therefore, there is no financial impact on application of this Standard.
AASB 2014-4	*Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation [AASB 116 & 138]* The adoption of this Standard has no financial impact for the LandCorp as depreciation and amortisation is not determined by reference to revenue generation, but by reference to consumption of future economic benefits.
AASB 2014-9	*Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements [AASB 1, 127 & 128]* This Standard amends AASB 127, and consequentially amends AASB 1 and AASB 128, to allow entities to use the equity method of accounting for investments in subsidiaries, joint ventures and associates in their separate financial statements. As LandCorp has no joint ventures and associates, the application of the Standard has no financial impact.
AASB 2015-1	*Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012 2014 Cycle [AASB 1, 2, 3, 5, 7, 11, 110, 119, 121, 133, 134, 137 & 140]* These amendments arise from the issuance of International Financial Reporting Standard Annual Improvements to IFRSs 2012 2014 Cycle in September 2014, and editorial corrections. LandCorp has determined that the application of this Standard has no financial impact.
AASB 2015-2	*Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, 101, 134 & 1049]* This Standard amends AASB 101 to provide clarification regarding the disclosure requirements in AASB 101. Specifically, this Standard proposes narrow-focus amendments to address some of the concerns expressed about existing presentation and disclosure requirements and to ensure entities are able to use judgement when applying a Standard in determining what information to disclose in their financial statements. There is no financial impact.
AASB 2015-6	*Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, 124 & 1049]* The amendments extend the scope of AASB 124 to include application by not-for-profit public sector entities. Implementation guidance is included to assist application of this Standard by not-for-profit public sector entities. There is no financial impact.
AASB 2015-10	*Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 & 128* This Standard defers the mandatory effective date (application date) of amendments to AASB 10 & AASB 128 that were originally made in AASB 2014 10 so that the amendments are required to be applied for annual reporting periods beginning on or after 1 January 2018 instead of 1 January 2016. There is no financial impact.
AASB 2015-7	*Amendments to Australian Accounting Standards – Fair Value Disclosures of Not for Profit Public Sector Entities [AASB 13]* This Standard relieves not-for-profit public sector entities from the reporting burden associated with various disclosures required by AASB 13 for assets within the scope of AASB 116 that are held primarily for their current service potential rather than to generate future net cash inflows. It has no financial impact.

Note 1 Summary of significant accounting policies (continued)

ii) Standards and Interpretations in issue not yet adopted

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective:

		Operative for reporting periods beginning on/after
AASB 2014-10	*Financial Instruments* This Standard supersedes AASB 139 Financial Instruments: Recognition and Measurement, introducing a number of changes to accounting treatments. The mandatory application date of this Standard is currently 1 January 2018 after being amended by AASB 2012 6, AASB 2013-9, and AASB 2014 1 Amendments to Australian Accounting Standards. LandCorp is currently assessing the application or the potential impact of the Standard.	1 Jan 2018
AASB 15	*Revenue from Contracts with Customers* This Standard establishes the principles that LandCorp shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. LandCorp's income is principally derived from Sales to Customers, and from appropriations from the State Government. Appropriations will be measured under AASB 1058 Income of Not for Profit Entities and will be unaffected by this change. However, a preliminary assessment of AASB 15 on sales revenue has indicated a majority of sales revenue occurs at a point in time, which does not deviate from current revenue recognition. The full impact of AASB 15 on LandCorp's financial statement is still being assessed, and it is not practical to provide a reasonable financial estimate of the effect until there has been a complete review.	1 Jan 2019
AASB 16	*Leases* This Standard introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Whilst the impact of AASB 16 has not yet been quantified, the entity currently has operating lease commitments for $18,911,504. The worth of non cancellable operating leases which LandCorp anticipates most of this amount will be brought onto the Statement of Financial Position, excepting amounts pertinent to short term or low value leases. Interest and amortisation expense will increase and rental expense will decrease.	1 Jan 2019
AASB 1058	*Income of Not-for-Profit Entities* This Standard clarifies and simplifies the income recognition requirements that apply to NFP entities, more closely reflecting the economic reality of NFP entity transactions that are not contracts with customers. Timing of income recognition is dependent on whether such a transaction gives rise to a liability, or a performance obligation (a promise to transfer a good or service), or an obligation to acquire an asset. LandCorp has not yet determined the application or the potential impact of the Standard.	1 Jan 2019

Note 1 Summary of significant accounting policies (continued)

