

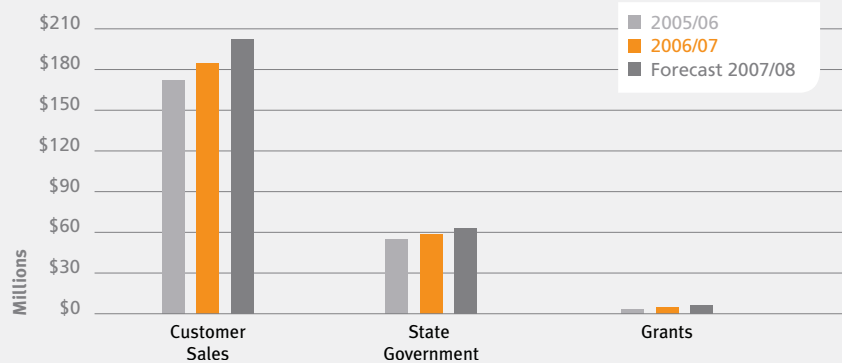
Financial overview

During 2006/07, Lands successfully met revenue and expenditure targets. Some decreases were experienced in revenue streams linked with the property market. The forecast for customer sales reflects an expectation for similar trends during 2007/08. Business operations are continually reviewed to identify fluctuations in activity levels, as well as opportunities for growth and efficiency improvements. During the 2006/07 financial year, Lands will have increasing savings targets to achieve, in line with overall efficiencies across the NSW Public Sector.

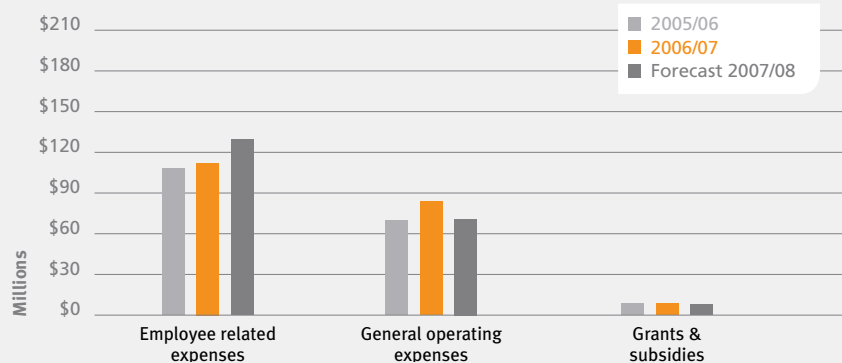
In addition to revenue shown in the table below, Lands generated revenue of \$98.5 million from Crown leases, licences, sales of Crown land and land transferred at no consideration, which was above the target of \$92.1 million. As these activities are administered on behalf of the Crown Entity, this revenue is not retained by Lands but is paid to the Crown Entity within the Consolidated Fund.

During 2006/07, a number of pricing reviews took place. For further details of price determinations see Appendix 26.

Revenue by source



Major expenditure categories



Revenue

	Actual 2005/06	Actual 2006/07	Forecast 2007/08
Customer sales	\$170.2m (74%)	\$185.7m (75%)	\$192.9m (75%)
State Government ¹	\$56.8m (25%)	\$59.6m (24%)	\$62.1m (24%)
Grants	\$2.3m (1%)	\$2.5m (1%)	\$3.8m (1%)

1. State Government funding is provided to meet the costs of Crown land administration and policy development, community service obligation grants to LPI and funding to meet operating costs of the Office of Rural Affairs.

Expenditure

	Actual 2005/06	Actual 2006/07	Forecast 2007/08
Employee related expenses ²	\$108.2m (60%)	\$112.8m (56%)	\$127.6m (62%)
General operating expenses	\$67.3m (37%)	\$82.4m (41%)	\$71.4m (35%)
Grants & subsidies	\$5.7m (3%)	\$6.0m (3%)	\$6.8m (3%)

2. For comparative purposes, employee related expenses are shown excluding all superannuation costs.