



FINANCIAL OVERVIEW

Financial overview

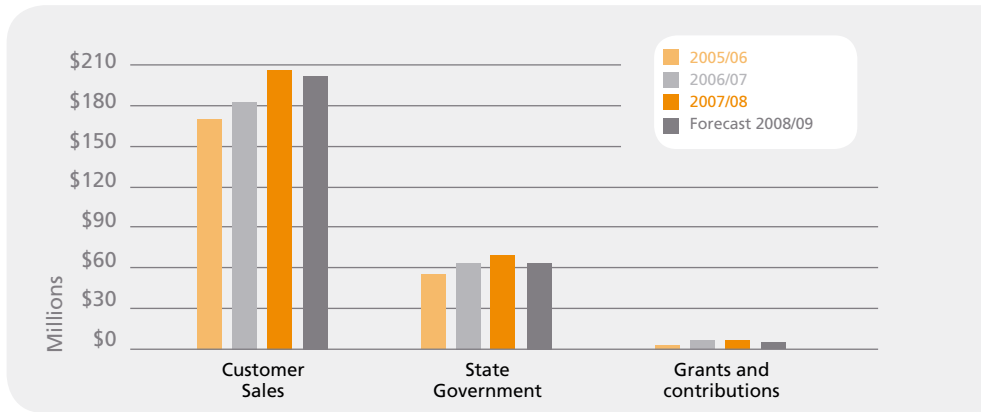
Lands generates a large proportion of total revenue from its operations, with less than one quarter provided through the State Government budget. The 2007/08 financial year saw an overall increase in revenues and expenditure, as shown in the following tables.

Lands incurred an overall deficit of \$23 million for the 2007/08 financial year, as detailed in the financial report (see page 92). However, this deficit resulted from accounting adjustments for superannuation. As these adjustments can make assessment of the underlying financial position more difficult to discern, superannuation figures have been excluded from the tables. Excluding superannuation, Lands achieved a surplus in excess of \$30 million. Land and Property Information will return a contribution to government of \$17 million.

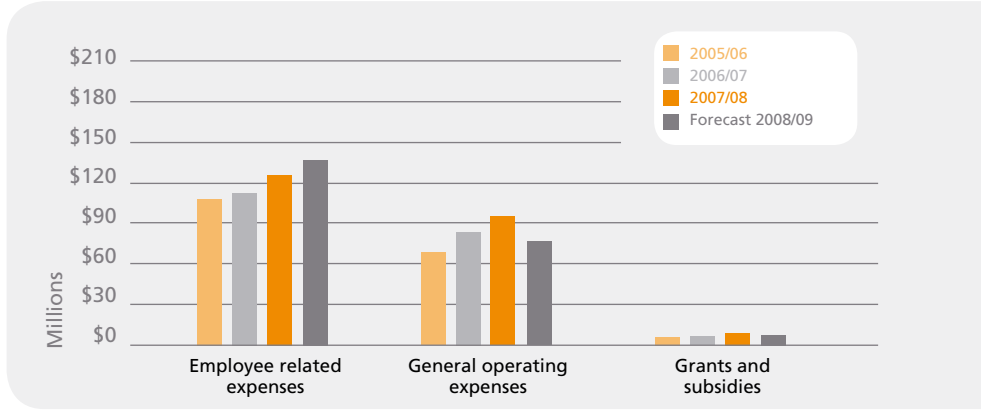
It is anticipated that revenue streams linked with the property market will come under pressure in future years, which is reflected in the forecast for customer sales during 2008/09. Business operations are continually reviewed to identify fluctuations in activity levels, as well as opportunities for growth and efficiency improvements. During the 2008/09 financial year, Lands will have to meet increasing savings targets, in line with overall efficiencies required across the NSW public sector.

In addition to the revenue shown in the following table, Lands generated revenue of \$147 million from Crown leases, licences, sale and management of Crown land. 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.

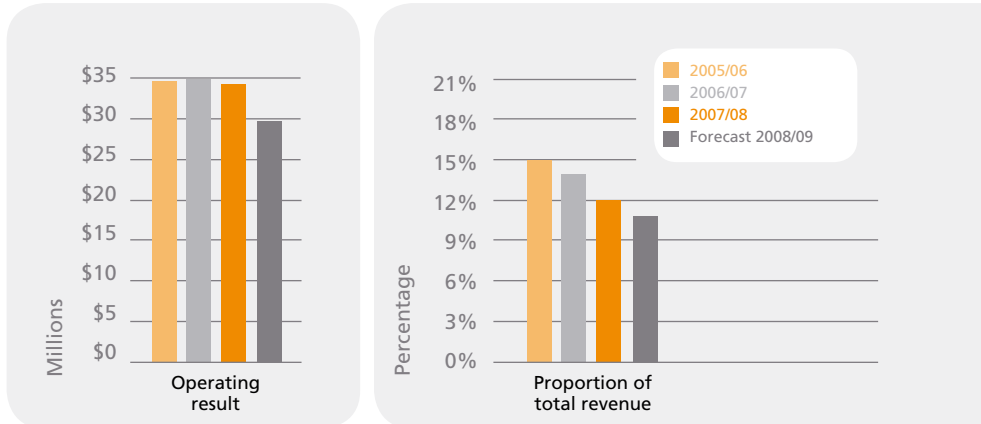
Revenue by source



Major expenditure categories



Operating results





Revenue by source

	Actual 2005/06	Actual 2006/07	Actual 2007/08	Forecast 2008/09
Customer sales	\$170.2m (74%)	\$182.6m (73%)	\$206.8m (73%)	\$201.7m (75%)
State Government ¹	\$56.8m (25%)	\$63m (25%)	\$69m (24%)	\$63m (24%)
Grants and contributions	\$2.3m (1%)	\$5.7m (2%)	\$6m (2%)	\$3.7m (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.

Major expenditure categories

	Actual 2005/06	Actual 2006/07	Actual 2007/08	Forecast 2008/09
Employee related expenses ²	\$108.2m (55%)	\$114.3m (53%)	\$128.2m (52%)	\$138.1m (58%)
General operating expenses	\$67.3m (35%)	\$82.4m (38%)	\$93.7m (38%)	\$77.7m (33%)
Depreciation	\$13.3m (7%)	\$13.7m (6%)	\$16.6m (7%)	\$15.7m (6%)
Grants and subsidies	\$5.7m (3%)	\$6m (3%)	\$9.2m (3%)	\$7m (3%)

2. For comparative purposes, employee related expenses are shown excluding superannuation costs, except those accepted by the Crown.

Operating results

	Actual 2005/06	Actual 2006/07	Actual 2007/08	Forecast 2008/09
Operating result ³	\$34.8m	\$34.9m	\$34.1m	\$29.9m
Proportion of total revenue	15%	14%	12%	11%

3. Excluding superannuation expenses, except those accepted by the Crown.