AASB 2010-7	*Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Int 2, 5, 10, 12, 19 & 127]* This Standard makes consequential amendments to other Australian Accounting Standards and Interpretations as a result of issuing AASB 9 in December 2010. The mandatory application date of this Standard has been amended by AASB 2012 6 and AASB 2014 1 to 1 January 2018. LandCorp has not yet determined the application or the potential impact of the Standard.	1 Jan 2018
AASB 2014-1	*Amendments to Australian Accounting Standards* Part E of this Standard makes amendments to AASB 9 and consequential amendments to other Standards. It has not yet been assessed by LandCorp to determine the application or the potential impact of the Standard.	1 Jan 2018
AASB 2014-5	*Amendments to Australian Accounting Standards arising from AASB 15* This Standard gives effect to the consequential amendments to Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 15. LandCorp has not yet determined the application or the potential impact of the Standard.	1 Jan 2019
AASB 2014-7	*Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)* This Standard gives effect to the consequential amendments to Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 9 (December 2014). LandCorp has not yet determined the application or the potential impact of the Standard.	1 Jan 2018
AASB 2015-10	*Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [AASB 10 & 128]* This Standard amends AASB 10 and AASB 128 to address an inconsistency between the requirements in AASB 10 and those in AASB 128 (August 2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The mandatory effective date (application date) for the Standard has been deferred to 1 January 2018 by AASB 2015 10. LandCorp has determined that the Standard has no financial impact.	1 Jan 2018
AASB 2015-8	*Amendments to Australian Accounting Standards – Effective Date of AASB 15* This Standard amends the mandatory effective date (application date) of AASB 15 Revenue from Contracts with Customers so that AASB 15 is required to be applied for annual reporting periods beginning on or after 1 January 2018 instead of 1 January 2017. For Not For Profit entities, the mandatory effective date has subsequently been amended to 1 January 2019 by AASB 2016 7. LandCorp has not finalised its assessment of the potential impact of AASB 15.	1 Jan 2019

Note 1 Summary of significant accounting policies (continued)

AASB 2016-2	*Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107* This Standard amends AASB 107 Statement of Cash Flows (August 2015) to require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. There is no financial impact.	1 Jan 2017
AASB 2016-3	*Amendments to Australian Accounting Standards – Clarifications to AASB 15* This Standard clarifies identifying performance obligations, principal versus agent considerations, timing of recognising revenue from granting a licence, and provides further transitional provisions to AASB 15. LandCorp has not finalised its assessment of the potential impact of AASB 15.	1 Jan 2018
AASB 2016-4	*Amendments to Australian Accounting Standards – Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities* This Standard clarifies that the recoverable amount of primarily non-cash-generating assets of not-for-profit entities, which are typically specialised in nature and held for continuing use of their service capacity, is expected to be materially the same as fair value determined under AASB 13 Fair Value Measurement. LandCorp has not yet determined the application or the potential impact.	1 Jan 2017
AASB 2016-7	*Amendments to Australian Accounting Standards Deferral of AASB 15 for Not for Profit Entities* This Standard amends the mandatory effective date (application date) of AASB 15 and defers the consequential amendments that were originally set out in AASB 2014 5 Amendments to Australian Accounting Standards arising from AASB 15 for not for profit entities to annual reporting periods beginning on or after 1 January 2019, instead of 1 January 2018. There is no financial impact.	1 Jan 2017
AASB 2016-8	*Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities;* This standard amends AASB 9 and AASB 15 to include paragraphs that clarify treatment of particular transactions and events for NFP Entities, under AASB 9 and AASB 15. In respect of AASB15 it clarifies when AASB 15 should be used and when to use AASB 1058, Income of Not for Profit Entities. In AASB 9, non-contractual receivables arising from statutory requirements, should be measured as if they were financial instruments. LandCorp is currently assessing the potential impact of this standard.	1 Jan 2019

e) Payables

Payables, including accruals not yet billed, are recognised when LandCorp becomes obliged to make future payments as a result of a purchase of assets or services. Payables are generally settled within 30 days. Payables are measured initially at fair value and subsequently at amortised cost using the effective interest method.

f) Property, plant and equipment

(i) Recognition and measurement

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

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

(ii) Subsequent costs

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

(iii) Depreciation

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

The following estimated useful lives are used in the calculation of depreciation for each class of depreciable asset unless another method provides a better estimate of useful life:

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

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

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

Capital Works in Progress includes expenditure on assets which are under construction but not substantially complete at reporting date.

g) Intangible assets

Computer software has a limited useful life and is carried at cost less accumulated amortisation and impairment. Amortisation is charged on a straight line basis over an estimated useful life of four years, which is reviewed annually, with the effect of any changes in estimate being accounted for on a prospective basis.

h) Employee benefits

(i) Wages, salaries, annual leave

Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled within 12 months of the reporting date are recognised in the provision for employee benefits in respect of employees' services up to the reporting date. They are calculated at undiscounted amounts based on the wage and salary rates that LandCorp expects to pay as at reporting date including related on-costs such as workers compensation insurance and payroll tax.
Non-accumulating non-monetary benefits such as medical care and cars are expensed based on the net marginal cost to LandCorp as the benefits are taken by employees.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by the employees up to the reporting date plus related on-costs. Consideration is given to expected future wage and salary levels, and periods of service.

h) Employee benefits (cont'd)

Unconditional long service leave provisions and pre-conditional leave entitled within 12 months are classified as current liabilities as LandCorp does not have an unconditional right to defer the settlement of the liability for at least 12 months after the end of the reporting period. The provision for conditional long service leave entitled later than 12 months is classified as a non-current liability, as LandCorp has an unconditional right to defer the settlement of the liability until the employee has completed the requisite years of service

An actuarial assessment of long service leave undertaken by Actuaries at 30 June 2016 determined that the liability measured using the short-hand measurement technique, mentioned above, was not materially different from the liability determined using the actuarial cost method.

An actuarial assessment will be conducted at regular intervals to ensure the short hand method is still appropriate.

(iii) Superannuation

- Defined contribution superannuation funds:

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

- Defined benefit superannuation funds:

LandCorp does not have any defined benefit pension scheme. Certain employees of LandCorp are members of a defined benefit pension fund being the Gold State pension scheme which is a state plan funded by contributions from employers and LandCorp does not have any legal liability to cover any deficit arising from this scheme.

The pre-transfer service benefits (which is unfunded) of these employees who transferred to the Gold State pension scheme has been a liability of LandCorp in previous years and was determined by actuarial valuations carried out at each reporting date. Actuarial gains and losses are recognised in full in the Statement of Profit or Loss and Other Comprehensive Income in the period which they occur. During the prior year the provision was reversed on payment of the Gold State pension scheme.

i) Contributed equity

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

j) Foreign currency

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

k) Goods and services tax

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

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

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

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

l) Income tax

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

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

(i) Current tax

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

l) Income tax (cont'd)

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

(ii) Deferred tax

Deferred tax is accounted for using the balance sheet liability method. Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled.

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

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

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

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

m) Inventory – land held for sale

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

n) Lease arrangements

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

Leases in terms of which LandCorp (as a lessee) assumes substantially all of the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Leases other than finance leases are operating leases and where LandCorp is the lessee in an operating lease arrangement, leased assets are not recognised on the Statement of Financial Position.

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

o) Lease payments

LandCorp is a lessee in a number of operating leases. Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

p) Provisions

Provisions are recognised when LandCorp has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The increase in the provision due to the passage of time is recognised as a finance cost.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

(i) Onerous Contracts

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

q) Financial Assets

Financial assets are classified into the following specified categories: financial assets at fair value through profit or loss, held-to-maturity investments, available-for-sale financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

(i) Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at fair value through profit or loss.

(ii) Held-to-maturity investments

Commercial bills and term deposits with fixed or determinable payments and fixed maturity dates that LandCorp has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment.

(iii) Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

(iv) Derecognition of financial assets

LandCorp derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

If LandCorp neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, LandCorp recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If LandCorp retains substantially all the risks and rewards of ownership of a transferred financial asset, LandCorp continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received. On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

r) Receivables

Trade receivables and other receivables are recognised at cost, less any impairment losses.

s) Impairment of assets

(i) Non-financial assets

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

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

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that a loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised in prior periods.

(ii) Financial assets

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

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

t) Revenue recognition

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

- LandCorp has transferred to the buyer the significant risks and rewards of ownership of the land. The transfer of effective control either occurs with the transfer of title (registration of a transfer document); or through the execution of an early access licence, in conjunction with an unconditional contract of sale;
- LandCorp retains neither the continuing managerial involvement to the degree usually associated with ownership nor effective control over the land;
- the amount of revenue can be reliably measured;
- it is probable that the economic benefits associated with the transaction will flow to LandCorp and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

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

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

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

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

Services received free of charge are recognised as revenue when and only when a fair value can be reliably determined and the services would have been purchased if they had not been donated. Consequently, use of those resources is recognised as an expense.

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

u) Operating subsidy project funding

Landcorp receives operating subsidy funding for certain projects from the Department of Treasury and other Government agencies as a contribution towards either holding costs, land acquisitions or land development and associated costs. This funding is required to ensure LandCorp achieves its hurdle rate of return on these projects and is recognised as revenue in the Statement of Profit or Loss and Other Comprehensive Income when received by Landcorp. At 30 June 2017 LandCorp had $31,516,515 (2016 $30,806,271) in unspent grant funding that had been received and not yet spent. Unspent grant funding can only be used for Royalty for Regions projects or projects that receive operating subsidy funding.

v) Cash and cash equivalents

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

w) Investments

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

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

x) Rounding

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

y) Comparative amounts

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

- the nature of the classification;
- the amount of each item or class of items that is reclassified; and
- the reason for the reclassification.

z) Change in accounting policy

LandCorp made no changes to its accounting policies during the year.

Notes to the financial statements

for the year ended 30 June 2017

	2017 $'000	2016 $'000
Note 2 Profit before income tax		
Profit before income tax includes the following items of revenue and expense		
a) Revenue		
Operating revenue		
Land sales	164,686	284,556
Grants to fund operating subsidy projects	46,882	92,877
Property rent revenue	36,839	38,872
Property expenses recovery	8,160	4,256
Grants to fund operating subsidy projects - holding costs	28,847	25,767
Royalties	1,685	1,461
Project management revenue	3,053	3,684
Total operating revenue	290,152	451,473
Other revenue		
Participation fees	1,473	-
Other	32,439	28,365
Total other revenue	33,912	28,365
Non-operating revenue		
Interest revenue	946	1,195
Total non-operating revenue	946	1,195
Total other revenue	34,858	29,560
b) Expenses from ordinary activities		
Operating costs		
Cost of sales	(113,418)	(183,571)
Operating subsidy project expenditure	(45,075)	(90,898)
Property management expenses	(38,140)	(40,177)
Total operating costs	(196,633)	(314,646)
Other expenses from operating activities		
Administration expenses	(4,402)	(4,291)
Accommodation expenses	(2,788)	(2,743)
Land study expenses	(1,365)	(814)
Loss on sale of property, plant and equipment	(2)	(3)
Depreciation and amortisation	(11,338)	(12,869)
Other expenses	(8)	7
Total other expenses from operating activities	(19,903)	(20,713)

	2017 $'000	2016 $'000
Note 3 Income tax expense		
Current tax expense		
Current year	8,430	10,956
	8,430	10,956
Deferred tax expense		
Origination and reversal of temporary differences	(1,537)	3,117
Under provision in respect to prior years	(1,891)	-
	(3,428)	(3,117)
Total income tax expense	**5,002**	**14,073**
Numerical reconciliation between tax expense and pre-tax accounting profit		
Total comprehensive income for the year	17,913	32,716
Total income tax expense	5,002	14,073
Profit excluding income tax	**22,915**	**46,789**
Income tax using LandCorp's domestic rate of 30% (2016: 30%)	6,875	14,037
Non-deductible expenses	18	23
Under provision in respect of prior years	(1,891)	13
Tax incentives	-	-
Total income tax expense	**5,002**	**14,073**

	2017 $'000	2016 $'000
Note 4 Receivables		
Current		
Trade receivables	21,078	42,964
Less allowance for doubtful debts	-	-
	21,078	42,964
GST receivable	2,463	3,479
Total current receivables	23,541	46,443
Non-current		
Trade receivables	27,926	17,371
Total receivables	51,467	63,814

Refer to Note 19 for discussion of financial risks associated with receivables.

Note 5 Inventories		
Current - land under development and developed land		
at cost	374,285	371,896
at net realisable value	35,770	29,335
Total current inventories	410,055	401,231
Non-current - undeveloped land and developed land		
at cost	351,776	364,644
at net realisable value	17,607	14,271
Total non-current inventories	369,383	378,915
Total inventories	779,438	780,146
Land held for sale comprises		
Cost of acquisition	383,570	383,104
Development costs	395,868	397,042
Total inventories	779,438	780,146

The most recent valuations for undeveloped land held for sale were valuations as at 1 January 2017. For land in the Perth metropolitan area, the Bunbury region and most regional undeveloped land holdings, valuations were provided by the Western Australian Land Information Authority (Valuation Services). For all other undeveloped land, the valuations were provided by Opteon Property Group. The valuations of developed land held for sale have been determined taking into account advice from independent valuers and real estate agents in accordance with LandCorp's list price and valuation policies and under relevant delegated authorities. List prices are generally reviewed at least twice a year (depending on the type of land) except during static market conditions whereby prices may be reviewed less frequently under the instruction of a relevant delegated authority.

Market value of developed land and undeveloped land held at 30 June 2017 amounted to $1,598,931,037 (2016: $1,851,552,000).

At 30 June 2017 the write-down of inventories to net realisable value amounted to $6,399,674 (2016: $8,520,885). There were no reversal of write-downs. The write-downs are included in cost of sales.

Note 6 Property, plant and equipment
Non-Current

	Freehold land $'000	Buildings $'000	Infra-structure $'000	Equipment $'000	Total $'000
Cost or deemed cost					
Balance at 30 June 2015	84,798	27,612	27,191	217,683	357,284
Additions	6,248	23,604	-	70	29,922
Cost revisions	-	-	-	97	97
Reclassification	-	-	-	-	-
Disposals	(495)	-	-	(907)	(1,402)
Balance at 30 June 2016	90,551	51,216	27,191	216,943	385,901
Additions	541	-	-	953	1,494
Cost revisions	-	948	-	-	948
Reclassification	-	2,537	-	(2,537)	-
Disposals	-	(9,407)	-	(173)	(9,580)
Balance at 30 June 2017	91,092	45,294	27,191	215,186	378,763
Accumulated depreciation					
Balance at 30 June 2015		(11,573)	(11,104)	(48,212)	(70,889)
Disposals		-	-	903	903
Reclassification		-	-	-	-
Depreciation expense		(1,086)	(1,188)	(7,052)	(9,326)
Balance at 30 June 2016		(12,659)	(12,292)	(54,361)	(79,312)
Disposals		730	-	165	895
Reclassification		-	-	-	-
Depreciation expense		(2,063)	(1,581)	(6,984)	(10,628)
Balance at 30 June 2017		(13,992)	(13,873)	(61,180)	(89,045)
Carrying amounts					
at 30 June 2016	90,551	38,557	14,899	162,582	306,589
at 30 June 2017	91,092	31,302	13,318	154,006	289,718

LandCorp obtained valuations from Valuation Services to support the carrying value of freehold land included in property, plant and equipment based on their estimated market value at 1 January 2017. Market value of freehold land at 30 June 2017 was $545,768,000 (2016: $464,052,000).

Note 7 Intangible assets

Non-current

	Computer software $'000
Cost	
Balance at 30 June 2015	**13,979**
Additions	350
Cost revisions	-
Asset improvements	-
Balance at 30 June 2016	**14,329**
Additions	-
Cost revisions	-
Disposals	(83)
Balance at 30 June 2017	**14,246**
Accumulated amortisation	
Balance at 30 June 2015	**(10,072)**
Disposals	-
Amortisation expense	(3,543)
Balance at 30 June 2016	**(13,615)**
Disposals	83
Amortisation expense	(708)
Balance at 30 June 2017	**(14,240)**
Carrying amounts	
at 30 June 2016	714
at 30 June 2017	6

	2017 $'000	2016 $'000

Note 8 Deferred tax assets and liabilities

Non-current		
Deferred tax asset	27,992	24,165
Unrecognised deferred tax assets		
Deferred tax assets have not been recognised in respect of the following items:		
Deductible temporary differences	10,823	10,823
	10,823	10,823

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

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

2017 Temporary differences	Opening balance $'000	Recog-nised in profit or loss $'000	Under (over) provision in prior year $'000	Recognised directly in equity $'000	Closing balance $'000
Inventories	18,602	-	(418)	-	18,184
Property, plant and equipment	3,906	(1,058)	(116)	-	2,732
Accrued expenses	42	751	-	-	793
Provision for superannuation	-	25	-	-	25
Provision for annual leave	673	22	-	-	695
Provision for long service leave	1,374	(25)	-	-	1,349
Provision for doubtful debts	(1)	-	-	-	(1)
Provision for Fringe Benefit Tax	4	(4)	-	-	-
Provision for future development obligation	6,312	-	6,437	-	12,749
Accrued interest income	(44)	2,184	(3,614)	-	(1,474)
Income received in advance	5,384	(114)	-	-	5,270
Recognition of long leases	(9,244)	(211)	-	-	(9,455)
Prepayments	-	-	76	-	76
Partner development costs	(2,843)	(33)	(75)	-	(2,951)
	24,165	1,537	2,290	-	27,992

Note 8 Deferred tax assets and liabilities (continued)

2016 Temporary differences	Opening balance $'000	Recognised in profit or loss $'000	Under (over) provision in prior year $'000	Recognised directly in equity $'000	Closing balance $'000
Inventories	19,529	(927)	-	-	18,602
Property, plant and equipment	5,397	(1,491)	-	-	3,906
Accrued expenses	41	1	-	-	42
Provision for superannuation	2	(2)		-	-
Provision for annual leave	740	(67)	-	-	673
Provision for long service leave	1,395	(21)	-	-	1,374
Provision for doubtful debts	30	(31)	-	-	(1)
Non-current receivable - long term debtors	-	-	-	-	-
Joint venture income recognition	-	-	-	-	-
Provision for Fringe Benefit Tax	4	-	-	-	4
Provision for future development obligation	4,713	-	1,599	-	6,312
Accrued interest income	-	(44)	-	-	(44)
Recognition of long leases	5,499	(115)	-	-	5,384
Income received in advance	(8,824)	(420)	-	-	(9,244)
Unsettled lots	-	-	-	-	-
Partner development costs	(2,843)	-	-	-	(2,843)
	25,683	(3,117)	1,599	-	24,165

Movement in unrecognised deferred tax assets and liabilities during the year

	Balance 1 July 15 $'000	Recognised $'000	Balance 1 July 16 $'000	Recognised $'000	Balance 30 June 17 $'000
Deductible temporary differences	10,823	-	10,823	-	10,823

	2017 $'000	2016 $'000
Note 9 Other assets		
Current		
Deposit bonds	694	457
Deposits for land acquisitions	8,799	-
Prepayments	12,637	7,002
Total current other assets	**22,130**	**7,459**
Non-current		
Deposits for land acquisitions	19,006	30,488
Note 10 Payables		
Current		
Trade payables	6,478	8,193
Accrued expenses	23,025	44,563
GST payable	2,939	8,829
Total current payables	**32,442**	**61,585**
Note 11 Tax liabilities		
Current		
Income tax payable	2,897	5,872
Note 12 Provisions		
Current		
Employee benefits (note 17(a))	4,173	4,929
Provision for Remediation	1,000	-
Other Provisions	1,500	-
Total current provisions	**6,673**	**4,929**
Non-current		
Employee benefits (note 17(a))	2,642	1,894
Total non-current provisions	**2,642**	**1,894**
Note 13 Other liabilities		
Current		
Deposits (i)	719	9,126
Unearned revenue	5,731	7,487
Total current other liabilities	**6,450**	**16,613**
Non-current		
Unearned revenue	27,880	17,565
Other	15,000	15,000
Total non-current other liabilities	**42,880**	**32,565**

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

	2017 $'000	2016 $'000

Note 14 Borrowings

Current		
Debt Portolio Manager	35,250	28,750
Total current borrowings	35,250	28,750
Non-Current		
Debt Portolio Manager	149,750	121,250
Total non-current borrowings	149,750	121,250
Total Loans and Borrowings	185,000	150,000

During the prior year, LandCorp entered into a 5 year rolling Debt Portfolio Manager facility with the Western Australian Treasury Corporation. Under this facility, LandCorp has the ability to repay a maximum of 20% of the facility per year.

Financing facilities

Unsecured bank overdraft facility, reviewed annually and payable at call:		
Amount used	-	-
Amount unused	2,000	2,000
	2,000	2,000
Secured loan facilities with Western Australian Treasury Corporation (WATC)		
Amount used	185,000	150,000
Amount unused	115,000	150,000
	300,000	300,000

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

Borrowing limit at 30 June	195,461	166,200
"Intra-year" peak borrowings	370,504	285,900

Note 15 Equity

Contributed equity		
Capital contributed on formation	113,957	113,957
Capital contributed by State Government	294,866	281,585
Capital contributed by State Government during the year	-	13,281
Total contributed equity	408,823	408,823
Department of Treasury funding	-	-
Royalties for Regions funding	-	13,281
Total capital contributed by State Government during the year	-	13,281

	2017 $'000	2016 $'000

Note 16 Notes to the statement of cash flows

(a) Reconciliation of cash

For the purposes of the statement of cash flows, cash includes cash on hand and in banks, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

Cash and cash equivalents	25,545	21,707
(b) Reconciliation of cash flows from operating activities		
Profit for the year	17,913	32,716
Adjustments for:		
Accrued Income	(39,354)	(36,784)
Loss on sale of property, plant and equipment	-	3
Employee benefits expense	(168)	720
Depreciation and amortisation of non-current assets	11,338	12,869
Doubtful debts written off	-	103
Finance interest paid	6,495	5,355
Income tax expense	5,002	14,073
	1,226	29,055
Assets (increase)/ decrease		
Receivables	17,971	21,210
Inventories	(2,793)	33,089
Other assets	(3,189)	(31,474)
Liabilities increase/ (decrease)		
Payables	(6,368)	(33,244)
Provisions	2,659	(299)
Other liabilities	1,834	8,485
Cash generated from operating activities	11,340	26,822
Net income tax paid	(12,013)	(16,105)
Net cash from operating activities	(673)	10,717

	2017 $'000	2016 $'000

Note 17 Employee benefits

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

Current provision for employee benefits (note 12)	4,173	4,929
Non-current provision for employee benefits (note 12)	2,642	1,894
	6,815	6,823

(b) Defined benefit pension plan

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

Opening defined benefit obligation	-	6
Closing defined benefit obligation	-	-

Historical information *(Gold State pension scheme)*	2017 $'000	2016 $'000	2015 $'000	2014 $'000	2013 $'000
Present value of defined benefit obligation	-	-	6	6	6
Fair value of scheme assets	-	-	-	-	-
(Surplus)/deficit in scheme	-	-	6	6	6
Experience adjustments (gain)/loss - scheme liabilities	-	-	-	-	(39)

The experience adjustment for scheme liabilities represents the actuarial loss (gain) due to a change in the liabilities arising from the scheme's experience (e.g. membership movements, unit entitlements) and excludes the effect of the changes in assumptions (e.g. movements in the bond rate and changes in pensioner mortality assumptions).

Expected contributions *(Gold State pension scheme)*	2017 $'000	2016 $'000
Expected employer contributions	-	-

During the prior year the Gold state pension was paid to the previous employee. The balance of the Provision at 30 June 2017 was Nil.

	2017 $'000	2016 $'000

Note 18 Commitments

(a) Capital commitments expenditure		
Development of land	105,990	118,061
Operating subsidy (project funding received in advance)	31,517	30,806
	137,507	148,867

(b) Operating lease commitments

Operating lease commitments are disclosed in note 25(a)

Note 19 Financial instruments

(a) Financial risk management

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

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

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

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

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

(b) Credit risk

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

Exposure to credit risk

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

	Carrying amount	
	2017 $'000	2016 $'000
Loans and receivables	49,004	60,335
Cash and cash equivalents	25,545	21,707
	74,549	82,042

Note 19 Financial instruments (continued)

Investments

LandCorp limits its exposure to credit risk by only investing in liquid securities and only with counterparties that have a credit rating of AA- from Standard & Poor's. Given these high credit ratings, management does not expect any counterparty to fail to meet its obligations.

Trade and other receivables

LandCorp's exposure to credit risk is influenced mainly by the nature of each type of debtor and a risk management approach is taken. Approximately 28% (2016: 45%) comprises debt from other Government agencies to be paid over time and is considered to be low risk.

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

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

Given the one-off nature of land sales with LandCorp, less than 13% (2016: less than 10%) of LandCorp's customers have transacted with LandCorp previously, and losses have occurred infrequently. In monitoring debtor credit risk, debtors are grouped according to their credit characteristics; whether they are a Government or non-Government debtor. Debtors that are graded as higher risk are monitored for late payment and may be subject to legal action.

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

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

	Carrying amount	
	2017 $'000	2016 $'000
Australia	49,004	60,335

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

	Carrying amount	
	2017 $'000	2016 $'000
Government debtors	13,648	26,276
Non-Government debtors	35,356	34,059

Note 19 Financial instruments (continued)

Impairment losses

LandCorp's receivables past due amount to $2,024,801 (2016: $3,338,669). The aging of LandCorp's trade receivables at the reporting date was:

	Trade receivables		Gross Impairment	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Not past due	46,979	56,996	-	-
Past due 1-30 days	426	766	-	-
Past due 31-60 days	131	727	-	-
Past due 61-90 days	1,207	287	-	-
Past due 91-180 days	261	295	-	-
Past due more than 181 days	-	1,264	-	-
	49,004	60,335	-	-

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

	2017 $'000	2016 $'000
Balance at 1 July	-	103
Movement	-	(103)
Balance 30 June	-	-

LandCorp believes no impairment allowance is necessary in respect of trade receivables not past due or past due by up to 60 days. LandCorp does make an impairment allowance for all receivables greater than 181 days. Receivables greater than 60 days and less than 181 days are assessed on an individual basis. During the year an amount owing from Batavia Coast Marina Pty Ltd ($8,755) was written off. As Batavia Coast Marina Pty Ltd went into administration, the Board approved an immediate write off.

Note 19 Financial instruments (continued)

(c) Liquidity risk

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

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

- $2 million bank overdraft facility that is unsecured. Interest would be payable at the bank's published Corporate Overdraft Reference Rate less 100 basis points.
- $300 million (2016: $300 million) provided by Western Australian Treasury Corporation (WATC) that can be drawn down to meet short and long-term financing needs. The facility has a flexible maturity that is renewable at the option of LandCorp. Interest would be payable at the WATC lending rate for this structure on the day the funds are advanced plus or minus 100 basis points.
- Guarantees established in favour of Commonwealth Bank of Australia for guarantees issued to various Government entities for satisfactory contract performance, secured by underlying land assets, amounting to $20 million (2016: $20 million).

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

2017	Weighted average effective interest rate %	Carrying amount $'000	Contractual cash flows $'000	6 months or less $'000	6-12 months $'000	More than 1 year $'000
Trade and other payables		32,442	(32,442)	(21,226)	(11,210)	(6)
WATC loan	2.09%	185,000	(197,711)	(19,190)	(20,656)	(157,865)
Bank overdraft		-	-	-	-	-
		217,442	(230,153)	(40,416)	(31,866)	(157,871)
2016						
Trade and other payables		61,585	(61,585)	(59,497)	(463)	(1,625)
WATC loan	2.54%	150,000	(162,053)	(16,050)	(17,036)	(128,966)
Bank overdraft		-	-	-	-	-
		211,585	(223,638)	(75,547)	(17,499)	(130,591)

Note 19 Financial instruments (continued)

(d) Market risk

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

LandCorp currently has no derivative arrangements.

Interest rate risk

At the reporting date the interest rate profile of LandCorp's interest-bearing financial assets and liabilities was:

	2017 $'000	2016 $'000
Variable rate instruments		
Financial assets	25,545	21,707
Financial liabilities	(185,000)	(150,000)

Cash flow sensitivity analysis for variable rate instruments:

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below.

	Profit or Loss	
2017 $'000	100 bp increase	100 bp decrease
Financial assets	255	(255)
Financial liabilities	(1,850)	1,850
2016 $'000		
Financial assets	217	(217)
Financial liabilities	(1,500)	1,500

Note 19 Financial Instruments (continued)

Fair values

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the Statement of Financial Position are as follows:

	30 June 2017		30 June 2016	
$'000	Carrying amount	Fair value	Carrying amount	Fair value
Loans and receivables	49,004	49,004	60,335	60,335
Cash and cash equivalents	25,545	25,545	21,707	21,707
Trade and other payables	(32,442)	(32,442)	(61,585)	(61,585)
WATC loan	(185,000)	(185,000)	(150,000)	(150,000)
	(142,893)	(142,893)	(129,543)	(129,543)

Capital Management

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

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

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

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

	2017 $'000	2016 $'000
Note 20 Land sales contracts		
Unsettled sales contracts excluding GST (i)	39,060	84,275

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

Note 21 Related party disclosures

LandCorp is a wholly-owned public sector entity that is controlled by the State of Western Australia.
Related parties of LandCorp include:

- State Government Cabinet Ministers, their close family members, and their controlled or jointly controlled entities;
- All directors and senior officers of LandCorp, their close family members, and their controlled or jointly controlled entities;
- Other departments and statutory authorities, including their related bodies, that are included in the whole of government consolidated financial statements;
- Associates and joint ventures of an entity that are included in the whole of government consolidated financial statements, and
- the Government Employees Superannuation Board (GESB).

Significant transactions with Government - Related Entities

LandCorp transacts with a number of Western Australian State Government authorities, agencies and government trading enterprises. Total annual transactions that are deemed significant include:

		2017 $'000
Receipts		
Entity	**Nature**	
Western Australian Treasury Corporation	Borrowings	76,250
Department of Treasury	Grants to fund Operating subsidy projects	75,729
Department of Lands	Project Management Fees	3,903
Water Corporation of WA	Rent	1,261
Department of State Development	Project Consulting Fees	600
Department of Planning	Project Fees	422
Metropolitan Redevelopment Authority	Interest	356
Kimberley Development Commission	Project Fees	118
Department of Environment Regulations	Project Fees	110
Great Southern Development Commission	Project Fees	88

Note 21 Related party disclosures (continued)

		2017 $'000
Payments		
Entity	**Nature**	
Department of Finance	Land Tax	(47,476)
Western Australian Treasury Corporation	Repayment of borrowings	(45,979)
Department of Treasury	Dividends	(43,219)
Department of Treasury	Local government rates equivalent tax and income tax	(22,940)
Department of Lands	Acquisition of land costs	(15,196)
Commissioner of State Revenue	Stamp Duty	(3,800)
Water Corporation	Water services and rates	(2,400)
Government Employees Superannuation Board (GESB)	Superannuation	(1,811)
Western Power Corporation	Electrical connections and services	(1,042)
Insurance Commission of Western Australia (Riskcover)	Insurance Fees	(720)
Department of Fire and Emergency Services	Emergency services levy	(698)
Regional Power Corporation - Horizon Power	Electricity services	(388)
Office of Auditor General	Auditing costs	(182)
Synergy	Electricity services	(162)
Department of Sport and Recreation	Project fees	(95)
Western Australian Land Information Authority	Valuation services and licencing fees	(84)
Balances outstanding at the year end:		
Assets		
Entity	**Nature**	
Department of Lands	Deposit for land	21,604
Metropolitan Redevelopment Authority	Receivable for project costs	11,610
WA Country Health Service	Deposit for land acquisiton based on land exchange	2,318
Department of Parks and Wildlife	Prepayment for environmental offset land	1,369
Department of Lands	Receivable for project costs	1,023
Liabilities		
Western Australian Treasury Corporation	Accrued interest and borrowings	(185,951)
Department of Education	Accrued payment for profit share in projects	(4,499)
Office of Auditor General	Accrued payment for audit fee	(144)
Government Employees Superannuation Board (GESB)	Accrued superannuation	(69)

Note 21 Related party disclosures (continued)

Material Transactions with Ministers, Senior Officers and their Related Parties

LandCorp had no material related party transactions or balances outstanding with Ministers/senior officers or their close family members or their controlled (or jointly controlled) entities for disclosure.

Compensation of Key Management Personnel

LandCorp has determined that the Key Management Personnel of LandCorp includes all Cabinet Ministers, the directors and senior officers of LandCorp.

Landcorp is not responsible for Cabinet Ministers compensation, disclosures in relation to a Minister's compensation may be found in the Annual Report on State Finances.

	2017 $'000
Short-term employee benefits	2,637
Post-employment benefits	292
Other long-term benefits	77
Termination benefits	-
Total compensation of key management personnel (excluding Ministers)	3,006

Note 22 Remuneration of auditors

Remuneration paid or payable to the Auditor General in respect of the Audit fees during the year:

	2017 $'000	2016 $'000
Audit of the financial report	144	144
Audit of Royalty for Regions reports	24	21
	168	162

Note 23 Contingent liabilities

The directors are of the opinion that LandCorp has no contingent liabilities.

	2017 $'000	2016 $'000

Note 24 Dividends

Recognised amounts		
Normal dividend	17,250	17,250
Special dividends:		
- AMC Common User Facility	13,290	13,290
- 5% Efficiency saving	1,049	1,049
- Additional efficiency saving	780	1,364
- Reduction due to interest expense from additional borrowings for the 2012-13 special dividend	(1,300)	(1,300)
- Special Dividend paid in relation to VenuesWest contribution	1,400	-
- Special Dividend paid in relation to Mungari Industrial Estate and Western Australian Planning Commission land swap	10,750	-
	43,219	31,653

On 27th June 2016 LandCorp Board recommended the payment of a special dividend totalling $10,750,000 in relation to the Mungari Industrial Estate and the Western Australian Planning Commission land swap transaction. This dividend was paid in September 2016.

In the August 2016 Board meeting, the Board approved to recommend to the Minister a final dividend for 2015/16 to be paid in 2016/17 of $31,069,000. The dividend was paid in June 2017.

In the May 2017 Board Meeting, the Board approved a dividend payment in relation to VenuesWest contribution of $1,400,000. This dividend was paid in June 2017.

	2017 $'000	2016 $'000

Note 25 Leasing arrangements

(a) Operating lease commitments

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

No later than 1 year	2,863	2,680
Later than 1 year and not later than 5 years	11,588	11,302
Later than 5 years	4,460	6,465
	18,911	20,447

(b) Operating lease receivables

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

No later than 1 year	20,242	23,549
Later than 1 year and not later than 5 years	78,216	84,215
Later than 5 years	355,842	355,163
	454,300	462,927

Leases are negotiated in terms between 2 to 5 years with the exception of certain contracts that last up to 50 years. Rental rates are subject to future adjustments based on the terms of the lease arrangements. Outstanding operating leases are based on existing rates and do not include the extension periods under option.

Note 26 - Subsequent events

There has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected or may significantly affect LandCorp's operations, the results of those operations, or LandCorp's state of affairs in future financial years.